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Mr. Merv Tweed

Standing Committee on Transport, Infrastructure and Communities

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● (0850)

[*Translation*]

The Vice-Chair (Mr. Jamie Nicholls (Vaudreuil—Soulanges, NDP)): Welcome to the Standing Committee on Transport, Infrastructure and Communities. This is our 28th meeting. On the agenda today, pursuant to Standing Order 108(2), is the study of innovative transportation technologies.

Today, we are hearing from Don Moore, Executive Director of the Canadian Transportation Equipment Association.

[*English*]

I'd like to welcome you, Mr. Moore. Without further ado, please make your presentation.

Mr. Don Moore (Executive Director, Canadian Transportation Equipment Association): Thank you very much. I thank the committee for the invitation to speak to you this morning.

First I want to give you a little bit of a frame of reference, so I will introduce myself and our association and tell you what we do and what our focus is.

I have been in the truck manufacturing industry as an engineer for a good part of 27 years. Seventeen of those years were spent with a tractor and chassis original equipment manufacturer here in Canada, in British Columbia. For four years after that I spent some time as a forensic engineer consultant investigating and reporting on truck-related accidents across Canada. For the last six years I have been executive director of the CTEA.

The Canadian Transportation Equipment Association is made up primarily of manufacturers of heavy vehicles. Our core group really is twofold. First we have the vocational truck up-fitters, who take a chassis manufactured by an original equipment manufacturer—such as Mack, Mack Volvo, Daimler, Freightliner, and Western Star, or the medium-duty companies such as Hino, Isuzu, etc.—and turn them into working trucks by adding dump bodies, cement mixer bodies, or various other types of bodies.

On the other side of our core group are the trailer manufacturers. We have some smaller trailer manufacturers, but many specialize in heavy trailers. We have many sizes of companies, anywhere from ones that manufacture a few trailers a year, to Manac, which is probably one of our biggest members, manufacturing thousands of trailers. Suppliers are also included in our association, as are service providers. In some respects we consider the original equipment manufacturers, the large corporations that manufacture the chassis, to be the suppliers of our core membership.

Most of our members are small and medium-sized enterprises. Many of our companies have fewer than 20 people, and a lot of them have up 500 employees. They put out any number of vehicles, from a few a year to thousands.

The focus of the association over the years has been on the obligations of our membership to federal and provincial regulations. We provide other affinity programs for members, of course, but really the focus has been on working with Transport Canada and the provinces on regulatory requirements.

When I was asked to come I saw that the focus was on innovation. I want to touch on some of the innovations we are seeing in the industry that affect us. In a lot of cases they're not things that our members are necessarily installing, but they affect the installation of the final body, the changes in designs, etc.

We're seeing a lot of electric hybrids for urban deliveries—buses and refuse vehicles. There are some hydraulic hybrids, which are a little different, mostly in the refuse industry.

Alternate fuels such as CNG and LNG are becoming very popular. There's a lot of interesting work being done, and there are definitely some challenges there, particularly related to infrastructure. We're seeing new aerodynamic features with the introduction of rules aimed at reducing greenhouse gas and increasing fuel economy in the U.S. and Canada. We foresee that although that is starting with a fairly narrow scope, it will eventually broaden and affect more of our members, particularly our trailer members.

On things like disc brakes, from a safety perspective, it's something that is seen as a positive. It's something that the volumes currently are not.... It is a fairly expensive option, but the benefits are there, and we are seeing the volumes increasing. It does change some of the design parameters to a certain extent, but really, it is something that we're seeing coming our way and is definitely a positive.

There's technology such as electronic stability control, which is now mandatory on long combination vehicles in Ontario, on transportation of dangerous goods, on tankers in Quebec....

One side note I have is that right now I believe that within the House there is a bill to push forward the latest CSA-B620 regulation. The way things are set up with that particular group is that they have a very strong working relationship amongst industry because it is done through CSA, so we have government and industry at the table.

But because of the nature of that, so that accreditation can be kept with CSA, every five years they must continue with a five-year review, so there are improvements coming constantly with that group. Unfortunately, the latest, which was in 2008, has not been introduced yet, and now we're working not only on the next phase but on the phase beyond that. When we're talking about dangerous goods transport, I think it is critical to see that particular regulation change move forward.

There are other things, such as telematics, electronic on-board recorders, and enhanced visibility, which are all issues that are being worked on and really require standards. They are being worked on by the Society of Automotive Engineers—SAE International—ISO, and other groups. Industry and OE cooperation I think is critical to that, and I think it is there. Many of these can really enhance our safety issues especially.

I just want to talk a bit about a couple of things that would really help the industry, especially our small and medium-sized entities.

One is streamlining the R and D tax credit application process. It's one area that we struggle with. We have a couple of things, which I will mention in a moment. There were programs where we had actual consortium testing, for which some companies were in a position to apply, but some, like the smaller companies, were unable to apply, more because they don't have the resources in regard to the time, the effort, and the cost involved in trying to deal with the reporting and the details that are demanded of them. Some of the rules kept some of those companies out of it.

In saying that, I just want to talk about how we do have a couple of wins pertaining to our association and from Transport Canada in particular. One not long ago was the rear impact guard for trailers. Our Canadian guards are much stronger than those of our U.S. neighbours. Transport Canada actually went ahead and did something beyond.... We had many discussions. We had an opportunity, as we always do, to have input into the introduction of the regulation.

