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• (1105)

[Translation]

The Chair (Mrs. Sherry Romanado (Longueuil—Charles-LeMoyne, Lib.)): Good morning everyone.

[English]

I now call this meeting to order.

Welcome to meeting 22 of the House of Commons Standing Committee on Industry, Science and Technology.

Today's meeting is taking place in hybrid format pursuant to the House order of January 25, 2021. The proceedings will be made available via the House of Commons website.

Please be aware that the webcast will only show the person speaking rather than the entirety of the committee. To ensure an orderly meeting, I'd like to outline a few rules to follow.

Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. At the bottom of your screen, please select “floor”, “English” or “French”. Also, please speak very slowly and do not speak over each other; otherwise, the interpreters cannot do their important work. Before speaking, please wait until I recognize you by name. All comments by members and witnesses should be addressed through the chair. When you are not speaking, your microphone should be on mute.

As is my normal practice, I will hold up a yellow card when you have 30 seconds remaining in your intervention, and a red card when your time for speaking has expired. We have a lot of witnesses today. Please respect the time so that I don't have to cut you off.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on November 5, 2020, the committee is meeting today to continue its study on the development and support of the aerospace industry.

I'd like to welcome our witnesses.

[Translation]

From Airbus Canada, we have Philippe Balducchi, chief executive officer, as well as Pierre Cardin, senior vice-president, head of public affairs.

[English]

From Airbus Helicopters Canada, we have Mr. Dwayne Charette, president and chief operating officer.

[Translation]

From STELIA Aerospace St-Laurent, we have Hugo Brouillard, chief of operations and operations officer.

[English]

From Telesat, we have Daniel Goldberg, president and CEO; and Stephen Hampton, manager, government affairs and public policy.

From Unifor, we have Mr. Jerry Dias, national president; Mr. Renaud Gagné, director, Unifor Quebec; and Kaylie Tiessen, national representative, research department.

From WestJet Airlines, we have Mr. Andy Gibbons, director, government relations and regulatory affairs.

Each witness will present for five minutes, followed by a round of questions.

We will start with Airbus Canada.

[Translation]

Mr. Balducchi, you have the floor for five minutes.

Mr. Philippe Balducchi (Chief Executive Officer, Airbus Canada): Madam Chair and members of the committee, good morning.

I am very pleased to be here today, on behalf of Airbus Canada. You'll be hearing from colleagues of mine later.

My remarks will focus on the A220 program and related operations.

I'm going to start with a bit of background on Airbus.

Airbus has a 35-year-plus history in Canada in helicopter manufacturing. Today, we are the fourth-largest employer in Canada's aerospace sector, with some 4,000 employees. Our operations cover the A220 program, STELIA Aerospace's aerostructure activities and the work of Airbus Helicopters, in Fort Erie.

Airbus's presence has grown significantly since we launched the A220 program, the former C Series. Today, we own 75% of the program, which is based in Mirabel and employs some 2,500 people at two assembly sites—one in Mirabel and one in Mobile, Alabama, to serve the American market after the U.S. imposed tariffs.

The A220 program has received approximately 630 orders to date, 300 since July 2018, when Airbus launched the program, and over 140 aircraft have been delivered on four continents.

Even though the in-service fleet has performed remarkably well since the pandemic began, attesting to the high quality of the aircraft, the A220 program has been severely affected by the COVID-19 pandemic.

[English]

If you look at the employment, you see that when you go back to July 2018 there were about 2,000 employees in Mirabel on the program. We were, pre-COVID, about 2,800 employees and ramping up to get to 3,000 people. We had to run that down, actually, and now, today, we have 2,500 people.

We were producing four aircraft per month before COVID hit us and were preparing to ramp up to five aircraft per month at Mirabel. We are now producing three aircraft per month at Mirabel, and we expect to slowly ramp back up in 2021.

We delivered 48 aircraft in 2019, all from Mirabel. In 2020, 32 aircraft were delivered from Mirabel and six from Mobile, Alabama. This means that basically we can say that for the A220 program, the crisis has put us back roughly two years, with a significant impact as well on the commercial momentum.

How can Canada help the industry beyond just Airbus Canada? The first thing is that Canada needs to support the airlines. The airlines are the pillar of the industry. It all starts with the airlines, and for one year they have been at the forefront of the crisis. With the border restrictions preventing all international traffic from coming back up, today they are at about 20% of the 2019 levels on international travel. Airlines are suffering tremendously in terms of cash, operations, head counts and massive layoffs.

Other countries are supporting their airlines, and Canadian airlines are at risk of being disadvantaged compared to international airlines trying to fly back to Canada, which would have benefited from government aid.

The second thing is to support, obviously, the overall aerospace industry. It is important to understand that aerospace is a global industry that competes and partners across the world. It goes from a few large OEMs to some very large tier one suppliers, and then down to a myriad of tier two, tier three and tier four suppliers which can be small and fragile. The investments are very heavy and the lead times are very long.

If you look specifically at Canada, you see the aerospace sector is the third exporting sector in Canada. About 70% to 80% of the aerospace production in Canada is exported. As for the countries to which aerospace is exported by Canada, the U.S.A. is number one, and Germany and France are numbers two and three. You then find, for instance, Latvia as the fourth and Egypt as the sixth. Basically it's companies to which the A220 is delivered.

What you need to do to help is to ensure, first, that exportation remains available through EDC, and that EDC remains active in supporting the aerospace sector. The next is to provide urgent and short-term relief to our industry. Postpone some of the reimbursement of repayable loans granted to industry across various federal

programs. Implement government guarantees to give oxygen to the more fragile companies. Set up development and consolidation funds.

We also need to have a more comprehensive strategy that is looking beyond the very short-term and urgent support to longer-term issues to support the R and D, to support the projects that are already ongoing to help enhance the competitiveness of the product—

• (1110)

The Chair: Mr. Balducchi, if you would please conclude, as you're over your time.

Mr. Philippe Balducchi: Already? I will conclude.

The Chair: Yes, unfortunately. Thank you.

Mr. Philippe Balducchi: It goes fast.

In conclusion, aerospace is one of the sectors impacted most by the crisis. Everywhere in the world there are specific measures that are complementing general measures in order to support this strategic industry. It's a global, high-technology industry and the lack of specific support to Canadian aerospace today is very visible, very surprising, and is sending a signal. I'm not sure what signal was intended to be sent to the rest of the industry overall.

The Chair: Thank you very much.

Next we will go to Airbus Helicopters.

Mr. Charette, you have the floor for five minutes.

Mr. Dwayne Charette (President and Chief Operating Officer, Airbus Helicopters Canada): Thank you, Madam Chair, for the opportunity to be here today to discuss the development and support of the aerospace sector.

Airbus Helicopters has been a proud member of Canada's aerospace sector since 1984. Today, Airbus is a leading supplier of helicopters in Canada, supporting a fleet of more than 760 helicopters flown by 220 operators throughout Canada.

Our headquarters and main manufacturing facility is in Fort Erie, Ontario. We also have an eastern sales office located in Montreal and a western Canada sales support office in British Columbia, with a 24-7 customer support network and a team of technical representatives supporting our customers throughout the country.

As my colleague Philippe mentioned, Airbus Helicopters Canada is part of Airbus's robust industrial footprint in Canada, which covers commercial aircraft, defence and space, as well as other Airbus companies, such as NavBlue and Stelia, which you'll be hearing from during this meeting.

Airbus Helicopters is the world's number one helicopter manufacturer. It's a global leader in providing the most efficient civil and military helicopter solutions to our customers who serve, protect, save lives and safely carry passengers in highly demanding environments.

Safety really is at the core of all Airbus activities and everything we do, from design, engineering and production to maintenance, training and our partnerships.

Airbus Helicopters' activities in Canada are focused in five primary areas: aircraft sales and delivery, composite manufacturing, repair and overhaul, supplemental-type certificates and option development. I'd like to take an opportunity to highlight two of these areas.

Our Fort Erie facility is a centre of excellence for engineering and composite manufacturing. We are a sole-source supplier of eight different platform types flying globally. Airbus Helicopters Canada produces composite components for a variety of our leading models internationally, sold in more than 100 markets. It's fair to say that if you've seen an Airbus helicopter flying anywhere in the world, it will have parts that were manufactured in Canada at our Fort Erie facility.

We also have a repair and overhaul department, which is a centre of excellence for single engine dynamic components. This department provides overhaul and repair services to Airbus helicopter operators worldwide for the light single engine product range. Today more than 50% of our workforce in Fort Erie is working on products that we export.

As an essential business in the Niagara region, our doors have remained open throughout COVID to support our customers' life-saving missions, as well as the global supply chain for Airbus.

I have only five minutes, so I'm going to jump through this before I get the card.

Notable para-public organizations that fly Airbus helicopters include the Nova Scotia Department of Natural Resources, Ontario Ministry of Natural Resources and Forestry, and STARS air ambulance, which provides air ambulance services in Alberta, Saskatchewan and Manitoba. Also, seven of eight police forces that operate airborne law enforcement units in Canada fly Airbus helicopters. They include the Royal Canadian Mounted Police, Ontario Provincial Police and Calgary Police Service, just to name a few. On the commercial side, we have a number of key operators that fly in western and eastern Canada, as well here in Niagara, in our backyard.

Helicopter operators in Canada have been deeply affected by the double whammy of the COVID-19 pandemic and the severe slowdown in the resources sector. In 2020, many of our operators experienced the worst year in their history. A number have already gone bankrupt or pulled out of the sector entirely. Therefore, as this com-

mittee considers means of supporting the aerospace sector through the recovery and beyond, I would encourage you to think broadly and remember that the aerospace sector includes helicopters.

When it comes to government procurement, it is critical that those serving in uniform are equipped with the best tools and technologies available to perform their essential life-saving missions protecting Canadians. We fully support strategies aimed at leveraging defence procurement to produce economic benefits for Canada, which is precisely what the industrial and technological benefits policy value proposition—

• (1115)

The Chair: Mr. Charette, you keep cutting out. I'm going to pause the clock for one moment.

Mr. Dwayne Charette: —is designed to do.

Accelerating fleet renewal programs [*Technical difficulty—Editor*] in the medium term. However, with two helicopter OEMs in Canada, it's important to ensure that tenders remain a competitive process where the winners are chosen based on the merits of their offerings and not due to political interference.

Fair and open competition drives innovation and investment, and I can tell you that nothing undermines the desire of large multinationals to invest in a country more than when competitions for government procurement are seen to be unfair, biased or designed to favour one company over another.

As I mentioned previously, 50% of our workforce is focused on producing products—

The Chair: Mr. Charette, my apologies; I hate to cut you off. Could you wrap up, please?

Mr. Dwayne Charette: Absolutely.

Finally, my colleague mentioned that we are investing heavily in R and D to put aerospace towards cleaner, more sustainable flight. Canada has a real opportunity to partner with us on innovative projects that will reduce the environmental impact of both rotary-wing and fixed-wing air travel. We strongly encourage Canada to capitalize on that opportunity and to become a leader in that space.

