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## **Standing Committee on Transport, Infrastructure and Communities**

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**EVIDENCE**

**Tuesday, December 14, 2010**

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**Chair**

**Mr. Merv Tweed**



## Standing Committee on Transport, Infrastructure and Communities

Tuesday, December 14, 2010

•(1105)

[English]

**The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)):** Thank you, and good morning, everyone.

Welcome to the Standing Committee on Transport, Infrastructure, and Communities, meeting number 44. The orders of the day are pursuant to Standing Order 108(2), a study of issues related to the Air Canada Public Participation Act.

Joining us today from Air Canada we have Michel Bissonnette, Joseph Galimberti, and Louise-Hélène Sénécal. Welcome.

As always, we'll have a brief presentation from our guests and then we'll move to questions and answers.

Please begin.

[Translation]

**Ms. Louise-Hélène Sénécal (Assistant General Counsel, Law Branch, Air Canada):** Thank you, Mr. Chairman.

Honourable members, we are pleased to accept this committee's invitation to talk about Air Canada's aircraft maintenance operations.

My name is Louise-Hélène Sénécal and I am assistant general counsel at Air Canada. I have been with Air Canada for nearly 22 years. I am accompanied by Mr. Michel Bissonnette, Senior Director, Engines and Airframe Maintenance, and Joseph Galimberti, Director, Government Relations. Allow me to provide the following by way of background.

Since October 2004, Air Canada no longer operates on its own all of the aircraft maintenance functions it once did. Air Canada's Plan of Compromise and Arrangement under the Companies Creditors' Arrangement Act resulted in Air Canada becoming a wholly-owned subsidiary of ACE Aviation Holdings Inc.

At that time, Air Canada's technical services division, or ACTS as it is also referred to, was spun off as a separate entity owned and controlled by ACE. In effect, the former maintenance division of Air Canada was divided in two. The airframe, engine and component maintenance operations were spun off to ACTS while the line maintenance operations were retained by Air Canada.

The 2004 plan of compromise, which was the basis for Air Canada emerging from insolvency protection and continuing to operate, was implemented following a creditor vote and was sanctioned by the court under the Companies Creditors' Arrangement Act. All of Air Canada's unions, including the IAMAW, the International Association of Machinists and Aerospace Workers,

voted in favour of the 2004 plan, which included the spin-off of ACTS.

Since that time, Air Canada itself has gone public and ACE's interest in Air Canada is now reduced to a minority interest. Also, in 2007, ACE sold ACTS to private equity interests. ACE no longer holds any ownership interest in this company.

ACTS changed its name to Aveos in 2008. Air Canada and Aveos are parties to certain services agreements by which Aveos is the exclusive supplier to Air Canada of maintenance services, other than line maintenance, for airframes, engines and components. Aveos operates out of various bases including maintenance bases formerly operated by Air Canada at, among other locations, Montreal, Mississauga—or Toronto—and Winnipeg. Air Canada also operates its own maintenance bases at, among other places, Winnipeg, Toronto and Montreal to perform line maintenance.

In 2009, Air Canada spent a total of \$944 million in aircraft maintenance. Of that amount, \$659 million, or approximately 70%, was spent on aircraft, engine, component and line maintenance services performed by Aveos or Air Canada at maintenance bases located in Montreal, Mississauga and Winnipeg.

For the first nine months of 2010, Air Canada spent \$648 million in aircraft maintenance. Of that amount, \$462 million, or approximately 71%, was spent on aircraft, engine, component and line maintenance services performed by Aveos or Air Canada at maintenance bases located in Montreal, Mississauga and Winnipeg.

I would like to conclude this statement by dispelling rumours some of you may have heard regarding maintenance work on Air Canada aircraft which could be outsourced to Aeroman, an airframe maintenance company located in El Salvador and owned by Aveos.

To begin, let me start by saying that Aeroman is not certified to perform maintenance work on Air Canada aircraft, something your colleagues at Transport Canada can readily confirm. More importantly, Air Canada has absolutely no intention of sending any airframe maintenance work to Aeroman, now or in the future.

•(1110)

I would like to complete this by assuring you that Air Canada complies with and will remain compliant with the Air Canada Public Participation Act.

[English]

My colleagues and I would be pleased to answer your questions in the official language of your choice.

[Translation]

Thank you.

[English]

**The Chair:** Thank you very much.

We'll go to Mr. McCallum.

[Translation]

**Hon. John McCallum (Markham—Unionville, Lib.):** Thank you, Mr. Chairman.

Thank you to the witnesses for coming today.

[English]

I'd like to know, in your opinion, what the obligation to maintain operational and overhaul centres means. And given that Air Canada does not own the majority of Aveos, does this requirement apply as well to Aveos?

**Ms. Louise-Hélène Sénécal:** First of all, I would invite you to read the specific provisions of the law that say the obligation is not to maintain, the obligation...

Just to rephrase my answer on the obligations, we are confident that we are complying. We've just explained what we do, and we believe that constitutes compliance.

**Hon. John McCallum:** If Aveos should decide to shift its operations from the three traditional maintenance centres, do you think that would be a violation?

**Ms. Louise-Hélène Sénécal:** My opinion is that we're not here to issue a legal opinion.

We believe that with the operations as they exist, and with our line maintenance bases, we are in compliance.

**Hon. John McCallum:** But I'm asking you—

[Translation]

**Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ):** Point of order.

**The Chair:** Yes, Mr. Guimond?

**Mr. Michel Guimond:** Ms. Sénécal stated that she is not here to give us a legal opinion. We don't want to hear her legal opinion; we want her to answer the questions based on her own opinion. I would like to warn her right away that if she gives me that answer, things are not going to go too well.

Mr. McCallum asked a question and I would like to hear what Ms. Sénécal has to say. She's going to have to be willing to testify and answer the questions.

•(1115)

[English]

**The Chair:** It's not a point of order. I don't believe, as the chair, that a witness' opinion is of relevance. If it were a factual statement, then I would expect the witness to put it forward.

Mr. McCallum.

**Hon. John McCallum:** Then let me rephrase the question.

Mr. Chair, I hope these translation and points of order interruptions don't detract from my time.

**The Chair:** I would never do that.

**Hon. John McCallum:** Okay.

[Translation]

**Mr. Michel Guimond:** I'll give you my time.

**Hon. John McCallum:** I'd like to repeat my questions.

I would like to know one thing. I don't want your opinion, I want to know the facts. If Aveos decided to move its operations from these three locations, would that be a breach of the clauses in the Air Canada Public Participation Act?

**Ms. Louise-Hélène Sénécal:** Aveos is not subject to the Air Canada Public Participation Act. I repeat that our current activities, our direct activities, including Aveos' activities for us, comply with the act.

We are compliant today and we will continue to be compliant in the future.

[English]

**Hon. John McCallum:** I don't fully understand, because I think the answer gave two different answers.

The question is, if Aveos were to shift its operations, would that be a violation of Air Canada's articles?

[Translation]

**Ms. Louise-Hélène Sénécal:** I am not here to give you a legal opinion, to tell you whether or not I think this would be a violation of Air Canada's articles. Aveos is not Air Canada. Therefore, Aveos' activities cannot constitute a violation of Air Canada's responsibilities.

In fact, if Aveos were to decide that, then we would decide what to do subsequently. It is currently a hypothetical question.

[English]

**Hon. John McCallum:** I understand you're now in the process of dividing your maintenance union, so many of the workers will now be contracting directly with Aveos. Is that right?

[Translation]

**Ms. Louise-Hélène Sénécal:** This issue is currently being considered by the Canadian Industrial Relations Board and there will be hearings on the seniority list and union certification.

[English]

**Hon. John McCallum:** I thought I heard you say that Aveos was not subject to the act; therefore, if Aveos decided to shift its operations, that would not be the responsibility of Air Canada. Is that what you said?

[Translation]

**Ms. Louise-Hélène Sénécal:** In that case, one would have to see how they were proceeding. Currently, the act applies to Air Canada.

[English]

**Hon. John McCallum:** Since Aveos is not owned by Air Canada, it does not apply to Aveos. Is that right?

[Translation]

**Ms. Louise-Hélène Sénécal:** Whether the act applies or not is an issue of legal interpretation. I cannot give you a legal opinion today but we feel that our actions comply with our responsibilities. It is our intention to continue in that manner in the future.

[English]

**Hon. John McCallum:** During this process and the possible restructuring of who the employer of these workers is, have you sought any assurances from Aveos about maintaining its facilities in Canada? Have you discussed that with Aveos? Have you sought undertakings from them that they will stay in Canada?

[Translation]

**Ms. Louise-Hélène Sénécal:** Trade discussions between ourselves and Aveos are confidential. Our business is as a Canadian transporter. It is therefore in our interest that maintenance services not be located too far away.

**Hon. John McCallum:** Perhaps Mr. Guimond will have better luck with the witnesses than I have.

[English]

I don't think I got very far.

You go, Gerry.

**Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.):** Is it built into the contract between Air Canada and Aveos that there have to be activities or facilities in the key centres you were referring to?

[Translation]

**Ms. Louise-Hélène Sénécal:** I do not know the contract clauses by heart. I cannot answer that question today.

[English]

**Hon. Gerry Byrne:** Can you forward to the committee a formal answer on behalf of Air Canada? That's a fundamental question.

**Ms. Louise-Hélène Sénécal:** I understand your question.

A commercial contract contains clauses of confidentiality. It is not only up to us to determine if I can provide you with this information.

**Hon. Gerry Byrne:** This is becoming bizarre, because we're examining a public statute with certain requirements built into it that Air Canada must maintain aviation maintenance facilities in three key centres. I'm asking a very simple question. The company in question has contracted out those services that would normally be encompassed by the legislation.

So can you not tell this committee whether or not you have built into clauses within the contract that your supplier of maintenance services must provide those services in the three areas we're concentrating on?

•(1120)

[Translation]

**Ms. Louise-Hélène Sénécal:** I do not have the contract clauses before me. As I stated, a trade agreement binds two parties: Air Canada and Aveos. I am not in a position today to confirm anything nor to provide you with the clause itself. However we can look into

this. If the clause is not confidential, I will be able to share it with you. If it is, we will let you know.

[English]

**Hon. Gerry Byrne:** Can I ask for a timeline on when we can receive that?

[Translation]

**Ms. Louise-Hélène Sénécal:** I can tell you that if Aveos wants to outsource to parties that are not a part of their company, then it must obtain our consent.

