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Chair

The Honourable Judy A. Sgro

Standing Committee on Transport, Infrastructure and Communities

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• (1530)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I am calling to order meeting number 12 of the Standing Committee on Transport, Infrastructure and Communities of the 42nd Parliament, first session.

I would like to welcome our witnesses, both via teleconference and in the room with us. We very much appreciate your taking time out of your schedules to come in and help us with the review of Bill C-10.

In the room right now we have Jim Quick, president and chief executive officer of the Aerospace Industries Association of Canada, and Ronnie Di Bartolo and Jean-Pierre Bastien from the Premier Aviation Overhaul Centre.

Via video conference we have Yves-Thomas Dorval and Benjamin Laplatte from the Quebec Employers Council.

I would like to welcome all of you.

I will go to Mr. Quick first. Would you like to lead off, please?

Mr. Jim Quick (President and Chief Executive Officer, Aerospace Industries Association of Canada): Good afternoon, Madam Chair and honourable members.

Thank you for the invitation to join you today to discuss Bill C-10 and the Air Canada Public Participation Act. We are pleased to be here to provide you with our perspective on how this legislation will support the growth and the competitiveness of the Canadian aerospace industry.

The AIAC represents Canada's aerospace industry, including major manufacturers and their suppliers. Our members are a diverse group of companies that are world leaders when it comes to the design, manufacture, and delivery of aerospace, space, and defence products, as well as the maintenance, repair, and overhaul, or MRO, of existing aircraft.

Aerospace is a global industry, so for us and for our members it is important to make business, policy, and investment decisions in a global context. Aerospace supply chains are not limited to a single country or even to a single continent. Our members are competing for contracts against other companies from around the world.

Canada's aerospace industry is the fifth largest in the world. For decades, we have punched well above our weight in the global marketplace. This is because we have built globe-leading capacity and capability when it comes to high-value, innovative aerospace

products and services. We are home to a world-leading OEM in Bombardier and we have fostered a highly innovative supplier base that is integrated into growing markets all over the globe.

The legislation in question comes in the context of the announcement of two centres of excellence that will drive aerospace innovation and capacity in Montreal and Winnipeg, two of Canada's major aerospace clusters. These centres of excellence will help us maintain our competitive advantage in the global marketplace. They will help us ensure that Canadian aerospace firms continue to expand their capacity and capability to offer innovative solutions, not only to Air Canada but also to other major airlines and operators around the world.

In Montreal, a centre of excellence focused on maintaining the C Series will establish an important competitive advantage for companies seeking to conduct maintenance, repair, and overhaul activities on this new platform.

Bombardier, as I mentioned, is a world-class manufacturer, and they have created a world-class aircraft. As the C Series enters into service, this is also a prime opportunity for Canadian companies to secure a competitive advantage when it comes to contracts for any MRO activity related to the aircraft, not only for Air Canada but also for other major global airlines.

Manitoba is already home to a highly innovative aerospace sector. Winnipeg boasts Canada's largest aerospace composite manufacturing centre, an industry-leading cold weather engine-testing facility, and the world's largest independent gas turbine engine MRO company. The presence of a centre of excellence focused on MRO activity presents a new opportunity to develop additional capacity and capability for the Manitoba aerospace companies that can be exported into the international marketplace.

Bill C-10 is also important because it creates a level playing field for Canadian companies. As I mentioned at the beginning of my remarks, being competitive in a global industry requires an environment in which companies have the ability to make business, policy, and investment decisions in a global context. If our companies are going to survive, they need to be able to compete against the rest of the world, and we know they can.

For AIAC and our members, Bill C-10 is not only about providing services within Canada or to one Canadian company; it is also about the way in which we build an environment for our industry that will make Canadian aerospace companies more innovative and competitive on a global scale, and more able to attract business from airlines and operators all over the world.

Thanks to the strength of our industry and to smart investments in innovation, such as these centres of excellence, we are confident that Canadian companies will continue to win contracts with Air Canada and with other airlines and operators. We believe that Bill C-10 takes an approach that is necessary for Canada's future aerospace growth. It supports innovation, competitiveness, and Canadian growth at home and in the global marketplace.

Thank you very much. I would be happy to answer your questions.

• (1535)

The Chair: Thank you very much.

Mr. Di Bartolo

Mr. Ronnie Di Bartolo (President and Chief Executive Officer, Premier Aviation Overhaul Center): Good afternoon, ladies and gentlemen.

Thank you for inviting us to this committee to speak about Premier Aviation and Bill C-10.

My name is Ron Di Bartolo and I am the president and CEO of Premier Aviation. I'm joined by my colleague Jean-Pierre Bastien, vice-president of operations of Premier Aviation in Quebec City.

To start, I would like to provide you with some background on Premier Aviation. We are a wholly owned Canadian business that provides primary airframe maintenance to the aviation industry. In addition to doing airframe maintenance, we also have facilities and capabilities to do paint work and other maintenance on aircraft.

We currently have four facilities, located in Trois-Rivières, Quebec; Quebec City; Windsor, Ontario; and Rome, New York. Our Canadian facilities employ 550 people, while our facility in the U.S. employs 170 individuals.

Our company facilities provide service to a number of airlines and different aircraft types. In Trois Rivières we service Air Canada and its fleet of Embraers and its partner Sky Regional and its fleet of Embraers also. We also provide paintwork for WestJet.

In Windsor we service WestJet's fleet and currently service First Air, Canadian North, and Sunwing. This facility handles Boeing 737s, ATR 42s, Embraer 190s, and other aircraft types.

In Quebec City we service American, Caribbean, and European operators, including Piedmont Airlines, Peninsula Airways, Corvus, LATAM, Air Guyane, LIAT, and several lessors of aircraft.

In Rome, New York, we service a variety of aircraft for Republic Airlines, Atlas Air Cargo, and GECAS.

Our ability to service so many aircraft types for different clients has come from years of investment in our workforce. Clients seek Premier Aviation because of our hard-earned reputation for excellent quality of work, quick turnaround times, and flexibility to schedule maintenance, all while being cost competitive. This is what it takes to be competitive in this industry. Our ability to also do paintwork and other maintenance provides us a significant advantage over our competitors and makes us value-added to our clients.

With respect to our work with Air Canada, we were first contracted to do paint and maintenance in 2009. Following the

closure of Aveos in 2012, the scope of our work for the airline expanded to include heavy maintenance of some of its Embraer aircraft. Due to the positive results of this maintenance, Air Canada soon contracted Premier to do all maintenance on its Embraer fleet. Previously this work had been done by Aveos and Embraer facilities in Nashville, Tennessee.

Today, because of the advantage we can provide to Air Canada, all of its work is done in Trois-Rivières and supports the 354 employees presently there. In addition, this growing work has required us to expand our facilities throughout Québec at different times. As a competitive MRO facility in Canada catering to not only Canadian but international companies, we know we have what it takes to compete in this industry. We are competitive. Bill C-10 and its amendments to the Air Canada Public Participation Act would not restrict the location of the work we do for Air Canada and would provide flexibility for us to keep growing our business with the airline.

Over time we have shown that we can compete for Canadian business as well as for international business, and it is our hope that we will continue to grow and create maintenance jobs in Canada. With our highly skilled workforce and our expertise, flexibility, and low cost structure, we are well positioned to do so.

Thank you.

• (1540)

The Chair: Thank you very much, Mr. Di Bartolo.

We will now move on to the Quebec Employers Council.

Gentlemen, either one of you could speak to us. Please go ahead.

Mr. Yves-Thomas Dorval (President and Chief Executive Officer, Quebec Employers Council): Good afternoon.

I will deliver my remarks in French, if you don't mind.

[*Translation*]

First of all, we would like to thank the committee for allowing us to speak to you today about the importance of modernizing the Act to amend the Air Canada Public Participation Act through Bill C-10.

My name is Yves-Thomas Dorval and I am the chief executive officer of the Quebec Employers' Council or QEC. I am accompanied by Mr. Benjamin Laplatte, principal director, Public Affairs and Corporate Development.

For close to 50 years, the QEC has represented the majority of industry associations, and Quebec's largest employers. Directly or indirectly, it represents the interests of more than 70,000 employers of all sizes, in both the private and parapublic sectors, some of which are Canada-wide, if not international, enterprises.

The mission of our organization is to see to it that in a context of increasing global competition, businesses benefit from the best possible conditions to prosper in a sustainable way, that is to say a stable, predictable and competitive environment.

In keeping with the priorities dictated by the economic situation, the actions of the council are guided by five broad strategic axes set out in its action plan; three of these are more closely related to Bill C-10: competitive labour costs, intelligent regulation, and a sustainable, competition-based economy.

In light of these, the QEC was pleased to see the introduction of Bill C-10, which gives Air Canada the necessary flexibility to optimize its activities and continue to develop.

However, let us take a step back and look at the situation more globally, as others have done before me.

We think it is important to appreciate the value of the bill in the context of the need to strengthen the aviation industry in Canada, which has to be competitive.

The Canadian aviation industry is one of the cornerstones of our national economy. It is comprised of more than 700 companies spread out across the country, supports close to 180,000 direct and indirect jobs, and contributes \$29 billion annually to our GDP.

Every year, it invests about \$1.8 billion in R and D, which is on average five times more than the manufacturing sector invests.

Finally, the Canadian aviation industry plays a large part in our export market, as close to 80% of overall production is sold on foreign markets. That is enormous.

