The Regulatory Environment for Canada's Automotive Aftermarket Industry

The Key to Better Understanding

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1.0 EXECUTIVE SUMMARY

Government regulations impact upon any business. Over the last decade it was felt that the increasing number of government regulations, particularly those related to safety and the environment, had made it difficult for automotive aftermarket companies to fully comprehend their responsibilities in this area.

The reality of the automotive aftermarket is that many of the products required in the manufacture, maintenance and service of vehicles and vehicle parts are, by their nature, considered an environmental risk or a health hazard and therefore subject to government regulation. Toxic chemicals and compounds such as petroleum products and refrigerants are regulated at all three levels of government in Canada (not to mention the plethora of policy statements, guidelines and codes of practice produced at each level of government), making regulatory compliance a time-consuming business practice challenge for aftermarket companies.

To help them improve their business operations and meet their regulatory obligations, it became apparent that there needs to be a better understanding of the regulatory regime impacting these businesses and a more effective and efficient information management process to assist them to respond to changes in Canada's regulatory environment. As a result, the Automotive Industries Association of Canada (AIA) undertook the **"Regulatory Environment for Canada's Automotive Aftermarket Industry--The Key to Better Understanding"** project to identify key legislation and regulations that impact the automotive aftermarket supply chain, as well as currently available training tools and sources of information, and to develop ways of making these accessible to businesses to assist in their awareness of and compliance with these regulations.

In short, the objectives of this study are to:

I. Identify all legislation and regulations, both federal and provincial, which impact the automotive aftermarket industry from a regulatory compliance perspective.
II. Identify each agency responsible for the administration of all identified regulations, with key contact information where possible.
III. Provide an impact summary of how each regulation or statute affects the industry.
IV. Identify the training and information tools available to industry and how those tools may be accessed.

The key statutes and regulations affecting the automotive aftermarket were determined based on the following evaluative criteria - direct impact, implied impact, universal impact and perceived impact – which are explained in the report. Statutes or regulations that did not meet any of these criteria, when assessed against the needs of the automotive aftermarket, were excluded from the list.

As part of the research, AIA surveyed its members to determine levels of awareness and compliance with regards to government legislation and regulations. The results confirm a high level of awareness of certain regulatory issues as well as concern over the capacity for regulatory compliance. The high level of awareness for such matters as Transportation of Dangerous Goods (TDG) legislation can likely be attributed to recent changes to those regulations.

Close to 80% of respondents indicated that they have a person or persons specifically responsible for understanding and ensuring compliance with government regulations. This indicates that the industry is aware of the importance of compliance. However, how much resources were dedicated to this task is unknown, as is the level of success regarding compliance.

Although Occupational Health and Safety regulations would essentially apply to all aftermarket companies, only 55% of total survey respondents (47% of jobbers) indicated they were aware of these regulations. Similarly, there was a distinct lack of awareness surrounding packaging and consumer protection type regulations.

The survey results show that on a number of significant issues respondents believe they are compliant, although AIA has no way to gauge whether or not that is true. Also, it is suspected that "Best of Class" companies likely completed the survey, leading AIA to believe that more work needs to be done in the areas of compliance. Also, with the exception of TDG regulations, compliance was slightly lower in the wholesaler category of responses.

The Project Review Committee expressed the view that while most business owners in the automotive aftermarket are willing to comply with any regulation put in front of them, there is also concern within the industry that some regulations may not receive the full attention that might be necessary. This can be attributed to two things: first, that the language of most regulations in Canada is complicated and cumbersome and the effort needed to become familiar with these regulations is substantial; second, the tiers of regulations and the frequency with which these regulations are amended further complicate the process for business owners and compound the cost of doing business.

The perception within the industry is that regulatory compliance levels are generally high. However, when contrasted with the levels of awareness and training within the industry, there is a strong likelihood that the compliance gaps are more significant than what was suggested by survey responses.

The availability of training resources varies widely. Even when training resources exist, they do not usually address the specific needs of the automotive aftermarket industry. Also, when resources do exist specifically for the automotive aftermarket industry, these are typically provided by AIA or another association related to the industry or an industry sub-sector.

The true value of this project can be found in the legislative and regulatory summaries that accompany the report. The summaries provide relevant information on the legislation and regulations as they apply to the automotive aftermarket industry, and help identify which types of aftermarket companies are most affected by the legislation/regulation. The summaries also identify training and information resources when they exist.

In all more than 100 federal and provincial acts were identified and more than 200 regulations that apply to the automotive aftermarket industry in Canada.

As a result of this project, AIA is recommending that it develop closer ties with government regulatory bodies, and that a comprehensive and searchable web portal be developed for aftermarket companies to access information on the federal and provincial acts and regulations identified in this report, including a forum for bringing concerns forward and sharing best practices. AIA also believes that consideration should be given to having training links directed to a third party organization to simplify the process for industry. This report includes a total of seven detailed recommendations dealing with awareness, training and access to information and training resources.

2.0 INTRODUCTION

Government regulations impact upon any business. Over the last decade it was felt that the increasing number of government regulations, particularly those related to safety and the environment, had made it difficult for automotive aftermarket companies to fully comprehend their responsibilities in this area. Even larger companies had shown some lack of awareness and signs of confusion, in particular with the differences in provincial legislation/regulations across Canada.

This situation came to a head with the enactment of the new "Clear Language Regulations" under the Transportation of Dangerous Goods Act in August 2002. After numerous amendments, Transport Canada had decided to rewrite the Regulations in this new format with the intent of taking the mystery out of compliance with the Act. The result within the automotive aftermarket industry was the growing realization that, not only were many companies noncompliant but that that there was a lack of awareness within some circles that compliance was even an issue.

The reality of the automotive aftermarket is that many of the products required in the manufacture, maintenance and service of vehicles and vehicle parts are, by their nature, considered an environmental risk or a health hazard and therefore subject to government regulation. Toxic chemicals and compounds such as petroleum products and refrigerants are regulated at all three levels of government in Canada (not to mention the plethora of policy statements, guidelines and codes of practice produced at each level of government), making regulatory compliance a time-consuming business practice challenge for the majority of aftermarket companies, regardless of their size.

In addition to large manufacturers, warehouse distributors, and retail chain stores, the automotive aftermarket industry is also composed of an estimated 3,000 small-sized wholesalers who typically have five employees and make an annual profit of less than 5% on their annual sales. These small businesses do not have the resources to fully understand and act upon the myriad of government regulations that exist under different jurisdictions (federal and provincial).

Also, within the automotive aftermarket, there are a number of sub-sectors, such as Paint, Body and Equipment (also known as collision repair), engine rebuilding, remanufacturing, and heavy duty. Each sub-sector is impacted by government regulations/legislation in differing ways, which further contributes to the confusion regarding compliance.

To put this regulatory burden in perspective, there are 19 federal acts and 36 federal regulations that directly impact the automotive aftermarket industry. The regulatory complexity is further complicated by companion (and sometimes conflicting) provincial legislation. In some provinces there are as many as 16 acts and 42 regulations that directly impact the automotive industry. These impacts range from business practices (such as consumer protection legislation) to safety (such as occupational health and safety legislation) to the environment (such as the Environmental Protection Act). Finally, some legislation covers elements of both safety and environment, such as the Transportation of Dangerous Goods Act.

Recognizing the diversity and challenges within the industry, it is not surprising that a comprehensive, centralized and accessible guide to automotive aftermarket industry specific legislation, regulations, resources and training does not exist.

To help aftermarket companies improve their business operations and meet their regulatory obligations, it became apparent that there needs to be a better understanding of the regulatory regime impacting these businesses and a more effective and efficient information management process to assist them to respond to changes in Canada's regulatory environment.

In an attempt to provide some solutions to this information challenge, a collaborative partnership between the Automotive Industries Association of Canada (AIA) and Industry Canada was established to examine the regulatory environment in Canada as it pertains to the automotive aftermarket. From the industry's perspective, the purpose of this partnership is to develop a framework for understanding the Canadian regulatory environment and the available information and training tools in a format that is dynamic, pertinent and accessible. From a government perspective, it is hoped that regulatory bodies in all jurisdictions might gain a better understanding of the regulatory impact on the industry.