It eventually was introduced, and one of our biggest issues was actually making sure that we could get the testing done and comply. Each company is expected to test to these regulations and of course to comply with the regulations. However, when you're talking about these small and medium-sized companies, it is a costly exercise.

● (0855)

The association pulled together, in a consortium, all the key trailer manufacturers within our membership and put together a $320,000 testing program, which I would have to suggest might have broken, in some cases, some of our smaller companies. But we were able to pull that together, make it reasonable for each, and pay for that program. It's been a very successful program and is one Transport Canada I think should be proud of. We are. It's worked very well.

I have a couple of final notes on some of the other players I might suggest. I understand that David Bradley from the Canadian Trucking Alliance has already testified. I might suggest that on the natural gas front, Alicia Milner, from the Canadian Natural Gas Vehicle Alliance, might be someone to contact.

I think it is difficult to move forward with anything to do with trucks or trailers without consulting also with the U.S. OEMs, which are a big portion of the manufacturing. Unfortunately, we only have two truck manufacturing facilities now in Canada. That is very unfortunate. We have Hino, in Woodstock, and PACCAR, in Sainte-Thérèse. It would be important to include those groups.

In the U.S., there is the Truck and Engine Manufacturers Association, out of Chicago. We have a good relationship with them. There is the Truck Trailer Manufacturers Association, out of Virginia. If that was something the committee was interested in, we definitely could put you in touch with the appropriate individuals in those companies.

For a lot of the technology, they are really the forerunners. I think one thing that has to be remembered about our industry, unlike the automotive industry, is that we are very strongly pushed by the customers. What the customer wants, what that fleet or municipality or the end-user essentially needs and wants on a vehicle, our members will put on the vehicle. We're driven very much from the user side. With respect to any regulatory initiatives, it's important to keep a level playing field and consider those things.

I also note one other group. Although the NRC CSTT has been invited, I think it's important that we get past the executive level and go down to the engineering folks who actually do the work and put together the reports. Actually talk to them so that we fully understand. I know there have been reports brought before this committee, and the executives have been questioned on those reports. They should be. They should understand them.

● (0900)

The Vice-Chair (Mr. Jamie Nicholls): I will have to cut you off there so that we can go to questions.

Thank you for your presentation. Now we'll go to questions.

We'll begin with Ms. Chow.

Ms. Olivia Chow (Trinity—Spadina, NDP): Thanks for being here.

Mr. Bradley was here Tuesday, and he talked about all the equipment that is state of the art and that can reduce fuel and greenhouse gas emissions, etc.

First, are they manufactured here? It might be difficult for small and medium-sized companies to lay out that kind of money at the beginning, even though in three or four years they will get all the money back because of the fuel savings.

Has your organization thought about bulk purchasing or trying to...?

One area I keep talking about is the side guard skirt issue. A lot of them are not manufactured in Canada. They are from Europe, for example. Has there been any discussion on how to do that or on what role Transport Canada or the Canadian Standards Association would play?

Mr. Don Moore: I think as I was commenting, our industry is very much pushed by the user. Really, if there is demand for a lot of the technologies that have already been developed, they will come up with solutions. In many of these components, you speak of the side guards. Currently in North America the focus is more on the aerodynamic guards, which are a little different from the safety-related guards the Europeans are using. However, coming up with those solutions can be done. The key is really the demand from the end-user.

Again, this is one place to keep a level playing field with all of those manufacturers, and this is something where the association has come into play, along with Transport Canada. Regulation has a role to play because it does do that. It levels the playing field; it says all of you must have this on specific types of vehicles. There are going to be vehicles where certain solutions on certain aspects are not going to work terribly well. However, if there's regulation put forth, at least it keeps a level playing field for all of those manufacturers, especially the small and medium-sized, and then says we all have to have that.

Having been in the truck manufacturing industry for years, I was around when ABS was introduced on trucks. We actually had the technology for a number of years prior. It wasn't as developed as it is now, but it was there. We offered it as a standard. The demand throughout the industry by the end-users was that if it wasn't a regulation, they didn't want it. They wanted a deduct option, and they didn't want to spend that money. We wanted to try to make it as cost-effective as possible. But, again, until the volume increased, it was an expensive option. Once we got past that and said it had to be used by everyone, the cost of the option dropped, and all of a sudden it was a non-issue.

There is a role to be played by regulation when it comes to equipment, especially, and to the manufacturer of equipment. I'm not a huge proponent of regulation, but I realize that we could do an awful lot if the industry were willing to pay for it. I realized that during my career of 17 years in manufacturing and 12 years as a compliance engineer, compliance manager, and test manager. I worked for Western Star Trucks. At that time, it was the last fully Canadian-owned truck manufacturer, and I'm darn proud of it, but unfortunately it is now part of the Daimler family.

There were always those big guys, and if they weren't going to push forward, and they were in the U.S., and they were going to play by the U.S. rules, we were stuck. We couldn't have survived. There's always that, and especially for the small and medium, I think that's a big issue.

● (0905)

Ms. Olivia Chow: Are there some regulations that are pretty standard, that should be done? The U.S. is beginning to do it, or they're in the process. It's clear that they're heading towards that way, and we need to synchronize ours, or maybe we're a bit ahead of them. Are there some of those areas that would help the trucking industry? You know the technology is there or is emerging; it is being used by other countries, and yet we're not using it. It would be beneficial, but it's the regulations or lack of, or barriers that are just not catching up that you can suggest to us. Maybe there's a list of them that this committee can look at.