As it is among the largest world-class international players, Air Canada makes an important contribution to the Canadian economy, and is among the largest employers.

Exporting Canadian ingenuity and inventiveness to the world allows us to develop our competitiveness and continue to grow, and will help us to come out of this period of economic uncertainty. Knowledge- and innovation-based industries make us competitive and contribute to Canada's economy.

However, the players of the aviation industry are not dealing with a level playing field on world markets, as they face competition both from giant multinationals and governments. Since 1980, the contracting out of certain maintenance activities to specialized firms has become standard in this sector throughout the world. Allow me to remind you in this regard that the number of Air Canada's maintenance workers has more than doubled over the past 10 years. Today the carrier hires approximately 2,400 maintenance workers in Canada alone, in addition to the 1,000 workers employed by its regional partners.

However, no airline company in Canada or the world was subjected to maintenance restrictions like the ones that were imposed

on Air Canada by the Air Canada Public Participation Act, even though these enterprises compete on the same markets for the same consumers. These airlines make their decisions based on the how their services compete in quality and price, and their lead times.

It is true that the Aveos company unfortunately had to close, and many jobs disappeared, but it is important to point out that as for any private firm, the success of that type of business depends first and foremost on its ability to compete effectively with its competitors through the quality of its services and prices.

It must be acknowledged that over the years Aveos was unable to keep up in this regard. Following its closure, other Quebec suppliers emerged. Through their expertise and competitiveness, they created hundreds of jobs in Quebec. They compete internationally to win airline carriers' heavy maintenance contracts, as was said a few moments ago.

The modernization of the Air Canada Public Participation Act will amend a law that was passed more than a quarter century ago, taking into account the fact that the air transport industry has changed greatly since then.

Bill C-10 will allow the carrier to make decisions based on its business acumen and its commercial discretion, just as private sector enterprises must be able to do. The bill affords it greater flexibility, which Air Canada needs if it is to compete effectively on the world stage. The bill recognizes that the carrier is an enterprise that belongs entirely to private sector interests, and does business in a highly competitive global industry. Indeed, the experts, some of whom appeared before your committee, refer to a very low profit margin of 2% to 4% for this industry.

By creating more equitable conditions, Bill C-10 will allow Air Canada to determine how much and what type of aircraft maintenance to do in Canada and elsewhere in the world. It seems clear that Bill C-10 will allow Air Canada to remain competitive and contribute to job creation in the fields of aviation, tourism and aeronautics in Canada for many years to come.

This bill is in fact in keeping with agreements concluded at the provincial level, in Quebec especially, where Air Canada has committed to contributing to the creation of a centre of excellence and maintenance for its C Series aircraft. The federal government acknowledges the settlement of suits involving provincial governments by amending the act in order to avoid similar litigation in the future.

In conclusion, the time has come to ask ourselves a simple question: do we believe the aviation industry should be a competitive part of our future? Our answer is a resounding yes. That is why we support Bill C-10.

Thank you.

● (1545)

[English]

The Chair: Thank you very much.

Thank you to everyone for being as direct as possible so that the committee has sufficient time to ask questions.

I understand, Mr. Quick, that you need to leave by 4:30.

Mr. Jim Quick: That's the deal, Madam Chair.

The Chair: That was for the information of the committee.

Mr. Berthold, you have six minutes, please.

[*Translation*]

Mr. Luc Berthold (Mégantic—L'Érable, CPC): Thank you very much, Madam Chair.

I thank all of the witnesses for their participation today.

I understand from what you have said that the representatives of the three groups of witnesses support Bill C-10 as presented.

Madam Chair, for the information of all the parliamentarians who are here and who need all of the necessary information in order to vote on Bill C-10 in the House, as well for the stakeholders who have just shared their position on the bill, I want to mention that my colleague Ms. Kelly Block has tabled a notice of motion which reads as follows:

That the committee request any documents, research projects, notes, emails and correspondence that contributed to or discussed the deck "Amendments to the Air Canada Public Participation Act" and that these documents be submitted to the committee by Wednesday, May 11, 2016.

This motion was tabled by Ms. Block within the required timeframe. It is important that our guests have access to this information. From the beginning, all sorts of things have been happening in committee. One day we are told that there were meetings with Air Canada; another day, we are told that there were no meetings with Air Canada. Sometimes we hear that Air Canada met with people; and then we hear that Air Canada did not meet people. In short, it would be important, to support the work of the committee, that members of the committee adopt this motion, and that we be given access to all of the information we need.

There is a reason for this. In fact, the bill itself mentions that, even if Quebec has stated that the term "overhaul" referred to heavy maintenance, the courts recognized that no such maintenance had ever been done in Mississauga. We have also heard that Air Canada concluded an agreement with the Government of Manitoba to create a centre of excellence in western Canada for the maintenance of aircraft in that province. However, we have learned that the agreements have not been concluded yet. The Government of Quebec said the same thing in the brief it sent to members of the committee.

I want to quote two excerpts from that brief. This is the first:

Pending the conclusion of final agreements, the Government of Quebec has agreed to drop its lawsuit in relation to Air Canada's obligations to have an overhaul and maintenance centre.

I repeat that that is "pending the conclusion of final agreements". And yet today we heard the witnesses tell us that the agreement had been concluded with the Government of Quebec. However that does not seem to be the case; the Government of Quebec itself has said so.

This is another excerpt from the brief:

Additionally, in order to provide for all aspects of the agreements reached, the Government of Quebec is asking that, once Bill C-10 receives royal assent, the

legislation come into force after the final agreements described above have been concluded.

Once again, I understand that the agreement with the Government of Quebec has not been concluded.

Later we will be hearing from a representative of the Government of Manitoba who will probably also tell us that the agreement has not yet been signed.

That is why, Madam Chair, it is important that the members of the committee be made aware of this notice of motion, which is quite simple. The purpose of the motion is simply to allow us to have access to all the necessary information. This will help parliamentarians and witnesses taking part in this committee's study of Bill C-10.

Madam Chair, with the authorization of my colleagues, I would like us to adopt this motion immediately so that we may conduct our study with all of the necessary information in hand. This will also help witnesses to form an opinion about the bill.

● (1550)

[*English*]

The Chair: Mr. Berthold, are you asking that we debate and vote on the motion now, or, given the fact that we have witnesses here who have their own time constraints, would you like to wait until the end of the meeting to deal with this motion?

[*Translation*]

Mr. Luc Berthold: I would like us to adopt the motion. It is a simple motion that will help all parliamentarians. If my colleagues across the way have no objection, we could proceed, and then continue questioning the witnesses.

[*English*]

The Chair: Does the committee choose to go in camera to deal with this motion, or will we deal with it here?

Mr. Sean Fraser (Central Nova, Lib.): We'll go in camera.

The Chair: All those in favour of going in camera to deal with the motion?

(Motion agreed to)

The Chair: Gentlemen, I have to ask that you vacate the room. We'll also have to disconnect the teleconference to go in camera.

Mr. Sean Fraser: Madam Chair, could I make a quick comment?

One of the witnesses said he's on a timeline to leave by 4:30. Would it be possible to deal with this after we have the witnesses so that we don't miss out on their valuable time today?

[*Translation*]

Mr. Luc Berthold: I have no problem with our continuing with the witnesses, if we agree to discuss the motion afterwards. I understand the time constraints. If you agree, we can come back to it.

[*English*]

Mr. Vance Badawey (Niagara Centre, Lib.): I have a point of order, Madam Chair—

The Chair: There's no translation.

Mr. Luc Berthold: Okay.

I agree we'll be in camera in a few minutes after that first block, but I don't know why you want to go in camera for that.

The Chair: We had a discussion last week that committee business would be done in camera. That's why I asked the committee.

Mr. McColeman.

Mr. Phil McColeman (Brantford—Brant, CPC): I have a point of order.

Having been a committee chair for quite some time, I know that if a motion relates to what's happening here, typically it's not handled in camera.

Mr. Vance Badawey: I have a point of order—

Mr. Phil McColeman: It's not part of—can I finish my point of order, please?

• (1555)

Mr. Vance Badawey: I have a point of order, Madam Chair.

Mr. Phil McColeman: I can't. I'm told by the government I can't.

Mr. Vance Badawey: There's no debate on a motion to go in camera.

The Chair: A motion was put to go in camera and it was passed, so that's the end of the issue. It's been decided.

This may not be a very long discussion, but unfortunately we will have to ask our witnesses to exit the room and we will disconnect our teleconference for a few minutes while we deal with this issue.

[Proceedings continue in camera]

• (1555)

(Pause)

• (1610)

[Public proceedings resume]

The Chair: Go ahead, Mr. Badawey.

Mr. Vance Badawey: Madam Chair, I would like to point something out for Mr. McColeman's information.

Before we went in camera, there was a comment made by Mr. McColeman, who stressed that the government was saying no. I just want to clarify for Mr. McColeman's information, first, that points of order do take precedence. Second, as I stated earlier, when there is a motion to go in camera, there is no debate. It wasn't a matter of the government taking precedence over any decision; it was just a matter of those decisions being encased in procedure. I just want to make that very clear.

Thank you, Madam Chair.

The Chair: Sharper and faster, but I wasn't trying to be as lenient as I can with our colleagues.

Mr. McColeman.