3.0 PROJECT IMPLEMENTATION

This project, **"The Regulatory Environment for Canada's Automotive Aftermarket Industry,**" is intended to provide a business development tool for automotive aftermarket companies to help them better understand and comply with the multitude of statutes and regulations that impact their ability to run their businesses. It is the first step in providing access to information and analysis regarding the regulatory regime in Canada in a consistent and useable format and also lays the foundation for the development of a regulation compliance strategy for the aftermarket industry.

3.1 OBJECTIVES

The object of this project is to identify key legislation and regulations that impact the automotive aftermarket supply chain, as well as currently available training tools and sources of information, and to develop ways of making them accessible to businesses to assist in their awareness of and compliance with these regulations.

In short, the objectives are to:

I. Identify all legislation and regulations, both federal and provincial, which impact the automotive aftermarket industry from a regulatory compliance perspective.
II. Identify each agency responsible for the administration of all identified regulations, with key contact information where possible.
III. Provide an impact summary of how each regulation or statute affects the industry.
IV. Identify the training and information tools available to industry and how those tools may be accessed.
V. Identify the gaps in existing information and training tools and provide recommendations to address these gaps.
VI. Provide an outline or model of how this information can be accessed and maintained.

3.2 APPROACH AND METHODOLOGY

In defining the scope and determining the final outcomes of this project, the approach was largely consultative, involving industry representatives drawn from the ranks of the Automotive Industries Association of Canada (AIA), which represents over 1400 companies in the automotive aftermarket.

3.2.1 APPROACH: STEP 1

Personal interviews were conducted with AIA staff to develop a sense of the interrelationship between various elements of the automotive aftermarket, to obtain assistance in defining the automotive aftermarket distribution chain and to get direction in assembling a group of industry representatives to assist and guide the development of this project (i.e., the Project Review Committee).

3.2.2 APPROACH: STEP 2

A preliminary list of statutes and regulations that might impact the automotive aftermarket was developed through a review of all federal and provincial legislation. Statutes and regulations that the AIA had already identified during the normal course of day-to-day business were also included. This list was circulated to the Project Review Committee for comments and validation, along with a proposed framework for the analysis and presentation.

3.2.3 APPROACH: STEP 3

Based on Project Review Committee input, the approach was revised to ensure that the potential regulatory impacts are differentiated among the various industry segments.

A survey of the full AIA membership was proposed to gauge regulatory awareness, compliance and impact, and to support the gap analysis with respect to training and information resources. The draft questionnaire was pre-tested by the Project Review Committee and revised accordingly. For the purposes of the survey, regulations were grouped under broad categories or types to minimize the number of questions and response time for the participants.

3.2.4 APPROACH: STEP 4

The results of the survey enabled a further refinement of the list of statutes and regulations and provided insight into the level of concern and impact for each segment of the industry. A short summary of the purpose and application was prepared for each of these statutes and regulations, as well as a brief statement concerning their impact on the automotive aftermarket.

A draft copy of the federal legislative summaries was circulated to the Project Review Committee and AIA staff to test the approach and usability of the tool and to solicit suggestions for a long term more functional approach to accessing this information.

3.2.5 APPROACH: STEP 5

An analysis was done of existing training and information resources identified through Internet searches, survey results and Project Review Committee input to highlight potential gaps and develop recommendations on how these can be addressed.

3.2.6 APPROACH: STEP 6

Once this project report is complete, the final step is to share the information with the aftermarket industry. Having developed this tool, it will now be up to AIA to ensure that members are aware that this information exists, and that it will help them to better understand the regulatory environment in which they are operating. This information will be made available to all members via the AIA website, and it will be promoted to industry in a variety of ways in a comprehensive awareness strategy. It is hoped, that the work resulting from this project will become a living document – maintained and updated regularly, and more importantly, used by automotive aftermarket companies on a frequent basis.

3.3 REGULATORY SURVEY METHODOLGY

As noted previously, the automotive aftermarket industry, taken as an aggregate, is both complex and diverse, which creates some unique challenges in designing a common approach to access information. To assist in the information gathering process, an online survey of all AIA members was conducted. To proceed in reporting the methodology and preliminary results of the survey, there are two key points that must be understood to put these results in context:

1. The membership of AIA consists of companies, not individuals. The respondents to the questionnaire are employees (usually at a very senior level) of these companies. It can therefore be assumed that the accuracy of the responses is more reliable than those generated in a typical random sample. Further, notwithstanding the diversity of the industry in terms of size, product line, business focus or sophistication, it can be generally assumed this is a cohesive population based on product type (parts and services related to vehicle maintenance and repair).

2. That the majority of questions posed within the survey requested information rather than opinions. It can generally be assumed that responses to pure information questions are more reliable than questions that attempt to gauge opinion. In fact, only 11 of 36 questions are designed to gauge awareness of regulations and compliance and only 4 of 36 questions are designed to gauge opinions.

To further put the survey in context it must be understood that the AIA membership is divided into company categories, which are described in Section 4.1. These categories represent distinct elements of the distribution chain. Consequently, it is expected that the impacts of various regulations will be different for each category of companies.

3.3.1 THE QUESTIONNAIRE

It is well documented that the level of participation in a survey diminishes as the number of questions increases. To avoid poor return results, questions about specific regulations were avoided in favour of questions that categorized regulation types.

The survey was pre-tested among the 18 members of the Project Review Committee and revised according to suggestions made by that group. The survey was then distributed to 1358 AIA members through an online survey subscription website. A two-week response window was provided. A copy of the questionnaire is attached as an appendix to this report.

3.3.2 SAMPLE SIZE

In a typical random sample with a large population, the following formula is used to calculate the confidence interval:

$$ss = \frac{z^2 * (p) * (1-p)}{c^2}$$

Z = Z value (e.g. 1.96 for 95% confidence level)
p = percentage picking a choice, expressed as decimal
(.5 used for sample size needed)
c = confidence interval, expressed as decimal
(e.g., .05 = ±5)

The **confidence interval** is the plus-or-minus figure usually reported in newspaper or television opinion poll results. For example, if you use a confidence interval of 4 and 47% percent of your sample picks an answer you can be "sure" that if you had asked the question of the entire relevant population between 43% (47-4) and 51% (47+4) would have picked that answer.

It is important to note however that when sampling finite populations, such as an association membership, the above formula can be misleading and will generally underestimate the level of confidence in responses generated from small populations. Where this formula would be equally suitable for sampling a city or whole country, it is not suitable for sampling a population of only a few thousand. Accordingly, the following finite population correction is applied:

$$\text{New ss} = \frac{ss}{1 + \frac{ss - 1}{pop}}$$

where:

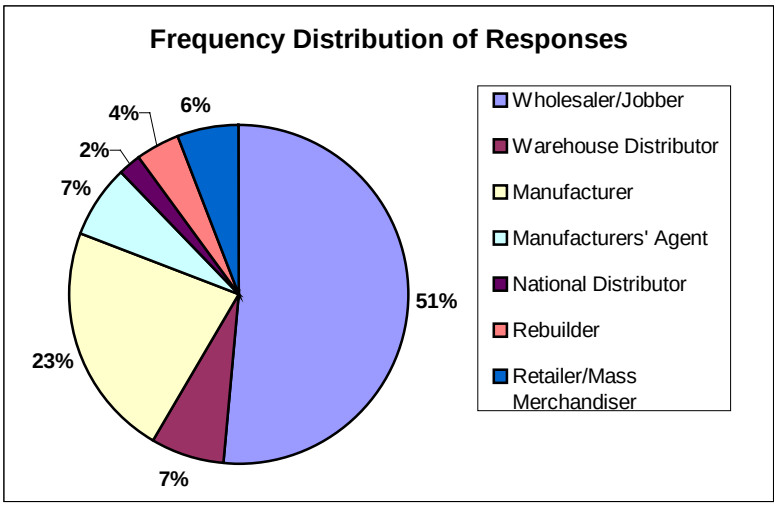
pop = population

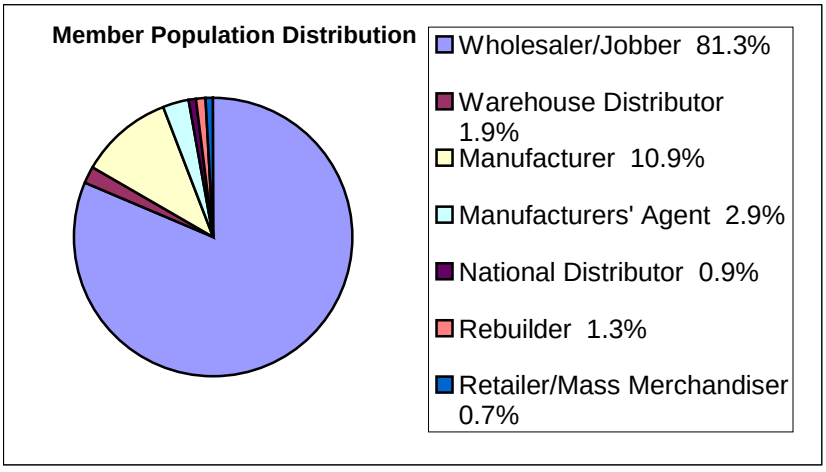
3.3.3 SURVEY RESULTS

Out of the AIA population of 1358, a total of 189 members responded to this survey, providing an overall confidence interval of ±6.6%, 19 times out of 20. It must be noted however, that this calculation is based on a worse case scenario assumption of a 50% response to a particular question and that the question is opinion based data.

As noted above, a polarization of responses has the effect of raising the confidence interval. For example, where 50% of the sample answered “yes” to a particular question, the confidence interval may be ±6.6%. However if 85% of the sample answered “yes” to the same question, the confidence interval moves to ±4.7%.

The overall results of this survey indicate the confidence interval ranges between 0 and ±6.6%, depending on the question. More importantly, the frequency distribution of sample returns by membership type is reflective of the membership base as a whole.





As the majority of the opinion-based questions resulted in highly polarized responses and frequency distribution of sample returns by membership type, it can generally be assumed that the results of this survey are statistically valid.

3.4 REPORT STRUCTURE

This report presents the results of the research and analysis that was undertaken for this project, provides context to some of the assumptions and directions taken during this process and outlines the steps involved in obtaining these results. The body of this report is divided into three key sections:

I. Legislation and Regulations
II. Training and Information Resources
III. Access to information.

The section on legislation and regulations will provide analysis as to the level of regulatory awareness within the automotive aftermarket industry, the level of industry compliance with various types of regulations, and focus on industry compliance concerns. The training and information resources section will provide analysis on the types of resources available and their perceived utility, will identify the resource gaps and will provide recommendations for developing and disseminating new regulatory compliance training and information resources.

Ultimately, this report is meant to be used as an information tool. It includes a series of appendices to facilitate access to each statute and regulation while not encumbering this report. Summaries of all statutes and regulations at both the federal and provincial levels were prepared along with a brief statement of how each impacts the automotive aftermarket. It should be noted here that these appendices are intended as an online resource. All of the statutes and regulations listed are hyper-linked directly to the government page containing the text of the statute or regulation. While there is still some utility in using these appendices off-line, they are designed to be quickly accessible and not to be read in their entirety. Therefore, online access is recommended.

Accompanying the summaries are links to training and information resources on the Internet and where available, direct links to the key contacts within government where compliance questions may be addressed.

3.5 PROJECT SCOPE

This project focuses on the regulatory regime affecting the automotive aftermarket industry. It looks at statutes and regulations, both federal and provincial, that are most relevant to automotive aftermarket businesses along the entire supply chain, in particular those related to environmental, health and safety measures (e.g., the handling and transportation of hazardous chemicals, workplace safety) and business management practices (e.g., warranties, consumer protection, apprenticeship training). Business practice issues such as taxation, incorporation and securities exchange are usually handled by professionals outside the industry and therefore were not the focus of this project.

AIA is currently undertaking a strategic review to analyze the synergies that exist between the traditional automotive aftermarket and automotive service providers. Automotive service providers are also small businesses, with limited resources, in communities across the country. Automotive service providers are customers to the wholesale parts distributors.

The goal of the review is to determine the feasibility of developing a stronger, more formalized working relationship between these two sectors of the automotive aftermarket industry. It should also be noted, that the large automotive service provider retail operations in Canada, such as Canadian Tire, Mister Transmission, etc. are already members of AIA, and participated as part of the Project Review Committee.

As an additional point in defining the scope of this project with respect to industry coverage, therefore, the outcomes and tools of this project are designed to be relevant and accessible to all segments of the aftermarket industry including automotive service providers.

4.0 THE AUTOMOTIVE AFTERMARKET IN CANADA

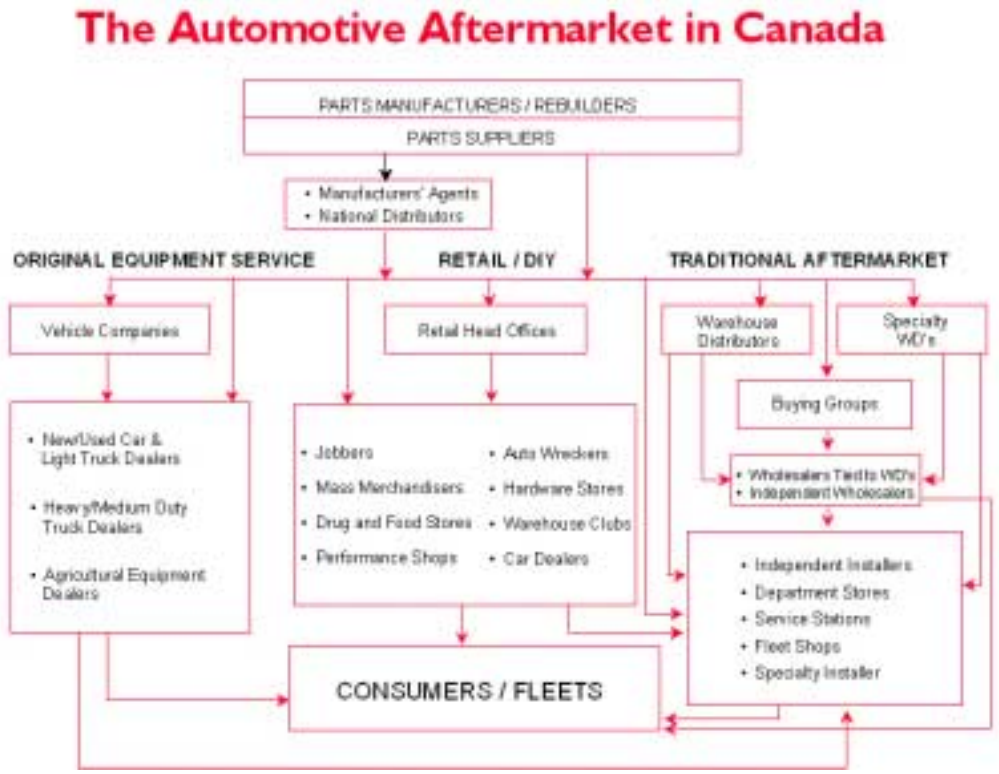
The automotive aftermarket industry in Canada consists of a very large number of diverse businesses that provide a variety of products and services to the automotive sector. These services range from manufacturing, distribution, warehousing, to collision repair, automotive recycling, general automotive repair and car washes. Taken as an aggregate, the industry is valued at over $15 billion per year in sales.

Companies within this sector range in size from a one-person operation to multinational corporations with thousands of employees. Accordingly, there is a range of capability and sophistication within the industry. Economies of scale permit larger companies to dedicate staff resources to regulatory compliance and business practice/human resource policies. In smaller operations, the majority of this responsibility often falls to the owner/proprietor or general manager.

Through the consultation process, it was recognized that a detailed description of the industry - both the distribution chain and the types of businesses involved - would be useful in the context of this project for audiences outside the industry, in particular authorities responsible for the design and implementation of regulatory programs.