● (0910)

The Vice-Chair (Mr. Jamie Nicholls): A brief response.

Mr. Don Moore: Very briefly, as far as the U.S. is concerned, we're very much a follower because of harmonization and because they're the big elephant to the south. There are regulations, but typically we are staying pretty much in lockstep. The current regulatory process to adopt their regulations is actually not bad. It's fairly streamlined; it allows for it to happen fairly quickly.

As far as other technologies advancing, yes, in Europe especially it does seem to be quite a slow process, but it's bringing it into our culture, our environment, that is a bit of a challenge. There's an awful lot that's actually being worked on in Transport Canada, and hopefully we will see things move along. I don't have a list; it's something I can think about. But I can't, off the top of my head, suggest anything.

The Vice-Chair (Mr. Jamie Nicholls): Thank you.

Monsieur Coderre.

[*Translation*]

Hon. Denis Coderre (Bourassa, Lib.): Thank you, Mr. Chair.

Thank you very much for joining us, Mr. Moore.

I will keep my comments somewhat in the same vein, as you talked a lot about the regulations today. You say that you are not necessarily a fan of the regulations. What needs to be changed? Is it only a matter of approach? Does it have to do with the fact that a distinction should be made between what you are going through and what is happening in the U.S.? We have often talked about smart regulations, red tape cutting, and so on.

Given that your role also has to do with security, do you find the regulatory requirements overly stringent or not enough? Would you like to do your own thing? Where is the problem? I am just trying to understand your association's approach when it comes to the current regulatory requirements.

[*English*]

Mr. Don Moore: As far as current regulations are concerned, we really don't have any significant issues with anything that exists right now. We've solved most of those issues, gotten over many of those hurdles. And as long as it stays the focus of the governments—Transport Canada, the DOT in the U.S.—to use performance-based standards rather than prescriptive, saying you have to use this equipment, I think that's important and very good.

The only drawback there is for a small company to do performance-based means testing, and to do the testing costs. If there are ways to include that type of testing within the R and D, or maybe another type of tax credit that allows for this, that could be very helpful for these small companies. It's that load that comes out of regulation that is a burden that can be a real challenge for a smaller company.

As I say, we'll bring together, where we can, consortium testing, but you have to have a lot of companies using the same kinds of technologies, the same type of equipment to be able to do that. We actually have a few programs like that and—

Hon. Denis Coderre: We need regulation for safety. We need more efficient equipment. So in your case we're talking about the weight, we're talking about the aerodynamics, we're talking about new technology that should be used. One of your main concerns is testing, so maybe we should have a better regroupment of stakeholders so that everybody focuses and helps each other.

The first question is this. What should be the role of the Government of Canada? Our role here is to put up some recommendations about how we apply the new technology. There are two things in that: the technology itself, and what we should use, like natural gas, electric, whatever.

Secondly, how can we make it doable, which is the regulation aspect? So (a) what should be the role of the government, in your mind, and (b) what should be the process regarding that? And what kind of new technology would you favour?

● (0915)

Mr. Don Moore: Particularly when we're talking about the efficiencies, alternative fuels, emissions, etc., I think infrastructure's probably our biggest issue there, and not necessarily the government spending a bunch of money on infrastructure but at least providing for some allowance possibly on a tax basis or something to help encourage the development of some of those infrastructures. With a lot of that type of technology, of course, the infrastructure is key to it being made usable on a broad basis.

As for a lot of the safety standards that are coming down—be it visibility, for instance—to be honest, I'm not sure what the government can do at this stage. There's some great work being done at the association level, which is bringing together the right experts from across the different manufacturers and really trying to define standards that make sense. It may be that industry ends up adopting this quite nicely without any intervention because it just makes sense. It can happen.

Hon. Denis Coderre: This is the last question. We spoke a lot about harmonization. We're talking about our relationship with the Americans. There are issues there regarding the equipment. We have to diversify. There's the situation in Europe that maybe we should find a way to buy there too. What's the status regarding your own organization? Do you believe that harmonization sometimes sounds more like protectionism and we should maybe have a better way to make some deals with others, like the Europeans?

Mr. Don Moore: That's one area. I know there's been an awful lot of effort because our whole way of regulating is so different, between ourselves and the Europeans. It's a lot easier with the U.S. They've got a self-certification process, as do we. They use the same SAE-based regulations as we do. However, we've at least introduced and have worked toward introducing some of the European rules. The problem with the European system is that it's just such a different system and a different way of looking at things, and they started from a different ground level. Looking at how that relates to what we do is a challenge.

It's a very broad question. In some cases, it should be fairly straightforward. If you look at some of the lighting, etc., it looks pretty straightforward. On some of the things, like brake systems, there's a whole different philosophy. They use a totally different system, a totally different philosophy, and those components that make it happen aren't even available in North America, so how could you harmonize that concept?

As for other things, like guards and that, yes, possibly, or maybe there's a better way we can come up with that works for our situation, because, again, our infrastructure is a whole lot different from theirs too—the U.S. interstate, our 400 series in Ontario and across the country. There are a lot of differences there that have to be considered.

I hope that sort of answers your question.

The Vice-Chair (Mr. Jamie Nicholls): Thank you.

Go ahead, Monsieur Poilievre.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Thank you.

Do you believe natural-gas-powered vehicles are a good investment for the trucking sector?

Mr. Don Moore: I don't know that I'm the right one to ask. Really it's the end-users who are going to be able to tell you that. From the information I know of, it does work.