Mr. Phil McColeman: I'm well aware what a deleterious motion is, and it was a deleterious motion. However, the comment should come from the chair, not from the government side and not from the opposition side. The chair had full rein over the meeting, and it was inappropriate for you to say that, sir, under the circumstances.

The Chair: Thank you very much.

We are now on to six minutes.

Mr. Sikand and Mr. Hardie are splitting their time.

Mr. Gagan Sikand (Mississauga—Streetsville, Lib.): Thank you, Madam Chair.

Welcome back, gentlemen.

I have just a simple question. If you could, please be brief, because as the Chair mentioned, I am sharing my time.

If Bill C-10 does not pass, what implications will this have on you?

We could start with Mr. Quick.

Mr. Jim Quick: The point we really want to make around the bill is that coming out of the bill is an opportunity for the C Series as well as for centres of excellence.

For us, centres of excellence equate to jobs and to building Canadian capacity and innovation capability. I'm assuming that if that doesn't happen, if we don't get the centres of excellence, we may lose an opportunity to build that new capacity and capability.

Mr. Ronnie Di Bartolo: I agree. It's going to prohibit us from creating new jobs with the centres of excellence. Also, we would be putting at risk the jobs that we presently have in place with all of our facilities. Therefore, I believe that Bill C-10 is very important to Premier Aviation and to all of our facilities throughout the country.

Mr. Gagan Sikand: To the Quebec Employers Council, you did mention a bit about this in your remarks, but would you like to elaborate?

Mr. Yves-Thomas Dorval: What we have mentioned is that Air Canada has to compete internationally with companies that do not have the same strings attached. This situation will just create an environment where Canada will not be able to compete on the same level as its competitors. This has a huge impact on jobs and an indirect or direct impact on other companies.

You have heard from a maintenance company, but it is the same thing for the entire aerospace sector, because all parts of the aerospace sector are linked with one another. If we create a situation in which the unique transporter, Air Canada in this situation, is jeopardized by a situation that is unpredictable, we jeopardize the whole aerospace cluster, particularly in Quebec, but also in Canada overall.

Mr. Gagan Sikand: Thank you very much.

I will now hand it over to Mr. Hardie.

The Chair: Mr. Hardie.

Mr. Ken Hardie (Fleetwood—Port Kells, Lib.): Thank you for being here, gentlemen.

When we had representatives from the bargaining units and from Air Canada here, we tried to get a sense as to the current atmosphere or environment in Canada. We heard that for some of the Air Canada work, there were in fact no bids by Canadian companies. Can anybody explain?

Perhaps Mr. Di Bartolo could start.

Mr. Ronnie Di Bartolo: I'm not certain exactly who bid on that. We know that Premier Aviation did. We bid on most of the fleet. I can't indicate exactly what types right now, but we were one of the bidders for sure.

Mr. Ken Hardie: Okay.

We also heard that 2,600 people lost their jobs when Aveos went down. Do you have any estimate as to how many of those have been picked up by your company or the companies affiliated with your council?

Perhaps we can start with Mr. Dorval on that.

Mr. Yves-Thomas Dorval: I don't have precise information about it. We know that hundreds of jobs have been created in other companies and maintenance companies in Quebec. It's not at the same level as with Aveos, of course.

At the same time, we have to look at what will happen in the future if our company, Air Canada, is not able to compete on the same level playing field as the others.

More importantly, I mentioned an agreement with the Province of Quebec and Bombardier, but the fact of the matter is that it is an agreement in principle. Of course, there's nothing finalized until we arrive at the final point on that, but there is an agreement in principle, and this agreement will create other opportunities in Quebec and the rest of Canada for a centre of excellence.

Those types of things, as I said, will create new opportunities, new jobs. We cannot look back. We have to look forward. That's the reason we are here.

• (1615)

Mr. Ken Hardie: Thank you, sir.

I'd like one more question, or am I out of time?

The Chair: You have less than a minute.

Mr. Ken Hardie: Does the Canadian industry have the capacity to do the MRO for everything that's currently in Air Canada's fleet? Can we do that? Do you have the capability and the capacity to do all of Air Canada's work, should you win it?

Mr. Yves-Thomas Dorval: Your question is to...?

Mr. Ken Hardie: I'm sorry; it's to Mr. Quick, perhaps, and Mr. Di Bartolo.

Mr. Jim Quick: Certainly we have world-class capability here in Canada. I don't know the extent of that work, but we can either endeavour to find out for you or have one of the panellists find out for you. I'm very confident in our industry and its ability. We compete globally for this work. We're recognized as a global leader in this sector, so I don't have any problem saying that from the capacity and capability standpoint, we're more than well suited for it.

The Chair: Thank you very much.

Mr. Blaikie, you have six minutes.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you very much.

I want to ask Mr. Quick, in your opinion as a leader in the industry, is it the case...? We heard a little bit about what the C Series jet could mean for the Canadian aerospace industry. Is it your

understanding that there is a connection between Air Canada's purchase of the C Series and the passage of Bill C-10 ?

Mr. Jim Quick: I don't know that I can answer that for you. I haven't been told that this is a fact. I have heard that there's a possibility that the C Series may be attached to it in some way. It's the same with the centres of excellence. The sale of the aircraft, and having major carriers such as Air Canada and international leaders, such as Delta, more recently signal that they're prepared to purchase the aircraft sends a very strong message to the global marketplace not only of confidence in the company but of confidence in that particular aircraft.

Mr. Daniel Blaikie: Thank you for your answer, and thank you for your patience. We went in camera earlier because there was a motion on the floor. I've said in a few different venues that I think the idea of going in camera for what are really substantive motions for the committee is a bad practice. I know that witnesses are often interested to know what the committee is discussing in its deliberations.

I'd like the committee now to consider a motion that the committee suspend its study of Bill C-10 for 12 months, effective at the end of this meeting, and that the committee call on the Government of Canada to work with Air Canada and the International Association of Machinists and Aerospace Workers to develop a business plan for performing Air Canada's maintenance overhaul and repair work in Canada competitively under the existing terms of the Air Canada Public Participation Act.

It's my hope that we won't have to go in camera in order to consider that motion, but I'm prepared to do so if that's the will of the committee.

The Chair: Mr. Blaikie, as you know, it would require the unanimous consent of the committee to deal with a new motion that was not given 48 hours' notice.

Mr. Daniel Blaikie: It's my understanding that motions that pertain directly to the matter being considered by the committee do not require any special dispensation to be considered.

The Chair: Then we have to refer to the clerk and let him get out his book.

Our apologies, gentlemen.

Please go ahead.

The Clerk of the Committee (Mr. Andrew Bartholomew Chaplin): The committee agreed that 48 hours' notice would be required for any substantive motion to be considered by the committee. There is no waiver for its relating directly to the proceedings then under way.

The Chair: Does Mr. Blaikie have unanimous consent to deal with this motion?

• (1620)

Mr. Daniel Blaikie: If I may, before we proceed to the vote, Madam Chair, there are a few—

The Chair: Very quickly, Mr. Blaikie.

Mr. Daniel Blaikie: —relevant sections of O'Brien and Bosc that I think would merit being considered by the committee.

The Chair: It's not what we have here.

Mr. Daniel Blaikie: On page 1,051, it says that:

A motion is needed to submit a proposal to a committee and obtain a decision on it. A motion is moved by a Member to have the committee do something, order its Chair...[etc.]. Where the motion is debatable, moving of the motion triggers a period of debate. If no Member wishes to speak to the motion, the debate ends.

The Chair: Thank you very much, Mr. Blaikie. I appreciate your bringing that to our attention. With all due respect to the clerk, it's his role to ensure that we are following the rules and guidelines adopted by this committee when we started.

Is there unanimous consent for Mr. Blaikie's motion?

An hon. member: No.

The Chair: No, there isn't. We're back to our speaking order, then.

Mr. Fraser.

Mr. Sean Fraser: Thank you very much, gentlemen.

I'm caught off guard a bit after the procedural hiccup along the way.

Mr. Daniel Blaikie: I'd like to challenge the chair on that.

The Chair: Go right ahead.

Mr. Blaikie is challenging the chair.

All those in favour of upholding the chair—

Mr. Daniel Blaikie: Well, is there discussion? Typically, in my experience there's discussion for a challenge of the chair.

The Chair: No, there isn't. We don't have time for a discussion, Mr. Blaikie, and I'm not going to let you waste our time when we have witnesses. If you want to have this discussion when we don't have any witnesses, I would entertain it.

Mr. Daniel Blaikie: In fairness, Madam Chair, considering that it's the last regular committee meeting before clause-by-clause study of the bill, I think it's appropriate that we address these matters seriously. There will be no other opportunity to bring motions pertaining to this study after this meeting, so I think it's appropriate that it be considered properly.

I also think that to say that any motion brought to a committee meeting without the 48 hours' notice, even when it's directly pertaining to the matter under study, sets a bad precedent, Madam Chair.

The Chair: Those are our rules, which we adopted at this committee. As of this moment, we are going to continue to function under those rules.

We need to get on with the business of the committee, Mr. Blaikie, and if you're not interested in participating, then I suggest you not participate, but at the moment we have witnesses in front of us—five of them—and we're taking all of their time.

I move that we get on with committee business and continue the work we're doing. I will call the vote.

Shall the chair's ruling be sustained?

(Ruling of the chair sustained: yeas, 5; nays, 2)

The Chair: Mr. Fraser, you can continue with your time.