4.1 THE AFTERMARKET DISTRIBUTION CHAIN

The chart below demonstrates the flow of the automotive aftermarket distribution chain:



There are currently more than 17 million vehicles on the road in Canada. Of those 17 million vehicles, there are more than 20,000 unique combinations of engines and body styles on the road today each with its own unique requirements for part replacement and servicing. Each vehicle has thousands of vehicle parts. In addition to the incredibly high number of vehicle parts required to service these vehicles, Canada has a vast geography yet relatively limited population base (when compared to other countries). This has led to the development of a complex distribution process in what is known as the traditional aftermarket (non-dealer repair network), which is the focus of this project.

The traditional aftermarket is dominated by a three-step distribution process to enable it to ensure that the "right part gets to the right place" – that a part can be found to service a vehicle on any given day in a relatively short period of time. A three-step distribution chain means that a part travels to an automotive service provider (the end user in the industry) as follows:

- Step 1: supplier to a warehouse distributor;
- Step 2: warehouse distributor to wholesaler; and finally
- Step 3: wholesaler to automotive service provider.

Outsiders to the industry often do not understand the complexities of the automotive aftermarket business or the business reasons why those complexities exist. As an example, this lack of understanding was underscored during the review process for regulations under the Waste Diversion Act in Ontario, whereby the calculation to determine packaging waste volumes for direct to consumer products can be difficult, if not impossible, for national suppliers. In this case, the traditional aftermarket distribution chain would have products moving from suppliers to warehouse distributors (WDs) and then to wholesalers.

It is important to recognize certain regulations will impose more compliance restrictions on some companies within the distribution chain than others. For example, many companies within the automotive aftermarket have no direct contact with individual consumers and are therefore not impacted by consumer protection regulations.

There are also some regulations that are unique at the sub-industry level. The petroleum industry has its own set of regulations that restrict such things as additives, product transport, industrial emissions and bulk container transfers. Similarly, both the automotive repair industry and the collision repair industry have specific consumer protection related regulations for their industries in many provinces.

In some cases, certain regulations will impact all companies within the distribution chain. A good example of this is the Transportation of Dangerous Goods Act and Regulations. The chemicals used in the manufacture, maintenance and repair of automobiles are more often than not a designated substance under the Act. It is the complexity of compliance issues that will range from one company type to another, based on the quantities and volatility of the products being transported.

4.2 AFTERMARKET COMPANIES

The Automotive Industries Association of Canada retains a significant majority of companies within the industry as members. The association's membership categories and descriptions mirror the various types of companies within the distribution chain. Accordingly, these categories are being used to describe the aftermarket businesses and provide context to the impact statements in the legislative summaries.

4.2.1 SUPPLIERS

Manufacturers
A Manufacturer operates a factory in the manufacture or assembly of one or more brands of automotive parts, accessories, equipment, tools or industrial products necessary to the maintenance and operation of motor vehicles, industrial equipment or internal combustion engines.

Remanufacturers
A Remanufacturer is engaged in the business of rebuilding or reconditioning automotive and industrial engines or parts, such as starters, alternators, and water pumps. Remanufacturers refer to factory or production rebuilders, as opposed to custom engine rebuilding.

National distributors
A National Distributor buys, warehouses, sells and invoices one or more brands of automotive parts, accessories, equipment, tools or industrial products necessary to the maintenance and operation of motor vehicles, industrial equipment or internal combustion engines.

Manufacturers' Agent
A Manufacturers' Agent is a person or firm that performs for two or more recognized manufacturers a continued function to sell on commission basis one or more brands of automotive parts, accessories, equipment, tools or industrial products necessary to the maintenance and operation of motor vehicles, industrial equipment, or internal combustion engines. The Manufacturers' Agent must also market one or more products to the automotive trade through, but not in competition with automotive wholesalers, his own sales organization.

4.2.2 WAREHOUSE DISTRIBUTORS (WDs)

Warehouse Distributors perform, for three or more recognized manufacturers, a continued function to buy, warehouse, sell and invoice for each, one or more brands of automotive parts, accessories, equipment, tools or industrial products necessary to the maintenance and operation of motor vehicles, industrial equipment or internal combustion engines.

4.2.3 WHOLESALERS/JOBBERS

Wholesalers have a regularly established place of business that carries a representative stock sufficient to supply the requirements of the trade in the territory served. Wholesalers are commonly referred to as jobbers. Wholesalers may not carry inventory nor sell used parts in the building occupied by their main establishment or in internally communicating buildings. Please note that "used parts" in this context does not refer to rebuilt or reconditioned parts or units.

Wholesalers/Machine Shop/Engine Rebuilders represent custom engine rebuilders, most commonly referred to as machine shops. A Machine Shop is a reliable person or firm engaged in the custom reconditioning and rebuilding of automotive industrial engine and components, for the automotive trade, fleets or industrial accounts.

The Wholesaler category also encompasses a number of other more commonly known sub-categories, such as Heavy Duty Distributor, Paint Body and Equipment Distributor and Performance Parts Distributor.

4.2.4 MASS MERCHANDISERS

Mass Merchandisers, Specialty Group and Oil Company Headquarters are headquarters of a firm or corporation engaged substantially in the retail distribution of automotive parts, accessories, equipment, tools or industrial products, necessary to the maintenance and operation of motor vehicles or industrial equipment. These companies will have a regularly established place of business that supplies a minimum of six outlets.

4.3 INDUSTRIES WITHIN THE AUTOMOTIVE AFTERMARKET

In addition to the above aftermarket company categories, sub-industry groups were used in the regulatory impact analysis. These sub-industries include: equipment tools and accessories; coatings and collision repairs; heavy duty; petroleum and petroleum products; engine and parts rebuilding; remanufacturing; repair and service; performance and appearance products; and retail.

5.0 LEGISLATION AND REGULATIONS IN CANADA

This section will provide analysis of the regulatory regime in Canada in terms of the degree to which it impacts the automotive aftermarket, the extent of regulatory awareness among aftermarket companies and the level of compliance.

5.1 ANALYSIS OF REGULATORY IMPACTS

The key statutes and regulations affecting the automotive aftermarket were determined based on the following evaluative criteria - direct impact, implied impact, universal impact and perceived impact – which are explained below. Statutes or regulations that did not meet any of these criteria, when assessed against the needs of the automotive aftermarket, were excluded from the list.

5.1.1 DIRECT IMPACT

Regulations with a direct impact on the automotive aftermarket meet two criteria: first, the automotive industry is directly targeted within the text of the regulation; second, the regulation was raised as an issue through the consultation process. Clear examples of regulations that meet the criteria of direct impact are Collision Repair Regulations and Used Oil Disposal Regulations.

5.1.2 IMPLIED IMPACT

Regulations with an implied impact on the automotive aftermarket have a product or process directly targeted in the text of regulations. Examples of implied impacts would include Transportation of Dangerous Goods legislation and Consumer Chemicals Containers regulations, where the products manufactured or sold by automotive aftermarket companies are directly targeted in the wording of regulations. This category could also include regulations that impact the industry by default or as result of the process of doing business. Examples of this are Consumer Packaging regulations and Waste Diversion regulations.

5.1.3 UNIVERSAL IMPACT

Regulations with a universal impact target all companies (beyond just the automotive aftermarket industry) and generally deal with the issues of managing employees. This category of regulations, for the purposes of this discussion, would include WHMIS, WSIB, Labour Codes and MSDS requirements.

5.1.4 PERCEIVED IMPACT

Unlike the other categories in this section, perceived impact differs in that it is based solely on a result of the regulatory member survey. The text of the regulation does not refer to the aftermarket or its products.

5.1.5 REGIONAL DIFFERENCES

It is important to note here that the regulatory regime varies from province to province. This is particularly the case for regulations that impact apprenticeship training and environmental regulations. For instance, the provinces of British Columbia and Ontario have significantly more in the way of recycling regulations than currently exist in other provinces. Alberta has a more developed apprenticeship program.

It should also be noted that some regional differences still exist for Transportation of Dangerous Goods Regulations. Ontario for instance, has not yet signed an agreement with the federal government for the implementation of TDG regulations.