[English]

**The Chair:** If you can get that information, please provide it to me and I'll distribute it to the members of the committee.

[Translation]

**Ms. Louise-Hélène Sénécal:** Thank you.

[English]

**The Chair:** Thank you.

Monsieur Guimond.

[Translation]

**Mr. Michel Guimond:** Thank you, Mr. Chairman.

My first question is for you, Ms. Sénécal. Is the Air Canada Public Participation Act still in effect?

**Ms. Louise-Hélène Sénécal:** To my knowledge it is.

**Mr. Michel Guimond:** I have a copy of the act before me. I would like to draw your attention to a section in the act which states the conditions that the newly privatized Air Canada was subject to. Paragraph 6(1)(e) requires that Air Canada maintain its headquarters in the Montreal urban community.

Do you believe that you are subject to that provision?

**Ms. Louise-Hélène Sénécal:** Section 6 deals with the terms and conditions of the continuation clauses. The continuation clauses include those terms.

**Mr. Michel Guimond:** I can read. Sub-section 6(1) reads as follows: "The articles of continuance of the corporation shall contain", and paragraph 6(1)(e) refers to the head office.

Do you feel that you are still bound by that clause?

**Ms. Louise-Hélène Sénécal:** By the way, the Montreal urban community no longer exists. Our continuation clauses must contain a provision that the head office—

**Mr. Michel Guimond:** I will read paragraph 6(1)(d):

(d) provisions requiring the corporation to maintain operational and overhaul centres in the City of Winnipeg, the Montreal Urban Community and the City of Mississauga;

I would like to ask a question of Mr. Bissonnette, the Senior Director, Engines and Airframe Maintenance. Please be brief because I have several other questions. Could you please explain what the difference is between a maintenance centre and an overhaul centre?

[English]

**Mr. Michel Bissonnette (Senior Director, Engines and Airframe Maintenance, Air Canada):** Overhaul and repair centres are what I would consider heavier types of operations. Operational centres can be considered as line maintenance operations, but overhaul and repair centres perform long-term maintenance on engines, airframe, and components.

[Translation]

**Mr. Michel Guimond:** Ms. Sénécal, are you of the opinion that Air Canada is complying with the continuation clause that states that you must maintain operational and overhaul centres in the cities of Winnipeg, Mississauga and the Montreal urban community?

**Ms. Louise-Hélène Sénécal:** As I stated in my opening remarks, yes.

**Mr. Michel Guimond:** You therefore are maintaining operational and overhaul centres in those three cities.

**Ms. Louise-Hélène Sénécal:** Yes.

**Mr. Michel Guimond:** And Aveos...

**Ms. Louise-Hélène Sénécal:** ...is complying with those provisions.

**Mr. Michel Guimond:** And what is Aveos doing? What did you sell? Are these operational centres? What does Aveos do? Are we talking about operational centres or overhaul centres?

**Ms. Louise-Hélène Sénécal:** These are overhaul centres.

**Mr. Michel Guimond:** Air Canada still has overhaul centres.

**Ms. Louise-Hélène Sénécal:** Air Canada is currently complying with the act.

**Mr. Michel Guimond:** Answer my question.

• (1125)

**Ms. Louise-Hélène Sénécal:** Yes.

**Mr. Michel Guimond:** Aveos has overhaul centres. Their main client is Air Canada.

**Ms. Louise-Hélène Sénécal:** That is correct.

**Mr. Michel Guimond:** You are telling me that Air Canada is complying. Therefore, Air Canada has operational and overhaul centres in those three cities. Is that correct?

**Ms. Louise-Hélène Sénécal:** Air Canada is under the obligation to include provisions that provide for that in its articles. Air Canada is fully compliant with its legal obligations. I would draw your attention to the amount of business we gave Aveos.

**Mr. Michel Guimond:** Mr. Bissonnette, how many employees work in Air Canada's overhaul centres?

**Ms. Louise-Hélène Sénécal:** I did not tell you that Air Canada has overhaul centres.

**Mr. Michel Guimond:** Yes, you just told me that.

**Ms. Louise-Hélène Sénécal:** No, I told you that we were compliant with the act and that we outsource much of our business.

**Mr. Michel Guimond:** You comply with the legislation under which Air Canada has operational and overhaul centres. You told me that you were compliant with the act, perfect.

**Ms. Louise-Hélène Sénécal:** That is not provided for by the act.

**Mr. Michel Guimond:** I am too young to have Alzheimer's. I told you that Aveos does overhaul work, but I asked you a question. Aveos' main client is Air Canada. I want to know how many employees do overhaul work and are paid by Air Canada. We have to understand each other.

**Ms. Louise-Hélène Sénécal:** There are 1,500 Air Canada employees in Air Canada's operational centres. I am not talking about Aveos.

**Mr. Michel Guimond:** When we are talking about operational centres, we mean, for example, that the plane goes into the hangar, stays for a day or two, the tires are changed and the engines oiled. That is the sort of maintenance that is done in the garage. Those are the operational centres and they have 1,500 employees.

The act states that you must maintain overhaul centres. There are 1,500 employees in the operational centres, fine, but how many Air Canada employees are in the overhaul centres that you must maintain as stated in the act?

**Ms. Louise-Hélène Sénécal:** Mr. Guimond, I would ask you to read the act's provisions; they do not give a minimum number. However, we must maintain this in our articles. Our articles include those provisions. There are different ways of meeting our obligations and this is written in our articles.

**Mr. Michel Guimond:** The act contains provisions under which operational centres must be maintained in the cities of Winnipeg, Mississauga and Montreal, and overhaul centres must be maintained in the cities of Winnipeg, Mississauga and Montreal. How many Air Canada employees are there in the overhaul centres in those three cities? It is a clear question. You mentioned 1,500, that is true. There are even 1,503 and I could give you the list, I could even give you the names.

**Ms. Louise-Hélène Sénécal:** At present, there are some 3,000 Air Canada employees working at Aveos overhaul centres. We are complying with the letter of the law.

[English]

**The Chair:** *Merci, monsieur Guimond.*

Mr. Bevington.

**Mr. Dennis Bevington (Western Arctic, NDP):** Thanks, Mr. Chair.

We have evidence from Transport that their reading of the act is that as long as you meet the articles of continuance in your bylaws, that is sufficient for them in terms of your responsibility under this act. Under paragraph 7(b), you are certainly not to make any articles or bylaws that are inconsistent with the provisions of the articles of continuance.

When it came to selling your bases to Aveos, or taking away the responsibility for the maintenance and operation and overhaul directly, how was that accomplished within your bylaws?

[Translation]

**Ms. Louise-Hélène Sénécal:** Those provisions are in our articles today. With regard to section 6, there was a requirement at the time of privatization and coming into force of the law in 1988, when the Government of Canada was still the sole shareholder of Air Canada. When Air Canada was sold publicly, the articles of continuance had to contain those provisions. Section 7 also requires us to include those provisions in any subsequent articles. We therefore continue to meet our obligations. Our articles and bylaws still include those indications.

• (1130)

[English]

**Mr. Dennis Bevington:** If you were to maintain bases in three Canadian cities under the articles of continuance, how did you then accomplish the sale of those bases? What corporate process did you follow to sell them?

[Translation]

**Ms. Louise-Hélène Sénécal:** As we indicated in our opening statement, the plan of compromise and arrangement, which was agreed to as part of Air Canada's restructuring under the Companies Creditors' Arrangement Act, provided Air Canada with a new structure. Air Canada became a wholly-owned subsidiary of ACE Aviation Holdings Inc., and the technical services division, except for line maintenance operations, was spun off as a separate entity owned and controlled by ACE Aviation Holdings Inc.

[English]

**Mr. Dennis Bevington:** So you've made—

[Translation]

**Ms. Louise-Hélène Sénécal:** That was approved by all creditors, including all unions, and was sanctioned by the Ontario Superior Court of Justice.

[English]

**Mr. Dennis Bevington:** But according to this act, you aren't to make any articles or bylaws that are inconsistent with provisions under the continuance.

[Translation]

**Ms. Louise-Hélène Sénécal:** At least four or five articles of continuance were added following the adoption of this law. They all contain those provisions. We have therefore continued to meet our obligations under section 7.

[English]

**Mr. Dennis Bevington:** But you divested your interest in the maintenance bases. Is that correct?

[Translation]

**Ms. Louise-Hélène Sénécal:** No, we still have line maintenance operations at various stations or bases. We spend a substantial amount of money on work done by Aveos, so I do not think you can say that we divested our interests.

[English]

**Mr. Dennis Bevington:** But it says that you're required to maintain operational overhaul centres.

[Translation]

**Ms. Louise-Hélène Sénécal:** Our articles must contain a provision stating that we will maintain those operations.

I am not here to give you a legal opinion on the definition of the word “maintain.”

[English]

**Mr. Dennis Bevington:** Quite clearly, under section 7, it says, “shall not (b) make any articles or by-laws that are inconsistent with the provisions included in its articles of continuance”.

[Translation]

**Ms. Louise-Hélène Sénécal:** And, as such—

[English]

**Mr. Dennis Bevington:** I'm curious about how that was applied to the sale of these overhaul centres.

[Translation]

**Ms. Louise-Hélène Sénécal:** Commercial activities do not represent the articles or bylaws of a corporation. The articles or bylaws of a corporate structure are not its business arrangements.

[English]

**Mr. Dennis Bevington:** But this is an act of Parliament. Isn't that correct?

[Translation]

**Ms. Louise-Hélène Sénécal:** Yes.

[English]

**Mr. Dennis Bevington:** That's what you agreed to follow, or you were put under some understanding that you would follow that.

[Translation]

**Ms. Louise-Hélène Sénécal:** I repeat that we are in compliance and will continue to comply with our obligations under the Air Canada Public Participation Act.

[English]

**Mr. Dennis Bevington:** You have laid off a number of workers that were seconded to Aveos, and I note that the numbers you're giving for the aircraft engine component and line maintenance service have actually gone down in the last year.

**Ms. Louise-Hélène Sénécal:** I'm sorry?

**Mr. Dennis Bevington:** Have you moved some of the maintenance to other locations or have you just simply spent less money on maintenance?

**Mr. Michel Bissonnette:** We had a seasonal reduction in the work. All of the aircraft were out flying for the summer period, making revenue for Air Canada. Most of the employees who were laid off have been recalled and are currently employed in Montreal and Winnipeg.