Thank you very much for the opportunity to address the committee.

The Chair: Thank you very much, Mr. Charette.

We will now go to Stelia Aerospace.

[*Translation*]

Mr. Brouillard, you may go ahead. You have five minutes.

Mr. Hugo Brouillard (Chief of Operations and Operations Officer, STELIA Aerospace St-Laurent): Madam Chair, members of the committee and colleagues, good morning.

I am very glad to appear before you today representing Stelia Aerospace Canada. Thank you for inviting me and for taking an interest in Canada's aerospace industry, especially during these uncertain times, which will no doubt accelerate changes already under way around the world.

I'd like to start with an overview of Stelia Aerospace's organizational structure. We are a wholly owned subsidiary of the Airbus group. We supply metallic and composite aerostructures, as well as aircraft seating for pilots, and first class and business class passengers. We have the capacity to design, test, qualify, manufacture, equip and deliver completed aircraft sections and seat solutions directly in the last-stage assembly lines of our clients.

We employ some 7,000 people across 14 sites around the world, including nine manufacturing subsidiaries. Three of those nine subsidiaries employ a thousand people in Canada: first, Stelia North America, specializing in composite structures, employs 460 people in Lunenburg, Nova Scotia, and Blainville, Quebec; second, Stelia Aerospace Canada, specializing in aerostructure assembly, employs 180 people in Mirabel; and third, Stelia Aerospace St-Laurent, newly established in February 2020 and specializing in the assembly of A220 cockpits and rear fuselage sections, employs 360 people. We are transitioning to a new plant being built in Mirabel and slated for launch at the beginning of the third quarter of 2021.

Employees performing these direct jobs in Canada earn an average of \$70,000 yearly. In addition, we contribute to more than 150 indirect jobs at our Canadian suppliers.

Owing to the global COVID-19 pandemic, our clients had no other choice but to postpone their orders after their clients—airlines and business jet clients—cancelled and delayed deliveries.

Our order volume and five-year forecasts have dropped drastically, more than 30% to date. Order cancellations and postponed deliveries have forced us to adapt very quickly, given that we had already invested in building a plant and acquiring cutting-edge technology to the tune of \$61 million over three years. We are now in survival mode.

There is no doubt that had we had a clearer read on events, we would have done things completely differently.

The vast majority of revenues generated by Canada's aerospace industry flow from the demand for new aircraft from airlines and business jet clients. Orders are then placed with aircraft manufacturers, who, in turn, are our clients.

For that reason, we hope to count on three pillars of immediate support for the recovery. The first is strong demand for the construction of new-generation aircraft, along with direct and immediate assistance for buyers—in other words, airlines—and contract givers—aircraft manufacturers and original equipment manufacturers. This would ensure the short- and medium-term benefits were felt across the industry. This is a global strategy, one Canada should take part in to keep its own aerospace industry. The second pillar is direct support for financial obligations that we had previously incurred, that is, significant investments that were made before our revenues dropped by more than 30%. The third and final pillar is programming support to help us face the growing competition from emerging countries that boast low labour costs and low tax rates, as

well as industrialized countries that invest heavily in concrete projects offering tax breaks.

Canada has long had a strong aerospace hub, bolstered by its aircraft, engine and simulator manufacturers, and in turn, their networks of local suppliers.

Given that the marketplace is more competitive than ever, I want to end by sharing some personal experience.

I was fortunate enough to have the opportunity to set up and run a number of aerostructure plants in emerging markets. These good-quality jobs are highly prized by countries such as Mexico, Tunisia, Turkey, the Kingdom of Morocco and several Asian nations, all of which invest heavily in growing their aerospace sectors. China decided to take it a step further and develop its own market of original equipment manufacturers.

Stelia chose Canada, first, because of its proximity to the client and, second, because of its aerospace expertise. Those conditions now exist in the countries I just mentioned, countries that are investing heavily in the aerospace sector and enhancing their own capacity.

We are at a turning point. It will be hard to make up the lost ground, but all is not lost. The government needs to create the conditions to protect what we have, while making our marketplace more attractive, competitive and productive.

• (1120)

Madam Chair, members of the committee, thank you for your consideration and your time.

The Chair: Thank you, Mr. Brouillard.

That was exactly five minutes.

[English]

Our next presentation is by Telesat.

You have the floor for five minutes.

Mr. Daniel Goldberg (President and Chief Executive Officer, Telesat): Thank you, Madam Chair, and thank you for the invitation to participate today.

Telesat is one of the world's largest and most innovative satellite operators, operating for over 50 years from our headquarters here in Ottawa. As a proud Canadian company, we play a central role in Canada's connectivity infrastructure.

This hearing comes at a critical time for the aerospace sector, including the commercial space industry. Like many sectors around the world, ours is facing significant disruption and change. While the COVID-19 pandemic has hurt our business, the larger disruption we're facing stems from changes in technology and the hyper competitive global market that we compete in.

Telesat identified these changes early and we're used to competing. As a result, we began innovating and investing heavily to reorient the company to become a world leader in delivering broadband Internet connectivity, demand for which is exploding globally.

In this regard, last month we officially unveiled the most ambitious and innovative project in our long history: an investment of six and a half billion dollars in a state-of-the-art low-earth orbit, or LEO, satellite constellation known as Telesat Lightspeed.

Lightspeed will deliver significant economic and social benefits to Canada, including supporting fast, affordable, reliable and secure broadband connectivity and 5G services throughout the entire country, the criticality of which the pandemic has strongly underscored. Lightspeed also delivers huge capital investment and high-quality, high-paid jobs in the Canadian aerospace sector, which comes at a time when investment and preserving and creating jobs have never been more important.

Three weeks ago, we announced with Premier Legault a \$1.6-billion investment by Telesat into the Quebec aerospace ecosystem, creating over 600 new high-skilled, high-paying jobs across the province while maintaining another 650 jobs at MDA's Montreal facility. As part of this investment, a significant percentage of the Lightspeed constellation will be manufactured in Quebec. We're also establishing extensive technical operations in the province.

Lightspeed is the largest space program ever conceived in Canada. It's exactly what Canada and the Canadian aerospace sector need. The new space economy is one of the fastest-growing industries in the world, with the global space industry estimated to nearly triple to over a trillion dollars U.S. a year over the next two decades. Next generation satellite connectivity, like Lightspeed, is responsible for the majority of this growth.

We're not the only ones who see this massive opportunity. Telesat competes in one of the most competitive and dynamic industries in the world. Our competitors are among some of the largest, most innovative companies on the planet, and they're working hand in glove with their governments in this fast-growing, highly strategic market. These governments—the U.S., the EU, China, Russia and India—recognize the significant benefits of the new space economy, from job creation to intellectual property creation, and are investing billions of dollars each year to help their domestic companies compete. The Government of Quebec also recognizes the strong growth potential in space, and we're pleased that they're investing \$400 million in our Lightspeed constellation and supporting other space initiatives with roots in the province as well.

I'm pleased also with the endorsement we've received from the federal government, particularly our partnership to use Lightspeed to help bridge the digital divide in Canada, but I'd be remiss if I didn't raise again with this committee the importance of something that we discussed when I appeared before you last November to

discuss rural broadband connectivity, namely, the pending proceeding at ISED to repurpose for 5G use certain spectrum that Telesat presently uses across Canada to provide a whole range of vital services.

As we discussed when I spoke with you last November, the U.S. Federal Communications Commission paid our much larger competitors approximately \$16 billion to clear this same spectrum in the United States for 5G—spectrum they just auctioned to AT&T and others in the highest-grossing spectrum auction in history. Our competitors are using these funds to invest against us.

We made a proposal to ISED to clear this same spectrum and reinvest all the proceeds into our Lightspeed constellation and to safely transition all those important existing services.

● (1125)

Listen. We're in a very competitive environment. We're innovating. We're investing. If we're successful, we are going to be the largest satellite operator in the world, and we're just looking for the government to make the right decisions.

Thank you, Madam Chair.

● (1130)

The Chair: Thank you very much.

Our next presentation is by Unifor.

I invite Mr. Dias to take the floor for five minutes.

Mr. Jerry Dias (National President, Unifor): Thank you for the invitation to provide input into this important study on development and support for Canada's aerospace industry.

With me today is Renaud Gagné, Unifor Quebec director.

As you are well aware, the aerospace industry is incredibly important to the economic success of our country. There is no question that the aerospace industry is in trouble. Unifor has consistently monitored the state of the aerospace industry in Canada throughout the pandemic. In general, the industry fared better than others in the early stages of the pandemic; however, it has become obvious that the worst is yet to come.

When the pandemic began, approximately 40% of our members in the aerospace sector were laid off due to emergency orders and the desire to keep workers and the public safe. Many of our members went back to work, but 8% of those layoffs were not rescinded. Since our last calculations, even more layoffs have been announced. All of the layoff announcements are devastating.

One that stands out for me is the announcement that De Havilland Aircraft will stop producing the iconic Dash 8 aircraft at the Downsview, Ontario, plant, a move that affects nearly 700 of our members. I'm on a leave of absence from that plant. I am a De Havilland Aircraft employee. I'm clock number 28091, just for the record.

The current build schedule shows end of production in May of this year. Prior to the pandemic, De Havilland's order book was healthy, and research and development were in full swing. Around the world, thousands of aircraft were grounded, and the order book at the company quite literally emptied. Regional routes are predicted to be the first to recover. This is the Dash 8's market. We know demand will return, and we need to make sure production capacity will be there when it does.

To mitigate layoffs, our members at Boeing are utilizing the EI work-sharing program right now. This is a great short-term and medium-term solution, but they need to know that commercial aerospace work is coming back. Bombardier recently announced layoffs as well—a hundred at the facilities in Toronto and 700 in Quebec.

Renaud will go into further details about the situation in Quebec, but I wanted to drive home the point about layoffs here. Pratt & Whitney has laid off hundreds of workers. The list goes on and on.

The aerospace industry is a leading technology creator and invests extensively in research and development. That investment bleeds into other industries and sustains an entire ecosystem of good jobs and economic growth across the country. Letting the aerospace industry wither is simply not an option because of the risk that would pose to the future economic stability and growth we need.

Canada must continue to foster and develop a strong aerospace industry that will make our country a global leader in advanced manufacturing. To do this, we will need to keep our highly trained aerospace workers connected to their jobs, even while on layoff, by enhancing and extending the Canadian emergency wage subsidy.

We need an industry-focused support package, with access to liquidity for critical aerospace companies, to navigate through the pandemic.

We need governments that buy Canadian and promote Canadian-made aerospace products in both the local and export markets.

We need the federal government to create a multi-stakeholder aerospace industry council, to develop a comprehensive industrial strategy that ensures good, stable and well-paid employment opportunities, a strong and resilient domestic supply chain, thriving commercial and defence sectors and multi-stakeholder engagement.

Thank you for your time and attention. I will now pass things over to my colleague, Renaud Gagné, to provide you with further details on Quebec.

[Translation]

Mr. Renaud Gagné (Director, Unifor Québec, Unifor): Thank you, Mr. Dias.