Mr. Sean Fraser: Thank you very much. I will be sharing my time, so I'll try to be efficient.

This is for Premier Aviation. You mentioned that following the Aveos bankruptcy, you actually had some growth. Do you think that's common for other suppliers in the Canadian aerospace and aviation sector?

Mr. Ronnie Di Bartolo: I believe there should be some type of growth, because I understand that Air Canada began to perform additional line maintenance work, which increased the number of maintenance employees with regard to line maintenance. I know what the growth was for Premier, but I can't tell you growth numbers for other companies at this time.

Mr. Sean Fraser: What was the growth for Premier?

Mr. Ronnie Di Bartolo: For Premier, it was about 130 additional employees. When we began on the Embraer fleet, that caused a shortage of space for Premier Aviation, and therefore we moved towards the purchase of another MRO facility in Quebec City that was on the verge of closing down. There were 139 employees there. We purchased the assets of the facilities and we hired all of the employees who worked inside that facility also.

Mr. Sean Fraser: Excellent.

A group like Premier, a Canadian company with operations in some place like Trois-Rivières, would not, without a bill like Bill C-10 passing, be able to bid on certain supply contracts for maintenance work. Is that correct?

Mr. Ronnie Di Bartolo: Of course, we would still be able to bid on other contracts, but taking away the C Series and Air Canada would definitely be a big loss to Premier Aviation.

Mr. Sean Fraser: I will split my time.

The Chair: Okay.

Mr. Iacono.

[Translation]

Mr. Angelo Iacono (Alfred-Pellan, Lib.): Gentlemen, thank you for taking part in our meeting.

You said you had a surplus of 130 employees because of the closure of Aveos.

Here is my first question: why did Air Canada not chose Premier Aviation to maintain its aircrafts?

•(1625)

[English]

Mr. Ronnie Di Bartolo: We actually put a bid in for the maintenance of these Embraers, and Air Canada decided to try our facility, where we demonstrated our expertise and our turnaround time and high standards of quality, which they appreciated. They later increased the quantity of aircraft to Premier Aviation, up to the point that at one time we had the exclusive rights on the Embraer fleet.

When they first started with Premier, there was still maintenance in Tennessee through the manufacturer. Premier slowly proved itself able to give them the quality they needed, and the turnaround time, at a competitive price also.

Mr. Angelo Iacono: Thank you.

[*Translation*]

My next question is addressed to the three witnesses.

In your opinion, is there a reason to make changes to the Act to amend the Air Canada Public Participation Act so as to indicate that the maintenance centres will be in Quebec, Manitoba and Ontario rather than in Montreal, Winnipeg and Mississauga?

[*English*]

Mr. Quick, would you like to start?

Mr. Jim Quick: I'm not sure I understand.

Mr. Angelo Iacono: My question is, instead of these maintenance centres being only attributed to Montreal, Winnipeg, and Mississauga, what's the advantage or disadvantage of putting them in Quebec, Manitoba, and Ontario?

Mr. Jim Quick: I think you're adding to the diversity of the industry. We undertake to be global leaders in global sectors of the industry, and one of the things we pride ourselves on, one of the things we also say underneath that, is that we have to have diversity in the industry so that from a supply chain perspective we can maintain our global status, which is fifth in the world.

We think all three centres are adequately sourced in terms of capability and capacity to do whatever work that would be required through the centres of excellence.

The Chair: Please go ahead.

Mr. Jean-Pierre Bastien (Vice-President, Operations, Premier Aviation Québec Inc., Premier Aviation): One of the few things in allowing for maintenance to be done across these provinces is it doesn't force companies like ourselves to have installation. You're diversifying where currently you want to be cost-competitive.

We talked about being in a market where we have to compete to gain the maintenance work. In order to do that, you've got to always look at where the most cost-competitive area is to do the maintenance. There's a big centralization of aerospace in Montreal or out west in Manitoba.

To me, it allows for diversification and it allows companies like ourselves and others to be able to bid competitively for this type of work.

The Chair: Thank you very much.

Mr. Badawey.

Mr. Vance Badawey: Thank you, Madam Chair.

I have just three questions. First, are Lockheed Martin, as well as AJW Technique and Pro-Maintenance Aviation, competitors of yours?

Mr. Jean-Pierre Bastien: No. They do engine maintenance and component maintenance.

Mr. Vance Badawey: Okay, so they're not direct competition for you.

The second question is this: with respect to confidence in the industry, are you confident that you can provide complete overhaul services to Air Canada at competitive prices?

Mr. Ronnie Di Bartolo: Yes.

Mr. Vance Badawey: Finally, in terms of competing with Lufthansa Technik as well as Air France, which is KLM Industries, are you confident that you can be compete against them as well?

Mr. Ronnie Di Bartolo: Yes.

Mr. Vance Badawey: Thank you.

The Chair: Are there any further questions?

Mr. Fraser.

Mr. Sean Fraser: To the Quebec Employers Council, one of the points you raise that I hadn't heard much about before was the potential boost to the tourism industry in Canada.

Could you elaborate a little on how Bill C-10 may give a boost to the tourism sector?

Mr. Yves-Thomas Dorval: I will answer the question in French.

[*Translation*]

Perhaps this is due to an interpretation problem, but I did not say that this would necessarily stimulate tourism. I said that for the tourism industry and everything else, the presence of a carrier of the size of Air Canada is crucial in Canada. In addition the fact of having competitive conditions will allow this carrier to continue to offer flights to those who visit Canada as well as to those who go abroad. For a carrier to be able to offer a vast range of destinations, it must be able to have maximum flexibility in all of its operations, including its maintenance costs.

A company that is weakened by a lack of flexibility or by conditions that do not allow it to be competitive will eventually offer fewer destinations. It will have to reduce their number. The fact that its portfolio is reduced will have an impact on tourism. We are after all talking about an airline.

In conclusion I would say that competitive capacity is at the core of this bill. It is what ensures the durability of a company like Air Canada. Generally speaking, that is also true of the aerospace industry.

• (1630)

[*English*]

The Chair: Thank you very much, Mr. Badawey. I'm sorry, but I have to cut you off. It is 4:30, and we have other panels coming forward.

Ms. Dianne L. Watts (South Surrey—White Rock, CPC): Madam Chair, I haven't even asked a question yet.

The Chair: It's 4:30, and we have the Manitoba Federation of Labour and the Government of Manitoba coming before us. My apologies. That's why I was trying to be tight with the time.

Gentlemen, thanks very much to all of you. We very much appreciate your contribution.

I will suspend the meeting for a minute.

● (1630) _____ (Pause) _____

● (1630)

The Chair: I call the meeting back to order.

By video conference, we have with us Kevin Rebeck, president of the Manitoba Federation of Labour, and the Honourable Heather Stefanson, deputy premier of the Government of Manitoba.

Thanks very much to both of you for speaking to the committee today. We very much appreciate your time and your contribution.

Mr. Rebeck, would you like to start?

Mr. Kevin Rebeck (President, Manitoba Federation of Labour): Sure, I'd be pleased to.

Thank you for the opportunity to speak to the standing committee about Bill C-10, an act to amend the Air Canada Public Participation Act.

Historically, Air Canada has been a very significant employer and generator of economic activity in Winnipeg and in Manitoba more broadly.

In recent years, however, we have felt the serious adverse effects of Air Canada's scaling back its operations and moving and eliminating a large number of jobs from our city. Air Canada has cut flight attendants, pilots, finance positions, and call centre jobs from Winnipeg. Of course, most recently we've felt the huge loss of 400 high-quality jobs following the 2012 closure of the Aveos aircraft maintenance operation in Winnipeg, including some 350 IAMAW members. All told, Air Canada's total employment in Manitoba has dropped from nearly 2,400 in 2002 to less than 800 today, a reduction of about two-thirds.

The bill under consideration today deals most directly with overhaul and maintenance jobs and specifically proposes to relax existing requirements on Air Canada to maintain jobs, requirements that the corporation has disregarded and failed to honour.

The term "relaxed requirements" really doesn't accurately capture what this bill proposes to do. The amendments before you obliterate Air Canada's obligations to keep good jobs in Winnipeg, rendering them toothless and unenforceable.

The elimination of heavy maintenance operations in Winnipeg, which occurred with the collapse of Aveos, is in direct violation of the existing 1988 Air Canada Public Participation Act, which explicitly mandates Air Canada to maintain an operational overhaul centre in Winnipeg as well as in Montreal and Mississauga. We know Air Canada's actions violate the current act because the act is clear, precise, and specific. We also know this to be true because the Quebec Superior Court has told us so. In response to a suit filed by Quebec in April 2012 and later joined by Manitoba, the Quebec Superior Court ruled that Air Canada was in contravention of the act because it had not maintained required heavy maintenance operations. When Air Canada appealed this ruling, the Quebec Appeals Court ruled against the corporation.

It's been disappointing that the Government of Manitoba has thus far refused to enforce the legislation. This has been even more

difficult to rationalize since the Quebec court ruling against Air Canada. This act, which privatized Air Canada, intentionally and specifically included requirements to ensure the maintenance of high-skilled, high-tech, good-paying jobs in Winnipeg and other Canadian centres. This didn't happen by accident. It happened in response to concerns raised by labour, impacted communities, and local and provincial governments at the time about the potential and likelihood of job loss, concerns which have proven to be right on the mark. The federal government of the day told us not to worry. Canada said jobs would be preserved and maybe even grow.