Again, our members aren't the ones installing these. However, that may be changing somewhat, because, for instance, General Motors has an engine that is a marvellous natural gas engine, but it is not expert in the fuel system, be it liquid or compressed natural gas. But it does have the engine that can handle it. It would like to see an intermediate manufacturer installing that, and that falls under the realm of the multi-stage manufacturing process that all of our vocational equipment is manufactured under and recognized by Transport Canada.

That's what CTA is kind of all about, that multi-stage, because with a vocational truck you get a chassis from the OEM and then the next manufacturer may be installing a crane. They are affecting regulations. I won't get into the details, but they are.

● (0920)

Mr. Pierre Poilievre: Do any of your members manufacture natural-gas-powered vehicles?

Mr. Don Moore: Do they actually manufacture the vehicle itself to use natural gas? No.

Mr. Pierre Poilievre: Do they do conversions?

Mr. Don Moore: No. Those are people I'm going to be talking to, but no.

Mr. Pierre Poilievre: So natural gas power is not something that your membership really has a strong opinion on right now.

Mr. Don Moore: No.

Mr. Pierre Poilievre: Okay, good. Thank you.

Then the next question is, what major technologies are you promoting?

Mr. Don Moore: There aren't really any specific technologies that we promote. Primarily they're tools for getting specific jobs done, and there are a lot of specialty products within our members' product range. It depends on the job, really.

Mr. Pierre Poilievre: All right.

The purpose of our study is new transportation technologies. What do you have to say about that?

Mr. Don Moore: The things I look at among the technologies that will be involved in reducing greenhouse gas and improving fuel economy are twofold.

Mr. Pierre Poilievre: What are those technologies?

Mr. Don Moore: One is having aerodynamic treatments put on a broader range of vehicles that are at least running at highway speeds; in other words, really on the trailer side—hauling freight, hauling goods. On the other side, on the vocational truck side, it's dealing with things such as vehicle idling. A truck—for instance, a cement mixer sitting on a work site—is still having to run the engine for a significant period of time, not to run the truck but to run the equipment. It's a question of moving ahead some of those technologies.

Mr. Pierre Poilievre: All right. Let's start with the aerodynamics. What aerodynamic technologies are your members producing?

Mr. Don Moore: The membership is not producing; however, there are those who are installing other equipment, such as side skirts, fairings for the gap between tractor and trailer, and also boat tails—those types of things. However, there are some stumbling blocks there across the provinces.

Mr. Pierre Poilievre: What are they?

Mr. Don Moore: The stumbling blocks involving boat tails are twofold. One is the length of the vehicle, in some cases. With a 53-foot trailer, there's only allowance right now for a few extra feet to put on a boat tail, which is essentially a treatment that goes out the back of the vehicle.

Mr. Pierre Poilievre: Is that controlled by the EPA certification?

Mr. Don Moore: No. Vehicle sizes and weights are controlled essentially by the TAC, the Transportation Association of Canada, and the provinces—specifically, really, the provinces, for size and weight dimensions.

Mr. Pierre Poilievre: You need to be able to lengthen your trailers to add this aerodynamic technology.

Mr. Don Moore: Typically, if you want the full length, which is probably most effective, you would reduce your trailer length, which reduces your hauling capacity.

Mr. Pierre Poilievre: I'm sorry. I don't understand. What is the obstacle to what you want to do here?

Mr. Don Moore: The obstacle is the allowable overall length. Either the allowance has to be broadened to allow for more length to get the optimal situation, or if you want to use that, you end up reducing the size of the trailer—going, say, to a 48-foot trailer and getting the full length that you would like to get the optimum. But then you reduce the amount of volume and load you're able to carry, because the size of the trailer is reduced.

Any of this boat tail is not a load-carrying item.

Mr. Pierre Poilievre: I guess what I'm asking is whether there is anything you need from us that would help you with the technologies you and your members want to either fabricate or install.

● (0925)

The Vice-Chair (Mr. Jamie Nicholls): Respond very briefly, please.

Mr. Don Moore: To be honest, there isn't really anything specific that I can say we need at this time.

The Vice-Chair (Mr. Jamie Nicholls): Thank you.

Mr. Richards.

Mr. Blake Richards (Wild Rose, CPC): I appreciate your being here today.

I was unfortunately called away just briefly during your presentation, but I caught most of it.

I understand you represent largely those who make the trailer bodies and some of the parts for the trailers. Do you also represent those who make the tractor part—the Kenworths, the Macks, those kinds...or more on the trailers?

Mr. Don Moore: As I said, they are members of our association; however, they are primarily in a role as suppliers to our core members, who are those who actually turn those vehicles out—not so much tractors. Tractors typically will come out of the OEM ready to do the job: they will have the fifth wheel attached; they will have a lot of aerodynamic equipment already installed.

Our membership is usually on the vocational side. When I say “vocational”, I mean trucks for construction, garbage trucks, cement mixers, etc. They take the chassis from the OEM and then install a body. The challenge comes, in many cases involving these technologies, such as natural gas and other alternate fuel solutions, in that the real estate along the chassis for putting in that equipment is getting smaller. So there are challenges. They are working on dealing with those challenges.

Mr. Blake Richards: So largely you're saying that many of your members are in the business of conversion of vehicles to suit specific purposes and you're trying to find ways to gain efficiencies in fuel economy and this kind of thing. Is that it?

Mr. Don Moore: That's it exactly, yes.

Mr. Blake Richards: Okay.

