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Brian Masse

MP/ Député

April 16, 2019

Honourable Navdeep Bains
Minister of Innovation, Science and Economic Development
House of Commons
Ottawa, ON K1A 0A6

Dear Minister Bains,

I am writing to you today about the Canadian auto industry. As you are aware I have exchanged several official communications with you on this file and am eagerly awaiting a response to my request for action on the most recent FIAT Chrysler opportunities lost to Detroit. Although this investment was not in Canada, the entire Ontario supply chain can still benefit with the proper plan. The current strategy to wait for investment to come to Canada is not working and should be abandoned for an assertive Canadian National Auto Policy.

Please find the below summarized suggestions for the recently announced auto purchase incentive plan announced in the recent 2019 budget. Since the tabling of the document I became concerned about the restrictions in place that prohibited the Windsor build FIAT Chrysler Pacific from eligibility from the program, raising this immediately in the House of Commons and subsequent interaction. I want to thank you and your government for reversing your position on this restriction. This is confirmed by the alteration of the printed budget that was tabled in the House of Commons and the now downloadable version on the government website. As this program goes through revisions, I would offer the following suggestions:

- All purchases eligible for the program must be for vehicles that are Canadian made. We should not be subsidizing foreign imports with Canadian tax dollars. Other countries have similar programs, just like our neighbour to the south has a "buy American" program. It would also be a poor tactic to reward them during a time when United States steel tariffs are in place, especially for an industry so integrated with steel itself.
- Lift the \$100 million per year cap and make the \$300 million allocated to this program available immediately. This would allow for more purchases to take place this year, and avoid consumer purchasing timing issues by waiting for eligibility and creating confusion.
- The criteria for the incentive, right now capped at \$5000 per vehicle should include the number of passengers the vehicle can carry. This is better for the environment by encouraging larger vehicles to make transitions, and one Pacifica for example can carry more than 3 small two seat vehicles easing road congestion. This will also allow the incentive cap to be raised to \$14,000 per vehicle. This was the previously available incentive in the province of Ontario, and something you have called upon to be restored "The onus is on Premier Ford to step up, and not only fight for the environment, but fight for the economy and jobs," <https://www.cbc.ca/news/canada/windsor/pacifica-incentive-ontario-1.5079648>.

You have the direct opportunity for actions, not just words.

- All vehicles eligible for this program must have the same safety standards to be NAFTA compliant and be approved for highway usage.

CAPITAL COST EXPENSING FOR BUSINESSES THAT PURCHASE ELECTRIC VEHICLES

For the increased capital cost expensing for electric vehicles purchased by businesses announced in the budget the following changes need to be implemented:

- At present business capital cost expensing limit for passenger vehicles is \$30,000 plus sales tax. The federal budget increased this to \$55,000 plus sales tax for businesses that purchase an electric vehicle and allow the entire amount to be used in one tax year. This \$25,000 increase must only be eligible for purchases of Canadian built electric vehicles like the Pacifica plug in hybrid
- An additional criterion for the \$25,000 increase in expensing is that it must be based on the number of passengers the vehicle can carry. A sliding scale with the largest vehicles like the Pacifica receiving the full \$25,000 additional expensing.

A NEW COMPONENT: NOT-FOR-PROFIT ORGANIZATIONS

- Non-profit organizations like Habitat for Humanity, Crime stoppers, volunteer and community groups cannot benefit from the vehicle incentive program since it is for individuals and they cannot use the business expensing of capital costs for eligible zero-emission passenger vehicles since they do not pay taxes.
- Our proposal would be to create a \$10-\$15,000 vehicle incentive/subsidy program for non-profits that purchase zero or low emission vehicles with same eligibility as the consumer or business expensing criteria.
- Once again, it would be a sliding scale based on the number of passengers the Canadian built vehicle could carry.

Aside from these specific request for the incentive program, the following requires immediate action. As you are aware the recently announced Windsor Assembly Plant layoffs are devastating to Windsor, Essex, Ontario and Canada.

- Your government received the auto plan, developed with Canadian Automotive Partnership Council (CAPC), headed by Ray Tanguay, almost two years ago. The CAPC Auto Plan needs to be implemented, why has this been neglected?
- Fiat Chrysler announced in February 2019 it will invest \$4.5 billion in five plants to build new models of Jeeps to compete in the lucrative market for full-size, three-row SUVs. This investment will bring nearly 5,000 jobs to the Detroit and an overall total of will create 6,500 jobs in Michigan. As the NDP Auto critic I wrote you on February 27, 2019 requesting the government establish a task force to ensure Canadian companies and autoworkers benefit from this once in a generation investment. Why have you not responded, I have had organizations support this suggestions. I appreciate the FIAT Chrysler and other General Motors Investments in Detroit and in various other US markets might be embarrassing, but it should not prevent action from making the best of missed opportunities.

I thank you in advance for these considerations, and would appreciate an opportunity to discuss these and other proposals with you anytime. Recent auto investment reports only create more urgency for action as Canada lags behind not only our North America NAFTA partners in the United States and Mexico, but in the world in general. Bringing up the tailpipe in the auto industry is not our tradition, nor should it be our standard.

When you visited Windsor recently you made a point of being critical of the Province of Ontario and Premier Doug Ford in particular for cancelling the vehicle incentive program. I represent families devastated by the third shift layoff of the Windsor Assembly Plant, they deserve more than just attacks when you can take direct measures to help. Any further delay in the incentive program complicates purchasing as customers are now waiting for the implementation. I would suggest a retroactive date be considered to ensure smooth transition, speedy purchase sales and the expanded measures to ensure robust support.

Yours truly,



Brian Masse MP

Windsor West

NDP Critic for Innovation, Science and Economic Development & Great Lakes issues

Vice-Chair, House of Commons Standing Committee on Industry, Science and Technology

Attach (2).

CC: Right Honourable Prime Minister Justin Trudeau
Automotive Industries Association
Automotive Parts Manufacturers Association
Canadian Association of Mould Makers
Canadian Manufacturers and Exporters
Canadian Vehicle Manufacturers Association
Cheryl Hardcastle MP (Windsor-Tecumseh)
Consul General for Detroit, Joe Comartin
Tracey Ramsey MP (Essex)
Unifor National Office
Unifor Local 444
Unifor Local 200
Unifor Local 1285
Windsor District Labour Council
Windsor Essex Development Commission
Windsor Essex Regional Chamber of Commerce