**Mr. Dennis Bevington:** Do you have any intention of laying off any other staff at these facilities?

**Mr. Michel Bissonnette:** I do not do staff reductions myself. Aveos would determine the number of employees required to perform the aircraft maintenance and overhaul that they are engaged to perform.

**Mr. Dennis Bevington:** Is there any sense that there are requirements in terms of inspections of services that would keep these facilities in Canada?

Transport Canada requirements for inspections, even though you are under SMS.... Would there be requirements for Transport Canada to audit your maintenance and overhaul facilities on a regular basis?

• (1135)

**Mr. Michel Bissonnette:** We have Transport Canada on site. We also have a self-auditing type of oversight, and we report our audit findings to Transport Canada.

**The Chair:** Mr. Jean.

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** Thank you, Mr. Chair, and thank you to our guests who have come to testify today.

I have several questions. First of all, the Air Canada Public Participation Act was passed in 1985. Is that correct? Under subsection 2(1), it says:

“Corporation” means Air Canada, a corporation continued by the *Air Canada Act*;

As far as you're aware, does this act, anywhere, include Aveos?

**Ms. Louise-Hélène Sénécal:** I'm sorry, there's a lot of noise in the back.

**Mr. Brian Jean:** Mr. Chair?

**The Chair:** If I could just call order at the back of the room, please.

**Ms. Louise-Hélène Sénécal:** *Merci.*

The act applies to Air Canada. The act speaks for itself.

**Mr. Brian Jean:** Okay. Have you read the act? Are you familiar with it?

**Ms. Louise-Hélène Sénécal:** Yes.

**Mr. Brian Jean:** Does it include Aveos anywhere in the act?

**Ms. Louise-Hélène Sénécal:** No.

**Mr. Brian Jean:** Okay.

I'm looking at the articles of continuance. It doesn't say anywhere that thou shalt not sell off a division.

**Ms. Louise-Hélène Sénécal:** No, it doesn't say that.

**Mr. Brian Jean:** Thou shalt not get rid of maintenance facilities? Does it say—

**Ms. Louise-Hélène Sénécal:** It does not say that, no.

**Mr. Brian Jean:** Okay. This was done in 1985?

**Ms. Louise-Hélène Sénécal:** Yes.

**Mr. Brian Jean:** Pretty scary.

**Hon. John McCallum:** Why was it scary?

**Mr. Brian Jean:** I don't think it was a very good job, Mr. McCallum, since you asked.

Does Aveos do work for other airlines?

**Ms. Louise-Hélène Sénécal:** Yes, it does.

**Mr. Brian Jean:** It does?

**Mr. Michel Bissonnette:** I'm not employed by Aveos, but I do know that they have some third-party contracts. I don't know what they are.

**Mr. Brian Jean:** In Canada, or just in other parts of the world?

**Mr. Michel Bissonnette:** I have no idea what they do in other parts of the world. I'm an employee in Montreal, so I see what they have in the hangar in Montreal. I know that the Department of National Defence often has aircraft there in the summer.

**Mr. Brian Jean:** So there are other users of their services here in Canada?

**Mr. Michel Bissonnette:** Yes.

**Mr. Brian Jean:** And they provide a large variety of services—airframe, engine component, maintenance solutions for a lot of different sizes and types of aircraft?

**Mr. Michel Bissonnette:** They are a private enterprise. I am not sure who else they provide services to.

**Mr. Brian Jean:** Is it a public corporation, do you know?

**Ms. Louise-Hélène Sénécal:** Not that I know of.

**Mr. Brian Jean:** Are there going to be any jobs lost to the El Salvador facility?

**Ms. Louise-Hélène Sénécal:** As we said, Air Canada has no intention of giving work there.

**Mr. Brian Jean:** That wasn't my question.

**Ms. Louise-Hélène Sénécal:** Yes.

**Mr. Brian Jean:** My question was, are there any jobs, Canadian jobs, that are going to be lost to the El Salvador facility through Air Canada?

**Ms. Louise-Hélène Sénécal:** Through Air Canada, no.

**Mr. Brian Jean:** All right. I'm from Fort McMurray, and there are a lot of flights in a day in Fort McMurray, 16 in fact, and we produce a lot of oil that you burn at Air Canada. I'm just wondering if there's any chance of moving one of your maintenance facilities there.

Why are you laughing? Is that funny? I've lived there for 40 years, and the employment possibilities are dramatic, so is there any chance?

**Mr. Michel Bissonnette:** Not likely.

**Mr. Brian Jean:** Okay. Is there a cost of compliance with ACPPA for Air Canada—financial costs?

**Mr. Joseph Galimberti (Director, Government Relations, Air Canada):** Yes, certainly. Absolutely.

**Mr. Brian Jean:** I know Air Canada does a lot of studies on a lot of things, so I'd be surprised if you hadn't done a study on the cost of complying with ACPPA. Have you done a study like that?

**Mr. Joseph Galimberti:** We've never done a study of the totality. We can anecdotally tell you what some of the language requirements would cost us, implicit in ACPPA, as far as the maintenance of bases and what it would cost to relocate an aircraft to a given location, but we've never, as a totality, taken a look at the commercial disadvantage.

**Mr. Brian Jean:** Could you give me an estimate?

**Mr. Joseph Galimberti:** An estimate?

**Mr. Brian Jean:** A fairly accurate estimate of what the cost would be on a yearly basis?

**Mr. Joseph Galimberti:** I would hesitate to do that. We could certainly generate one in fairly short order.

**Mr. Brian Jean:** I would like that, if you could, and provide it to the clerk.

Does Air Canada pay taxes in Canada?

**Mr. Joseph Galimberti:** Yes.

**Mr. Brian Jean:** Do you know how much you paid last year in taxes?

**Mr. Joseph Galimberti:** Corporate taxes?

**Mr. Brian Jean:** Yes.

**Mr. Joseph Galimberti:** In corporate taxes, not offhand, no, but we can certainly get that for you.

• (1140)

**Mr. Brian Jean:** Over \$100?

**Mr. Joseph Galimberti:** Yes, substantially. We also collect a few tax dollars on behalf of the government as well, through GST and HST.

**Mr. Brian Jean:** Do you have an accurate estimate of how much you pay in taxes?

**Mr. Joseph Galimberti:** We can come up with one.

**Mr. Brian Jean:** Okay. You can provide that to the clerk as well.

Any chance at all of moving a base to Alberta somewhere? Just curious. No chance? What's so funny? It's available in a couple of other provinces.

**Ms. Louise-Hélène Sénécal:** We do have one in....

**Mr. Brian Jean:** Maybe you could make a note of that too and provide us with some information. I'd really like it if it was moved to Alberta, at least part of it.

Those are all my questions, Mr. Chair. Thank you.

**The Chair:** Thank you.

Two minutes are left if anybody wants to take that time.

**Mr. Brian Jean:** I'm more than happy to give it to Mr. Guimond, unless Ms. Brown wants it.

**Ms. Lois Brown (Newmarket—Aurora, CPC):** We'll come around the next time.

**The Chair:** Okay.

Mr. Dhaliwal.

**Mr. Sukh Dhaliwal (Newton—North Delta, Lib.):** Thank you, Mr. Chair.

Welcome to the committee, witnesses.

I'm very disappointed. Ms. Sénécal, I deal with the employees of Air Canada every day, and I hold them in the highest regard. Now, today, when I am listening to you, I'm very disappointed, because you have come to the committee to speak on the Air Canada Public Participation Act, but I'm hearing that either you are not in a position to answer those questions, or you are not capable of answering those questions, or you do not want to disclose those answers. I,

personally, feel that we are disrespected here, and I ask that you and your colleagues come up with those answers. That is why you are here at this committee.

I'm going to ask these questions again, and I hope you are able to answer them.

In your opinion, what does the obligation to “maintain operational and overhaul centres” in your articles of continuance mean for Air Canada?

**Mr. Joseph Galimberti:** The legislation is very clear in what our obligations are. As far as interpreting our obligations, Transport Canada was in front of this committee. It is Transport Canada that enforces. Air Canada does not enforce the statutes of the Government of Canada upon itself. So as far as what it means to us, what it means to us is irrelevant. We are compliant. We intend to, on a going-forward basis, be compliant. Transport Canada is the one that determines what that compliance represents.

**Mr. Sukh Dhaliwal:** I see all these employees coming to us, and now you are saying the legal obligations and all that stuff.... Do you think the only way to go forward is with lawsuits, then?

**Mr. Joseph Galimberti:** I'm sorry?

**Mr. Sukh Dhaliwal:** The resolution of this will be through lawsuits?

**Ms. Louise-Hélène Sénécal:** Through what?

**Mr. Sukh Dhaliwal:** Lawsuits.

**Mr. Joseph Galimberti:** Lawsuits?

**A voice:** Legal action.

**Mr. Joseph Galimberti:** I can't speak to any potential future lawsuit. As far as we're concerned, we are compliant with the legal obligations the Government of Canada placed upon Air Canada, the corporation.

On a going-forward basis, we have, as a corporation, no ability to enforce law. We do not enforce the law upon ourselves. If we are found to be in contravention of that act, then there are certain remedies that are obviously in place. But as to our opinion, it's not relevant. We don't enforce the law. We didn't create it. We live under it, we respect it, and we have committed to respecting it going forward.

**Mr. Sukh Dhaliwal:** So are there any sections of the law that you would like to see revised?

**Mr. Joseph Galimberti:** To see it otherwise?

**Mr. Sukh Dhaliwal:** Revised.

**Mr. Joseph Galimberti:** Far be it for me to make suggestions to the Government of Canada or to the Parliament of Canada as to how it wants to revise its statutes going forward.

We have, since 1985, complied with the Air Canada Public Participation Act. It is our obligation to comply with it going forward.

**Mr. Sukh Dhaliwal:** So what maintenance of the Air Canada fleet occurs outside Canada, and why?

**Ms. Louise-Hélène Sénécal:** Outside Canada would be line maintenance when the aircraft is down.

**Mr. Joseph Galimberti:** There would be a certain element of emergency maintenance, if an engine were to fail, say, in a foreign base or if there needed to be substantial maintenance done when the aircraft was located outside of Canada, but that would not certainly be the primary option.