What sorts of services or advocacy does your association specifically do on behalf of those members, then?

Mr. Don Moore: Most of our activity to date, over the last 15 or 20 years, has been working with Transport Canada and with the provinces on issues of vehicle weights and dimensions, particularly in Ontario, where there is quite a spectrum of vehicle allowances. Then, with Transport Canada there are various safety rules that apply to those vehicles, and we work closely with the membership to understand their requirements or obligations, and in some cases we work with Transport Canada to figure out solutions that allow these companies to meet their requirements.

Mr. Blake Richards: Can you give me some specific examples, from your membership or from the dealings you've had advocating on behalf of your membership, of some of the innovations they have come up with for creating fuel efficiency or other innovation?

While you're doing that, could you tell me some ways you were able to work with Transport Canada and could you provide some success stories in which they were able to help accommodate that? Or, if could you tell us of some roadblocks you've come up against, I'd be interested in hearing about those as well—just specific examples from amongst your membership.

Mr. Don Moore: I wouldn't say the two programs added efficiencies per se. They were more to do with the safety standards, the regulations to do with safety. The first was, as I mentioned, the rear impact guard on trailers, which is a far more demanding, far stronger guard, and therefore a far more difficult and expensive test requirement than, say, the U.S. requirement right now. That's for the rear impact guard on trailers specifically.

We were able to do some consortium testing to come up with a half a dozen designs that would cover 95% of the vehicle population out there. We grouped them together, brought together their funds, and worked with them to bring this project to fruition. They had the design and test documentation required to show that they complied with that regulation. They worked very closely with Transport Canada on the whole concept of consortium testing. That really made a huge difference, being able to spread that cost from $300,000 out among all those stakeholders.

The second was to do with brakes and trailers, particularly testing for parking brakes, which can be a very expensive test for any given configuration. We were able to bring together the industry to come up with a consortium testing because they're using all the same components. So it was a very good way of coming up with a solution that a small company could manage.

● (0930)

Mr. Blake Richards: To home in more specifically on the topic of today's meeting, we're looking at innovative technologies in the transportation sector. To offer some value toward that study, looking at your membership and what they do, what do you see coming over the next 5 or 10 years? What kinds of innovations would you like to see?

Mr. Don Moore: One that sticks in my mind is to do with fuel economy and the greenhouse gas issue when we talk about these situations where a working vehicle is having to stand and idle so that it's running equipment—using other technologies, even fuel cells and other types of auxiliary technology—that needs to continue running while the vehicle is essentially parked, but needs that engine running to do the job. It's still producing CO_2. It's still burning fuel. It's doing a job, and it's doing a job it needs to do, but there are other technologies coming down the pipe that may provide an opportunity to reduce the amount of greenhouse gas and improve fuel economy in that idling situation.

The Vice-Chair (Mr. Jamie Nicholls): I'm sorry, I'm going to have to cut you off there.

We're moving on to the second round of five-minute questioning.

Mr. Sullivan, go ahead.

Mr. Mike Sullivan (York South—Weston, NDP): Thank you, Mr. Chair.

On Tuesday, we heard from Groupe Robert about some technologies out there they wish were part of the safety regime of the Canadian system. One of them was extra-wide wheels, and not only because they actually reduce the amount of fuel required. But it's not considered a standard in Canada.

How does your organization deal with the double-wide wheels? Is that something that is a federal or a provincial responsibility? How would that coordinate with this study?

Mr. Don Moore: That is an area where Transport Canada and the federal government could step in. It's dealt with at the provincial level, under vehicle weights and dimensions. So it is a provincial requirement. The allowance for the wide-based tires, using singles rather than dual tires, allowing for the weight, and also the width requirements have been a bit of an issue.... There are axles that will allow it to get out far enough. It's just a matter of having the volumes and not being so concerned about the older trailers out there and about actually being required to put those tires on, yet space them out. The problem there is that you're putting additional load on the bearings, on the axle itself, etc., and you're creating other problems. If you have the right axle for the application, and they do exist—

● (0935)

Mr. Mike Sullivan: It's a matter then of original manufacture rather than retrofit in that particular case.

Mr. Don Moore: To a large extent, to do it right.

Mr. Mike Sullivan: How would the federal regulation regimen help in that regard?

Mr. Don Moore: Again, the federal government and Transport Canada in particular at that table are always asked to provide testing or background information. They always seem to be looking to Transport Canada to provide the okay to use this type of technology. To be honest, I think it's just stepping up and taking a bit of a leadership role and saying this makes sense for all of us, so let's push toward that as a group.

Mr. Mike Sullivan: The regulations happen at the provincial level, but Transport Canada could take the leadership role and urge the provinces to adopt those regulations, is essentially what you're saying, rather than a regulation originating out of the federal sphere?

Mr. Don Moore: Essentially, yes.

Mr. Mike Sullivan: How much time do I have left?

The Vice-Chair (Mr. Jamie Nicholls): Two minutes.

Mr. Mike Sullivan: You also talked about disc brakes and stability control, CSA-B620, which I believe has to do with the carriage of tanks of dangerous cargo. I didn't really follow. That's a federally regulated—

Mr. Don Moore: That is federally regulated from Transport Canada's transportation of dangerous goods directorate.

Mr. Mike Sullivan: I didn't really follow how that seems to have been introduced in 2008 but hasn't been enforced.