Good morning.

I would like to begin by applauding the Bloc Québécois for proposing this study and the committee members for turning their attention to such an important issue.

I know this has been said by several witnesses, but it bears repeating: the government should spare no effort to ensure the aerospace sector in Quebec and Canada survives and thrives. Looking beyond the crisis, the government must foster an environment that allows the industry to remain a leader, especially in Quebec, where the resources to build an aircraft can be sourced within a 30-kilometre radius.

Mr. Dias talked about the many layoffs, 900 of which are in Montreal, at Bombardier, Pratt & Whitney, CAE and CMC. We are talking about a sector that employs 60,000 people in Quebec. As you well know, as long as aircraft remain grounded, things will keep getting worse.

We did an analysis in Quebec, with the help of our locals, and three findings emerged. Aircraft and engine maintenance contracts, military contracts and innovative products such as CAE's ventilators are largely responsible for keeping people employed. That evidence should guide us as we look for solutions. For example, we could safeguard our procurement contracts by awarding maintenance contracts for government, military and emergency aircraft to Canadian companies; that would be a fundamental step.

Another crucial area in need of attention is research and development. The people at CAE were the first to design ventilators certified by Canadian authorities. They were able to manufacture them in record time and are now producing Pyure-brand air purifiers, which are incredibly effective at sanitizing the air and surfaces in buildings and eliminating pathogens in schools, airplanes and trains.

• (1135)

The Chair: Mr. Gagné, you're out of time.

Do you mind wrapping up your presentation?

Mr. Renaud Gagné: Yes.

The Chair: Thank you.

Mr. Renaud Gagné: For those reasons, it is essential that the government make the necessary investments, and put in place the tools and programs to adequately support the industry in Quebec and Canada. Countries around the world are already doing it.

The Chair: Thank you, Mr. Gagné.

[English]

Next we have Mr. Gibbons from WestJet.

You have the floor for five minutes.

Mr. Andy Gibbons (Director, Government Relations and Regulatory Affairs, WestJet Airlines Ltd.): Thank you very much, Madam Chair. I really appreciate the opportunity to speak with you and committee members today and contribute to your very important study.

Over the last 25 years, WestJet's investments have fundamentally improved commercial aviation in Canada and have been an essential and key contributor to Canada's aerospace sector.

Through WestJet, 300 million Canadians have been given more democratic access to lower fares in 39 domestic markets, resulting in over \$4 billion in trickle-down impacts that support suppliers, provide wages to our employees and economic activity in our cities and tourism sectors.

This crisis has had a profound impact on our entire industry, affecting over 600,000 jobs in travel and tourism and over 250,000 in aerospace, the industry we are here to speak about.

All of the witnesses today have one shared goal: an innovative, connected and prosperous Canada. Together we face an unprecedented challenge and one that will need decisive leadership. Our competitor countries have already developed plans to protect their aerospace and aviation industries and jobs. We need the same commitment here in Canada, and your study will help us forge a path forward.

In ISED's restart, recover, and reimagine prosperity expert panel, they identified air travel as the industry sector hardest hit by COVID-19 and amongst the sectors needing tailored assistance to preserve jobs and business.

Jim Quick, president of Aerospace Industries Association of Canada, noted that a safe restart plan for air travel is essential to the vitality of the aerospace sector. He said:

Airlines drive demand for the manufacturing output that makes up 69% of Canada's aerospace and defence activity. They are also significant buyers of the maintenance, repair and overhaul (MRO) services that make up the remaining 31% of our sector's business. Without question, our industry needs planes in the skies, and support for the airlines needs to include support for the industry that keeps those planes in the skies.

We could not agree more.

In that industry council report, it communicated the aerospace sector's vital importance to Canada, which included over \$31 billion in revenues and its value chain of over \$20 billion in contributions to the GDP with 160,000 direct jobs tied to the Canadian economy.

Its operations are well dispersed across Canada and are a strategic pillar of our knowledge and manufacturing economy. Of these firms, 93% are exporters, and 70% of the aerospace manufacturing firms co-operate with academic partners supporting our research ecosystem.

Our role at WestJet is as a key supporter and investor. In 2019, our investments totalled \$2.7 billion with our suppliers and net-

ted \$5.4 billion in economic output, with 25,000 jobs associated with running our business.

For committee members, here are some examples of key partnerships of ours from coast to coast: StandardAero, \$32 million in 2019; Boeing Canada, \$24 million in 2019; KF Aerospace, the largest private sector employer in Kelowna, \$32 million in 2019; and GE Aviation, who is also a major partner. Sadly, these expenditures and investments have taken a dramatic decline as a result of COVID.

The COVID-19 crisis and the drop in demand for air travel has had a critical and enormous impact. Our industry is reporting losses in revenue of over 40%, and 95% of our companies are reporting various levels of shutdowns.

It's not just the jobs. These companies are central to the community and cultural fabric of Canada. They invest in R and D and anchor vital aerospace hubs. A recent survey WestJet conducted of our key suppliers showed that 94% of these companies invest in key community priorities like indigenous rights, environmental organizations and local charities.

We continue to work collaboratively with our partners to plan for Canada's economic recovery. At WestJet we are not seeking policies that strictly support our bottom line. We are seeking a recovery framework that will lower the cost of travel for Canadian families, ensure our workers have appropriate wage supports, introduce green credits to continue to green our fleet, and ensure that Canada has a competitive global airline based in the west.

There are two main priorities we recommend this committee include in its report.

● (1140)

The first is that, given global uncertainty, we believe Canada must prioritize domestic travel and negotiate a transparent and clear policy with provincial governments. This could be based on COVID levels or based on the percentage of Canadians vaccinated. We believe this should be a priority item. We also believe that Canadians should see their country safely this summer.

The second is to transition the Alberta pilot project on arrivals testing and include funding for testing in the upcoming federal budget. The relationship between testing and quarantine requirements must evolve, and we note and appreciate the Prime Minister's commitment to work on this.

To conclude, we thank our employees who have suffered so much, but we continue to serve Canadians. Everyone in our company continues to fight for you. Our approach to this crisis has been rooted in our commitment to serve Canadians and conduct ourselves in a transparent manner with all levels of government. We will continue to be a collaborative partner with all of you as we work towards a safe and responsible recovery.

Thank you.

The Chair: Thank you very much.

With that, we will now start our rounds of questions. Again, if you keep an eye on the screen, when you see the cards, you'll know where you are on timing.

Our first round of questions goes to MP Dreeshen.

You have the floor for six minutes.

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): Thank you very much, Madam Chair.

There are a couple of thoughts that I've had. I'd like to speak to the folks at WestJet.

We do still travel some around this country and of course we use WestJet. I must say that when we go into our airports and when we're on your planes, we feel safe. That's an important aspect.

I really want to emphasize the Alberta pilot project for arrivals. This was something that was very critical and of course it got short-circuited with the announcement that there were going to be these quarantine hotels and that sort of thing. You had mentioned that perhaps the Prime Minister was looking at new initiatives but, quite frankly, that whole policy has caused some great consternation.

I'm wondering if you can tell the committee what the impact was. I know, earlier on, when the announcement was made that anybody outside of the country had to get a test 72 hours before they departed. They didn't know what test it was, and your people were expected to be the policemen in these other countries, and when they would arrive in Canada, if it wasn't the right test, there were serious concerns.

Could you talk about the impact? I know that there are laid-off staff and slashed routes because of these issues. What has been the impact? What do you see as a way forward? Of course, your industry has not been one that has caused a lot of issues.

Mr. Andy Gibbons: Thanks for that and thanks for flying with us. I really appreciate it.

Look, Mr. Dreeshen, through you, Madam Chair, just quickly on impacts, prior to COVID we had over 14,000 active WestJetters and today we're just shy of 5,000. It has been absolutely nothing short of devastating for our people, and if you know our people, you know it's not just a job for them. They love our company and love what they do.

I won't get into the fleet statistics. You know how much we're down. I would rather focus, as you said, on the path forward. We understand the hotel policy to be a travel deterrent and job well done. It has deterred travel. It was specifically designed to do so, but while we are deterring travel and while we are taking extreme

measures to curb variants and other things, now is the time to properly plan, to properly plan for the summer, to properly prioritize domestic travel and to replace the hotel policy, which is a deterrent, with something like the Calgary pilot that balances all of these objectives.

It was Dr. Hinshaw herself who talked about how the Calgary pilot was one of the reasons they were able to catch the variant and curb the spread of the variant. We can use testing as a tool instead of blunt instruments like hotels, and we're hoping to transition. I just want to flag for you that we did agree with the government to pull down our sun flying. That was not a happy day in our company but we did agree to do so.

The Prime Minister did come out and make two commitments. He committed to the safe restart of the travel and tourism sector, and he committed to reviewing the relationship between testing and quarantine. So we're hopeful. We appreciate those words and now we really are focusing on that plan and what Canada's restart plan will be.

Finally, for your interest, I would look at the United Kingdom. The United Kingdom put out a restart plan for their country and it included aviation and travel and tourism, and they set a very clear date. They said that on May 17 they intend to open. I think setting dates and goals and ambition is important. It doesn't mean you care less about COVID. What it does mean is that you recognize the critical nature of this work and our employees, and let's be clear: a restart is what's going to get our people back to work.

● (1145)

Mr. Earl Dreeshen: Thank you.

My next question is for Telesat.

We had a great discussion previously on rural and remote broadband and the issues that exist there. Of course, it's great news about the set-up as far as LEO satellites are concerned, the Lightspeed program. Again, this type of technology where we're allowed to use the intellectual and manufacturing skills that we have is so important.

I think one of the other things that you mentioned was the concern about spectrum and how we fear being non-competitive with some of these other countries. When we're in such a global region, it makes our competitiveness such that we could be in bad shape. I'm wondering what we could be doing as far as research and development is concerned. How can we deal with the spectrum issue?

Mr. Daniel Goldberg: The implicit recognition in the question is that we're operating in a global industry. We don't have the ability to have one set of rules that only applies in Canada and then the rest of the game is played very differently outside of Canada. I would say two things.

On the spectrum file, we really need to see our government here in Canada follow the direction that's been taken just south of the border in clearing exactly the same spectrum. If our competitors clear the spectrum and receive \$16 billion and we clear the same spectrum and aren't compensated, there's no way Telesat is going to be able to compete.

Then, beyond that, I would say that on the research front—

The Chair: I'm sorry, Mr. Goldberg. I don't want to cut you off—

Mr. Daniel Goldberg: Okay, I'll stop.

The Chair: —but we're over time.

Mr. Daniel Goldberg: Thank you for the questions.

The Chair: Our next round of questions goes to MP Ehsassi.

You have six minutes.

Mr. Ali Ehsassi (Willowdale, Lib.): Thank you, Madam Chair.

Thank you to all of the witnesses who have appeared before our committee this morning.

I will start off with Mr. Dias.

Mr. Dias, as you know full well, part of the reason that our aerospace industry has done as well as it has in the past is our workforce. We certainly have one of the best workforces in the world. As we look to the future, what would you emphasize as being important to ensure that we continue to have the best workforce in the world?