• (1145)

**Mr. Sukh Dhaliwal:** Are you aware of your competitor, WestJet, doing the same thing? How do they handle the—

**Mr. Joseph Galimberti:** WestJet subcontracts entirely. They maintain none of their own maintenance.

**Mr. Sukh Dhaliwal:** Okay.

**The Chair:** Monsieur Guimond.

[*Translation*]

**Mr. Michel Guimond:** Thank you.

I would like to point out to Mr. Jean that the act was introduced in 1985, but it received royal assent on August 18, 1988, under the Conservative government at the time. Don Mazankowski was the Minister of Transport.

I would like to come back to you, Ms. Sénécal. You thought that I had perhaps forgotten you.

I would like to say to Mr. Galimberti that I appreciate the answer he gave to my colleague Mr. Dhaliwal, when he said that the law was clear. Everyone who knows how to read, even a child who is learning to do so, would understand that what you have there are provisions requiring the corporation to maintain operational and overhaul centres in the three cities. You are right, the law is clear.

You are correct, Ms. Sénécal, in saying that Air Canada must comply with the law. You told me earlier that Air Canada had 1,500 employees in the overhaul centres. I will repeat my question. I will give you another chance, because the first time you went off in the wrong direction.

How many employees does Air Canada have in the overhaul centres located in Winnipeg, Mississauga and Montreal?

**Ms. Louise-Hélène Sénécal:** There are currently approximately 3,000 employees working for Aveos in those centres.

**Mr. Michel Guimond:** Are they Air Canada employees?

**Ms. Louise-Hélène Sénécal:** That is currently the case and will remain so as long as the seniority list has not been shared.

**Mr. Michel Guimond:** Therefore, do you consider that you are still meeting your obligation?

**Ms. Louise-Hélène Sénécal:** I am telling you today that we are meeting our obligation. However, if you believe that is because we have employees, that is your interpretation. We are meeting our obligation, but our employees are now working for Aveos.

**Mr. Michel Guimond:** This is my interpretation: I believe that you are doing indirectly what the law prohibits you from doing directly. You are a lawyer; so am I. That is a basic principle of law, you cannot do things indirectly. That is why Mr. McCallum was asking you questions about the installations that Aveos acquired in El Salvador. You are required to maintain overhaul centres in those three cities.

I quoted the letter of the law. As a lawyer, you know that there is also the spirit of the law. I did a little research at the Library of Parliament to read up on the discussions that were held in 1988 on Bill C-129, which dealt with this piece of legislation. Mr. Jeannot, your former president, gave a very good description of what are maintenance and overhaul centres.

I will not have enough time to ask my last question, since my speaking time is almost up. Please consult page 118 of the debates of June 21, 1988. Please note that, Mr. Galimberti: I am referring to page 118 of the debates of the legislative committee, dated June 21, 1988, when Mr. Jeannot gave a very good description of what are maintenance and overhaul centres. I am starting to become familiar with the issue.

Janet Smith, Deputy Minister of the Office of Privatization and Regulatory Affairs of Canada, also appeared on that occasion. Mr. Minaker, a conservation MP, said the following:

I have a question for those who are here to advise us. It is my understanding that section 7 will prohibit any future board of directors of the new corporation from manipulating the mandatory provisions set out in paragraphs 6.(1)(a), (b), (c) and (d), especially with regard to the overhaul centres located in Winnipeg, Toronto and Montreal.

Would that section prohibit them from doing anything in the future? This is 2010, we are in the future.

Here's what Ms. Smith answered:

That is correct. Moreover, paragraph 6.(1)(a) prohibits them from, let us say, incorporating in a province in order to circumvent the regulation.

To circumvent a regulation means to do indirectly what cannot be done directly.

Ms. Smith concluded her response as follows:

There can be no transfer of jurisdiction.

Then, Mr. Minaker added this:

If I am not mistaken, neither can they do that through a two-thirds majority vote...

Ms. Smith then specified the following:

The only way for them to do so is for someone to amend the act.

That is why I first asked you whether the act was still in effect and whether it had been amended. The answer is no. I will continue to speak out about this, and I hope that the other parties will support me: Air Canada is doing indirectly what it cannot do directly.

In your presentation, you said that Aeroman did not have the required certification. What would prevent it from being certified? You concluded by saying that Air Canada had absolutely no intention of sending any airframe maintenance work to Aeroman, now or in the future.

What guaranties do you have to that effect? Are we to take your word for it?

• (1150)

[*English*]

**The Chair:** Monsieur Guimond, thank you.

I'll ask you to respond.

[*Translation*]

**Ms. Louise-Hélène Sénécal:** You have our word.

[English]

**The Chair:** Okay.

Mr. Trost.

**Mr. Brad Trost (Saskatoon—Humboldt, CPC):** Thank you, Mr. Chair.

I have to say, my curiosity has been rising as this committee meeting has gone on.

My understanding, from what the witnesses have said, is they're not now breaking the continuation articles, nor do they have any plan to. So I have to say I'm a little bit curious. If they're not breaking any law or anything and they're not planning to, why are we doing this? Nevertheless, my understanding, from what's been said, is that under the act that they're to continue under, the maintenance places have to be in Mississauga, Montreal, and Winnipeg. They cannot move anywhere else in Canada. Is that correct?

[Translation]

**Ms. Louise-Hélène Sénécal:** Nothing prevents us from opening others elsewhere.

[English]

We could open somewhere else. What is important is that our aircraft are maintained and overhauled in Montreal, Winnipeg, and Mississauga.

**Mr. Brad Trost:** Getting to the point Mr. Jean was talking about, say I set up a company in Quebec City, London, and Saskatoon and went out and offered a few more bucks to the mechanics and maintenance personnel. I set up this company in these three localities. Could you then move your contracts, after fulfilling your legal obligations, of course, when your contracts expire? Could you then, in the future, move your business to, say, Quebec City, London, and Saskatoon if that was better for Air Canada, if the company put in the proper bid and so forth? Would you be legally barred from doing that? Or could you do it anywhere in Canada, provided, of course, there was proper certification from Transport Canada and so on?

**Ms. Louise-Hélène Sénécal:** We actually today have bases somewhere else besides Mississauga, Winnipeg, and Montreal.

**Mr. Brad Trost:** The issue is not whether it is in these three specific locales. The issue that concerns some personnel is whether the work will be taken outside of Canada. Is that your understanding of why you've been called here? I'm a little puzzled as to why this is all going on. You can say that you're a bit puzzled too, if that's the answer.

**Ms. Louise-Hélène Sénécal:** The loss, again, speaks for itself. Our obligations are met. We give business. You saw the figures. These are the figures for Toronto, Mississauga, and Winnipeg. We're talking about three-quarters of a billion dollars a year. We provide the work.

**Mr. Brad Trost:** It must be really tough to find.... This is a highly skilled position. I couldn't just go up there with my mechanical skills. I was a farm boy, and I can do some level of mechanics. I don't know if I could ever get up to this level. These would be very difficult positions to fill just anywhere in the country. Is that not correct?

**Mr. Michel Bissonnette:** That is correct.

**Mr. Brad Trost:** How many years, on average, does it take to train a full-fledged aircraft maintenance mechanic?

**Mr. Michel Bissonnette:** To become an aircraft maintenance engineer, which Transport Canada requires us to have, with that type of qualification, takes about four years.

•(1155)

**Mr. Brad Trost:** Okay. Granted, experience is worth quite a bit in these positions for productivity and for the desirability of maintaining long-term employees. Would that not be correct as well?

**Mr. Michel Bissonnette:** To gain employment, they need to have an aircraft maintenance engineering licence for the airframe side of the business.

**Mr. Brad Trost:** So it's going to be fairly difficult to just up and move away from where these clusters of highly skilled workers are.

**Mr. Michel Bissonnette:** I can't answer that question.

**Mr. Brad Trost:** I think most—

**Mr. Michel Bissonnette:** I do know where the people are available today.

**Mr. Brad Trost:** I understand that, but I think most business people, from what you've just answered, would say that it's fairly difficult.

Now, do you feel that under these articles of participation you're at a cost disadvantage relative to some of your Canadian competitors? Have you done any calculations as far as what the articles of continuance cause, as far as a cost disadvantage, to Canadian and I guess international competitors?

**Mr. Joseph Galimberti:** It would be very difficult to quantify, because we don't have access to the arrangements, commercially, that a carrier like WestJet, for instance, has to go out and sort of determine, on a going forward basis, where the lowest cost for them to do maintenance is.

**Mr. Brad Trost:** But you would know what your cost could be if you didn't have these obligations. You wouldn't directly use their numbers. You would use, theoretically, what you could get in the open market without these encumbrances.

**Mr. Joseph Galimberti:** That's making a long series of assumptions about the workforce and the capacity that would be available and the actual metrics. One of the fundamental limitations in moving maintenance work is that you're actually moving the aircraft a good distance. Our maintenance bases in Montreal and Toronto and Winnipeg line up very nicely.

**Mr. Brad Trost:** My point is that it would be difficult to meet at the best of times.

**Mr. Joseph Galimberti:** This goes to the Aeroman question, in El Salvador. It doesn't make a lot of sense to fly an aircraft to El Salvador to have it serviced. It's a fairly obvious calculation to make. In addition to any sort of bottom-line costs, you'd actually have to figure in the loss of productivity of the actual apparatus itself.

**The Chair:** Thank you, Mr. Trost.

We'll go to Mr. Byrne.

**Hon. Gerry Byrne:** Thank you, Mr. Chair.

I want to thank Monsieur Guimond for providing us with a backdrop to this discussion. There is a historical perspective, a lens that needs to be provided to this. Also, the spirit or the intent of Parliament obviously has to be examined.

To Mr. Jean, I welcome your references to the current financial performance of Air Canada and its contribution to Canadian society. Perhaps if we as a committee also went back and asked our analysts, Mr. Chair, through you, to provide the historical perspective of why it is that the Air Canada Public Participation Act was actually drafted and passed by Parliament, perhaps we'd get a view, then, if included in that analysis would be the amount of public money that was put into Air Canada to actually create the position so that it could be in the commercial environment that it is today.

I have to say to the witnesses, though, through you, Mr. Chair, that lambs are becoming lions on this issue as a result of some of the testimony we're hearing this morning. I am extremely intrigued that senior representatives, or anyone coming before a parliamentary committee from the company, would not be able to answer basic, raw questions on the Air Canada Public Participation Act related to the ongoing operations of three maintenance centres. It gives parliamentarians somewhat of a cue that something is up.