Mr. Don Moore: The work that was done to develop the latest standard, the CSA, has been completed. I'm not sure where it is in the process, to be honest, but it has reached a stumbling block because of the election and a few other things. Meanwhile, other work is coming along; we could have another standard by this summer. It would be another newer standard to adopt.

All of a sudden to pull back now on that one and put the new one on...I guess the point is we have to move that one forward. It's already in the system. Let's get it. It is an improvement. All the experts have sat together at the table and said this is the way to go. Have that introduced as a regulation. Then the next phase—it's always been like that. Because of the nature of it being done through CSA, all the right people are at the table.

The Vice-Chair (Mr. Jamie Nicholls): I'm going to have to cut you off there, Mr. Sullivan.

Mr. Holder.

Mr. Ed Holder (London West, CPC): Thank you, Chair. I'd like to thank our guests for being here today.

Mr. Moore, I want to take you back a little so I can understand your association a little better because I think by understanding it better, I'll understand the testimony you've provided today. How large is your organization in terms of membership?

Mr. Don Moore: Currently, we have about 500 members.

Mr. Ed Holder: And of those 500, large versus, say, medium and smaller, those 20-size groups....

Mr. Don Moore: Unfortunately, I don't have exact numbers. I would say roughly 200 would probably be smaller. The balance would be medium. That also includes suppliers, which of course get into corporations as well. Maybe the last, say, 70 to 80 companies are members but are—

Mr. Ed Holder: Are they focused in one province or one particular area versus another in the country?

Mr. Don Moore: We're spread right across the country. However, there is a significant—again, I don't remember the exact numbers off the top of my head. In Ontario, it's a very large number. Alberta is our next largest. Then, British Columbia and Quebec are very similar.

Mr. Ed Holder: How many would come from Ontario, roughly?

Mr. Don Moore: Ontario, I believe, is just a little over 100.

Mr. Ed Holder: That's relative to how many potential members across the country? If you could get everyone associated with your industry who would be legitimate members, how big could that be?

Mr. Don Moore: Our best swag right now is that we feel we probably could hit the 650 or so mark. There are still a lot of other small ma and pa shops out there, and other companies and dealers.

Mr. Ed Holder: Would that be the total of all potential members in your association across the country?

Mr. Don Moore: It would be pretty close.

Mr. Ed Holder: Appreciating that, I'm reflecting on something you talked about with the study you had commissioned your membership to be involved in. I'm not sure if you spearheaded it, or who spearheaded it, where you raised some $320,000 to pay for a program that Transport Canada received. Could you elaborate on that a little? Did your association drive it, or was that driven by your membership?

● (0940)

Mr. Don Moore: That was the association.

Mr. Ed Holder: Can you talk about that for just a moment so I can understand that better please?

Mr. Don Moore: Essentially, what we had was this rear impact guard standard to meet. It was going to require a very large test rig, and the testing requirement was significant and substantially different from what the U.S. equivalent guard was. So we gathered together all the trailer members who would be affected by this new rule and said, okay, here we are and we need to do this. They said, okay, yes, let's go out and get a few quotes. We ended up working with the National Research Council to develop a test procedure and the actual guard designs, which were quite as generic in nature as made sense and would cover 90%-plus of the actual population where these guards would be required. They gave us a quote. We went back to membership and said, okay, it's going to cost in this case about $300-some-odd thousand.

So we're going to need *x* number of dollars from each of these stakeholders. And anybody else who wanted to buy in would have to pay in that amount. So we acted as the contractor, so to speak, to pull that together.

Mr. Ed Holder: I apologize for interrupting you here. It's fair to say then that the money that your membership gave really drove that technology, and while it was supported by Transport Canada, it was through an initiative that you folks undertook. Is that fair to say?

Mr. Don Moore: Yes.

Mr. Ed Holder: Compliments to you on that.

My question comes from this standpoint: the government can be really good at making rules, but one of the things that we're not always so good at doing is streamlining things that make it better for business. Do you have any suggestions in terms of any areas where we as the federal government is impeding the business that your membership does? Do you have any specific suggestions from the standpoint of there being potentially less regulation, or can you suggest cumbersome things where we're in the way, about which we can assist your business or your industry?

The Vice-Chair (Mr. Jamie Nicholls): Make it a very brief response, please.

Mr. Don Moore: Other than, as I say, possibly on the R and D, there could be tax relief for trying to do some of the exercises like we just talked about, to try to help them out a little bit with those funds, because they were still significant.

Mr. Ed Holder: That's not regulation.

Mr. Don Moore: That's not really regulation, though. I'm not really familiar enough with all of the other tax implications, etc., to provide information on what those other departments could help on.

The Vice-Chair (Mr. Jamie Nicholls): Thank you.

Mr. Boulerice.

[*Translation*]

Mr. Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP): Thank you, Mr. Chair.

Mr. Moore, we are happy to have you with us today.

I have a few questions for you. The first question is about something you said. It has come up a few times.

Regarding innovation, especially in terms of the environment—be it greenhouse gas emissions, vehicle weight, fuel use, hybrid vehicles, or whatever—you said that your members would innovate if there was a demand for innovation.

I have a question that may seem a bit strange. Has a client ever told you to make them something that could be more expensive or would make them less competitive, but would be good for the planet?

Mr. Don Moore: No.

Some hon. members: Oh, oh!

Mr. Alexandre Boulerice: You also said—when you spoke for the second time—that the regulations can sometimes be useful because they level the playing field for all the stakeholders. In other words, if everyone has the same obligations, there is no disadvantage for your clients or your members, since everyone has to meet the same standards. Is that correct?