Similar concerns were raised again after the Air Canada-Canadian Airlines merger and after the spinoff of what would become to be known as Aveos. Again we were told there was nothing to worry about because the act guaranteed the jobs would be maintained, but that hasn't happened. The closure of Aveos has cost our community 400 good jobs, and Canada has failed to hold Air Canada to account and enforce the law. Instead, the federal government seems to have entered into secret negotiations with Air Canada, resulting in Bill C-10, which removes all substantive requirements for Air Canada to do its work in Winnipeg and other parts of Canada.

Section 2 of the act allows Air Canada to change the type or volume of any of its maintenance work and change the level of employment in these activities. This amounts to a total and complete gutting of the current job and operational requirements of the act. Now Air Canada tells us that they are working to establish a so-called centre of excellence in Winnipeg. In mid-March of this year, the corporation announced that it had concluded a deal with Manitoba, a deal that is said to take the form of an MOU, which is supposed to create about 150 jobs in Winnipeg through the establishment of three Air Canada supplier operations. However, few details and few specifics are known about the deal, as the MOU has been kept secret and is not publicly available. I should say that no mention was ever made about legislative changes as part of the announced deal, so we're left with few answers and many questions.

First, we don't know if Air Canada is truly obliged to create 150 jobs or has just agreed to try its best. Is that a firm number? Are they job guarantees?

Second, how long must they maintain the jobs? Could they be cut or eliminated in a year or two or three? What does it say about timelines and permanency?

Third, we understand from informal reports that Air Canada has been given until the end of June to live up to whatever obligations they agreed to in their MOU. Can the federal government confirm this time frame? If that is indeed the case, then why is the federal government proposing to change the legislation now before it can verify that Air Canada is actually going to follow through?

● (1635)

Why is Canada rushing to relieve Air Canada of its existing obligations, obligations that the corporation has refused to live up to for years, before we even know whether Air Canada is prepared to honour its new, secret pledges?

These are questions that Manitobans deserve answers to. On behalf of the Manitoba Federation of Labour, I urge this committee to reject this bill and to recommend to government that the existing Air Canada Public Participation Act be honoured and enforced.

Thank you.

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

Deputy Premier Stefanson, would you like to go ahead, please? Thank you for taking the time to be here with us.

Hon. Heather Stefanson (Deputy Premier, Government of Manitoba): Thank you very much, Madam Chairperson.

I'm pleased to be here today to speak on Bill C-10, the amendments to the Air Canada Public Participation Act.

Manitoba is home to a world-class aerospace industry. It is the largest in western Canada, with approximately 5,400 individuals employed directly, and many more indirectly in related sectors of our economy. Our firms are diverse and on the cutting edge of technology and innovation. The outlook for the Manitoba aerospace sector is positive.

Nonetheless, the global supply chain is extremely competitive, and Manitoba companies face severe competition from lower-cost jurisdictions. The loss of high-quality skilled jobs that resulted from the closure of Aveos in 2012 is still very much felt in our province. It is healthy for our country to maintain a robust and competitive aerospace industry outside of eastern Canada. As a new government, we need to be sure that Manitoba will be given the consideration it is due if changes to the Air Canada Public Participation Act are being sought.

There are significant implications to moving forward with Bill C-10. It is not appropriate to rush through without substantial dialogue and consideration. Actions taken by federal governments can have an enormous impact on the sustainability of Manitoba's aerospace sector. One of the most notorious was the CF-18 contracts. These types of conflicts serve no one's interests, and can be avoided through proactive participation.

Our government has been engaged with our partners in the federal government and Air Canada, as well as local stakeholders, regarding the implications of Bill C-10.

In February 2016 the previous government wrote Minister Gameau to request that amendments to the Air Canada Public Participation Act be limited to expanding the geographical scope of Air Canada's commitments within Manitoba. The proposed amendments go significantly further than the geographical scope. The spirit and original intent of the legislation was to ensure that skilled heavy maintenance work remained in Manitoba. While some flexibility can be appropriate, the proposed amendments virtually eliminate any obligation for the company to maintain high-quality skilled heavy maintenance jobs in our province. This is contrary to the interests of Manitobans.

The aviation industry has evolved substantially since the privatization of Air Canada and the introduction of the Air Canada Public Participation Act. Competitiveness is an integral part of economic growth. We embrace change, but it is the responsibility of

our new government to ensure that Manitoba's aerospace industry emerges strengthened, not weakened, as a global competitor.

Manitoba's interests are clear: economic growth, high-quality jobs, and a strong and competitive aerospace industry. The federal government's approach to Bill C-10, simply put, jumps the gun. Bill C-10 is being rushed through the process before the necessary specific investments and binding commitments by the federal government and Air Canada have been secured.

As a direct result, the Government of Manitoba must oppose Bill C-10. Our province will continue to do so until such time as specific commitments have been made to reassure Manitobans that changes to the Air Canada Public Participation Act and related accompanying investments in job creation will provide a net benefit to the Manitoba economy.

This concludes my statement to the committee. I thank members for listening today.

● (1640)

The Chair: Thank you very much, Ms. Stefanson.

Congratulations on your recent success, by the way.

Hon. Heather Stefanson: Thank you very much.

The Chair: You're welcome.

Ms. Watts, you have six minutes.

Ms. Dianne L. Watts: Thank you very much.

I appreciate both of you being here.

We have heard over and over again that the Government of Manitoba has come to an agreement. From what I'm hearing right now, there is no agreement in place, and you oppose Bill C-10. I'm glad you clarified that.

Just previously, we had the Aerospace Industries Association of Canada and Premier Aviation here. Both were very supportive of Bill C-10 in terms of the C Series maintenance opportunities in the centre of excellence in Winnipeg.

Can you comment on that?

Hon. Heather Stefanson: Thank you very much, and I thank the member for the question.

Again, there are certain aspects of this bill that we are not opposed to. In fact, we're in favour of a modernization of the act. As well, we're in favour of an expansion to the geographical scope. What we take issue with specifically, however, is that we believe the amendments allow for too much flexibility in Air Canada's ability to pull jobs out of Manitoba. We as a government want to ensure that there is a net gain with respect to jobs and our economy here in Manitoba.

● (1645)

Ms. Dianne L. Watts: Do you think the Air Canada Public Participation Act should be changed before the Air Canada v. Attorney General of Quebec lawsuit has been concluded?

Hon. Heather Stefanson: I think the important thing here is that there are aspects of the bill that we do support with respect to modernization. I think it's a little bit of putting the cart before the horse when it comes to the area that specifically relates to Manitoba, and that is job security here in our province. I think until the government and Air Canada come up with some sort of a solution through which there's a net gain to our province, we cannot support this bill as it is.

Ms. Dianne L. Watts: Okay. Has a memorandum of understanding between the federal government and the Manitoba government been signed?

Hon. Heather Stefanson: Yes. It was the previous government. As you know, there was recently an election in our province, and the previous government, as I understand it, did enter into a memorandum of understanding with Air Canada.

Ms. Dianne L. Watts: What was the content of that? Are you aware of that?

Hon. Heather Stefanson: We're looking forward to further dialogue with Air Canada with respect to that memorandum of understanding.

Ms. Dianne L. Watts: What was the content of it? Can you share that?

Hon. Heather Stefanson: At this point in time we're looking at clarifying the details of that memorandum of understanding.

Ms. Dianne L. Watts: Would it be possible for this committee to obtain a copy of the memorandum of understanding?

Hon. Heather Stefanson: At this stage, because we are still looking at the details and clarifying the details, I would say that cannot be the case, because we're still in discussions with respect to that. I appreciate the question.

Ms. Dianne L. Watts: Fair enough.

How much time do I have?

The Chair: You have two minutes.

Ms. Dianne L. Watts: Go ahead.

The Chair: Mr. Berthold.

[Translation]

Mr. Luc Berthold: Thank you very much, Madam Chair.

First, I want to thank both of you for taking part in our meeting. We greatly appreciate your participation in the committee's work, and your testimony in particular. It is important for the members of the committee to be able to hear various opinions.

In Manitoba the previous government had concluded an agreement with Air Canada. You are telling us that this agreement does not satisfy Manitoba's current government. Is that correct?

[English]

Hon. Heather Stefanson: I thank the member for the question. It is still currently under review at this stage. We're still just seeking clarity at this stage.

[Translation]

Mr. Luc Berthold: As a new government, have you had discussions with the federal government on Bill C-10 since your election?

[English]

Hon. Heather Stefanson: We have had discussions with local cabinet ministers with respect to our concerns regarding Bill C-10.

[Translation]

Mr. Luc Berthold: The interpretation said "local ministers", but you are referring to the staff in the office of the Minister of Transport, correct?

[English]

Hon. Heather Stefanson: Just to clarify, no, we've been in discussion with local elected ministers of the cabinet who represent Manitoba.

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

We'll move on to Mr. Sikand.

Mr. Gagan Sikand: Mr. Rebeck, could you confirm that when Aveos went bankrupt, it put 2,600 people out of work in Winnipeg, Montreal, and Mississauga?

Mr. Kevin Rebeck: Yes, that's correct. That's what I'm working with too.

● (1650)

Mr. Gagan Sikand: How many of Aveos's former maintenance workers in Winnipeg have been hired by Air Canada or other Canadian maintenance service providers?