I am intrigued by the way the company has structured its business. You outsource to a private contractor, yet it's Air Canada that pays the salaries of the contractor's employees. You don't feel as though there's any obligation on the part of Aveos, it's all on Air Canada, yet you cannot tell us whether or not there is anything built into the contract between Air Canada and Aveos to maintain Air Canada's obligations.

If I were a shareholder listening to this testimony, I'd be asking myself a very serious question. If Aveos decides to pull its operations out of those three centres, would Air Canada still be obligated to fulfill its contract with Aveos and the hundreds of millions of dollars that are implied therein? Would it then also have to open up brand new maintenance centres in those three urban centres to be able to maintain its obligations under the act?

• (1200)

**Ms. Louise-Hélène Sénécal:** That's a hypothetical situation. Right now Aveos is there. The employees are assigned. They're Air Canada-assigned employees—that's why we pay the salary—until the determination by the Canada Industrial Relations Board. Then there will be a determination of what happens next. As well, there are contracts in both directions. Air Canada provides back office functions for Aveos. We provide them payroll support, assistance.

**Hon. Gerry Byrne:** You have nothing in your contract, though. The fact that you can't answer the question, I have to admit, gives me a strong indication that there is nothing in the contract between Air Canada and Aveos to maintain those facilities in those three designated statutory centres. I'll just leave it there and pass over the questions to my colleague.

**Hon. John McCallum:** I must say, just to concur with my colleague, when I came to this meeting I had a relatively open mind; I just wanted to hear both sides of the case. The way in which you've answered your questions really tilts me to the other side, because I think you've been so evasive.

I just have one question of fact. It's my understanding that Air Canada originally purchased this El Salvador operation—I think it's called Aeroman—in the past, and then subsequently sold it to Aveos. Is that correct, in your view?

**Ms. Louise-Hélène Sénécal:** I'm not aware of that.

**Hon. John McCallum:** Do any of the three of you know about that?

**Ms. Louise-Hélène Sénécal:** I'm not aware of that. It may have been ACE Aviation that purchased it, but not Air Canada, that's for sure.

**Hon. John McCallum:** Well, I just had that one question of fact, Mr. Chair.

**Mr. Joseph Galimberti:** I would invite the committee to take a look at the type of work that gets done in El Salvador. One can fairly rapidly independently make a determination on the realistic possibility that we would ever be able to move Air Canada work there. It services narrow-body aircraft. They don't do the same type of work that is done here by Canadian employees in Canada. I would invite the committee to sincerely study that, take a look.

**The Chair:** I know Ms. Brown is up, but I think she's giving her time to Mr. Jean.

**Ms. Lois Brown:** Absolutely.

**Mr. Brian Jean:** Thank you very much, Mr. Chair.

I'd really like you to reconsider the Fort McMurray option for the base. I think it would be a good partnership. You need an Alberta base, I think.

Is it true that Air Canada is one of the safest airlines in the world?

**Ms. Louise-Hélène Sénécal:** We are very proud of our safety record, yes.

**Mr. Brian Jean:** You're very good at answering questions without answering them. I appreciate that.

**Ms. Louise-Hélène Sénécal:** Okay. We are one of the safest.

**Mr. Brian Jean:** Thank you.

In fact I think I was getting at the point that Joseph made earlier in that the quality of work and the type of work done in Central America are much different from what is required for Air Canada planes. Is that fair to say?

**Ms. Louise-Hélène Sénécal:** They're for smaller aircraft.

**Mr. Brian Jean:** Again, you're very good at answering questions.

**Ms. Louise-Hélène Sénécal:** It's different. I'm sorry, I should have said yes, and they're for smaller aircraft.

**Mr. Brian Jean:** Thank you.

Are you a lawyer?

**Ms. Louise-Hélène Sénécal:** I am.

**Mr. Brian Jean:** Okay. I was hoping you weren't, because I'm a lawyer, and I just didn't want to, you know....

Now, regarding enforcement of this particular act—since you're a lawyer, and you can give me a legal opinion, maybe two, possibly three about the same issue—if somebody feels that you're not living up to your obligations as Air Canada, they have the ability to go to court, as long as they have privity of contract with you as a shareholder, or however they would establish that.

**Ms. Louise-Hélène Sénécal:** They would be as a shareholder.

**Mr. Brian Jean:** They would have privity of contract and say you were not living up to your articles of incorporation or your articles of continuance, and they could seek an order from the court, an order of mandamus, or something similar to that, to force you to comply with the act.

The mike cannot hear you nod your head.

**Ms. Louise-Hélène Sénécal:** I'm sorry. With our statutes of continuance, our shareholders could take us to court.

**Mr. Brian Jean:** So they could take you to court. They could ask the judge to do a writ of certiorari or a mandamus, or whatever it is, and force you to comply with articles of continuance.

**Ms. Louise-Hélène Sénécal:** They could.

**Mr. Brian Jean:** And that's the only way they can do that.

**Ms. Louise-Hélène Sénécal:** Yes. That's my opinion.

**Mr. Brian Jean:** That would be my opinion as well. They're free to do that as long as they have privity of contract. As long as they're a shareholder, they can buy one share, and they can go and do it. Right?

**Ms. Louise-Hélène Sénécal:** Yes, they could.

**Mr. Brian Jean:** Right.

Now, when we expect—

**Ms. Louise-Hélène Sénécal:** Maybe we can see a flurry of trading on our shares after this.

**Voices:** Oh, oh!

**Mr. Brian Jean:** Why? Do you think people are going to buy because you're more competitive? It certainly begs the question in that WestJet, another Canadian airline, obviously out of Calgary, a very popular airline, honestly has a competitive advantage, wouldn't you say?

• (1205)

**Ms. Louise-Hélène Sénécal:** They do have more flexibility than we do.

**Mr. Brian Jean:** Wow, you're good at this.

**Ms. Louise-Hélène Sénécal:** And their cost structure is better than ours.

**Mr. Brian Jean:** Yes, exactly. In fact I think they have to fly at only 67% capacity, and you're somewhere around 78% capacity.

**Ms. Louise-Hélène Sénécal:** Exactly.

**Mr. Brian Jean:** It's almost as though I did my homework on this one.

The court can lift the corporate veil as well, which you understand means they can look beyond the act like this and get to the meat and potatoes of it and whether or not you are complying with the act. Right? That's what they call lifting the corporate veil, so they can go

behind all these documents and all the agreements and incorporation documents, and so on, and look and see what is actually taking place.

**Ms. Louise-Hélène Sénécal:** If a shareholder or group of shareholders were to take proceedings, then we would, in a debate, demonstrate whether we comply or not.

**Mr. Brian Jean:** And the court could in turn lift the corporate veil and look behind all of these documents to see whether you're compliant or not.

**Ms. Louise-Hélène Sénécal:** Yes, but they don't need to lift the corporate veil for that.

**Mr. Brian Jean:** I understand that, but they can. The court can do that.

**Ms. Louise-Hélène Sénécal:** Yes.

**Mr. Brian Jean:** I'm just trying to say there's no fancy footwork that can be done by anybody in relation to this, because the court will take that veil of secrecy, if you want to call it that—it's just the terminology used by some—and they can take apart all the documents, and they can look to see what you're doing and whether you're compliant. So they have the ability to do that now as a shareholder.

**Ms. Louise-Hélène Sénécal:** Yes.

**Mr. Brian Jean:** And in fact the court has the ability to interpret that agreement.

**Ms. Louise-Hélène Sénécal:** Yes.

**Mr. Brian Jean:** Great.

When are we expecting this decision to come down?

**Ms. Louise-Hélène Sénécal:** Do you mean the one from the CIRB?

**Mr. Brian Jean:** Yes.

**Ms. Louise-Hélène Sénécal:** Currently there is absolutely no challenge by our shareholders in front of the tribunal. There is none at this stage. So you're asking when this decision will be, but there is no case pending.

**Mr. Brian Jean:** So no shareholder is taking this to task.

**Ms. Louise-Hélène Sénécal:** There is none at all.

**Mr. Brian Jean:** Why would they not take it to task? Maybe it's because of what Joseph said earlier, that there is a cost to complying with ACPPA?

**Ms. Louise-Hélène Sénécal:** Right now I guess the shareholders like the way we manage the business.

**Mr. Brian Jean:** Do I have any more time?

**The Chair:** No.

**Mr. Brian Jean:** Thank you very much.

He's a good friend of mine, by the way.

**The Chair:** I'm not ruling out more questions, but I think we'll start with another five-minute round. We'll start with the Liberals, and then we'll make a complete circle of the table.

Mr. McCallum.

**Hon. John McCallum:** I don't have more questions at this point.

**The Chair:** Okay.

Mr. Dhaliwal.

**Mr. Sukh Dhaliwal:** I just want a very simple clarification, Mr. Chair.

Again, I would like to thank the witnesses for coming here today. But most of the answers I'm hearing are that we're asking hypothetical questions—yet they're very simple and critical to the proceedings of this committee.

You are a lawyer. I'm an engineer, and I just see black and white. But being a lawyer, you certainly would foresee the future, right?

And in terms of all of these hypothetical questions that are being asked, from your perspective, you analyze the contract that you have, even though there is confidentiality and whatnot. But will the agreement between you and the other company still maintain, follow, and be in compliance with the act?

**Mr. Joseph Galimberti:** Yes, the Air Canada Public Participation Act was created specifically for Air Canada. We have every intention of following the Air Canada Public Participation Act. We have no legal ability not to follow the Air Canada Public Participation Act.

**Mr. Sukh Dhaliwal:** But it's not about you.

**Mr. Joseph Galimberti:** But it's the Air Canada Public Participation Act, so it's about us.

**Mr. Sukh Dhaliwal:** So, basically, there is nothing to worry about, then?

**Mr. Joseph Galimberti:** Pardon?

**Mr. Sukh Dhaliwal:** So you're telling us that we should not worry about anything?

**Mr. Joseph Galimberti:** Well, Parliament—

**Mr. Sukh Dhaliwal:** Will Aveos follow that act? It will not move those centres away? The provisions in that contract you have, even though—

**Mr. Joseph Galimberti:** We can't speak to Aveos. Aveos is a separate entity.

What we can tell you is that the Air Canada Public Participation Act applies to Air Canada. Air Canada will ensure that on a going forward basis it will be compliant with the Air Canada Public Participation Act. The law provides for remedy if at any point we're found not to be compliant with the Air Canada Public Participation Act.