[*English*]

Mr. Don Moore: That is correct.

[*Translation*]

Mr. Alexandre Boulerice: So regulations whose objective is the respect of the environment or the greater good could be seen as acceptable by your association and your members.

[*English*]

Mr. Don Moore: Yes, and I think that's why they exist.

[*Translation*]

Mr. Alexandre Boulerice: That is great. Thank you very much.

I have to pull Mr. Poilievre away from his reading. It has been said here a few times that the government was often the problem in terms of innovation, and that the private industry was the only innovator. I think that your answers prove otherwise. Someone also claimed that he had received a list of innovations made in the transportation industry and that almost nothing was being co-ordinated by the government.

Do you think the fact that practically nothing is co-ordinated by the government accounts in part for the lagging innovation of companies in Canada, which is among the weakest countries, among the laughingstocks of the industrialized world?

Should we not play a leadership role in order to boost innovation in companies, especially transportation companies, like the ones you represent?

● (0945)

[*English*]

Mr. Don Moore: I have to think that more could be done, and the government could help promote without spending a fortune, but coming up with ways to help push things along....

You're absolutely correct. There is a lot of work being done by various associations and groups to move technology forward. I sit on the SAE Truck and Bus Council, which deals with the standards they're developing right now. Their push is on what is new out there; what do we need standards on.

Industry is moving ahead, and we will continue. The only stumbling block is when we have something really good, it is helping, but the customer's not buying it. For one company to take the risk of sticking their neck out at those early adopter prices...there are not a lot of those who are willing to take that risk.

If government could help make that more palatable in the early stages and get over that hump to where the costs start to come down where it makes sense, that would help.

[*Translation*]

The Vice-Chair (Mr. Jamie Nicholls): I would like to remind Mr. Boulerice of something. Earlier, you made a comment about a committee member who was reading. Committee members often do work related to committee business. Without going so far as to say that we are not partisan, I would like to remind you that, in this committee, we are nevertheless comfortable enough to work together. So I just want to remind you that committee members often do their work during committee meetings.

[*English*]

Mr. Pierre Poilievre: I have a point of order.

To clarify and further support your comments, the book in question here is *To Conquer the Air*. It's the story of the Wright Brothers inventing heavier-than-air flying machines, otherwise known as airplanes, a little bit pertinent to the subject today.

The Vice-Chair (Mr. Jamie Nicholls): Thank you.

We can continue now.

[*Translation*]

Mr. Alexandre Boulerice: How much time do I have left, Mr. Chair.

The Vice-Chair (Mr. Jamie Nicholls): You have one minute left.

Mr. Alexandre Boulerice: I will continue talking about our real topic of interest, which you expanded on.

You talked about the risk taken by companies that want to promote certain innovations and products. Recently, an expert panel published a report titled “Innovation Canada: A Call to Action”. One of the recommendations was to set up a venture capital fund administered by the Business Development Bank of Canada in order to help companies at all stages of the innovation process, from basic research to marketing.

There is a small assistance program for innovation marketing. It is almost meaningless: a few tens of millions of dollars. That is not enough to meet the needs of the whole Canadian industry.

Do you think that a venture capital fund administered by the Business Development Bank of Canada would be a good idea?

[*English*]

Mr. Don Moore: We have a conference once a year. We try to include some business aspects and technical aspects, and we have touched on a related topic to that. At least the owners of the companies definitely are taking note.

I'm not familiar enough to be able to answer that really well, but I do believe there are some possibilities there, yes.

The Vice-Chair (Mr. Jamie Nicholls): Thank you.

Mr. Adler.

Mr. Mark Adler (York Centre, CPC): Thank you, Chair.

And thank you, Mr. Moore, for being here today. It's a very informative discussion.

I wanted to clarify a few things. You indicated you have 500 members, roughly, in the association. How long have you been executive director?

Mr. Don Moore: Six years.

Mr. Mark Adler: Okay, and what's your background?

Mr. Don Moore: I started out working for Western Star Trucks back in 1983, and I've taken on roles all through the design, engineering, and manufacturing engineering, but a big portion was related after doing some work on brake system design as compliance engineer, compliance manager, and dealing with regulatory issues, recall, safety-related issues, that type of thing, through the final 10 to 12 years of that career.

After our friends at Daimler purchased the company and moved it quickly down to...well, two years later, in 2002, to Portland, shortly after 9/11, I wasn't too keen on moving and taking the opportunity they provided me to go to Portland. I accepted a job in Windsor, Ontario, as a forensic engineer, working for a consultant there, doing truck accidents all over North America.

● (0950)

Mr. Mark Adler: What is your technical knowledge?

Mr. Don Moore: During that time I was actually on the board of directors of the CTEA as a Western Star representative, so I was very familiar with the association.

I probably enjoy this job as much as any job I've done, to be honest. I love the people. I love the—

Mr. Mark Adler: That really comes across.

On your membership, I guess you gauge their opinion on a regular basis. You're in close communication with your members. Assuming you are, what would you say their top three priorities are right now?

Mr. Don Moore: Right now, to be honest, it's really survival with the economic recovery.

Mr. Mark Adler: The economy is number one.

Mr. Don Moore: Yes. I would say the economy, and maintaining cashflow and jobs. Cashflow has been a really significant issue. We have lost about a dozen members to the economic downturn, and unfortunately, in many cases, it was a cashflow issue.

Mr. Mark Adler: Given that the economy and jobs is the number one issue, was the federal corporate tax rate dropping to 15% a good thing for your membership?