Mr. Kevin Rebeck: I'm not aware that any of them have been hired by Air Canada. I'm not sure where they've ended up.

Mr. Gagan Sikand: Okay.

Is it that you don't know, and that is a number we can get later?

Mr. Kevin Rebeck: I don't know, but I can look into that and get something to you.

Mr. Gagan Sikand: Okay. Thank you.

For the Honourable Deputy Premier, what role if any has the Government of Manitoba played in encouraging foreign companies to establish their businesses in former Aveos facilities?

Hon. Heather Stefanson: Thanks very much for the question.

I'm sure you can appreciate that we've just come through an election and we're in the process of establishing how we're going to go about making some necessary changes here in Manitoba to reflect what we want to do to encourage foreign businesses to set up shop here. We believe that growing our economy is contingent upon making sure we have good-quality jobs here in Manitoba.

I hope you can appreciate that we've only been on the job for a few days. We'll have to stay tuned and bring forward the rest of that answer in days to come.

Mr. Gagan Sikand: I can certainly appreciate that.

I forgot to mention I am going to split my time with my colleague, Mr. Fraser.

What would you suggest the federal government do, if anything, to foster competitiveness in Canada's aircraft maintenance sector? That is to the deputy premier.

And we've only been in power since October.

Hon. Heather Stefanson: Right, I know. I appreciate that.

We need to look at a collaborative approach to making sure we work together to provide the competitive environment here in Manitoba that is conducive to attracting the jobs to our province. We look forward to working with the federal government to ensure we can bring these high-quality jobs to Manitoba.

Specific to this bill, we agree with the federal government's modernization of the act and the expansion of the geographic scope. It's the specific changes that have a negative impact on jobs within the aerospace industry in Manitoba that we take issue with. That's where we need to work together with the federal government to ensure a net benefit for the province of Manitoba.

Mr. Gagan Sikand: Thank you for your replies.

I'll pass the remaining time I have.

The Chair: Mr. Fraser, you have two and a half minutes.

Mr. Sean Fraser: Thanks very much, and congratulations, Ms. Stefanson, on your recent post.

To both of you, does Manitoba have the workforce and the suppliers available to compete in the global aviation industry without the aid of legislation?

Mr. Rebeck, go ahead.

Mr. Kevin Rebeck: Sure, I think we have lots of innovative people and a vibrant workforce that's ready to take on that challenge, but that doesn't mean we should change legislation that's in place to protect and require an obligation to provide a certain number of jobs in different regions in Canada. That's what this act is proposing to do, so work needs to be done.

Governments need to be working government to government, and as our minister said, we need to protect the net benefit for the provinces named in the act.

Mr. Sean Fraser: Ms. Stefanson, do you have any feedback on that question?

Hon. Heather Stefanson: Thank you very much.

It is a very good question, and I thank you for asking.

The federal and provincial governments need to work together to ensure we have the skilled workforce that is needed for this industry and for other industries in the province of Manitoba, but we can't do that alone. We need to work collaboratively toward a solution, to make sure the trained and skilled workers are there to fill those jobs. That is one of the most important things when it comes to the aerospace industry.

Mr. Sean Fraser: How much time do I have left, Madam Chair?

The Chair: A minute—45 seconds.

Mr. Sean Fraser: Very quickly, are you of the view that we should be regulating other airlines such as WestJet and Porter in the same way that Air Canada is under current legislation?

I'll ask Ms. Stefanson first, I guess.

• (1655)

Hon. Heather Stefanson: Thanks. I think that's really entirely under the purview of the federal government and I don't think we'd make a comment on that at this stage.

Mr. Sean Fraser: Mr. Rebeck?

Mr. Kevin Rebeck: Yes, we're not calling for an expansion. We're saying there is an act in place that covers Air Canada. Those were terms that were put in place when they were established and they came from a crown corporation that got put into the private sector. There are requirements and a deal that they have to live up to.

We're not saying that needs to cover other airlines, but the deal that's in place with Air Canada needs to stand.

Mr. Sean Fraser: Thanks to both of you. I appreciate your time.

The Chair: Thank you.

Mr. Blaikie.

Mr. Daniel Blaikie: Thank you very much.

I'll start by saying thank you to you both. It's nice to hear some voices from home.

I think part of the issue with Bill C-10 when it first came to the floor and as it has progressed at a rapid pace through the House of Commons has been that it pits sector against sector in terms of trading maintenance jobs for manufacturing jobs, and to the extent that it has serious consequences for the future of the maintenance industry in Winnipeg, it also risks pitting region against region. I think that's what Minister Stefanson was alluding to in her remarks.

Of course that's something we want to avoid. That's why in the NDP, Alexandre Boulerice from Quebec and I have been looking at this. We want to make sure that it doesn't encourage that kind of regional divide. Unfortunately I'm not convinced we are there yet.

I'll start my question to you, Minister Stefanson, just by saying congratulations on your new position and by telling you how pleased I am that on the first issue on which we've had occasion to work together, we're on the same side of the issue. May that long be the case.

I just want to say that earlier I tried to move a motion at this committee that would give time to the Canadian industry players, workers, and their representatives to make the business case for how we could keep this work in Canada. I think that's one of the issues at stake. We've got a federal government now that is pronouncing on the state of the industry in Canada and saying that Canadians can't do this work competitively. I don't think that's true. I don't think it's true of folks back in Manitoba.

You have a new government. You're getting used to these files. I'm just wondering if you would appreciate that time to work with people in Winnipeg to see if they can mount a business case for how they could do the work under the existing terms of the act.

Hon. Heather Stefanson: Thanks very much. Yes, I look forward to working with you on this file.

I think that we have a very diverse economy that's on the cutting edge of technology here in Manitoba when it comes to the aerospace industry. I think that we can be very competitive here. We've shown that we have been in the past, and we can be in the future, but when it comes to a bill like this, it's sort of putting the cart before the horse. It could potentially have a negative impact on jobs and our economy here in Manitoba. We have to step up, regardless of what political party we're with, and stand up for Manitobans.

That's what we're doing today. We look forward to working with you on that. Yes, we do need time, absolutely. We need time to negotiate and to ensure that we come to a very clear understanding and agreement with the other parties when it comes to a net job increase or a net benefit to jobs and our economy here in Manitoba. That is our end goal, and we do need the time to do that, and I thank you, the member, for putting that forward.

Mr. Daniel Blaikie: Thank you very much.

Mr. Rebeck, we've heard a lot about the centre for excellence, and maybe that's part of a deal to change the act or maybe it's not part of a deal. We're not quite sure, but what we don't hear, because it gets overshadowed by these so-called centre of excellence jobs, is what it would mean for employment in the aerospace industry if we simply enforced the terms of the act.

Could you help us take a moment here at the committee to appreciate what it would mean for employment in Winnipeg if we simply enforced the terms of the existing act?

Mr. Kevin Rebeck: Absolutely. Thank you for the question.

We do need to enforce the act. On that side note you raised, I think the centre of excellence is a great thing, but it should not replace living up to the obligations we have under the act.

Do we need a centre of excellence? We should have one. Is Winnipeg a good place for one? Absolutely. As you've heard, we have a lot of innovation, skilled workers, and the ability to have trained staff take on those roles. However, that doesn't let Air Canada off the hook for the commitment it made.

When it was established, an act was put in place and a promise of having jobs that did maintenance and service work in different regions of this country was established. We've lost those jobs. They moved away from their responsibility and had another entity, Aveos, under them providing that work, and that's folded up.

They need to renew the commitment they've made. Right now there are people who have those skill sets, who I'm not sure are all fully employed where they are. There's certainly the capacity here for us to step up and live up to that. I know our aerospace industry is thriving and could fill that void. Air Canada owes it to us and our government to make sure that act is enforced.

● (1700)

Mr. Daniel Blaikie: With these centre of excellence jobs, again, it's great, and it's always nice to have more jobs created, but it's often pitched as if these are moving in to where Aveos was. In fact, they are very different kinds of work.

I wonder if you could speak to the relative benefit of having heavy maintenance repair and overhaul versus the kinds of jobs that are coming with the centre of excellence.

Mr. Kevin Rebeck: Yes, absolutely.

Again, on the centre of excellence, it would be great to have some new workers doing that sort of work, but there is maintenance that needs to be done. I think Canada is extremely competitive in that sector. I think we could do that work all over this country.

However, there's a commitment here, and we can step up to provide good jobs that provide an economic benefit in our communities and that we were promised would be maintained and lived up to. That's not the case now. That promise is being reneged on, with no net benefit coming in a different way. They're saying that maybe this will come there instead. I'm not even clear if that MOU is kind of "in support of this, you get that". It's saying that we need one.

We'll take the centre of excellence and we'll take the promise that we were given, which was for good jobs in our community that are Canadian jobs and that are owed to Canadians.

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

Mr. Iacono.

[Translation]

Mr. Angelo Iacono: Thank you, Madam Chair.

My questions are for Mr. Kevin Rebeck.

First, how many former Aveos employees in Winnipeg still have not found a job, or have had to leave Canada to find a job in their field?

[English]

Mr. Kevin Rebeck: Those are both excellent questions that I don't have the answers to, but I can work on seeing if I can find them. Those are the kinds of questions that should absolutely be crystal clear before decisions like this are made.