I can't interpret the law because, frankly, that's not our responsibility; that's for the courts. But I can say that we are obligated to comply.

• (1210)

**Mr. Sukh Dhaliwal:** But in your opinion, there might be some loopholes in that act and law.

Did your company have any intention of going around this or not following it when it went with Aveos, or of finding loopholes and still being in compliance with the act?

**Mr. Joseph Galimberti:** If I can rephrase the question to what I think you're trying to get at, you're asking if Air Canada tried to willingly circumvent the Air Canada Public Participation Act?

**Mr. Sukh Dhaliwal:** Yes.

**Mr. Joseph Galimberti:** No.

**Mr. Sukh Dhaliwal:** Okay. I'll pass my turn now to Mr. Byrne, please.

**Hon. Gerry Byrne:** I think the question we're wrestling with here is the nature of the relationship between you, Air Canada, and Aveos.

It would appear to me, in my paralegal mind, not my lawyer-like mind, that you've assigned an agent to fulfill your obligations under the act, and this is where it gets murky. You have an agent now who's doing the maintenance, not Air Canada. The Air Canada Public Participation Act only applies to Air Canada; therefore, Aveos cannot be held liable or held to any standard within that responsibility. Aveos does not have any responsibility.

I'm trying to bridge the gap as to whether or not you structured a relationship with your agent in terms of fulfilling your commitments. It appears to me that you did not.

So I would agree with Mr. Jean that it's a terribly drafted law, in that it's not inclusive of the intent of Parliament at the time. You're leaving me with the sense that we need to amend the law and actually hammer down how you deal with your agents, so that this confusion or ambiguity can't be allowed to continue.

Do you have anything you could offer us as to how you structure your relationship with your agents so that we can feel confident, above and beyond your simple statements about being in compliance, that there are mechanisms to make sure you're in compliance?

**Ms. Louise-Hélène Sénécal:** Well, the relationship with Aveos is not one of agency. They are a supplier to us of various services. The obligations are on Air Canada.

Again, like a broken record, I will reiterate that we are complying and intend to continue to comply.

**The Chair:** Thank you.

**Ms. Louise-Hélène Sénécal:** We made an undertaking, Mr. Chair, to look at the agreement and determine whether there is a clause—as you had asked—with regard to some maintenance, or that would prevent them from providing or doing the maintenance somewhere else. We will determine if the clause is confidential. If it is confidential, we will check to see if Aveos consents to the disclosure, and we will disclose if they have no objection.

**The Chair:** Thank you.

Monsieur Guimond.

[Translation]

**Mr. Michel Guimond:** Thank you, Mr. Chair.

If I am taking this attitude when asking my questions, it is because there are some unknowns. The Air Canada officials have stated that—although I am persuaded otherwise—they no longer have any overhaul centres, that they sold them to Aveos. And yet, there is no guarantee that Aveos will meet the principle of public participation; we will not let ourselves be fooled, since the act targets Air Canada. Aveos is a private company, a third party that is not required to comply with the Air Canada Public Participation Act. Our concern is that the maintenance work will be offshored to other countries.

I am referring to El Salvador. There are also rumours circulating about Costa Rica. I am not being racist toward those countries that also carry out maintenance. However, we are assured that the people working at the three overhaul centres in Canada are specialists, professionals. We expect that Transport Canada officials enforce the regulations. In the aviation sector, there is much that is subjective, and much that is built on trust. If I had the opportunity to go to Peru and had to choose between Air Canada and Aeromexico, I would choose Air Canada because of its good reputation.

But small accidents might have an impact on a company's reputation. Take the example of the crash of a Regional Jet that missed the runway and then ploughed to a stop during a storm in Fredericton, a few years ago. The first thing that Air Canada did was to send people with five gallons of paint to paint over the Air Canada logo. You knew that those pictures would be broadcast around the world. You did not want that to tarnish your reputation. You are opening yourselves up to such things and should assume the consequences.

I would like to come back to the testimony given by Mr. Mazankowski, the former Conservative Minister of Transport. During his appearance in 1988, he said the following:

There are other significant points that, in my view, are key elements of the legislation. First of all, the bill states that the head office of Air Canada will remain in Montreal. Furthermore, it guarantees that Winnipeg, Montreal and Mississauga will maintain their operational and overhaul centres. Those provisions reflect decisions made by the corporation [...]

We are also talking about the application of the Official Languages Act. When I sat on the Standing Committee on Transport, some 10 years ago, we dealt with the demise of Canadian Airlines, a company that merged with Air Canada. My party and myself, as the transport critic, were on the side of Air Canada, not Canadian Airlines, a company that was controlled by American Airlines, whose head office was in Dallas. I wanted the jobs to remain in Quebec and Canada.

Conservative minister Don Mazankowski made the commitment regarding the head office, overhaul centres and the Official Languages Act. He limited ownership of Air Canada shares by foreigners to 10%. You, Conservatives, gave us those guarantees. If you again want to reverse the situation, you can, but you will have to live with the consequences in the cities of Montreal, Mississauga and Winnipeg.

Was Minister Mazankowski simply going through the motions? Did he try to mislead us when he said that in 1988?

• (1215)

**Ms. Louise-Hélène Sénécal:** What did he say exactly?

**Mr. Michel Guimond:** I will repeat it for you. He was testifying about the bill. He appeared before a committee in 1988 to discuss Bill C-129. Ask your lobbyists to read his evidence of June 14, 1988, on page 25 of Hansard. He said:

There are other significant points that, in my view [...]. First of all, the bill states that the head office of Air Canada will remain in Montreal.

That is something you respect. He continued by saying:

Furthermore, the bill guarantees [...]

That is the word he used. Here is what he said:

[*English*]

Also guaranteed are the operational and overall centres in Winnipeg, Montreal and Mississauga.

[*Translation*]

When he gave that guarantee, was it not supposed to mean something?

**Ms. Louise-Hélène Sénécal:** It depends on the issue. We have to look at what came out of that, i.e., the legislation that is before us. We are compliant with that legislation.

**The Chair:** Thank you, Mr. Guimond.

[*English*]

Mr. Bevington.

**Mr. Dennis Bevington:** Thanks, Mr. Chair.

I want to say I am encouraged by certain things you've said today vis-à-vis the rest of the aviation industry. I appreciate your approach on safety and maintaining high standards.

I'm actually a little shocked about WestJet. You insinuated that they look for the lowest possible cost from—

**Mr. Joseph Galimberti:** No, they have the ability—I wouldn't want to make any insinuation. All of their stuff is Transport Canada certified. They're very, very safe. I would not want to leave that impression.

**Mr. Dennis Bevington:** Okay.

Now when it comes to aviation overhauls of planes, probably one of the larger costs are engines. In many cases the engine would be taken out of the plane and another one would be installed, and then that engine would go for an overhaul.

Is that not the procedure that would be followed?

**Mr. Michel Bissonnette:** That is correct.

**Mr. Dennis Bevington:** So is it not correct that once that engine is out of the plane it can be moved anywhere? You can put it on a train or a truck or on another airplane and send it to El Salvador. Is that not correct?

• (1220)

**Mr. Michel Bissonnette:** We don't send engines to El Salvador.

**Mr. Dennis Bevington:** You've taken a lot of Brazilian jets. Would the maintenance and the overhaul of the Brazilian jets not be more cost advantageous to you in other parts of the world?

**Mr. Michel Bissonnette:** Are you talking about the aircraft or the engine, sir?

**Mr. Dennis Bevington:** The whole package: engines—

**Mr. Michel Bissonnette:** I can answer for both. The aircraft are overhauled in Winnipeg and the engines are overhauled in Montreal.

**Mr. Dennis Bevington:** So in the future those would not be subject to your looking at other locations for potential lower costs.

These planes are used all over the world, so there are probably lots of mechanics in lots of locations who meet certain standards. Is that —

**Mr. Michel Bissonnette:** I don't understand. There are many questions in your question.

**Mr. Dennis Bevington:** Are there certain standards that are met around the world that would lead you to be looking at engine overhauls in other locations?

**Mr. Michel Bissonnette:** We are not looking at CF34-8 or CF34-10 engines to be overhauled in other locations. That is the engine that is installed on the Embraer regional jet.

Transport Canada does hold Air Canada responsible to have qualified service providers so that those engines would be overhauled to a standard we maintain at Air Canada.

**Mr. Dennis Bevington:** Whether you've accepted them or not, have you been approached by Aveos for any alternative maintenance or overhaul facilities in any other locations?

**Mr. Michel Bissonnette:** Not that I'm aware of.

**Mr. Joseph Galimberti:** No.

**Ms. Louise-Hélène Sénécal:** Not that we're aware of, no.

**Mr. Dennis Bevington:** Not that you're aware of? Okay, we'll leave it at that. We can't hold you to any more than that.

With regard to the maintenance that's not done on your bases, what does that comprise...the 30% or 35% of the maintenance that's not done under your own services?

**Mr. Michel Bissonnette:** We have aircraft that are flying all over the world and they encounter maintenance issues wherever they are operating. We would perform that work to ensure the safety of the aircraft before it departs from that location.

We perform work as far away as South America or Asia to ensure the aircraft depart fully airworthy for regular scheduled service.

**Mr. Dennis Bevington:** What percentage of your air travel is to destinations outside Canada?

**Mr. Michel Bissonnette:** I have no idea. I'm only a maintenance person; I can't answer that.

**Mr. Joseph Galimberti:** We have a very substantial international fleet, a very substantial international presence. It would depend on how you look at it. I think 25% of our seats travel internationally.

**Mr. Dennis Bevington:** Okay, so let's take that number—

**Mr. Joseph Galimberti:** The number of flights—

**Mr. Dennis Bevington:** But that obviously can't make up the 30% of the maintenance you're doing in other countries. If you're just doing line maintenance in the other countries, you're doing the overhauls in Canada, and if—let's give that number—25% of your flights are overseas, what's the breakdown between line maintenance and large overhaul in terms of your cost?

**Mr. Michel Bissonnette:** First of all, in the statement we're talking about the work that's performed in Winnipeg, Toronto, and Montreal. In Canada, we have a number of other maintenance facilities. We have a maintenance facility that handles overhaul work, which is in the city of Vancouver. That would include the large portion you don't see in this number.