Mr. Don Moore: In general, I'd have to say that anything that helps maintain cash within the company is going to help.

Mr. Mark Adler: It helps build stronger companies so they can hire more people to work.

Mr. Don Moore: Yes, and fortunately we can bring people back to work. Training people is a key area too, actually.

Mr. Mark Adler: In terms of regulatory regimes, would you say your sector is more affected by federal regulation or provincial regulation?

Mr. Don Moore: To be honest, it's pretty much equal. Both are important.

The Motor Vehicle Safety Act, of course, is critical to the actual manufacture of the vehicles.

Mr. Mark Adler: Which regulatory jurisdiction do you find more intrusive?

Mr. Don Moore: It depends on the province, but I'd say that some of the provinces have been quite a bit of an issue.

Mr. Mark Adler: Which one would you say—

Mr. Don Moore: Ontario is probably one of the most interesting ones, as far as coming up with changes that are challenging to put in place.

Mr. Mark Adler: You indicated that about 20% of your membership is from Ontario.

Mr. Don Moore: Yes.

Mr. Mark Adler: You mentioned that cashflow is a challenging proposition for a lot of your membership.

Would you say that most of the companies that aren't there anymore are from Ontario?

Mr. Don Moore: Yes.

Mr. Mark Adler: How much time do I have left, Chair?

The Vice-Chair (Mr. Jamie Nicholls): You have about 20 seconds.

Mr. Mark Adler: Twenty seconds. Okay, I'll pass. I made my point.

The Vice-Chair (Mr. Jamie Nicholls): Mr. Sullivan.

Mr. Mike Sullivan: Thank you, again, Mr. Chair.

Following up on Mr. Adler's question and the issue of regulation, fuel economy standards are essentially a cross-Canada federal regulation, but a lot of the implementation is determined by provincial regulations. The federal government can make the regulations, but unless you can convince the province to let you add boat tails to 53-foot trailers, you can't—well, you can, but you have to shorten the trailer—carry the weight.

Is there a way for the federal government to influence the provincial regulatory sphere in fuel economy and greenhouse gas regulations, for example?

● (0955)

Mr. Don Moore: I think there is. At least Transport Canada or the federal government is at the table in most cases. I'm not sure—there are these jurisdictional issues—how far they can go, but I'm going to take a little bit of a spinoff here, in a way, to answer your question.

One of the key things we deal with...say for a new company coming in that wants to build trailers, for instance. It would need to apply for a national safety mark from Transport Canada and get registered with Transport Canada. Transport Canada expects to have at least a package indicating you kind of know what you're doing when it comes to the regulations. They want to see how you're going to lay your lights out. They're going to want to see how your brake system works, etc. There is a fairly good package, and we work with you to get the right information. If you need test information, we advise you. You go through quite an exercise to get that national safety mark.

When we get down to the provincial level and register that vehicle, there's no acknowledgement of that national safety mark whatsoever. Is it or isn't it a safe vehicle? Is there any acknowledgement that you've gone through that process? In a lot of cases there are vehicles out there that get registered at the provincial level that haven't been manufactured by a qualified, registered company, and there is still a lot of that happening.

One of our biggest pushes from a lobbying perspective is to try to get the provinces to somehow put into their registration—for commercial vehicles we are having some success with the yearly inspection and the requirement that the NSM and the labelling that federal government requires be noted. So there's a big disconnect there between the federal government and the provinces.

The provinces have given it great lip service at CCMTA. They actually have a standard that even notes the NSM on the form. But do they put it in their systems? No.

Mr. Mike Sullivan: How do we compare to the U.S. in that regard? Are we way behind them in terms of a federal standard being applied at the state level, or vice versa?

Mr. Don Moore: To be honest, I think we're way ahead of the U. S., because in this particular case, when it comes to the federal rules especially, to be a registered company to manufacture vehicles in the U.S., you send a letter and say, “Hey, these are the vehicles I'm manufacturing”, and they say, “Okay. Fine. Cool.” The next time they might talk to you is when something goes wrong, and they come with a big stick.

With Transport Canada, as much as it's a little tougher going through that process, at least there is some level of confidence. It's still self-certification, and from there on you still have to make sure you comply and you keep the right documentation on file and are doing all the right things, but at least there is some indication that you know what you're doing up front.

Mr. Mike Sullivan: I'll go back to Ms. Chow's suggestion on side guards, and perhaps side skirts. They're different, but maybe they should be combined. Nobody manufactures them in Canada, because we have this chicken-and-egg thing going on whereby there is no regulation suggesting they need to be on there. There is no safety regulation for the purposes of protecting pedestrians and so on through the use of side guards. However, industry is looking at the greenhouse gas and fuel efficiency regulations and saying, “We need skirts”—which aren't the same thing—“because we're going to have to get our drag down.”

Is there a role for the federal government to play in creating something that would be a unique Canadian product and therefore create jobs?

The Vice-Chair (Mr. Jamie Nicholls): Could you give a very brief response, please?

Mr. Don Moore: I think there is potential. I think there are actually companies in Canada—I assume they still exist—that do manufacture skirts. They may not be the best designs, but they're there. Yes, I think there is a role to play.

The Vice-Chair (Mr. Jamie Nicholls): That's all for the questions.

I'd like to thank you, Mr. Moore, for appearing before the committee.

If there is agreement among all parties, we will move in camera.

[*Proceedings continue in camera*]

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