5.1.6 SURVEY RESULTS

A compilation of the survey results is shown below.

1 Which one of the following categories describes the business your company is in (Please check one)	Response Percent	Response Total
Wholesaler/Jobber	**51.3%**	**97**
Warehouse Distributor	6.9%	13
Manufacturer	22.8%	43
Manufacturers' Agent	6.9%	13
National Distributor	2.1%	4
Rebuilder	4.2%	8
Retailer/Mass Merchandiser	5.8%	11
	Total Respondents	**189**
	(skipped this question)	0

2 How many people does your company employ?	Response Percent	Response Total
1 - 5	14.8%	28
6 - 10	19.0%	36
11 - 50	**34.4%**	**65**
51 - 100	8.5%	16
101 - 500	12.2%	23
500 +	11.1%	21
	Total Respondents	**189**
	(skipped this question)	0

3 Does your company transport (ship) products that are considered hazardous materials?	Response Percent	Response Total
Yes	**69.8%**	**132**
No	2860.0%	54
Don't Know	1.6%	3
Not Applicable	0.0%	0
	Total Respondents	**189**
	(skipped this question)	0

4 Do your employees handle (use) products that are considered hazardous materials?	Response Percent	Response Total
Yes	**73.5%**	**139**
No	23.8%	45
Don't Know	2.6%	5
Not Applicable	0.0%	0
	Total Respondents	**189**
	(skipped this question)	0

5 Does your company have an employee(s) who are specifically responsible for understanding and ensuring compliance with government regulations?	Response Percent	Response Total
Yes	**77.8%**	**147**
No	19.6%	37
Don't Know	2.6%	5
	Total Respondents	**189**
	(skipped this question)	0

6 Does your company have written policies or procedures in place to ensure that government regulations are complied with?	Response Percent	Response Total
Yes	**57.7%**	**109**
No	35.4%	67
Don't Know	6.9%	13
	Total Respondents	**189**
	(skipped this question)	0

7 Which of the following topics does your company have written policies or guidelines on? Please check all that apply.	Response Percent	Response Total
WHMIS	**77.8%**	**84**
ISO	46.3%	50
Transportation of Dangerous Goods	73.1%	79
Waste Management Guidelines	39.8%	43
Workers Compensation	72.2%	78
Consumer Protection	0.0%	0
None	18.5%	20
Other (please specify)	2.8%	3
	Total Respondents	**108**
	(skipped this question)	81

8 Are you aware of consumer chemical container regulations?	Response Percent	Response Total
Yes	**49.7%**	**92**
No	42.2%	78
Not Applicable	8.1%	15
	Total Respondents	**185**
	(skipped this question)	4

9 Does your company provide training on consumer chemical container regulations?	Response Percent	Response Total
Yes	31.50%	29
No	**52.20%**	**48**
Don't Know	10.90%	10
Not Applicable	5.40%	5
	Total Respondents	**92**
	(skipped this question)	97

10 Please describe the nature of your company's consumer chemical container training.	
Total Respondents	**23**
(skipped this question)	166

11 Please indicate if your company complies with consumer chemical container regulations.	Response Percent	Response Total
Yes	**68.3%**	**56**
No	7.3%	6
Don't Know	24.4%	20
	Total Respondents	**82**
	(skipped this question)	107

12 Are you aware of consumer packaging regulations?	Response Percent	Response Total
Yes	**52.9%**	**91**
No	27.3%	47
Don't Know	13.4%	23
Not Applicable	6.4%	11
	Total Respondents	**172**
	(skipped this question)	17

13 Does your company provide training on consumer packaging?	Response Percent	Response Total
Yes	24.2%	22
No	**61.5%**	**56**
Don't Know	14.3%	13
	Total Respondents	**91**
	(skipped this question)	98

14 Please describe the training provided on consumer packaging		
	Total Respondents	**16**
	(skipped this question)	173

15 Please indicate if your company complies with consumer packaging regulations.	Response Percent	Response Total
Yes	**71.4%**	**65**
No	7.7%	7
Don't Know	20.9%	19
	Total Respondents	**91**
	(skipped this question)	98

16 Are you aware of Canadian consumer protection regulations?	Response Percent	Response Total
Yes	31.2%	53
No	**36.5%**	**62**
Don't Know	27.1%	46
Not Applicable	5.3%	9
	Total Respondents	**170**
	(skipped this question)	19

17 Does your company provide training on consumer protection regulations?	Response Percent	Response Total
Yes	27.8%	15
No	**64.8%**	**35**
Don't Know	7.4%	4
	Total Respondents	**54**
	(skipped this question)	135

18 Please describe the training offered by your company on consumer protection regulations.		
	Total Respondents	**10**
	(skipped this question)	179

19 Please indicate if your company complies with consumer protection regulations.	Response Percent	Response Total
Yes	**74.1%**	**40**
No	5.6%	3
Don't Know	20.4%	11
	Total Respondents	**54**
	(skipped this question)	135

20 Are you aware of hazardous waste disposal regulations?	Response Percent	Response Total
Yes	**71.2%**	**121**
No	18.8%	32
Not Applicable	10.0%	17
	Total Respondents	**170**
	(skipped this question)	19

21 Does your company provide training on hazardous waste disposal?	Response Percent	Response Total
Yes	**45.9%**	**56**
No	45.1%	55
Don't Know	9.0%	11
	Total Respondents	**122**
	(skipped this question)	67

22 Please describe the training provided by your company on hazardous waste disposal.		
	Total Respondents	**35**
	(skipped this question)	154

23 Does your company comply with all hazardous waste disposal regulations.	Response Percent	Response Total
Yes	**83.0%**	**93**
No	2.7%	3
Don't Know	14.3%	16
	Total Respondents	**112**
	(skipped this question)	77

24 Are you aware of commercial driver training regulations?	Response Percent	Response Total
Yes	39.8%	64
No	**40.4%**	**65**
Not Applicable	19.9%	32
	Total Repondents	**161**
	(skipped this question)	28

25 Does your company provide commerical driver training?	Response Percent	Response Total
Yes	32.8%	22
No	**56.7%**	**38**
Don't Know	10.4%	7
	Total Respondents	**67**
	(skipped this question)	122

26 Please describe the training offered by your company for commercial driver training.		
	Total Repondents	**15**
	(skipped this question)	174

27 Does your company provide Transportationof Dangerous Goods Training?	Response Percent	Response Total
Yes	**52.2%**	**84**
No	28.6%	46
Don't Know	4.3%	7
Not Applicable	14.9%	24
	Total Respondents	**161**
	(skipped this question)	28

28 Are you aware of Commercial Vehicle Emissions regulations?	Response Percent	Response Total
Yes	43.5%	70
No	**56.5%**	**91**
	Total Respondents	**161**
	(skipped this question)	28

29 Does your company comply with Commercial Vehicle Emission regulations?	Response Percent	Response Total
Yes	**58.6%**	**41**
No	1.4%	1
Don't Know	11.4%	8
Not Applicable	28.6%	20
	Total Respondents	**70**
	(skipped this question)	119

30 Do your employees receive training in Occupational Health & Safety regulations?	Response Percent	Response Total
Yes	**55%**	**82**
No	38.9%	58
Don't Know	6%	9
	Total Respondents	**149**
	(skipped this question)	40

31 Does your company have Internet access in the workplace?	Response Percent	Response Total
Yes	**96%**	**143**
No	4%	6
Don't Know	0%	0
	Total Respondents	**149**
	(skipped this question)	40

32 Do all of the employees in your company that require training have Internet access?	Response Percent	Response Total
Yes	**55.7%**	**83**
No	38.9%	58
Don't Know	5.4%	8
	Total Respondents	**149**
	(skipped this question)	40

33 On a scale of 1-5, would you find it useful to have direct internet links to the text of government regulations all in one place and in a consistent format?	Response Percent	Response Total
1 - not at all useful	4.7%	7
2 = not useful	3.4%	16
3 = no opinion	10.7%	16
4 = somewhat useful	36.2%	54
5 = very useful	**45.0%**	**67**
	Total Respondents	**149**
	(skipped this question)	40