**Mr. Dennis Bevington:** That's what I was trying to get at.

**The Chair:** Thank you for that.

Mr. Jean, on a promise that we won't hear Fort McMurray...

**Voices:** Oh, oh!

**Mr. Brian Jean:** I am not allowed to talk about Alberta's northern line, but somewhere above Edmonton would be a good place for a new maintenance centre. I want to let you know that.

With all jest aside, I want to talk a little bit about Air Canada. Who owns Air Canada?

**Ms. Louise-Hélène Sénécal:** Right now a variety of shareholders. ACE Aviation today holds about 28%, but as you may have read, it is in the process of divesting part of it, so after the transaction, they would hold 11%. The rest is publicly traded.

• (1225)

**Mr. Brian Jean:** So who's the public in this particular case?

**Ms. Louise-Hélène Sénécal:** You have investment funds, you have individuals.

**Mr. Brian Jean:** It's traded on the Toronto Stock Exchange?

**Ms. Louise-Hélène Sénécal:** Exactly.

**Mr. Brian Jean:** So it's owned primarily by Canadians?

**Ms. Louise-Hélène Sénécal:** It has to be owned at least 75% by Canadians.

**Mr. Brian Jean:** How many outstanding shares right now—100 million, is that correct?

**Ms. Louise-Hélène Sénécal:** I don't know. I'm sorry.

**Mr. Brian Jean:** That's okay. You said earlier that the price might go down on Air Canada.

On October 8, 2009, it dropped 18%, and everybody was saying... an analyst by the name of Chris Murray suggested to trade. Of course, in those days, a year ago, it was trading I think at \$1.76, and today it's at \$3.76. So I guess he made a bit of a mistake on that one.

**Ms. Louise-Hélène Sénécal:** Yes.

**Mr. Brian Jean:** Is Air Canada still...? I think it was voted best airline in North America.

**Ms. Louise-Hélène Sénécal:** It was. We're very proud.

**Mr. Brian Jean:** How many years in a row?

**Ms. Louise-Hélène Sénécal:** It's the third year.

**Mr. Joseph Galimberti:** It's the third year in the last five.

**Mr. Brian Jean:** Three out of five voted best airline in North America. Very impressive.

Who gets the benefit of Air Canada's profits?

**Ms. Louise-Hélène Sénécal:** Shareholders. We reinvest some, so it's everybody.

**Mr. Brian Jean:** I don't remember getting my cheque.

**Ms. Louise-Hélène Sénécal:** But if you look at the price of your ticket today and look at the price of your ticket 10 years ago, you will not see a big difference.

**Mr. Brian Jean:** In price. So even though—

**Ms. Louise-Hélène Sénécal:** Notwithstanding that fuel has gone through the roof.

**Mr. Brian Jean:** That was going to be my point: we've seen quite an increase in input costs, haven't we?

**Mr. Joseph Galimberti:** Yes. We also support a large defined-benefit pension plan that is certainly worth noting as a legacy of our crown corporation days. It's the same pension the government employee receives.

**Mr. Brian Jean:** I understand if the price goes up a dollar on the share, it adds a net value of \$100 million, or something like that, to Air Canada's value—

**Ms. Louise-Hélène Sénécal:** Yes.

**Mr. Brian Jean:**—which translates to 75% of the ownership. Of course, it's Canadian, so with an increase of a dollar, a lot of Canadians are getting rich all of a sudden, right?

**Ms. Louise-Hélène Sénécal:** They're getting in a better position, that's for sure, yes.

**Mr. Joseph Galimberti:** Yes.

**Mr. Brian Jean:** And as far as you're concerned, Air Canada complies with the act?

**Ms. Louise-Hélène Sénécal:** That is the position we're taking today and even—

**Mr. Brian Jean:** Has anybody challenged you on that before?

**Mr. Michel Guimond:** Monsieur Guimond.

**Ms. Louise-Hélène Sénécal:** There is currently—

**Mr. Brian Jean:** Besides Monsieur Guimond.

**Ms. Louise-Hélène Sénécal:** Currently a court case is pending in Winnipeg where flight attendants thought that the definition.... It's pending, and the Government of Manitoba has undertaken legal proceedings because we closed our flight attendant base in Winnipeg. This file has been dormant for over a year.

**Mr. Brian Jean:** By “dormant”, do you mean there's been no action on it?

**Ms. Louise-Hélène Sénécal:** There's been no action, yes, exactly.

**Mr. Brian Jean:** At what stage is the litigation?

**Ms. Louise-Hélène Sénécal:** We filed our defence and then there was silence.

**Mr. Brian Jean:** So there have been no examinations for discovery, no notice to produce?

**Ms. Louise-Hélène Sénécal:** Nothing at all.

**Mr. Brian Jean:** All right.

Has Air Canada taken any action to dismiss the lawsuit for want of prosecution or want of standing?

**Ms. Louise-Hélène Sénécal:** Not at this stage, no.

**Mr. Brian Jean:** Is there anything you would like to add to our questions, besides the thing about moving up to northern Alberta?

**Voices:** Oh, oh!

**Mr. Brian Jean:** And when you do, I'd like to be part of that news release, if you don't mind.

**An hon. member:** Fort McMurray.

**An hon. member:** Oh, oh!

**Mr. Brian Jean:** Thank you very much.

**The Chair:** Thank you.

Mr. Byrne.

**Hon. Gerry Byrne:** Thanks, Mr. Chair.

Our witnesses expressed some knowledge of Aeroman and its operations. What is it about Aeroman that's it based out of El Salvador? What's the story there?

**Ms. Louise-Hélène Sénécal:** It's based there because it existed in El Salvador and was purchased by, I believe, Aveos—but it could have been by ACE and then Aveos. But it was an existing facility for many years.

**Hon. Gerry Byrne:** Is it a low-cost centre?

**Ms. Louise-Hélène Sénécal:** It is a small narrow-body aircraft maintenance centre.

**Hon. Gerry Byrne:** So they've been acquired?

**Ms. Louise-Hélène Sénécal:** Aveos?

**Hon. Gerry Byrne:** No, Aeroman. I'm sorry.

**Ms. Louise-Hélène Sénécal:** On Aeroman, I don't know.

**Hon. Gerry Byrne:** And you can't describe to the committee the relationship between ACE and Air Canada, in terms of whether or not there was a bid to buy out Aeroman?

**Ms. Louise-Hélène Sénécal:** I can tell you that Air Canada is not involved in Aeroman. Air Canada has no link to Aeroman. We never owned them. We never purchased them. So—

• (1230)

**Mr. Michel Bissonnette:** We don't send any work there, either.

**Mr. Joseph Galimberti:** We never sent work there; we can't send work there.

**Hon. Gerry Byrne:** Thank you.

**The Chair:** Mr. McCallum.

**Hon. John McCallum:** Thank you.

I thought Monsieur Guimond made good points about the letter versus the spirit of the law, and doing things directly or indirectly. I think a number of people, including Mr. Jean, have commented that the act was badly drafted.

So I'm wondering what you would think of some potential amendment of the act to make more explicit what was previously implicit in it, an amendment to the effect that not just Air Canada but also derivatives of Air Canada, like Aveos, would be required to have their facilities in these three cities. That would put peace in people's minds so there's no uncertainty as to whether these jobs might be transferred out of the country.

What would you think of amending the act to tighten it up so that it reflected the intentions of people like Mr. Mazankowski at the time it was drafted?

**Mr. Joseph Galimberti:** The law was drafted at the will of Parliament. It's Parliament's will.

**Hon. John McCallum:** So you would not object to such an amendment?

**Mr. Joseph Galimberti:** We would obviously have a curiosity about any kind of alteration to a law that only and explicitly relates to Air Canada. But in terms of what Parliament decides to do...? Well, we would be curious, but I'm not going to volunteer to give you direction as to what Parliament intends to do on a go-forward basis.

**Hon. John McCallum:** Okay. I've asked my questions.

**Mr. Sukh Dhaliwal:** Would you support a revision of the law that ensured that Aveos was also in compliance with what Air Canada has to do?

**Ms. Louise-Hélène Sénécal:** We don't believe the law says that Aveos has to be in compliance. We don't believe that's what the law says or intends to do.

**Mr. Sukh Dhaliwal:** No, no, my question is whether or not you would you like to see that.

Now you are saying all of those things about not knowing whether Aveos will be in compliance. Air Canada is in compliance with the law, but we do not know whether Aveos will be in compliance with the legislation that we have in place.

So would you like to see those changes made to hold Aveos accountable to that law? That's my question to you.

**Ms. Louise-Hélène Sénécal:** Well, we certainly do not believe there should be a government law imposing restrictions on a commercial enterprise. That concept is unusual.

**Mr. Brian Jean:** It's not for banana republics.

**Ms. Louise-Hélène Sénécal:** That would impose obligations on a single enterprise. The Government of Canada should look at general laws that apply to everybody and aren't discriminative to a single entity.

**The Chair:** I think it's fair to state that they're here representing Air Canada and not other corporations.

**Ms. Louise-Hélène Sénécal:** Exactly.

**The Chair:** At the will of the committee we can ask that they appear, but that doesn't necessarily mean they will. They're not obligated to. Air Canada is here today to discuss ACPPA and how it works for them.

We'll go to one final round of three minutes.

Monsieur Guimond.

[Translation]

**Mr. Michel Guimond:** I think that I will be summoned to appear as a witness in order to deal with Mr. Byrne's question.

Are you aware, Ms. Sénécal, that Aeroman currently has six maintenance units and has plans to build an additional 16 in the next few months?

**Ms. Louise-Hélène Sénécal:** That could be.

**Mr. Michel Guimond:** I have here a copy of Air Canada's Management's Discussion and Analysis for the first quarter of 2010. On page 27, the following is said with regard to the Aveos restructuring plan:

The terms of the Pension and Benefits Agreement were also modified to defer the determination of pension assets and related solvency deficiencies [...] to April 2011.

What does that mean?

**Ms. Louise-Hélène Sénécal:** What does that mean?

•(1235)

**Mr. Michel Guimond:** What will happen in April?

**Ms. Louise-Hélène Sénécal:** I thought we were here to talk about the Air Canada Public Participation Act and maintenance activities.

In what way does our analyses and our obligations—

**Mr. Michel Guimond:** That is true, you are correct.

I will put my question to Michel Bissonnette.