[Translation]

Mr. Angelo Iacono: I have another question.

How do the salaries and benefits of the employees who have found new jobs in Canada compare to what they had with Aveos?

[English]

Mr. Kevin Rebeck: Again, these are good questions. As you can appreciate, I represent 100,000 unionized workers in our province. When they're no longer working, I don't necessarily have the means to keep in contact with all of them. I don't know the answer to that question. I am curious about it.

I do know that there were good jobs here that were filled by people who lived in Winnipeg and contributed to our community and our economy. That's not necessarily the case anymore, and it's because Air Canada hasn't lived up to a legislated commitment.

[Translation]

Mr. Angelo Iacono: Fine.

Four years after the Aveos bankruptcy, how would you describe the state of training and recruitment in the aircraft maintenance sector?

[English]

Mr. Kevin Rebeck: I can't make that comparison, but I do know that a number of organizations, such as Neeginan College, have been doing a great job in bringing indigenous people into training in the aerospace industry. I know there is continued growth and interest there. It is a vibrant sector in our community, but one to which a commitment was made to have a certain number of jobs servicing and maintaining our Air Canada fleet to Air Canada and Canadian standards. That commitment should be protected and kept within Canada.

[Translation]

Mr. Angelo Iacono: Would you say that in Winnipeg the aircraft maintenance sector is experiencing growth?

[English]

Mr. Kevin Rebeck: I don't know that aircraft maintenance is growing. I think our aerospace sector continues to have some modest growth.

[Translation]

Mr. Angelo Iacono: Thank you.

[English]

I'm sorry I forgot to mention that I'll be sharing with Mr. Badawey.

•(1705)

Mr. Vance Badawey: Thank you, Madam Chair.

Thank you, folks, for being here this afternoon.

Mr. Rebeck, are you not concerned that if Air Canada is not allowed to be competitive, more jobs could, in fact, be lost?

Mr. Kevin Rebeck: Who are we talking about being competitive with? I think WestJet is probably the biggest competitor, and my understanding is that they use StandardAero as one of their maintenance and service providers, and that has operations right here in Winnipeg. I think Canadian jobs and Canadian workers can be and are competitive.

I think the real question at work here is that we have an act that has a requirement to maintain good Canadian jobs, and is our government going to continue to enforce it?

Mr. Vance Badawey: With respect to the centres of excellence that have been announced, I guess to some extent a bar has been placed with respect to what they'll be doing at these centres of excellence. Have you given any thought as to how to enhance that, how to raise the bar, with respect to the centres of excellence with the recommendations that are to be part of Bill C-10?

Mr. Kevin Rebeck: I'd be all for raising the bar. I don't know much detail about the centre of excellence. I've heard mention of it. We've heard little bits and pieces, but the reality is we haven't seen that document. I appreciate the comments by our local minister earlier that it's not something that's public yet and needs some work. I believe it needs work and it needs some public understanding.

Should we raise the bar and provide good-quality services and jobs? Absolutely, and let's do everything we can to grow that.

Mr. Vance Badawey: Thank you.

To Ms. Stefanson, do you agree that a centre of excellence would be beneficial for Manitoba?

Hon. Heather Stefanson: Absolutely. We think it would be very beneficial to our province. Again, we're in favour of the modernization of the act, the change in the geographic scope, but, as Mr. Rebeck said earlier, it gets down to those jobs and how that part of the act provides too much flexibility to pull jobs out of Manitoba at this stage. We need to make sure it's not changed, so that there's a net benefit to jobs to help grow our economy.

Mr. Vance Badawey: With respect to net benefit or net gain, and taking into consideration that you just got into office, has the province discussed any opportunities with respect to incentives to actually compound some of the incentives the federal government may be offering?

Hon. Heather Stefanson: I think we're in the stages of having discussions with our federal counterparts to make sure we can do that. That's the real reason we're here before committee today: We've just gotten into office and we're trying to make sure we can work collaboratively with the federal government and ensure that there will be a net benefit for jobs here in the province of Manitoba.

Mr. Vance Badawey: Thank you.

The Chair: Thank you, Mr. Badawey.

Mr. Hardie.

Mr. Ken Hardie: Thank you, Madam Chair.

Thank you to the two folks from Manitoba. It's been a long time since I lived there. I used to enjoy getting down to Rae and Jerry's. I guess it's still around, is it?

A Voice: They haven't changed the decor.

Mr. Ken Hardie: Great.

I wanted to talk about the state of the Manitoba industry, because when I lived there it was a source of pride that we had Bristol Aerospace, just like we have New Flyer there. The company I used to work for did a lot of business with them.

When Aveos went down, obviously there was a gap all of a sudden in the provision of services to Air Canada. It seemed that Air Canada did all of its business with Aveos or that all of Aveos' business came from Air Canada.

When Aveos went down—and Mr. Rebeck, maybe you'd have to have a bit more corporate memory here—were there opportunities opened up for the other Manitoba operations to go in and bid on Air Canada's work?

Mr. Kevin Rebeck: It's a good question. I don't have that corporate memory and I'm not sure exactly what happened with all of that or how that work's been managed since. I do know there's clearly a gap so that we've been disappointed that expectations have not been lived up to. There may have been some other opportunities, but at what cost, when 400 jobs have been let go?

Mr. Ken Hardie: Some of the wording around the original agreement with Air Canada required them to operate and maintain maintenance facilities in Canada. As you know, that company went bankrupt, and they spun off Aveos. It occurs to me that at that moment, in fact, Air Canada was no longer living up to the law, because they didn't have that work being done in house any more, and this happened a long time ago. Is that not correct?

• (1710)

Mr. Kevin Rebeck: That is correct.

It was before my time, but I do know that labour was a strong voice at that time as well, saying that they weren't living up to the commitment and calling on the federal government to help enforce those commitments. They didn't. They considered it enforcement by letting Aveos do that work. Workers did organize and unionize, and they were union jobs, but I don't think they were living up to it at that time either.

Mr. Ken Hardie: To your recollection, was there any movement by other private industry or by the union or by the Government of Manitoba when Aveos went down to step in and try to rescue the Winnipeg operation?

Mr. Kevin Rebeck: Again, I don't have the details of that. I'm certain there were efforts to do it.

Organizations are adaptable and move to fill voids where they exist, but that doesn't take away from the core question. We have an act in place right now that gives an obligation for Air Canada to provide for good jobs in three different communities across this country—good Canadian jobs with Canadian skilled workers—and that has not been lived up to.

Mr. Ken Hardie: Madam Deputy Premier, I guess you're getting used to that title. It probably looks good on you.

Getting back to the question that one of my colleagues asked, if there is to be true collaboration and partnership between all levels of government to support Manitoba's aerospace industry, has your new government had at least some discussions about what it could do, either in league with Bill C-10 or outside of it, to also work with us to bolster Manitoba's competitiveness and the number of well-paying jobs that are located there?

Hon. Heather Stefanson: Thank you for the question and for your comments.

We have been in discussion with some of the local cabinet ministers to express our concern with respect to Bill C-10 and to express our interest in working collaboratively with the federal government to ensure that jobs are created here in the province of Manitoba in all sectors of the economy, including the aerospace sector. Those discussions have begun.

I think at this stage, for the purposes of today, we're concerned about the bill being moved forward too quickly, before the details are dealt with.

Mr. Ken Hardie: With regard to the discussions you may have had with the cabinet ministers who come from Manitoba and sit in the federal cabinet, have they been productive thus far? I know it's early days for you.

Hon. Heather Stefanson: I think they want to work with us on this file. I think it's a matter of time.

Today is the last day for presentations to committee, which is why I'm here today. I think there was an amendment by another MP from Manitoba that was brought forward to maybe extend this. From our perspective, this is really about Manitoba jobs and the future of our economic growth here in Manitoba.

Mr. Ken Hardie: Thank you, Madam Chair.

The Chair: Thank you.

Mr. Berthold.

[*Translation*]

Mr. Luc Berthold: Thank you very much, Madam Chair.

This has been most instructive. Once again, may I congratulate Mr. Brian Pallister and all of his team for their fine victory in Manitoba's last provincial election. We are very happy to have you here again with us to be able to talk about it.

I will go back to Mr. Rebeck in a few moments, but for now I want to speak to you, Ms. Stefanson.

I would like you to tell us a bit about your program. What does the Manitoba government intend to do to convince the federal government not to move too quickly on Bill C-10? We also believe the Act to amend the Air Canada Public Participation Act needs to be modernized. We also think Air Canada has to become more competitive. However, there is no reason to rush things. The official opposition is in complete agreement with you on that.

What is your game plan to try to convince Mr. Garneau to delay the adoption of Bill C-10 to the fall?

• (1715)

[*English*]

Hon. Heather Stefanson: I want to thank the member very much for the question.

Moving forward, our plan is, and has been thus far, to work as closely as we can with the federal government to ensure that they understand our perspective, which is that we need to do everything we can to protect the jobs here in Manitoba. Moving this forward in this fashion, with some of the amendments.... Again, you are right. The modernization of the act, the expansion of the geographic scope—we have no problem with those things. However, when it comes specifically to jobs and the flexibility that it offers—a little too much flexibility—for Air Canada to be able to pull those jobs from Manitoba, we have a serious issue with that.