34 On a scale of 1-5, would you find it useful to have direct internet links to training and information resources all in one place and in a consistent format?	Response Percent	Response Total
1 = not at all useful	3.4%	5
2 = not useful	2.7%	4
3 = no opinion	6.0%	9
4 = somewhat useful	37.6%	56
5 = very useful	**50.3%**	**75**
	Total Respondents	**149**
	(skipped this question)	40

35 Please rate the following training subject matter for your company	Not at all useful	Not useful	No Opinion	Somewhat Useful	Very Useful	Respondent Total
Business practices	5% (7)	5% (7)	18%(27)	35% (52)	**38% (56)**	**149**
Workplace Safety	3% (5)	3% (4)	7% (11)	36% (54)	**50% (75)**	**149**
Driver Training	13% (20)	9% (14)	19% (29)	**31% (46)**	27% (40)	**149**
Hazardous Waste	7% (11)	7% (11)	13% (19)	**42% (63)**	30% (45)	**149**
Ozone Depleting Substances	12% (18)	15% (23)	**28% (42)**	26% (39)	18% (27)	**149**
Apprenticeship Regulations	19% (28)	17% (26)	**26% (39)**	24% (36)	13% (20)	**149**
Transportation of Dangerous Goods	6% (9)	7% (11)	9% (14)	29% (43)	**48% (72)**	**149**
					Total Respondents	**149**
					(skipped this question)	40

36 Please rate the following list of training venues as it pertains to your business.	Not at all useful	Not useful	No Opinion	Somewhat Useful	Very Useful	Respondent Total
On-line Training	3% (5)	1% (2)	16% (24)	**50% (74)**	30% (44)	**149**
Correspondence	6% (9)	8% (12)	13% (20)	**58% (87)**	15% (22)	**149**
As needed basis	2% (3)	2% (3)	15% (23)	**50% (74)**	32% (47)	**149**
In-house training	3% (4)	2% (3)	11% (17)	41% (61)	**43% (64)**	**149**
Off-site seminars	10% (15)	13% (19)	15% (22)	**54% (80)**	9% (14)	**149**
					Total Respondents	**149**
					(skipped this question)	40

5.1.7 INTERPRETATION OF SURVEY RESULTS

More than 50% of survey respondents were from the wholesaler category. This being said, it was surprising to note in the survey results that over 34% of respondents had 11 to 50 employees. AIA believes that this is because "Best of Class" and larger wholesalers took the time to respond to the survey. This was an online survey, and AIA is keenly aware that a number of its wholesaler members still do not use the Internet as an integral part of their daily business (this is changing gradually). It is safe to assume that the larger "Best of Class" wholesalers (those with multiple locations) completed the survey, and therefore show employee numbers higher than what AIA believes is a "typical" wholesaler.

Almost 70 % of AIA members indicated that they ship hazardous materials – a significant number of companies.

Over 73% of respondents indicated that their employees handle hazardous materials.

Close to 80% of respondents indicated that they have a person or persons specifically responsible for understanding and ensuring compliance with government. This indicates that the industry is aware of the importance of compliance. However, how much resources were dedicated to this task is unknown, as is the their level of success regarding compliance. Again, this statistic also reflects the likelihood that "Best of Class" companies completed the survey.

Close to 60% of respondents indicated that they have written policies in place regarding compliance. When asked in what areas the companies had written policies, close to 80% said they had them in place for WHMIS, 73% had written policies for the Transportation of Dangerous Goods (TDG), and 72% had policies for Workers Compensation.

WHMIS and Workers Compensation regulations have existed for a long time, so it is not surprising that awareness of those compliance issues exist. Also, a number of resources are available regarding those complex issues, and they are common not only to the automotive aftermarket but industry in general throughout Canada. A specific understanding of the automotive aftermarket is not required to apply these regulations to automotive aftermarket companies.

The high number of respondents that indicated they had written policies with regard to TDG is likely due to the changes to the TDG Act that were made in 2002, and the awareness campaign and assistance provided to members by AIA.

Close to 50% of companies had written ISO policies in place. Written policies are a requirement of ISO, but ISO is a voluntary program, therefore only those companies that are already ISO compliant or are on their way to becoming ISO registered would have policies in place. Again, this 50% mark is also likely reflective of "Best of Class" responding to the survey. Not surprisingly, the highest number of companies that responded positively to this question was in the supplier category of the distribution chain.

Close to 50% of respondents said they were aware of Consumer Chemical Container Regulations (high response in all but the wholesaler category). Changes were made in 2002 with deadlines in 2003, which is probably why awareness was relatively high. Most companies (over 50%) indicated they did not provide training for these regulations. Although close to 70% of respondents indicated that they were compliant with the regulations.

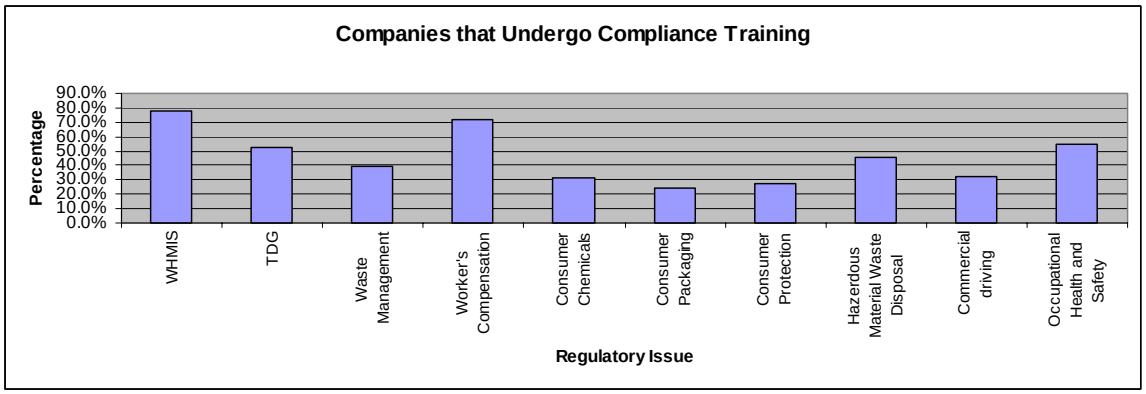
Just over 50% of respondents said they were aware of consumer packaging regulations; and most -- 61.5% said they do not provide training and 14.3% said they did not know if they provided training which likely indicates no training exists. Again, however, more than 70% of responses indicated that their company was compliant.

A surprisingly low number of respondents, just over 30%, indicated that they were aware of consumer protection legislation. This is likely due to the limited number of aftermarket companies surveyed that interact with consumers on a daily basis. Although most companies did not provide training in this area, most felt that they were compliant with the regulations.

Awareness was high for hazardous waste materials disposal regulations (over 70%), however, less than 50% of companies provided training in this area. Again, more than 80% of companies felt they were compliant on this complex issue.

Most respondents were not aware of commercial driver regulations (over 40%). This was not surprising, however, because a large number of aftermarket companies (most wholesalers) would not employ commercial drivers, and many contract that service out to a third party. Suppliers and warehouse distributors would be most impacted by those regulations.

Similar results were seen with regard to commercial vehicle emissions regulations, with just over 40% of respondents saying they were aware of the regulations. Once again, a large number of aftermarket companies (most wholesalers) would not employ commercial drivers, and many contract that service out to a third party. Suppliers and warehouse distributors would be most impacted by those regulations. Ontario recently made changes to the commercial vehicle emissions regulations, so this area may soon see increased awareness.