Mr. Jerry Dias: If you look at the history of the aerospace sector in Canada, Canadians have always been at the leading edge of technology as it relates to manufacturing not just commercial aircraft but space and military aircraft. At one time, we were number four in the world in manufacturing. Today, we are about number 12. That's as a result of a variety of reasons.

Number one, the way we will continue to lead in this incredible segment is through research and development, by developing the skills in order to create the proper engineering jobs, in order to create the environment that deals with the latest in changing technology. We know that the aerospace industry is at the top of the food chain as it relates to technological advancement.

It's about research and development. It's about an overall commitment of the government through procurement to keep people employed. The problem with the aerospace industry today is the airline industry. People aren't buying planes. I'm spending a lot of time talking to Air Canada. Obviously, WestJet is participating here today. People aren't going to buy planes if we're not moving customers around the world. That's why we're going to have to find some solutions for rapid testing and digital travel wallets. There's going to have to be a whole host of initiatives in order to get people back to work.

• (1150)

Mr. Ali Ehsassi: Thank you for that, Mr. Dias.

Mr. Jerry Dias: Thank you.

Mr. Ali Ehsassi: You touched on R and D.

I will turn now to Mr. Balducchi.

One of the realities is that, if you look at Statistics Canada research, it's quite obvious that even prior to COVID, in the several years leading up to it, there was a precipitous decline in R and D in the aerospace sector. What do you attribute that to?

Mr. Philippe Balducchi: I assume you are referring to the decreased R and D in Canada.

Mr. Ali Ehsassi: Yes, that's right.

Mr. Philippe Balducchi: First, you have to realize that, in terms of the R and D spend overall in the aerospace activities, at least for commercial aircraft, it's actually been the opposite. There's been quite an acceleration of R and D with new development programs. I would say that the two main contributors are Boeing and Airbus, with the development of the 787 on one hand, the A350 on the other hand, and then the MAX in the news and so on.

It's difficult for me, coming from Europe, and I apologize because, you know, my hometown is Toulouse, where there is a lot of interest in aeronautic activity, not only in commercial aerospace, but also in space, Mr. Goldberg. Aerospace is almost like a sacred cow. Everyone strives for aerospace. Every student dreams of working there.

Mr. Ali Ehsassi: Yes, Mr. Balducchi, I couldn't agree with you more. It is a very significant sector. However, as we look to the future, how can our government ensure there is more in-house investment in research and development as well?

Mr. Philippe Balducchi: I think there are several things.

First, we need to somehow rehabilitate the aerospace sector in front of the students, the general public, and to remind them it is a high-tech industry. It's not only a low-tech industry. There is a lot of hype about digital. You find a lot of digital activities in the airplane, and I think we need to pass that message around that it is not a 20th century activity, that it is a 21st century activity.

Then you need to support some existing projects. I'll take the example of the A220, if I may. Today, the A220 is the cleanest aircraft. It is clearly a green aircraft. There are a lot of questions about looking for the next generation, for hydrogen, electric, and that's right. We need that, and Canada should definitely support this very long-term initiative.

You also note support of the existing platforms in the short term, the ongoing existing developments we are investing in, which by the way are difficult, given the specific situation. Some projects had to be delayed, but those developments are supporting green aircraft today, and this needs to be pushed.

Mr. Ali Ehsassi: Thank you.

Mr. Goldberg, in looking at the sector overall in the years preceding COVID, there was a precipitous decline in R and D. What would your recommendations be to ensure more R and D on behalf of companies?

Mr. Daniel Goldberg: At least in the commercial space sector, there hasn't been a precipitous decline in R and D. We've been investing massively. I'll also be honest with you. It's not because we like investing in R and D, because we have a bunch of engineers who like doing R and D, and we do. It's because our environment is so brutally competitive that if we're not investing, if we're not innovating, we're out of business. So we've been pouring money into R and D because it's existential.

• (1155)

Mr. Ali Ehsassi: Thank you for that.

The Chair: Thank you very much.

[Translation]

Mr. Savard-Tremblay, it is your turn. You have six minutes.

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): Thank you, Madam Chair.

Good morning to the witnesses and my fellow members.

I'd like to start with a question for Mr. Brouillard.

I think we need to recognize that aerospace is a strategic industry, so we should embrace that culture and look at things differently. It's not a simple market. Ontario recognizes that its auto industry is strategic and consistently consults industry stakeholders. There is a standing consultation mechanism.

I would think, Mr. Brouillard, that, given your involvement with Airbus and the others, you are in regular contact with the Canadian government.

Mr. Hugo Brouillard: Thank you for your question, Mr. Savard-Tremblay.

Unfortunately, that's not the case. Today, we have access to the provincial government through organizations such as Aéro Montréal and Montréal International. Unfortunately, as a representative of a tier 1 supplier, I don't know who in the federal government to reach out to when necessary, at least not as far as the Airbus group is concerned.

Mr. Simon-Pierre Savard-Tremblay: When you deal with the government, is it a lengthy process?

My understanding is that you don't have a direct line.

Mr. Hugo Brouillard: That's correct. Take the Canada emergency wage subsidy, for example. There is an issue with Stelia Aerospace St-Laurent related to the consolidation. We represent a new subsidiary, and a technical interpretation of the wage subsidy program was made in September 2020. Unfortunately, Stelia

Aerospace St-Laurent is now being penalized more than \$6 million because, at the time, we made choices based on another interpretation of the program.

Presently, we are reaching out to various stakeholders in an attempt to resolve the issue. We are even going through the provincial government to communicate with the federal government. That is not normal.

Mr. Simon-Pierre Savard-Tremblay: When you say you have to go through the provincial government to communicate with the federal government, it's quite telling. It certainly paints a vivid picture.

Now I'm going to turn to Mr. Gagné.

Mr. Gagné, thank you for your kind words about the Bloc Québécois, which pushed the committee to take up the study. You ran out of time for your presentation, so I'd like to give you an opportunity to finish what you were saying. I imagine you have some concrete and specific ideas when it comes to the need for a clear plan.

Mr. Renaud Gagné: In Quebec, we are working actively with Aéro Montréal. Some 25,000 out of 60,000 jobs will have to be replaced in the next decade. We saw what happened in 2008: it took nearly six years to restore the level of employment, in 2019, before the pandemic. Investing in technical schools to train the workers of tomorrow is fundamental.

Every country in the world is supporting its aerospace industry. Unfortunately, our industry needs help, especially in Quebec, where I work, but also in Canada. The industry employs 60,000 people. We can access the resources to build a plane within a 30-kilometre radius. The engineering firms and necessary facilities are all in place. Without solid programs and investments, the industry won't be there to meet the demand of tomorrow.

Our industry has already fallen in the world rankings, so investment is needed to keep the industry from losing its current standing in the world. Whether it's Bombardier's C Series or Global 7500 aircraft, we have the expertise here. CAE's capacity attests to that: the company can do a lot more, including the famous air purifiers it will be installing in its simulators. It's a fairly simple technology that reproduces the sun's effects in the environment. We are talking about 55,000 units. If the same technology could be used everywhere, we could create thousands of jobs in Quebec and Canada. People just need to know about the technology and its ability to fight things like COVID-19 in workplaces, on airplanes and in other modes of transportation.

Mr. Simon-Pierre Savard-Tremblay: You are saying there is a necessity to act. Whenever the subject of helping the aerospace industry comes up, people's first reaction is to say, "Here we go again, having to bail them out." Of course, the industry needs direct and immediate help in the short term, but most of the witnesses we have heard from also talked about the need for long-term help. Building a policy is about more than just providing direct assistance; it's about creating a green framework, and increasing support for research and development as well as skills training.

Is that an accurate summary, or have I gotten it wrong?

• (1200)

Mr. Renaud Gagné: You are absolutely right. If we want to be at the forefront of technology and knowledge, we have to support training programs. For us, of course, research and development is crucial—it's everything.

If we want to be pioneers, if we want to build hydrogen-powered engines or other technologies with Pratt & Whitney Canada, support for research and development is a must. The existing program is unclear; we need clarity around what is available and how to use it.

Mr. Simon-Pierre Savard-Tremblay: There is a clarity problem, then. What you're saying is that, when you look at the terms and conditions of the program, you can't tell what applies to you, as a member of the industry.

Do I have that right?

Mr. Renaud Gagné: Yes. When we talk to Aéro Montréal or industry members—the major companies belong to various organizations—they tell us about the research and development program. Since the criteria aren't clear enough for us to take advantage of the program, we are waiting for clarification.

Mr. Simon-Pierre Savard-Tremblay: That's great. I understand. No need to explain further.

Madam Chair, I just saw the yellow card. Can you tell me how much time I have left?

The Chair: You have 15 seconds left.

Mr. Simon-Pierre Savard-Tremblay: Mr. Gagné, 15 seconds isn't even enough time to set up a question, so I will leave it there. Thank you.

Mr. Renaud Gagné: Thank you.

The Chair: Thank you.

[English]

Our next round of questions goes to MP Masse.

You have the floor for six minutes.

Mr. Brian Masse (Windsor West, NDP): Thank you, Madam Chair.

Thank you to our witnesses here today.

I will start with Unifor.

With regard to the De Havilland and the Bombardier projects in the greater Toronto area, this trained and value-added manufacturing workforce, once dissipated, will be hard to bring back. What plans have been laid out to either have some domestic procurement or have some type of production?

One thing that most concerns Canadians is the question of if we provide supports, what we get in return. Some companies have taken money, some of which has gone offshore. Some of it has gone to bonuses and executive salaries and hasn't been put toward working or procurement products that keep Canadians working.

If we keep them working, then they're off employment insurance and CERB and other things. Perhaps Unifor can provide some of the solutions that they are projecting to do the recovery, especially

since, as has been noted, the Dash 8 is a regional carrier. It was a political decision to keep regional airlines connected, and perhaps modern air fleets could actually be part of the solution to keep both things going.

Mr. Jerry Dias: I have to admit it was a lot easier when Air Canada was owned by the federal government. The procurement discussions and decisions were a lot easier.

I've spent a lot of time defending the government's contributions to the aerospace industry. Why? It's a pretty simple math equation to me. For every dollar that the government invests in the aerospace industry, they get \$100 back. With those types of odds, anybody would invest.

It's the types of jobs that are created and the wages that are pumped back into the economy. Of course, it's about the taxes that are paid by the corporations, as well. The payback is significant. That's why the major governments around the world invest in their aerospace industry.

I'm concerned about De Havilland Aircraft, about Bombardier and about Downsview. I know right now that Bombardier is working with the federal and provincial governments to hopefully break ground shortly at Pearson. I know that Bombardier has requested some assistance through the federal government's strategic innovation fund.

The bottom line is that these are skills you just can't replace. We do the final assembly of the Global Express, which is the jewel of the Bombardier fleet. That shovel needs to get in the ground quickly, because post-pandemic, we're going to need a strong industry to put people back to work.