Mr. Bissonnette, are you based in Montreal?

[English]

**Mr. Michel Bissonnette:** Yes, I am.

[Translation]

**Mr. Michel Guimond:** Okay.

To Mr. Bevington's question, you answered that you have aircraft that fly all over the world and that if a plane was in Lima, Peru, and a warning light came on, you would ensure maintenance of the aircraft on site.

Are overhaul activities conducted outside of Montreal, Mississauga and Winnipeg? Are there overhaul centres elsewhere?

[English]

**Mr. Michel Bissonnette:** The only other place where they are overhauled, outside of Montreal and Winnipeg—because Toronto is an operational centre—is Vancouver, as I previously stated.

[Translation]

**Mr. Michel Guimond:** Very well.

However, the company is not required to maintain an overhaul centre in Vancouver.

[English]

**Mr. Michel Bissonnette:** Negative.

[Translation]

**Mr. Michel Guimond:** In the time remaining, please describe the work that is done.

Am I right to say that maintenance consists in changing a tire, for example? That is small maintenance. You are dealing with big aircraft, but that is small maintenance work that can be done overnight or in one day. You take advantage of the night time or morning, when the aircraft is not flying, to carry out repairs. That is small maintenance.

However, how long does it usually take to overhaul an aircraft?

[English]

**Mr. Michel Bissonnette:** You're well informed on the line maintenance activities of Air Canada, I'll give you that. Overhaul is anything that I determine will take longer than one day, however long it takes.

[Translation]

**Mr. Michel Guimond:** Very well.

I visited your overhaul centres a few years ago. I could see the frame of an aircraft, which was all that was left after it had been taken apart.

You say that an aircraft is completely dismantled, so that must take more than a day. How long can it take to do an overhaul?

[English]

**Mr. Michel Bissonnette:** We've had aircraft that have taken up to 90 days.

[Translation]

**Mr. Michel Guimond:** Ninety days you say.

[English]

**Mr. Michel Bissonnette:** It's greater than one day, to however long it takes to complete all of the events on the aircraft.

**The Chair:** *Merci, monsieur Guimond.*

Mr. Bevington, give your final comments.

**Mr. Dennis Bevington:** I agree with the comments of my colleague from the Liberal Party. Clearly, the relationship between Air Canada and Aveos is paramount to why we brought you here, because Aveos is doing the work that's in your act of continuance. The fact that you can't answer the questions we give you means your presence here....

Who in your organization would be able to answer my question about any proposals that were given to Air Canada from Aveos for relocation of a maintenance facility?

**Ms. Louise-Hélène Sénécal:** We said we don't believe there are any.

**Mr. Michel Bissonnette:** Yes.

**Mr. Dennis Bevington:** There are none or you don't believe there are any?

**Ms. Louise-Hélène Sénécal:** Well, we don't believe there are any.

**Mr. Dennis Bevington:** Would it take someone else in your organization to give us a more definitive answer?

**Ms. Louise-Hélène Sénécal:** No.

**Mr. Joseph Galimberti:** No.

**A voice:** [Inaudible—Editor]

**Mr. Dennis Bevington:** Well, that wasn't the answer I got the last time, if you remember, and I believe this is my question time.

So when we don't see answers about the relationship between you and Aveos, if those answers are not forthcoming, then you're really not fulfilling our requirements here. Are there any other people within your organization who could give us more definitive answers on the relationship between you and Aveos?

**Mr. Joseph Galimberti:** Just to be clear, we've committed to getting back to you as much as we can. Obviously, if there is confidentiality in the contract between us and Aveos, then we can't unilaterally breach that contract here today. That just fundamentally doesn't work. If it is possible for us to disclose exactly the information you've requested, then we will, in very short order.

**Mr. Dennis Bevington:** If the information we're looking for is part of an act of Parliament and fundamental to your own charter, surely that's public information.

**Mr. Joseph Galimberti:** Well, no, you're asking.... We are here on behalf of Air Canada, and we have told you on behalf of Air Canada that we are compliant today with the act and it is our intention to remain compliant going forward.

• (1240)

**Mr. Dennis Bevington:** No, I appreciate that—

**Mr. Joseph Galimberti:** As to our relationship with Aveos, which is not immediately on the table, we will confirm with Aveos as much as we can, and review those contracts, and see if it is possible to share further information. But the contracts that are contemplated between us and Aveos are commercial arrangements and not something that is structural to the company.

**Mr. Dennis Bevington:** But the information we're looking for is not about the nature of your commercial agreements with Aveos, but the nature of their relationship to this act, to this act right here.

**Ms. Louise-Hélène Sénécal:** Okay, maybe—

**Mr. Dennis Bevington:** We're not interested in your commercial relationship. We're interested in—

**Mr. Joseph Galimberti:** But you are.

**The Chair:** I think I will have to intervene here.

**Mr. Joseph Galimberti:** As concisely as I can say it, Air Canada is compliant. We intend to remain compliant. You've had Transport Canada come before you to tell you what their impression of compliance is and to confirm that we're compliant.

As to the specifics of our relationship with Aveos—and you are asking a fundamental question about the contract we maintain with that company—we have told the committee that we will go back to that company and, as quickly as we can, determine whether we're capable of sharing that information. If we are, then we will share it.

**The Chair:** Thank you.

Mr. Jean.

**Mr. Brian Jean:** Thank you.

First of all, I want to let you know you've answered all my questions. I appreciate you coming here today and doing that.

We've established already that Air Canada is owned by shareholders, of which 75% are Canadians. Yes?

**A voice:** Yes.

**Ms. Louise-Hélène Sénécal:** At least.

**Mr. Joseph Galimberti:** At a minimum.

**Mr. Brian Jean:** Yes, at least.

Have we established an approximate worth of Air Canada? What's it worth? If you were going to give that to me tomorrow...?

**Ms. Louise-Hélène Sénécal:** Over—

**Mr. Brian Jean:** Four billion dollars?

**Ms. Louise-Hélène Sénécal:** Well, it depends. Worth can be calculated in different ways.

**Mr. Brian Jean:** I only have two minutes, so just approximately.

**Ms. Louise-Hélène Sénécal:** Many billions.

**Mr. Brian Jean:** It's many billions. A lot of money, owned by Canadians—

**Ms. Louise-Hélène Sénécal:** Yes.

**Mr. Brian Jean:** My parents had some land in one of the South American countries. They nationalized, and that's pretty much exactly what the coalition is suggesting here today, with new legislation to come forward. I saw the price of my parents' land in South America drop considerably as a result of government restriction, of nationalization, right? That in essence is what is being proposed. If, as a government and as Parliament, we were going to restrict Air Canada's ability to operate in a competitive environment, what would happen to your share price? What would happen to that \$5 billion or \$10 billion?

**Mr. Joseph Galimberti:** It would decrease, and further than affecting the share price, you'd be damaging the long-term sustainability of the company. This is not a corporation that has a history of enormous financial success. The airline industry is a perpetual struggle.

**Mr. Brian Jean:** In fact, your competition is not Canadian competition, in essence. Some of it is, obviously, like WestJet. But most of your competition is all the airlines in the world, including all the ones in—

**Ms. Louise-Hélène Sénécal:** The U.S.—

**Mr. Brian Jean:** —the U.S. So if Air Canada were singled out and restricted in its ability to operate independently, it would dramatically decrease your share price, probably undermine the confidence in your company for many years, and actually erode a tremendous amount of the wealth of independent Canadians who have invested in your company. Is that fair to say?

**Mr. Joseph Galimberti:** Yes.

**Mr. Brian Jean:** Does that scare you a bit, honestly?

**Mr. Joseph Galimberti:** Yes. Look, the original Air Canada Public Participation Act is a hindrance to our commercial freedom. We have had to structure ourselves as sustainable through much effort, complying with that act, and we intend to comply going

forward. But as for any furtherance of those restrictions, I wouldn't want to see anything done that would compromise the sustainability of a company that employs 23,000 Canadians and serves—

**Mr. Brian Jean:** —and is owned by—

**Mr. Joseph Galimberti:** And it is owned 75%, at the bare minimum, by Canadians.

**Mr. Brian Jean:** So the \$5 billion or \$10 billion that Air Canada is worth is owned by Canadians, and that would be diminished?

**Mr. Joseph Galimberti:** Yes.

**Mr. Brian Jean:** Those are all my questions. Thank you.

**The Chair:** Thank you.

We do have some committee business. Mr. McCallum was going to raise it as a point of order. I'm just going to open the floor to him for 40 seconds.

**Hon. John McCallum:** Thank you, Mr. Chair.

You seem to be suggesting that Aveos and Air Canada are terribly distinct from each other. I'd like to advance the hypothesis that really the two of you are joined at the hip. Aveos does the Air Canada maintenance work. You're thinking of transferring workers from one to the other. It seems to me you're essentially one entity in many ways.

My question is, what percentage of Aveos does Air Canada own?

• (1245)

**Ms. Louise-Hélène Sénécal:** It is a very minor share.

**Hon. John McCallum:** I know. Is it 30-something percent?

**Ms. Louise-Hélène Sénécal:** It's less than that.

**Hon. John McCallum:** I know it's less than 50%, but it's quite substantial. It's in the 30s, isn't it?

**Ms. Louise-Hélène Sénécal:** I don't have the exact proportion at this time.

**The Chair:** I would ask that—

**Ms. Louise-Hélène Sénécal:** It's a minority. We can provide it.

**Mr. Joseph Galimberti:** It's publicly available. We're happy to provide it.

**Hon. John McCallum:** Thank you, Mr. Chair.

**The Chair:** Thank you.

And with that, I'll thank our guests today. We appreciate your time, and I'm sure there will be other opportunities for us to meet with you again.

**Ms. Louise-Hélène Sénécal:** And happy holidays to you.

**The Chair:** Thank you, and happy holidays.

For the committee, there are just a couple of things.

In the response from Nav Canada and the department, there was a question in regard to noise, which was referred to Health Canada. I'm just advising the committee that I am going to forward that to Health Canada to get the answers to some of the questions.

Also, a budget has been circulated and I need a mover.

It is moved by Mr. Mayes and seconded by Mr. Dhaliwal.

(Motion agreed to [See *Minutes of Proceedings*])

Thank you to everyone who helps us every day.

**The Chair:** Thank you.

With that, I wish everyone a Merry Christmas and a Happy New Year.

The meeting is adjourned.

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