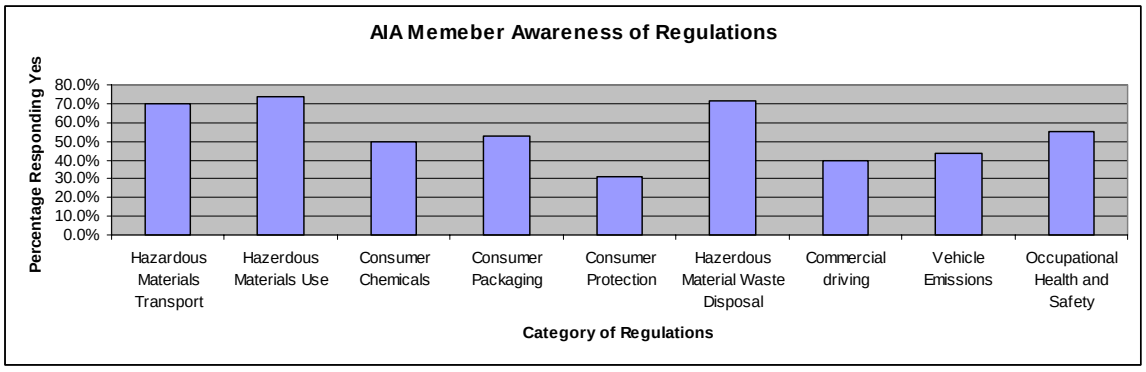
With regard to accessing information on government regulations, members indicated that they would find it useful (36.2% said somewhat useful and 45% said very useful) to find links to automotive aftermarket regulations in one location and in a consistent format.

Respondents also indicated that they would find it useful to have direct Internet links to training resources. The questionnaire results indicated more interest in the areas of Workplace Safety, Hazardous Waste, and Transportation of Dangerous Goods.

5.2 AWARENESS OF REGULATIONS

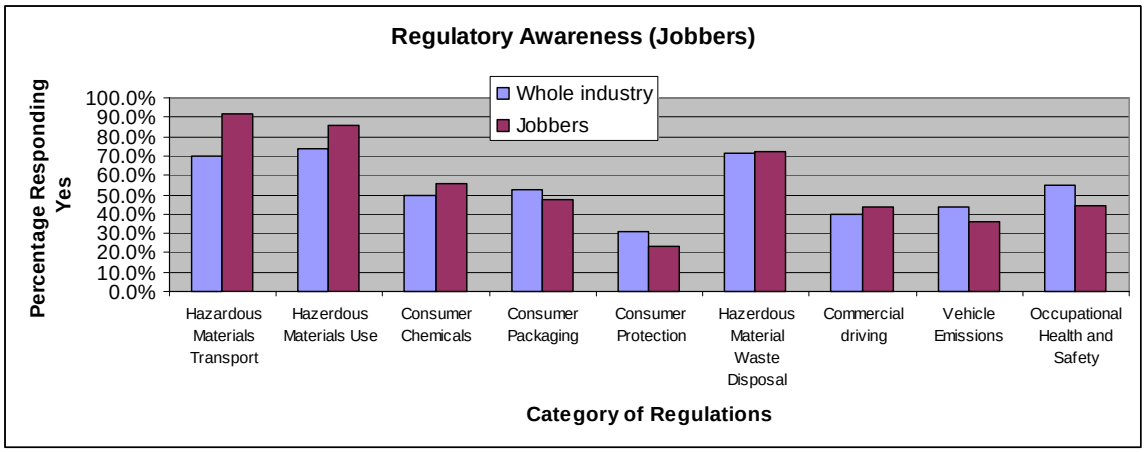
The questionnaire results confirm a high level of awareness of certain regulatory issues as well as concern over the capacity for regulatory compliance. The high level of awareness for such matters as Transportation of Dangerous Goods legislation can likely be attributed to recent changes to those regulations. It is interesting to note that in the summer of 2003, an AIA Omnibus member survey indicated similar results

For the purposes of this discussion, the survey participants were asked questions regarding their awareness of categories of regulations (including health and safety, business practices and environment), the results of which are presented in the table below:



It is interesting to note that the wholesalers, when analyzed independently, returned responses that are significantly similar to the population as a whole. As noted in Section 4.1.1, wholesalers/jobbers are typically (though not always) smaller companies that distribute

automotive parts at the local (municipal or regional) levels. Smaller companies with fewer resources might be expected to have different awareness results but this does not appear to be the case. Again, however, this may be due to the possibility that "Best of Class" jobbers completed the survey. The comparison results are presented in the table below:



Of particular note is the fact that Occupational Health and Safety regulations would essentially apply to all aftermarket companies, yet only 55% of total respondents (47% of jobbers) indicated they were aware of these regulations. Similarly, there was a distinct lack of awareness surrounding packaging and consumer protection type regulations. On further examination, this lack of awareness is mitigated somewhat by the fact that much of the industry has no direct contact with consumers. However, the customers of aftermarket companies in the downstream portion of the supply chain (i.e., the automotive service and repair industry and the collision repair industry) are directly impacted by these regulations, making consumer packaging and the warranty requirements under consumer protection legislation an important consideration for the traditional automotive aftermarket.

5.3 LEVEL OF COMPLIANCE

The survey results show that on a number of significant issues members believe they are compliant, although AIA has no way to gauge whether or not that is true. Also, as noted earlier, "Best of Class" likely completed the survey, leading AIA to believe that more work needs to be done in the area of compliance. Also, with the exception of TDG regulations, compliance was slightly lower in the wholesaler category of responses. As noted above, the lack of awareness of Occupational Health and Safety regulations and packaging and consumer regulations was also worrisome.

Finally, the Project Review Committee has expressed the view that while most business owners in the automotive aftermarket distribution are willing to comply with any regulation, there is also concern within the industry that some regulations may not receive the full attention that might be necessary. This can be attributed to two factors:

- the language of most regulations in Canada is complicated and cumbersome and the effort needed to become familiar with these regulations is substantial;
- the tiers of regulations and the frequency with which these regulations are amended further complicate the process for business owners and compound the cost of doing business.

The perception within the industry is that regulatory compliance levels are generally high. However, when contrasted with the levels of awareness and training within the industry, there is a strong likelihood that the compliance gaps are more significant than what was suggested by survey responses.

6.0 TRAINING RESOURCES

Although an attempt was made to systematically identify available training resources, the diversity of the automotive aftermarket and the number of regulations that are associated with the industry hampered this effort. In general, links to training resources for Occupational Health and Safety Regulations, WHMIS, handling hazardous materials, commercial driver training and Hazardous Waste Disposal Regulations are abundant on the Internet, but the resources are not necessarily designed to meet the unique needs of the automotive aftermarket. In this respect, the automotive collision and repair industry is more advanced when it comes to regulatory compliance training resources in these areas than the rest of the automotive aftermarket because it has developed more resources. For example, the AIA Paint, Body and Equipment Council has developed the "Top Ten Steps to a Safer and More Profitable Collision Repair Shop".

The exception in terms of available training resources tailored to the aftermarket is for Transportation of Dangerous Goods legislation. The AIA has developed a correspondence course specifically for the industry and it appears to meet the needs of most member companies. There is however, some suggestion that an online version of the course would be both useful and more efficient. In contrast, training resources for such matters as Vehicle Emissions, Consumer Chemicals Container Regulations, Consumer Protection legislation and Consumer Packaging appear to be almost non-existent. This apparent lack of training resources may also speak to the reason why there is a lower industry awareness response to these types of regulations.

6.1 APPROACH TO IDENTIFYING TRAINING RESOURCES

The approach to identifying training resources was threefold: an Internet search was performed on each statute and regulation, using a variety of search engines and government resources such as *Strategis*; a series of open ended questions were included in the member survey that asked specifically what training was provided to employees; and several key AIA members with experience in compliance training were interviewed, which generated additions to the list.

6.2 REVIEW OF TRAINING RESOURCES

Once identified, training resources were screened based on the relevance to the automotive aftermarket and their marketability. For example, significant resources were uncovered dealing with Occupational Health and Safety Regulations and Workers Compensation Regulations, however many of these were tailored to other industries, such as medical practitioners. Similarly, some training resources were identified that, while advertised on the Internet, were designed as in-house courses and were only available in remote geographic locations and therefore not suitable to the purposes of this project.

6.3 ANALYSIS OF TRAINING RESOURCES

As noted above, the availability of training resources varies widely. The bulk of these resources is related to occupational health and safety regulations and is geared toward training employees to avoid mishaps from workplace hazards. There are several reasons for this. Clearly, training resources that apply across several industries are more marketable, given the wider consumer base. These types of regulations have a universal application – they apply to all companies with employees.