It's the same with the Dash 8. It's been a great program. I personally worked on it. I'm a sheet metal worker by trade with De Havilland Aircraft, and I am absolutely surprised and disillusioned that this plant will be shut down in May.

I would suggest that government procurement, through border and post patrol, might be a way to have some orders in the book to keep that plant going in the short term.

Thank you for your questions.

Mr. Brian Masse: To follow up on the consequences, you've been able to negotiate benefits for drug coverage, pensions and other training on health and safety. All of those things will be lost.

This is why we put forth the pharmacare motion, because most Canadians don't enjoy some of those things. If those members lose their jobs, that will mean an extra burden on the backs of Canadians, because they will have to go to the general public system after being punted from their jobs and having no procurement strategy in place.

• (1205)

Mr. Jerry Dias: There's no question that these are highly skilled, well-paid, working-class jobs that provide employee benefits at the top of the food chain. They're consistent with the top manufacturing jobs in this country and the most technical jobs in this country. The wages and benefits reflect the contribution and the type of industry they're in. That's why we can ill afford to lose these jobs.

I think about my members who work at MacDonald, Dettwiler & Associates and make satellites and build the Canadarm for the space shuttle. I can walk right through it all.

This industry is important to this country. It adds \$25 billion a year to the GDP and provides over 200,000 direct and indirect jobs. You have to ask yourself whether we are better off as a nation without these jobs and without this technology. Of course, the answer is no.

Mr. Brian Masse: There's no doubt. Manufacturing is not dead or over; it's actually just shifted, most of it outside of this country, for unfortunate reasons.

I want to move quickly to WestJet.

There was mention of the pilot project in Calgary. There was a land border one, too. What probably did them in was politicians travelling to Mexico and other parts of the United States to go on vacation. It's the reason you probably have that, and it's ironic because it was a partnership between the federal government and Alberta's Conservative government.

That being said, have you refunded your non-Canadian travellers, WestJet customers in Europe and other places? Did you refund those from outside of Canada?

Mr. Andy Gibbons: We sure have complied with that.

I'm glad you brought up refunds, because we are the only airline in Canada progressively and proactively refunding guests whose flights we cancelled. This is the European, EU and U.S. standard, which you mentioned, Mr. Masse.

Yes, we have been very proactive and progressive on that issue and proud to be so.

Mr. Brian Masse: I appreciate that.

What were the reasons for that? You weren't forced by the government to do that. How does that make you different from or more vulnerable than other air carriers, if you've actually had those expenditures?

Mr. Andy Gibbons: That's a good question. Everything's been a balance.

One of the unfortunate and unintended consequences of our refund decision is its impact on our travel agent and travel adviser partners. It's been a series of interconnected webs and difficult balancing decisions.

You asked why. I think it was in our statement on October 24. We did it because it's the right thing to do. As soon as we had the opportunity to do that, we made the decision. I appreciate your noting it.

Doing the right thing for Canadians is not something the government has to extract from us. I think that's an important principle and that's what guides us when it comes to some of these decisions.

The Chair: Thank you very much.

Unfortunately, Mr. Masse, you're out of time on that one.

Mr. Brian Masse: Thank you, Madam Chair.

The Chair: We'll start our second round of questions.

The first round goes to Mr. Généreux.

[*Translation*]

We now go to Mr. Généreux for five minutes.

Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC): Thank you, Madam Chair.

Thank you to the witnesses.

Mr. Gibbons, I just saw that you cancelled an order with Mr. Balducci for 15 Boeing 737 Max aircraft. Unfortunately, the COVID-19 pandemic is hitting aircraft manufacturers extremely hard.

Mr. Balducci, you talked about sending a signal earlier. On Tuesday, we heard from Aéro Montréal's president and chief executive officer; she said that Canada had turned its back on the aerospace industry over the past five years, especially this past year, with its decision not to give the industry any direct support apart from the programs that were available to everyone.

With companies like WestJet being forced to cancel their airplane orders, do you foresee repercussions in the long term? We are talking about the future. Obviously, we can't spend time dwelling on the past, but what has happened in recent years is an important predictor of the future.

What strategic measures should the Canadian government put in place to help the industry?

Mr. Philippe Balducci: I think the signal the government is sending is a very dangerous one, with potentially long-term consequences for Canada. As I said, the aerospace sector, especially on the commercial side, is a global industry, so when large orders come in, they trigger a global supply chain. Contract givers prefer to deal with places that support the aerospace sector and see its strategic importance. However, that isn't the message being sent to the aerospace sector today.

Canada is practically the only country in the world that could have a thriving aerospace industry but is choosing not to support it. Actions speak louder than words, and it's high time for action. The solutions exist. What should the government do? Provide immediate assistance to the most vulnerable members of the industry, because there are vulnerable members. The plans are out there; Ms. Benoît probably talked about that. We know what is needed: support for the airlines. We've said it before. We have to get them flying again, and the demand will follow. Investment in innovation is also needed. When I say innovation—to follow up on a question I was asked earlier—I am referring both to the very long term and to existing products. We can't focus solely on 2035 or 2050. To get there, we have to go through the 2020s. Action is needed on all of those fronts.

• (1210)

Mr. Bernard Généreux: Thank you.

Mr. Goldberg, I have a question for you. About two weeks ago, *La Presse* published an excellent article about managing space traffic. It was written by Stewart Bain, of NorthStar Earth & Space Inc., a Montreal-based company. Basically, the idea is that we can send all the satellites into space we want, but eventually, someone is going to have to manage the traffic created by existing and future satellites orbiting the earth. Obviously, I'm not talking about putting in traffic lights and stop signs. In addition to your satellites, Elon Musk has his network of Starlink satellites and Google intends to launch its own satellites. Did you see the article, and if so, what were your thoughts?

[English]

Mr. Daniel Goldberg: I did see the article. I know Mr. Bain. We've had good co-operation with his company, NorthStar, over the last little while.

It's a big concern. Telesat's been a satellite operator for more than 50 years. We're one of the oldest, most experienced satellite operators out there. Using space responsibly is essential. It's not just good for humanity; it's good for our business. If you do things in space that are reckless and stupid, we're not going to be able to operate.

We are concerned about these new entrants that are coming, that are launching thousands of satellites. We're taking a very different approach. We're making sure all of our [*Technical difficulty—Editor*].

[Translation]

Mr. Bernard Généreux: What can the federal government do in terms of further investments to help you?

You brought up spectrum and the CRTC.

What must the government do immediately to help your industry?

[English]

Mr. Daniel Goldberg: Madam Chair, am I allowed a quick response?

The Chair: You're out of time, but you may give a quick response.

Mr. Daniel Goldberg: We need the right outcome on that spectrum file. That's absolutely essential.

Beyond that, the Government of Canada has a long history in space as one of the early space-faring nations. It needs to work well with the other space-faring nations to develop responsible rules of the road that we've always followed and that we need these newer entrants to follow as well.

The Chair: Thank you very much.

Our next round of questions goes to MP Erskine-Smith.

You have the floor for five minutes.

Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.): Thanks very much, Madam Chair.

I want to start with Mr. Gibbons.

I agree, by the way, that the travel rules ought to be altered and that we should have a much stronger focus on testing. I think that would be better for everyone.

When we look at the potential federal support, we've seen the federal government commit to supporting the airline sector. When you look at the crisis in 2009, the Conservative government of the day supported the auto industry and took equity. When you look at what Germany has done with Lufthansa, it's a significant bailout, but again, they're taking a government stake.

Is this something that the federal government ought to consider and if not, why not?

Mr. Andy Gibbons: I'm not sure I follow your question precisely.

It's up to the federal government to determine what they think is in the public interest. It's up to us to determine what's in the interests of our employees and the communities that rely on our investments.

Mr. Nathaniel Erskine-Smith: That's an absolutely fair answer. You think it's fair, then, that it's on the table.

I guess I put the same question to Mr. Dias—

• (1215)

Mr. Andy Gibbons: Is it on the table?

Mr. Nathaniel Erskine-Smith: Do you think it's fair that it be on the table as a matter of negotiation?

Mr. Andy Gibbons: It's not up to me to determine what the government thinks should be fair and on the table.

Mr. Nathaniel Erskine-Smith: That's fair enough.

Mr. Dias, you've commented previously with respect to the auto bailout that maybe Canada got rid of its shares too quickly and should have maintained those shares. In the case of the airline sector, you haven't been so forceful to say that there should be an equity stake. I'm curious to know why.

Ms. Kaylie Tiessen (National Representative, Research Department, Unifor): I think Jerry had to step out, but I can answer that.

Mr. Nathaniel Erskine-Smith: Yes, sure.

Ms. Kaylie Tiessen: I'm Kaylie Tiessen. I work in the research department at Unifor, supporting the sector.

We have been vocal on this issue for nearly a year now, including talking about the need for any support to flow to workers. It has to be focused on healthy social outcomes that ensure good jobs are continued. We want to make sure that any negotiations do not require or end up making us have to take concessions in order to save companies. That can't fall on the backs of workers. We need to focus on sustainability in the recovery. Government can play a strong role in making sure that happens.

Thanks.

Mr. Andy Gibbons: Mr. Erskine-Smith, can I make an additional point? Do you mind?

Mr. Nathaniel Erskine-Smith: Sure. That's no problem.

Mr. Andy Gibbons: On that issue there has been a lot of discussion about the parallel with 2009. I think it's really important to note that the situation our company is in is nothing like 2009 and automobile manufacturers.

In 2009, the government never prevented Ford or Chrysler or any other company from selling its automobiles. That is the case with our company today. It's a very important distinction.

WestJet is not a failing company. We're not in this situation because of a bad strategy, bad labour relations or any other historic issue that's tied to government support. We are in a very different set of circumstances.

Our CEO did send a letter on December 10 to all members of Parliament and senators that talked about our priorities.

I would just encourage you.... I can't talk about our negotiations, but—

Mr. Nathaniel Erskine-Smith: I appreciate that. It's fair to draw the difference between—

Mr. Nathaniel Erskine-Smith: Yes, although certainly Germany is experiencing the same crisis we're experiencing here in Canada and they took a 20% equity stake. It seems to me it should be on the table in a serious way.

Mr. Gibbons, what do you think about what France and the Dutch government have done? They say they're going to be there to support their airline sector, but they're committed to a sustainable recovery, as Ms. Tiessen just said. They're going to drive emission reductions and they want commitments from the airline sector to drive emission reductions as they bail them out.

Mr. Andy Gibbons: It's not the same—

The Chair: Before you answer that, Mr. Gibbons, I'm going to pause the clock. Could you move your microphone a little closer to your mouth so we can get a better quality of audio for the translation?

Mr. Andy Gibbons: How's that?

The Chair: That's much better. Thank you.

I'll start the clock. Go ahead.

Mr. Andy Gibbons: In that letter from our chief executive officer you'll note that one of the components we believe is critical to

the recovery is that we do have the opportunity to continue to green our fleets and reduce emissions and help the government meet its emissions targets. That's central to us, it has been.

