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Affordability: An old problem hits the young

By DAVID KENNEDY
TORONTO BUREAU CHIEF

Higher payments and other economic factors are tipping the equation of convenience vs. cost

AN INCREASING NUMBER OF young Canadians are being priced out of the new- and, in some cases, used-vehicle markets, as the auto industry's affordability crisis forces consumers to clamp down on expenses once considered essential.

Canadians under 35 accounted for 21 per cent of new-vehicle

buyers in 2023, down from 25 per cent before the onset of the COVID-19 pandemic, according to data from J.D. Power.



The rapid run-up in vehicle prices over the past few

years and the wider affordability challenges Canadians currently face are to blame for the decline, said Robert Karwel, senior manager of J.D. Power's Canadian automotive practice.

"We've cascaded some of those younger new-car buyers into used-

SEE WHAT HAPPENS PAGE 24



At an April 25 press event in Alliston, Ont., Toshihiro Mibe, CEO of Honda Motor Co., details the automaker's plans to build electric vehicles at the current campus in Alliston and to create a supporting battery supply chain. FILE PHOTO

Why Honda chose Canada for a \$15B EV future

Rather than gambling on potentially higher incentives by locating in the United States, the automaker chose a sure bet in Ontario to make the biggest investment deal in North America

By DAVID KENNEDY
TORONTO BUREAU CHIEF

HONDA MOTOR CO.'S CALCULATED BET to double down on Ontario with a \$15 billion investment in a "comprehensive" strategy for an electric-vehicle plant, battery plant and a related supply chain pitted U.S. production subsidies against Canadian tax credits that are unlikely to fully level the playing field.

Honda Canada Inc. President Jean Marc Leclerc declined to provide specifics of the site-selection process for the investment but said the United States was in the running.

Production subsidies offered under the U.S. Inflation Reduction Act (IRA) could have put the automaker ahead financially, but Canada's tax credits came with greater certainty.

"It's guaranteed money," Leclerc told Automotive News Canada April 25 after the announcement at the automaker's facilities in Alliston, Ont.

In the United States, subsidies could have disappeared if politicians in Washington shelve the IRA. No imminent plans exist to repeal one

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Leclerc: Government incentives are important, but "The reality is [the skilled workforce] did play with the decision-makers," as did Canada's critical minerals and clean electricity grid.

FILE PHOTO

TECH FIX

To date, more than 200 Philippine technicians have started working at dealerships in Ontario. But why the focus on the Philippines?



Bourgon: Technicians recruited in the Philippines to work at dealerships in Ontario have a solid work ethic, and most intend to stay in Canada.

FILE PHOTO

By DOUG FIRBY
CALGARY CORRESPONDENT

ONCE A MONTH, TWO auto-industry representatives from the Motor Vehicle Retailers of Ontario (MVRO) make the long flight to Manila, Philippines, in search of service technicians to ease the critical shortage of skilled labour at franchised dealerships.

In two years, the pair have found that about half of the more than 1,500 applicants tested meet the technical and language requirements to succeed in Canada, said Todd Bourgon, executive director of the MVRO, which represents more than

After the Motor Vehicle Retailers of Ontario tests Philippine service technicians for written and verbal English skills, instructor George Parsons of the Sault College of Applied Arts and Technology assesses how they work on cars.

PHOTO: MOTOR VEHICLE RETAILERS OF ONTARIO

1,000 dealers in the province.

Some are quickly snapped up by the association's members, Bourgon said. Technicians commit to working in Canada for three years under the federal Temporary Foreign Workers Program (TFWP). Placements are normally for two years, but technicians can stay an additional year.

A homegrown solution of Canadian-trained technicians is desirable, Bourgon said, but it takes several years — 7,220 hours of on-the-job and in-class training combined — for a technician to

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Canadian dealers are competing against the world for techs

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pass the Red Seal exam.

"This labour shortage isn't going away anytime soon," Bourgon said.

A study released last year by the MVRO found more than 3,000 vacancies in the automotive trades in the province as of the first quarter of 2023. That's up from 1,500 before the COVID-19 pandemic.

Technicians declared qualified by the MVRO don't all end up in Ontario, Bourgon said. Some bureaucratic hurdles can delay placement, and dealers in the province must compete with employers in other parts of the world. It's a race to get techs to sign employment contracts before they accept an offer from elsewhere, Bourgon said.

FOCUS ON THE PHILIPPINES

Dealerships report a high level of satisfaction with the TFWP hires, he said. Less than one per cent of the placements don't

This labour shortage isn't going away anytime soon."

Todd Bourgon

Executive director,
Motor Vehicle Retailers of Ontario

work out. Filipinos have a solid work ethic, Bourgon said. "They want to work as many hours in the week as they can."

"Everyone reads and writes English in the Philippines," he said. The country receives 10 per cent of its gross domestic product from exporting workers who then send money back home to family members.

Filipinos, Bourgon said, "are very willing to come to Canada for long-term opportunities and a safe working envi-

ronment under the TFWP."