We want to ensure, in Manitoba, that in any sort of negotiation there is a net benefit for Manitobans. Moving forward, we want to develop a plan collaboratively with the federal government to ensure that there is a net benefit in the way of jobs that will help grow our economy here in Manitoba.

[Translation]

Mr. Luc Berthold: In your opinion, how much time is needed for these talks with the federal government?

[English]

Hon. Heather Stefanson: I think it is very important at this stage that.... It can be done as quickly as they want it to be done, as soon as there is that net benefit being offered to Manitoba. Right now we are not getting that indication from the federal government. That is why we are here today, because we are going to fight for these jobs in Manitoba.

In my opinion, it is up to the federal government. The ball is in their court. If they want to help move jobs along in Manitoba, they can do so tomorrow. They can do so today, right now. That is the kind of indication and commitment that we need from the federal government when it comes to jobs and our economy.

[Translation]

Mr. Luc Berthold: The committee, which is made up of parliamentarians from all parties, is currently studying Bill C-10. What amendments should the committee make for the bill to become acceptable to the Government of Manitoba? In other words, what sort of Bill C-10 would your government consider acceptable?

[English]

Hon. Heather Stefanson: I think the way it stands right now, our main concern.... Again, I have given you indications of the areas of the bill that we have no problem with. The fact of the matter is that we are not in favour of any amendments at this stage. We are opposed to the bill as it stands, because it has a negative impact on jobs in the Manitoba economy.

Again, our focus will be to work collaboratively with the federal government as much as we can to ensure that there is a clear commitment from the federal government to make sure that there isn't a net loss of jobs in our province, but in fact a net gain.

[Translation]

Mr. Luc Berthold: You do not seem acquainted with everything that is happening with the Government of Quebec in this regard. It too is asking us to wait before we pass Bill C-10.

So, you want the federal government to make a greater commitment to keeping jobs in Manitoba.

[English]

Hon. Heather Stefanson: Yes, that is exactly right.

[Translation]

Mr. Luc Berthold: Thank you.

I have a minute left. As I promised, I have a question for Mr. Rebeck.

You represent the Manitoba Federation of Labour and you know the industry well, as you worked in it. In your opinion, why is the government in such a hurry to pass Bill C-10?

[English]

Mr. Kevin Rebeck: I wish I knew. I think the government needs to be more thoughtful and take its time doing this.

Our government representative locally has been very clear—and I stand with her—that we want to protect good jobs in our province, just as others do in theirs. I think Canadians are highly competitive and have the skills and knowledge to provide these jobs, and there is an obligation that needs to be lived up to. We can deliver those things. We have the skills, we have the workforce, and we should continue to be given that opportunity.

The Chair: Thank you very much.

Mr. Badawey, go ahead.

Mr. Vance Badawey: Thank you, Madam Chair.

I want to ask this question of both of you folks.

There is an attempt to strike a balance, ensuring sustainability as well as growth within the industry. I think we all can agree with that. With that said, there exists a reality to allow a more competitive environment for all those, especially the corporate bodies, to do just that. Bill C-10 specifies that Air Canada's articles of continuance include:

maintenance of any type relating to airframes, engines, components, equipment or parts, in Ontario, Quebec and Manitoba

However, the bill would also allow Air Canada, while not eliminating those activities in any of the three provinces, to change the type or volume of any or all of those activities.

I have two questions.

What do you think should be the minimum levels, if any, of employment and maintenance activities in the three provinces, below which Air Canada would no longer be in compliance with the proposed amendments to its articles of continuance in Bill C-10? That's question number one.

Question number two is.... I know, Heather, that you sort of answered this question, but I do want to try to dig a bit deeper, because I think there is some participation for all of us to work together for any amendments to be struck. What amendments, if any, would you propose to this provision of the bill?

● (1720)

Hon. Heather Stefanson: Thanks very much for your question.

Again, I'll go back and reiterate that we would love to be able to support this bill. We're in favour of the modernization of the act and of the expansion of the geographical scope. We don't have any problems with that. The problem, again, comes in that area you alluded to. It provides and allows for too much flexibility to pull jobs out of Manitoba. We have a problem with that.

Our main objective here is not so much about tweaking legislation and making changes to legislation; it's about a net benefit in jobs in Manitoba. That is really our main focus.

I think that probably clarifies both questions, with your second question being about amendments. To me it's really about negotiating with the federal government and making sure that any legislation and amendments that are brought forward to any act don't have a negative impact on jobs and our economy.

Mr. Vance Badawey: Go ahead.

Mr. Kevin Rebeck: If I can chime in on that, as well, I think even using the word "flexibility" is extremely kind and generous. Really, what this act does is eliminate any obligation or requirement, and we're opposed to that elimination because there is a commitment there. At what level does it make sense? I think that if the language is such that it says that major maintenance and service will be done in these regions, then at a minimum a majority of that maintenance and service for Air Canada should be done in those regions. Our historic levels have been in the 400-jobs range. I think that should be a target we protect.

Mr. Vance Badawey: If I may, Madam Chair, in terms of amendments, are there no recommendations for amendments to this act from any of you, whether it be from the government, albeit a newly elected one, or from the federation?

Hon. Heather Stefanson: Again, I think I go back to our main concern not being about legislative changes but about protecting jobs in Manitoba. Aspects within this legislation do have a negative impact when it comes to jobs and our economy. Again, I prefer to look at ways we can work collaboratively with other levels of government to ensure net benefit for regions, but as this legislation stands, there is no net benefit.

I'll leave it at that with my comments and let Mr. Rebeck answer.

Mr. Kevin Rebeck: The purpose of the changes being made is to take out reference to maintaining maintenance and service in our region, and we take offence to that being removed. If I were to make an amendment, I would remove the reference that takes us out and protect those jobs in our province.

Mr. Vance Badawey: That's, in fact, what we're trying to do here, as I mentioned to the witnesses we had here last week. Sustainability, jobs, and industry, and there was a balance they were trying to strike with respect to allowing a more competitive environment for Air Canada while at the same time, as you're stating, sustaining if not growing those jobs. It goes to the centres of excellence and the critical mass that the centres of excellence can actually accrue over time with respect to their asset management and returns on investment.

Again, it goes back to that balance, hence the reason I'm asking both the government of the Province of Manitoba—as we would ask the Province of Ontario and the Province of Quebec—as well as the

Federation of Labour what some of those balances should be in terms of trying to add some benefit to the environment with respect to Air Canada being more competitive, and from the federation side with respect to sustaining and growing the jobs. What would some of those amendments be? That's what I'm trying to drill down on, because it is a partnership. I'm trying to pull out of you what some of those recommendations are.

• (1725)

Mr. Kevin Rebeck: Sure.

Recommendations would include having some guaranteed jobs and work that would be in our region. I stand with our local government that we want to see a net gain in our province. There's absolutely room for us to grow in centres of excellence, but it shouldn't be at the sacrifice of the maintenance and service work that needs to be done as well.

If part of the attempt to modernize the act or bring things up to speed is to build in components about centres of excellence, we absolutely have an interest in that, but not at the expense of losing jobs that are committed to our region on the maintenance and service side.

The Chair: Minister, do you want to add any last-minute comments to that?

Hon. Heather Stefanson: Yes, thank you, Madam Chairperson.

I have just a few last comments. I think I have already stated this, but certainly you know we did mention the memorandum of understanding earlier. We are reviewing that right now and we are looking at ways to work with the federal government to make sure that there is a net job increase in Manitoba.

As this stands right now in the way this legislation reads, it potentially takes away those jobs in Manitoba. Again, I think there is a way that we can work together on this, but as the legislation stands today, I think it takes away our ability to work together.

The Chair: Thank you very much, Minister.

Thank you both very much. Your information was very valuable to the committee as we move forward.

We have a minute or two of committee business to discuss, which I think we're all aware of.

Given the fact that Wednesday we are scheduled to do our clause-by-clause study, in order to be able to share the amendments with each other and departmental officials in advance so that everyone will be aware of what the amendments are, we need direction to our clerk to be able to share those amendments with departmental officials and with members of the committee.

Is everybody all right with that motion?

Mr. Blaikie.

Mr. Daniel Blaikie: I don't see a need to have to do that. I was just through a clause-by-clause study on another bill, and it wasn't done at that committee. I just don't see a need for it.

The Chair: Well, we're a really sharp committee here and we try very much to follow all of the rules that our clerk brought down for the transportation committee. We are told that it is required. Believe me, I'm not a big rule person. If it wasn't required, I wouldn't be asking, but I am told it is required at this transportation committee.

Mr. Daniel Blaikie: Why would we need a motion if it's already required?

I mean, it seems to me that it's not required, or we wouldn't need a motion to require it.

The Chair: We have departmental officials coming on Wednesday. For the departmental officials to be able to respond to the amendments, which are very technical in nature, they need to know in advance what those amendments are. We cannot give them to the departmental officials when they are in front of us and then ask them to respond.

Whether it's a courtesy or requirement, I haven't been told.

Mr. Daniel Blaikie: Is there really any reason to think that amendments brought forward for this bill would be any more technical than amendments brought forward for any other bill? It's actually a really small bill.

The Chair: There are three committees that have unique rules, and this is one of them, and this is one of the requirements.

Do I have the direction of the committee to ask the clerk to share the amendments with departmental officials and other members of the committee? This way we don't have a motion, but nobody is objecting. Thank you.

Mr. McColeman, thank you very much for coming today.

The meeting is adjourned.

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