Key to that is that we remain profitable and we have the money to invest and to continue to re-fleet and buy those green aircraft. Those are negotiations between those carriers and their governments, but philosophically speaking and politically speaking, yes, we're aligned on the need to green our fleet and to assist the government and the nation meet its GHG targets.

Mr. Nathaniel Erskine-Smith: Thanks very much.

My last question, as Mr. Dias isn't here, will be for Ms. Tiessen. It's on potential restrictions.

If we take a worker focus, do you think it would then be fair to say if federal dollars are on the table to bail out the sector we're going to make sure dollars go to workers and that we put restrictions on, say, dividend payments or executive compensation?

The Chair: Answer very quickly, as you're out of time.

Ms. Kaylie Tiessen: We've put on the table the need to make sure benefits—exactly your wording—flow to workers in terms of keeping wages, benefits, working conditions, limit executive bonuses, and make sure that workers are gaining back what they've lost before there's this explosion in shareholder value, like what happened after the restructuring in 2009 at other airlines, for example.

Mr. Nathaniel Erskine-Smith: Thanks very much.

The Chair: Thank you very much.

[Translation]

Mr. Lemire, you have the floor for two and a half minutes.

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Madam Chair.

Mr. Balducchi, when we listen to aerospace companies, particularly Airbus, we get the sense that your company has a stable global vision with the predictability needed in a successful aerospace ecosystem. On the other hand, the decisions and actions of the federal government do not contribute to that global vision.

Can the federal government's negligence limit the investments that Airbus could make in Canada in the future?

● (1220)

Mr. Philippe Balducchi: This brings us back to the previous question. We are indeed in a global environment where cycles are long. Broadly speaking, the lack of support for the Canadian industry is certainly not an encouraging factor for the development of Airbus in Canada in particular.

That said, I would still remind you that, despite the crisis, as an example, we decided to launch the business version of the A220. We also launched pre-FAL activities, that is to say, a restructuring of our industrial tool, here in Mirabel.

This does not prevent us from making decisions that benefit Mirabel, but you are right that the lack of action is disappointing. It does not encourage us to move forward on a number of investments.

Mr. Sébastien Lemire: May I remind people that you have invested billions of dollars and you need to reassure people in your global group in the current context. That's normal.

France has given incentives for scrapping old aircraft and buying A220 aircraft. If there was a Canadian strategy that allowed a company like WestJet, here, or Air Canada to acquire aircraft in the context of COVID-19 and buy them two or three years later, when they were financially strong enough, what effect would that have on your supply chain?

I think there are some connection issues.

The Chair: I hear you. First, I'll stop the clock.

Mr. Lemire, could you repeat your question? I don't know if Mr. Balducchi heard it.

Mr. Sébastien Lemire: Mr. Balducchi's image has frozen again.

We talk about the Internet issue a lot. I know we're almost done, but it's fascinating, because I'm in Parliament right now and I have a wired connection, but I'm told that my connection is not stable.

I can't see Mr. Balducchi anymore.

The Chair: Please hold on a moment. I'm going to check with the clerk to see what's going on.

[English]

Mike, I think we've lost one of our witnesses.

[Translation]

Mr. Sébastien Lemire: If you don't mind, I could come back to this later, as I don't see Mr. Cardin either, and I could have put my question to him.

The Chair: We'll check into what happened, and I may be able to give you more time in the next round if we're able to fix the connection issues.

Mr. Sébastien Lemire: That's fine.

I don't see Mr. Dias anymore either.

The Chair: Indeed.

Mr. Lemire, I will add 30 seconds to your next turn and we will try to contact them.

Do you agree?

Mr. Sébastien Lemire: I don't have a choice.

Thank you very much.

The Chair: Thank you.

[English]

While we're trying to reconnect the other witnesses that we lost, we will go to MP Masse.

You have the floor for two and half minutes.

Mr. Brian Masse: Thank you, Madam Chair.

My first question is for Unifor again.

With regard to the members, can you elaborate a little bit on how many contributions they make on a regular basis? They pay into dues, and dues go to the United Way and other things and training and supports for workers.

I just want to make sure it's not seen as one-sided. When we invest in the workers, the workers are also reinvesting back into our community. I think that needs to be made clear.

Ms. Kaylie Tiessen: I can take that question. Jerry must have been kicked out.

Our members pay dues to the union. The union fights for all sorts of things, including better training. In the aerospace sector, we're always talking about improved and increased training for the sector so that we're investing in the workers of the future. We often hear from employers that there is a shortage of skilled workers in the sector, so investing in training is a really important piece of this. We partner with employers and, particularly in Quebec, with local educational institutions to make sure that training is available. It's certainly something we would encourage the federal government to invest in more as well. Many of you have seen our document that lists all of our recommendations to government on this issue. I would be happy to make sure that's sent to each of you.

In addition to that, we do have things like the social justice fund, where a portion of members' dues is donated to different organizations. Our members often work together to collect money that is donated in their communities as well to make sure there is this cyclical type of improvement in the community for everyone.

I hope that answers your question.

● (1225)

Mr. Brian Masse: It does.

If you're not familiar with it, you probably don't quite understand it. I come from a community that sees this every day. It is not just one-sided, and I don't want that to be the impression.

There are also training programs specifically to do with gender and racial equality and so forth. You continue to do work on those programs to fill the gap in a traditional workforce that has been very much discriminatory to those groups. Is that right?

Ms. Kaylie Tiessen: Yes, absolutely. We have training programs connected with the shipbuilding sector specifically and other trade groups to get women in trades and indigenous people in trades. It's to make workplaces more welcoming for people who have been traditionally excluded because they have faced discrimination. It's not about changing the individual. It's about changing the workplace so that it's more welcoming for everyone.

Mr. Brian Masse: I highlight that because of the pandemic and the effects on those groups.

Thank you.

The Chair: Thank you very much, Mr. Masse.

We will now turn the floor over to MP Baldinelli.

You have the floor for five minutes.

Mr. Tony Baldinelli (Niagara Falls, CPC): Thank you, Madam Chair.

Thank you to all the witnesses for being with us today. Thank you for your comments.

First of all, I would like to thank Airbus Helicopters for deciding to locate in our riding. They have been there since 1984, and I thank them for that. I also had the opportunity to tour the facility this past summer with Mr. Charette, and I was quite impressed.

Mr. Charette, as we look to sustain post-pandemic growth, what in terms of needs are required from the federal government? When we met, we talked about issues with regard to training and retention, about offering jobs in those new technologies and working with local higher educational institutions to recruit into that high-skilled sector as well as the kind of R and D that is required to go into the future. You also mentioned procurement opportunities. I see the great success that you have municipally and with provincial government agencies with your helicopters. What more can be done from a federal perspective on procurement opportunities for Airbus Helicopters?

Mr. Dwayne Charette: Thank you for the question. There are several topics there. I tried to write them down to make sure that I address them all.

On the federal procurement process, I think I touched on that during my remarks. We talked about an unbiased and fair bid procedure based on the platform, taking out any of the political landscape and really picking the best platform to meet the mission for the end use. Traditionally, I would say, the procurement process in Canada is quite long. I know of a couple of campaigns that have been ongoing in Canada. We've been talking about them for a number of years. I see my colleagues in the U.S., when something in a campaign arises, talk about it. There's quite a large campaign; it goes to tender and it's awarded before we even have basically, I would say, the draft requirements released here. This is something that's seen as a long, arduous process. We certainly believe in due diligence, but I think this is something that could be looked at from the speed of the procurement process.

As for training and people, definitely I believe there's a disconnect today, when we see what's being offered by way of post-secondary education. We are an aerospace company. We talk about

having advanced manufacturing process controls. This is something that I'm not sure is being addressed by the educational institutions.

We have needs. I'll just highlight composites as an example. Traditionally, when people thought of aerospace, they would look at a sheet metal technician. Today, with composites, what we look at are engineered, high-performing materials. You need people who understand how they work and how to work with them.

One disadvantage that I find we have today, because we compete globally, is that we take on the responsibility to train many of the people we have working for us, for the simple fact that the skill set is not one that's offered out there and which they're able to acquire in the general educational framework that we have today.

• (1230)

Mr. Tony Baldinelli: In terms of R and D, are there hindrances, things that preclude you from accessing the needed R and D supports and funds that may be out there?

Mr. Dwayne Charette: Certainly at the group level, a fair amount of R and D goes on, with the zero emissions that we're working on, the environment, and Blue Edge blades. These are all things that are done, I would say, at the group level.

The R and D that we struggle with comes into play when we look at the process improvements and the manufacturability of the product. There really are, I would say, very few, if any, programs that really make sense for us. Again, we find ourselves in a position in which we're investing significantly to develop the employees through on-the-job training. Again, there's also a learning curve involved.

These would be my key points: certainly some sort of funding program that could help us or, if it's not available in the public domain, some way to offset the cost to Airbus to train these people.

Mr. Tony Baldinelli: Thank you for your time.

The Chair: Thank you very much.

Our next round of questions goes to MP Van Bynen.

You have the floor for five minutes.

Mr. Tony Van Bynen (Newmarket—Aurora, Lib.): Thank you, Madam Chair.

This pandemic is an unprecedented and major disrupter that fore-shadows a new normal for the airline industry, the aerospace industry and indeed the world economy. We've heard a lot of discussion about what's needed for the survival of the industry and for a safe restart.

I note also, though, that the Globe and Mail has published an article that says that Canada's aviation industry needs a total overhaul, not just a bailout.

My questions are for WestJet and Airbus.

In your long-term planning, what is the new normal that you see for the airline industry? What do you see as critical elements that are needed to respond to these changes?

I'll start with WestJet.

Mr. Andy Gibbons: I think the first thing to note is that the definition of long term in our sector has fundamentally changed. I think all of our forecasting and other issues have really changed. We're developing an investment schedule month per month now, whereas we used to do it twice a year. Everything has changed.

I don't know the article you're referring to, but I can talk about some of the critical issues you're touching on.

I'm going to leave out the safe restart, Mr. Van Bynen, because we've talked a lot about that, but there are two things. First would be the prioritization of domestic travel and the second would be a more appropriate arrivals testing regime for international traffic.

The other issue that I think you're getting to is the cost of travel. In Canada, the cost of travel has been a major achievement of WestJet. In 2019, I believe that fares had been stagnant for about two decades, and we were saying in 2019 that Canadians had never been more affordably connected to each other and to the world. If you consider 2019 to be a very high mark for affordability, accessibility and for communities gaining access, the policies that supported that were okay in good times, but they won't work in bad times.

There was the example just yesterday of the president of Southwest Airlines making an announcement that they were going to be investing in Bellingham, Washington. He cited government taxes and fees as the reason Southwest was investing in Bellingham, Washington. He didn't say WestJet's planes suck. He didn't say Swoop can't compete. We can compete globally. What he cited was government policy.

We need to be really careful about the cost of travel. The government has not supported Nav Canada or airports. Both of these key partners have had to increase their fees. That hurts Canadian travellers, so I would highlight that issue.