Traveling to and from Manila is not easy. Direct flights take 18 hours, and travel via flights with connections can last up to 30 hours, Bourgon said. On the ground, the two recruiters spend five intense days examining applicants from all corners of the Philippines.

To find qualified technicians, the MVRO has partnered with the international recruiting company JobGoSolutions, which also works with similar associations in Alberta and Manitoba.

HERE TO STAY, THEY HOPE

To date, more than 200 technicians from the Philippines have started working at Ontario dealerships, and virtually all want to stay in Canada, Bourgon said. Technicians can apply for permanent residency, he said.

One of the attractions is money. According to the employment site Indeed.ca,

the average Canadian pay for an auto technician is \$30.67 per hour, and Ontario dealerships have recently advertised rates around \$40 per hour. The typical rate in the Philippines is \$12.50 per day, Bourgon said.

Applicants face a rigorous process, he said. To apply, they must be fully certified in a vehicle brand and have worked at a related dealership anywhere in the world for at least five years. They must also pass background and medical checks.

The MVRO puts each applicant through a daylong practical test. Bourgon tests them for written and verbal English skills, and then George Parsons, an instructor from Sault College of Applied Arts and Technology in Sault Ste. Marie, Ont., observes while they work on cars, performing brake service and diagnostics.

"Practical testing is the only way to do this," Bourgon said. "In some cases, the wording on the resumé doesn't match the skills." — **ANC**

Automotive News Canada People on the Move

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Michael McGhee

Senior Vice President and Head,
TD Auto Finance (Canada)
TD Auto Finance
Toronto, Ontario



Effective April 22, Gino Caputo, previously Senior Vice President & Head, TD Auto Finance, took on an exciting and expanded mandate as Senior Vice President, Canadian Real Estate Secured Lending at TD Bank Group. With this change, we are pleased to

share that Michael McGhee, currently Senior Vice President, Divisional Office & Transformation, will lead TD Auto Finance. Michael is a familiar face to the automotive industry, having led TD Auto Finance from 2013 to 2021. He has held numerous roles in Commercial Banking at TD, and is a versatile leader with a long track record of strong business performance.

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Union accepts agreement for holiday time off at dealership, then grieves it

By **ERIC FREEDMAN**
LEGAL CORRESPONDENT

AN ARBITRATOR HAS rejected a union grievance against a New Brunswick dealership that assigned its technicians alternative days off to commemorate Remembrance Day.

Because Nov. 11, 2023, fell on a Saturday, Moncton Honda employees represented by Unifor Local 4501 did not work that day.

Arbitrator George Filliter said the Moncton Automobile Dealers Association, which includes new- and used-vehicle retailers in the city, agreed to close that day and be open the following Monday, Nov. 13.

He said Moncton Honda decided to offer its service staff one day off in July 2024, when service demands would be

lower than in November.

Moncton Honda's general manager and the store's Unifor shop steward discussed the matter and agreed that, based on seniority, employees in the bargaining unit could choose to be off on Friday, July 14, or Monday, July 17, for a long weekend.

No employees filed a grievance claiming they hadn't been paid for Remembrance Day or didn't get a paid day off in lieu of

the holiday, the March 19 decision said.

However, the grievance alleged the arrangement was "inconsistent with past practice" and constituted a contractual change outside the collective bargaining process.

Filliter said the contract does not specify when employers must provide a day off in lieu of a holiday falling on a nonworking day.

Dismissing the grievance, he said the union "communicated with the employer that the proposed arrangement was acceptable" and the union "agreed to the plan or, at the very least acquiesced to its implementation." — **ANC**

North Bay pilot program could continue indefinitely

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The four-day workweek was suggested by an employee who learned of a U.S. group that had successfully implemented it, Lancaster said, but employees eventually opted for five days. He said he did not know why.

There is no end date to North Bay Chrysler-Dodge-Jeep-Ram's pilot project, Lancaster said, and if it continues to help with recruiting and retention, it will continue indefinitely.

The 401 Group is a diversified company with more than 1,000 employees. Two more dealerships are under construction, there are 12 used-vehicle stores, 12 recreational-vehicle outlets, three power-sports locations and a restaurant.

3,000 JOB VACANCIES

The 401 initiative comes as dealerships across the country — and Ontario, in particular — face a critical shortage of service technicians.

More than 3,000 vacancies were reported in the automotive trades in Ontario at the end of the first quarter of 2023, according to an August 2023 report titled "The Labour Market for the Automotive Trades in Ontario and the Impact on New Car and Truck Retailers." That is double the number of vacancies before the COVID-19 pandemic, said the report, which was commissioned by MVRO with support from the Canadian Automobile Dealers Association.

The report estimated the annual revenue loss from one technician vacancy at \$429,600 to \$644,440.

Companies in all sectors are experimenting with hybrid business models to attract and retain employees, said Lancaster.

"Innovation is so important in the business we're in," he said. "Our goal is to have as little turnover as possible. We want to be a brand that's known to be proactive." — **ANC**

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