Within the automotive aftermarket, training in consumer protection legislation is not considered a priority, as the majority of the industry, with the exception of mass retailers and some wholesalers, have no direct contact with consumers.

Finally, newer regulations are less likely to have developed a corresponding training industry. This may explain the limited resources available for regulations related to the environment, consumer protection and waste diversion, as many of these regulations have been written and implemented within the past two years.

Another matter entirely is the regional differences of training resources. As noted above, although many training resources are advertised on the Internet, the courses themselves are designed to be in-house or completed through correspondence. Although little time was devoted to analyzing the discrepancy of available resources between provinces, it seems likely there are two reasons for this: larger markets make for a more profitable training industry; and the less populated provinces have fewer regulations with which to contend.

6.4 TRAINING RESOURCE GAPS

The research for this project identified a number of pieces of legislation and regulations of which many automotive aftermarket companies were unaware. As noted earlier, 19 federal acts and 36 federal regulations were identified that directly impact the automotive aftermarket industry. In some provinces there are as many as 16 acts and 42 regulations that directly impact the industry.

However, of the 19 federal acts, AIA was only able to identify six where training was available. Three environmental regulations, two human resource training regulations, and one business practices resource for the Employment Equity Act.

The following summary of identified training resources, both federal and provincial, shows significant gaps when comparing the total number of statutes/regulations with the number of resources available and provides a snapshot of the regulatory areas where training resources are or less predominant.

Jurisdiction	Business Practices Training Resources		Labour/Human Resources training		Occupational Health and Safety Training		Environmental Training		Total Statutes	Total Regulations	Total Training Resources
	Statutes	Training	Statutes	Training	Statutes	Training	Statutes	Training			
CN	4	1	4	2	2	0	6	3	17	32	6
BC	5	0	3	0	1	1	3	0	12	28	1
AL	5	1	4	2	3	5	2	4	14	37	12
SA	5	0	3	0	1	1	2	4	11	23	12
MA	3	0	3	0	2	3	4	4	12	34	7
ON	10	6	3	1	3	7	3	4	19	47	18
PQ	4	0	3	0	5	2	2	0	14	26	2
NB	4	0	2	1	2	2	3	0	11	21	3
PE	6	0	1	0	1	0	3	3	11	11	3
NS	2	0	2	5	0	0	3	5	7	28	10
NF	2	0	1	2	0	0	4	4	8	18	6

However, even when training resources exist, these do not necessarily address the specific needs of the automotive aftermarket industry. Also, when resources do exist specifically for the automotive aftermarket industry, these are typically produced by the AIA or another association related to the industry or an industry sub-sector.

6.5 ADDRESSING TRAINING & INFORMATION RESOURCE GAPS

AIA and Industry Canada previously worked together on a pilot project to develop a web portal designed specifically to assist companies in the automotive industry to access training resources generally. This has provided some insight on the next steps that need to be taken to develop a similar portal specifically for aftermarket regulations.
The first challenge is vetting the existing resources for relevance and suitability and creating the appropriate search tool to access the right training resources for each business in the shortest number of steps.

The second challenge is attracting the many private companies and associations that provide compliance training to participate in this web portal. It is clear from this research that there are a significant number of courses available from a variety of sources but that these courses tend to be concentrated in the area of occupational health and safety and hazardous materials management. It should also be noted that within these concentrations of courses, the type of training provided is often unique to a specific element of industry (for example the collision repair industry as opposed to the petroleum industry). Further, many existing courses are limited by geography, distribution or design and are useful for only a small percentage of the automotive aftermarket.

In solving these challenges, effort needs to be directed toward developing a trainer certification seal that is recognizable to the automotive aftermarket. While it is not disputed that most of the existing training resources meet the requirements of the appropriate guidelines, the utility of some of these resources to the automotive aftermarket is unclear.

This ambiguity is particularly evident when the training is provided by private companies, as opposed to industry associations. This certification of training programs would provide a level of comfort to companies investing in training programs for their employees that the course meets or exceeds minimum standards and that the standards are uniform across the country. The design of the certification program would require the development of minimum standards for each regulation under consideration.

Once the standardization issue has been resolved, effort must be directed toward categorizing these training resources so they are aligned with industry, both from a geographic perspective and from an industry type perspective. The results of the member survey and the research conducted for this report indicate that a generic or "cookie cutter" approach to regulatory compliance training is unsatisfactory.

7.0 SUMMARY OF FINDINGS

7.1 Awareness

- Desire to comply consistent between company/membership types.
- Awareness of regulatory regime varies between company/membership types.
- Understanding of regulatory regime varies between company/membership types.
- Level of concern over certain types of regulation varies between company/membership types and between industry sectors.
- High level of awareness and activity respecting Occupational Health and Safety, WHMIS and TDG.
- Moderate level of awareness and activity respecting Consumer Chemicals and Commercial Driver regulations.
- Low level of awareness and concern around consumer protection type regulations.

7.2 Training

- Compliance training activity is consistent with awareness of regulatory requirements.
- Industry is somewhat reactive when it comes to compliance issues. Responses to open ended questions revealed only a modest effort to undertake compliance training.
- Responses to questions regarding the benefits of training indicate an overwhelmingly positive reception to the concept of compliance training.
- Significant gaps in the training resources available for certain types of regulatory requirements. (waste diversion, consumer protection)

7.3 Access to Training

- Overwhelming support for online access tool for information about regulations and impact statements, direct access to government information and direct access to government contacts.
- Employee access to the Internet in the workplace has risen sharply, increasing the benefit of creating online information and training tools.
- Industry is receptive to all types of new compliance training tools.
- While in-house training is still the preferred venue for training (43% somewhat useful, 45% very useful) online training is rapidly gaining acceptance as an alternative (49% somewhat useful, 33% very useful).

8.0 RECOMMENDATIONS

8.1 Awareness

1. Regulations change frequently. Regulatory summaries should be updated as regulations are amended or new regulations are introduced. To accomplish this, a request should be forwarded to every government agency responsible for the administration of a regulation for notification of pending and proclaimed amendments.

2. The grass roots of the AIA membership form the basis of issues management. A forum needs to be developed to allow for this, in addition to the existing Government Relations Committee. This forum could be, for example, on the AIA website to allow members to post their knowledge of pending new legislation or amendments, as well as feedback on proposed regulatory changes. This forum could also be used to solicit input on the format of the website, to provide information on additional training resources and finally to provide feedback on the content.

3. AIA must act as an industry leader and resource to the aftermarket industry by devoting additional resources to member communications of compliance issues through seminars, articles in Express Magazine, enewsletter links and information on the AIA website and member information bulletins. This information would provide interpretation of the compliance issue, as well as "How To Comply" tips, and lists of available resources.

8.2 Training

4. While AIA provides some training functions and opportunities (TDG and Hazardous Waste Guidelines), it is not fundamentally a training organization. It is appropriate, however that AIA manage information related to legislative activity. Access to the information outlined in recommendation # 3 should rest with AIA.

5. Consideration should be given to having training links developed and managed by a third-party organization for ease of access and to simplify the decision-making process for businesses in the automotive aftermarket industry. It would be a warehouse of information and resources.

6. In addition to a third party acting as a warehouse of information, this new body could pilot a new training initiative. The new training initiative would include a program to certify private training organizations to ensure they meet the specific needs of the automotive aftermarket. For this to be possible, when a government department develops regulations it would need to outline or publish guidelines for how compliance objectives would be met. This third party organization could then work with private trainers to ensure that their training would meet the guidelines established by government.

8.3 Access to Information and Training

7. The outputs from this project should be developed into a more robust online information portal. The portal would allow companies to easily search for information, and would provide interpretation of legislation and regulations, as well as direct links to the appropriate legislation/regulation. This would make the information easier to find and easier to understand for industry companies, particularly smaller ones with limited resources. One of the biggest concerns aftermarket companies have when accessing government information, is that they do not always have the correct wording to search, and therefore, cannot always find the information they require. Therefore, the portal would need to be searchable by a number of variables for ease of use, including
    a. Company/Membership type
    b. Geographic region
    c. Industry sub-sector
    d. Impact statement
    e. Applicability rating
    f. Key words