As it relates to aerospace, Abbotsford wants to keep developing their aerospace hub, and a key and vibrant airport with commercial aviation services is a key factor for that. You've heard that today from Philippe, Jerry and others, so it's all interrelated, but the fact that the president of an American airline is citing government policy as the basis for his investment decision is troubling. Frankly, I don't think we'd accept that if it were steel, aluminum or an agricultural product. We simply wouldn't. Those are Canadian jobs being exported across the border.

• (1235)

Mr. Tony Van Bynen: I understand in part what the challenges are, but my question is, to what end? What does the industry look like going forward?

Mr. Andy Gibbons: I think in the short term, when we come out of this during the summer, a lot of communities are going to be surprised that their service levels are not what they were prior to COVID. There are a lot of people in our country who, I don't want to say, take for granted the level of investment they've had, but we were in a very good place prior to COVID, and aviation services and investment is not like the dial on your radio. It's at a three today, but once we're out of COVID, hey, we're at a nine again. It's not like that. It takes a lot of time. It took decades to build up this infrastructure.

I think in the short term you're going to have minimal service to start, and that's going to be correlated to government policy. What government does and does not do is going to be a key ingredient here as to the extent we can recover.

Mr. Tony Van Bynen: Thank you.

I'd like to hear from Airbus as well.

Mr. Philippe Balducchi: I see the red card, so I will be very fast.

The Chair: Be very, very quick.

Mr. Philippe Balducchi: For me, there are two main things. Competitiveness we need to see increased, because we will see a lot of competitive pressure coming from all across the world again, and that's going to be one key element. The second one is obviously the sustainability of travel and the carbon footprint. The green portion and green investment would be extremely important.

The Chair: Thank you very much.

We will now start our third round of questions.

Our first round goes to MP Kusie.

Welcome to INDU. You have the floor for five minutes.

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): It's very lovely to see you, MP Romanado. Thank you very much for the kind, warm welcome.

I'd also like to take a moment to thank my shadow minister for jobs and industry, the MP for Carleton, or as I like to say, the shadow minister for "are we going to be okay".

I'd also like to take a moment to recognize my colleague, Nate Erskine-Smith. I am looking forward to being on the panel with him tomorrow evening with the Runnymede Society.

Nate, I'm going to warn you, I'll be eating meat tomorrow, so the brain is going to be turned on. Watch out for that.

It's certainly good to be here.

Here we are, one year later after the pandemic has begun. Unfortunately, as I have talked about repeatedly both in the House and at transport committee, there is no plan for the air sector. It's unbelievable that we're here a year later and there is still nothing, despite repetitive calls from the industry on all fronts to have a plan. As I've said over and over again within the House and committee, the industry has invested significantly in the effort to maintain their industry and prevent its demise through their implementation of pilots, rapid testing, testing on arrival and testing on departure, but here we are.

Mr. Gibbons, I wish you could go into when we could expect this plan. I tell you, I've been let down so many times. In Reuters in December, and the Globe and Mail two weeks ago.... I am waiting and waiting and the word I keep hearing is "imminent".

Is there anything you can say at all in terms of when we could possibly see this plan?

Mr. Andy Gibbons: No, I can't, unfortunately.

I would say there are two different categories here, MP Kusie. The first is the formal negotiations, for which we're under an NDA. If you're referring to the safe restart plan, that is separate, I think, from—

Mrs. Stephanie Kusie: I'm glad you mentioned it because that was my next question.

Yes, I do have in front of me the document that was submitted by the National Airlines Council of Canada, the Canadian Airports Council, the Aerospace Industries Association of Canada—it's good to see some of their representatives here today—the Atlantic Canada Airports Association, as well as the Air Transport Association of Canada.

You're correct. On the second point, which is that the federal government work with industry to establish an aviation restart strategy in place by April 30—you even gave a specific date—where is government with that? What do you need them to do in an effort to have them implement this, please?

Mr. Andy Gibbons: We need them to bring to life the Prime Minister's commitments from January 29.

The Prime Minister made two very encouraging commitments and I want to thank him for those commitments. He stated that the Government of Canada will review the relationship between testing and quarantine. He indicated that the government is committed to the safe restart of travel and tourism.

The reason the letter you cite states April 30 is that is the date we agreed to suspend our sun flying until. It's based on our understanding that the current hotel policy is a temporary policy. It is a temporary policy to deter travel and it is a temporary policy to curb the spread of variants. We understand that, but while we are frozen, now is the time to work on that plan.

I don't speak for the government, obviously, but I hope they will continue speaking to their commitment. I hope they're committed to fulfilling that commitment. There is some really positive indication of this so far from Minister Alghabra and others in the government.

The important thing to note here, MP Kusie, is that this is not just about airlines. It's our entire travel and tourism sector. There are hoteliers and others who are waiting right now to know whether or not they should be hiring staff for the summer.

We do need lead time and we do need urgency. We'll just continue to plug at it and work with our labour partners, hoteliers and tourism operators as best we can.

• (1240)

Mrs. Stephanie Kusie: That's an excellent response, Mr. Gibbons. Thank you so much.

You're right. The McMaster pilot showed very clearly that 1% were arriving with the virus, 0.7% were caught in that first test and 0.3% on the second test. Less than 0.1% were attributed to people potentially breaking quarantine, although we don't like to talk about that too much.

You mentioned market share loss leakage to the United States. I am very focused on what I call the three Bs: Bellingham, Burlington and Buffalo. I'm very glad you mentioned that.

I'm sure that your other colleagues who are on this call today feel the same hope, which is that the government will come through, and disappointment.

I remember very clearly the powerful October—

The Chair: MP Kusie, my apologies, but you're out of time. Perhaps you can pick that up in another round.

Mrs. Stephanie Kusie: Thank you.

The Chair: Our next round of questions goes to MP Jowhari.

You have the floor for five minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Madam Chair, and thank you to all our witnesses for their input.

As I look at the aerospace industry, we've talked about what I characterized as the three dimensions: civil aviation, defence and space. Today we heard a lot from organizations and companies that are in civil aviation, both for the short term and the longer term, on what needs to be done. I'd like to spend a little bit of time, if I may, on the defence side.

I'd like to ask Airbus Helicopters Canada what the short-term and long-term strategies should be around supporting this segment.

Specifically in your comments, Mr. Charette, you talked about defence procurement strategies, about fair competition, and about international investment playing a part so long as that environment is suitable. Can you please comment on the short-term and long-term strategies around those three pillars?

Mr. Dwayne Charette: Is the question regarding, and I'll paraphrase to make sure I understood, military government procurement and the pillars?

Mr. Majid Jowhari: Yes.

Mr. Dwayne Charette: Really, when we look at what government procurement has been in the past and the future, we are looking for, I would say, a level playing field. It's understanding the criteria and the metrics laid out in the evaluation process, and then being, I'll say, judged on that accordingly.

When we look at investment, certainly at Airbus Helicopters—I can speak significantly for Airbus Helicopters—we've invested in Canada since 1984. We are the number one helicopter manufacturer in the world. We offer support and services. We keep the customers flying. We would dearly love the opportunity to be able to compete and support our military in Canada and see our aircraft flying.

I would say I believe every NATO country flies an Airbus helicopter, except for maybe one, so when you have questions regarding military procurement, to me it would be about being fair, unbiased, open and transparent, and really evaluating on a clearly defined metric.

● (1245)

Mr. Majid Jowhari: You felt, or at least I understood that you felt, that international investment into this sector has been hindered because the competition might not be fair. Am I right to understand that? If I'm right, why do you think the competition is not fair?

Mr. Dwayne Charette: I wouldn't say that international investment has been hindered. I would say that as a multinational, when we look at where dollars should be spent and dollars should be invested, we want to make sure that we're investing and spending dollars in a market where we have a fair opportunity to compete.

I would not speculate as to say why something has or hasn't been fair. It's not for me to judge. I believe, and I'm somewhat biased, we have a really great product and we're able to address all the many different missions that we see based on the civil and parapublic markets we have. I think globally our product and our brand speaks for itself.

Again, I wouldn't say that it hasn't been fair. We just want to ensure moving forward that we're judged on criteria that are clearly defined.

Mr. Majid Jowhari: Do you believe the criteria are not clearly defined right now?

Mr. Dwayne Charette: I believe the criteria are getting better. In the past they may not have been. My previous comment was regarding more around maybe the amount of time to define the criteria. I understand it does take time, but traditionally we have seen in other campaigns, other countries, where they're able to define and bring to market or bring to a solution and an offer more quickly.

Mr. Majid Jowhari: Then it's timing to be able to bring the offer, or is it characteristics of the offer that vary, or the components of the offers that vary?

Mr. Dwayne Charette: Yes, I think in Canada we're seeing, as I mentioned, the ITB and the value proposition, and we certainly support that. We think it's good for Canada and it creates jobs in Canada. I would say today, from what we're seeing in some of the recent, let's say, federal procurement campaigns, it looks very reasonable and, I would say, very fair.

Mr. Majid Jowhari: Thank you.

The Chair: Thank you very much.

[Translation]

It's Mr. Lemire's turn now.

I will add the extra 30 seconds. So you have the floor for the next three minutes.

Mr. Sébastien Lemire: Thank you, Madam Chair.

My question is for Mr. Brouillard.

It is crucial to understand the importance of the supply chain. It is obviously global and every element matters. If you don't trust where a country is, for example Canada, it can hurt its attractiveness and affect who you want to do business with.

What are the solutions you are considering so that Canada can invest? Is it a wage policy or an advantageous tax rate? How can investment be encouraged given the cost pressure you are under?

We know that the revenue may be coming in a decade or so and then the capital will need to be paid back. A competitive incentive might also be granted on rent to continue your operations in Mirabel, for example.

Mr. Hugo Brouillard: Thank you, Mr. Lemire.

I'll give you a quick explanation. When we talk about the quality of the workforce that we have in Canada, you have to put yourself in the shoes of the airplane manufacturers who are now becoming more democratic. In the past, aircraft manufacturers built all the segments of the aircraft under one roof and then certified, tested and delivered the aircraft to the customer. Now, because they want to cut costs and be competitive, aircraft manufacturers have developed procurement strategies whereby the construction of the aircraft is now segmented.

I was telling you about Stelia, which is positioned as a tier 1 supplier. Now, the construction of the major parts of an aircraft, such as the cockpit, the rear fuselage, and even the wings, is not necessarily done the way it used to be, under one roof.

What we are looking for is competitiveness. Original equipment manufacturers, or aircraft manufacturers, are looking for a good cost price so as to be competitive when they offer their products to Air Canada or WestJet.

Offshoring has happened at Canada's expense, while emerging countries are investing heavily to get their piece of the pie. Original equipment manufacturers can often be seen in a positive light. We often think we are lucky in Canada to be able to make aircraft and deliver them from here, but the supply chain is also very important. When tier 1 suppliers are outsourced to countries like the ones I mentioned earlier, the entire subsequent supply chain follows: the machined part producers, the sheet metal work, the surface treatments and the whole environment that follows. Emerging countries want to get these jobs and they are training people interested in becoming aerospace engineers.

Finally, coming to a country like Canada has different consequences than settling in emerging countries. Here, when we start a new plant, we have to pay \$1.3 million a year in rent. In other countries, the tax system may mean that rent is free for 10 years, which is the time it takes to rebuild our cash flow and become competitive again. This is what the market looks like today in Mexico, Turkey and Tunisia.

● (1250)

Mr. Sébastien Lemire: Thank you, Mr. Brouillard.

Madam Chair, would you allow me to ask Mr. Balducchi a closed-ended question, so that he can answer yes or no? That is the question I could not get an answer to earlier.

The Chair: If you hurry, yes.

Mr. Sébastien Lemire: Perfect.

France provides a bonus for scrapping old planes and buying A220 planes.

Would you see Canada buying planes right now, since WestJet and Air Canada can't afford them, and then selling them back to those companies after that? Do you think that might be a good solution?

Please answer yes or no.

Mr. Philippe Balducchi: Anything that helps to get rid of old planes and replace them with new and more efficient ones is a good thing, I think.

The Chair: Thank you very much.

Mr. Sébastien Lemire: Thank you, Madam Chair. I appreciate your flexibility.

The Chair: I'm pleased to hear it.

[English]

Our next round of questions goes to MP Masse.

You have the floor for two and a half minutes.

Mr. Brian Masse: Thank you, Madam Chair. I'm going to return to Mr. Gibbons.

You mentioned Nav Canada. They're talking about cutting air traffic controllers and eliminating them from air towers in several cities. Is this a positive or a negative thing for regional recovery?

Mr. Andy Gibbons: Thank you for the question.

Obviously, we feel for the situation at Nav Canada and those employees. I think, Mr. Masse, that the common denominator here is the lack of flights and the lack of demand. That has had a trickle-down effect for everyone in our supply chain and all of our partners.

I'm not sure that the tower decisions are going to negatively impact our investment decisions, because—and I mentioned this at the transport committee—we fly to cities that don't have towers and we fly to cities that do have towers and also different combinations. That—

Mr. Brian Masse: So, costs and other things like that, you will absorb them.

Mr. Andy Gibbons: Sorry?

Mr. Brian Masse: Insurance cost increases or anything else, you will absorb them and still fly to those regions and return to them.

Mr. Andy Gibbons: The most concerning issue with respect to Nav Canada for us right now is the 30% increase in fees, which will hurt your constituents in their ability to travel.

Mr. Brian Masse: Yes.

Mr. Andy Gibbons: That is the number one concern with Nav Canada today, and the government needs to take action to fix that.

Mr. Brian Masse: I hear that. I've been critical of the government many times in this committee—members know that—but, to be fair to the government, what we heard from Nav Canada's president is that they laid off people. They paid out bonuses to their managers. When I asked if they got a support package from the government, they wouldn't commit to not providing more bonuses.

There is a real corporate problem at Nav Canada, I think, since it's privatization. Furthermore, how can Canadians in good conscience want to provide the bonus money for people right now as they are laying off workers? I think that's the problem that Nav Canada faces in the public. I think that's an issue that the government faces as well, to support things.

At the same time, what benefit is it really for WestJet if over a few jobs—really, this is what it's about at the end of the day—we lose air traffic controllers and those people find jobs or quit the industry and don't come back? Aren't you worried about the loss of those skilled people, not only in those smaller regions but across Canada?

Mr. Andy Gibbons: Absolutely. Sorry. I hope you weren't confused by my answer. We are 100% in solidarity with people who are suffering job losses in any part of our supply chain: airports, aerospace partners, our own company. There is no area of our business and our supply chain that is not completely devastated, so we have great sympathy and solidarity with employees who are losing their jobs because of this downturn.

Mr. Brian Masse: Thank you.

The Chair: Sorry, MP Masse, but you are out of time.

Our next round of questions goes to MP Poilievre.

You have the floor for five minutes.

● (1255)

Hon. Pierre Poilievre (Carleton, CPC): Thank you very much.

Mr. Gibbons, your company, WestJet, has said that your preference is not government bailouts. Rather, you want it to use technology in order to safely reopen the business.

The whole situation reminds me of an old expression. A wise man once said that if it moves, the government taxes it. If it keeps moving, the government regulates it. When it stops moving, the government subsidizes it.

It sounds like the government is, through its mismanagement of the COVID issue, grinding WestJet's business to a halt and then saying that the solution is to bail out the damage that the government itself caused.

Can you tell me whether there are other countries where they have successfully deployed technology to allow the safe reopening of the airline business without the enormous cost we have witnessed here in Canada?

Mr. Andy Gibbons: Thank you very much for your question, Mr. Poilievre. It's great to see you.

I have a few comments on this. You are right. A safe restart is our priority. Wage supports are our priority. Our priority is not additional debt or loans at this time. That was the subject of the letter all the committee members received from our CEO before Christmas, so we have been pretty clear about that. Then again, I need to repeat that our negotiations are under NDA.

With respect to who has unlocked this equation, we have a policy answer here at home in Alberta. In Alberta, the Public Health Agency of Canada and Dr. Hinshaw worked on a pilot that reduced quarantine and effectively tested. It was a very innovative project, and it was specifically designed, Mr. Poilievre, to answer the question we face today in Canada, which is how we safely restart.

Dr. Hinshaw has given great testimony about how that pilot actually caught the variant and helped limit the spread of the variant. So, when we look at the policy answers, we think the application of that pilot as a national policy for May 1 is probably the most logical because it—

Hon. Pierre Poilievre: Basically what happened here, for people who might not know, is that there was rapid testing at the airport in order to identify transmission and then to allow the efficient circulation of air traffic. Is that a good summary?

Mr. Andy Gibbons: That is a good summary. Just a note on “rapid”; it was a PCR test. If you were landing in Calgary from Las Vegas, Mr. Poilievre, you would take your test at the Calgary airport. You would go home. You would have to present a quarantine plan, but upon receipt of your negative test, you would be released from quarantine, but importantly, you had conditions.

Hon. Pierre Poilievre: Right. Logically, if you don't have the virus, then you can't spread the virus. Is that the logic here?

Mr. Andy Gibbons: I'm not an epidemiologist. I can just describe the process for our travellers, and this is important. The process was that, yes, you were released from quarantine, but it was conditional. You couldn't visit homes for the elderly. You couldn't be a part of a group larger than x. You couldn't return to school or work for a period of time, but you weren't in a hotel.

We think there are better solutions.

Hon. Pierre Poilievre: It looks like what has happened here is the government has smashed this industry, like so many others, with a sledgehammer when, in fact, they could have used a more

surgical approach to target the problem, which is the transmission of the virus while allowing the free flow of safe commerce to go on paying the bills.

Is that a good summary?

Mr. Andy Gibbons: I would say the last year has been difficult navigating government policy, Mr. Poilievre. A lot of the policies have been implemented in a chaotic environment, and, let's be fair, COVID is chaotic. It has been chaotic. Good people are reacting in good faith to events, but that's all the more reason we wanted testing regimes and felt they were so important—

Hon. Pierre Poilievre: When did you first begin those testing regimes?

Mr. Andy Gibbons: At the onset of the pandemic.

Hon. Pierre Poilievre: A year ago.

Mr. Andy Gibbons: Since the onset of the pandemic, our industry and our partners have been pretty clear that testing is a priority and an essential ingredient.

● (1300)

Hon. Pierre Poilievre: It was a year ago that your business came up with a solution to allow for the safe and slow restart of your sector without transmitting the virus, and the government has yet to properly implement it. No wonder we have the highest unemployment rate in the G7.

Thank you very much, Mr. Gibbons.

The Chair: Thank you very much, Mr. Poilievre.

Our last round of questions will go to MP Lambropoulos.

You have the floor for five minutes.

Ms. Emmanuella Lambropoulos (Saint-Laurent, Lib.): Thank you, Madam Chair.

I'd like to thank all of our witnesses for being here to answer questions today.

I'm not an epidemiologist and I'm not a doctor, but I've spoken to several epidemiologists and doctors with regard to this pandemic, and it is clear that, even if you take a test one day and it comes back negative, it doesn't mean that the virus is not in your system and that it won't show up a bit later. I definitely see a danger in allowing people to go home, getting that negative test, and then releasing them from quarantine.

That being said, the government has done its best to make sure that Canadians stay safe, and the government has prioritized that above all else and has obviously tried to be a support for people who have lost their jobs and for companies that are laying off people or trying to stay afloat during this time.

I understand that airlines are probably the hardest-hit sector of industry in the Canadian economy right now. I hear that the government needs to step in and play a greater role in helping airlines, and I agree with that.

I heard Mr. Balducchi talk about other countries that are supporting airlines. I was wondering if you could give us some best practices of other countries, if you have that information on hand, so that we can possibly recommend that in the future.

Mr. Andy Gibbons: Was that for me or Mr. Balducchi?

Ms. Emmanuella Lambropoulos: Either Mr. Gibbons or Mr. Balducchi can answer that question.

Mr. Philippe Balducchi: I'll let Mr. Gibbons answer for the airline, but there have been a number of programs targeted as well to the aerospace industry, not just the airline industry, and they usually go hand in hand. Those are very easily available. I don't think I need to go further into detail. I think that has been communicated already. It's usually a very thorough plan to address the short term, the medium term and the long term, and it is several faceted.

As far as the airline goes, Mr. Gibbons is probably best placed to comment.

Mr. Andy Gibbons: Thank you, Philippe.

With respect to support, that's a conversation and a current ongoing negotiation, but with respect to safe restart, I'm happy to send the committee information to follow up.

The best current example today would be the United Kingdom, which set clear metrics and a date for a safe reopening, and I don't think we should be shy about prioritizing it in that way.

We were really encouraged by the Prime Minister on January 29. He also said that WestJet and Air Canada are strong partners in limiting the spread of COVID, so safety has really been a shared prior-

ity, notwithstanding any difficult issues we have navigated with the government. We have been working well together to curb the spread, and we were really happy that the Prime Minister acknowledged that on January 29.

Ms. Emmanuella Lambropoulos: Thank you.

I sit on the public safety committee as well. Yesterday we had witnesses from both public safety and health who did say that in the very near future we'd be back to normal with regard to travel. That's just a little word of encouragement. The more people get vaccinated, I believe, that's really the key here to restarting as quickly as possible.

Mr. Andy Gibbons: Absolutely.

Ms. Emmanuella Lambropoulos: I have no further questions.

Thank you.

Mr. Andy Gibbons: Thank you.

The Chair: Thank you very much.

That is our time for today.

To the witnesses, thank you for being with us today. This has been incredibly helpful to us. Thank you for your frank testimony.

[*Translation*]

I am a proud Quebecker and a proud Canadian, and the aerospace sector is very important to us.

[*English*]

This will help us immensely in our study. Again, thank you so much for being with us today.

To everyone in the room who allows us to do what we're doing—that would be our interpreters, our IT crew, our analysts and our clerk—thank you so much for what you are doing so that we can continue to do the job that we are doing.

With that, have a great afternoon.

This meeting is adjourned.

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