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# Standing Committee on Industry, Science and Technology

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Chair: Mrs. Sherry Romanado





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• (1105)

[English]

**The Chair (Mrs. Sherry Romanado (Longueuil—Charles-LeMoine, Lib.)):** Good morning, everyone. I now call this meeting to order.

Welcome to meeting number 24 of the House of Commons Standing Committee on Industry, Science and Technology.

Today's meeting is taking place in a hybrid format, pursuant to the House order of January 25, 2021. The proceedings will be made available via the House of Commons website. The webcast will only show the person speaking rather than the entirety of the committee.

To ensure an orderly meeting, I'd like to outline a few rules to follow. Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. You have the choice, at the bottom of your screen, of floor, English or French. Please select the language that you prefer.

Before speaking, please wait until I recognize you by name. For those on the video conference, please click on the microphone icon to unmute yourself.

As a reminder, all comments by members and witnesses should be addressed through the chair. When you are not speaking, your mike should be on mute. For the services of the interpreters, please do not speak over each other so that the interpreters can do their important work.

Now this is the key rule. As is my normal practice, I will hold up a yellow card when you have 30 seconds remaining in your intervention. I will hold up a red card when your time for questions has expired. Please respect the time limits so that everyone has an opportunity to ask their questions.

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

I now would like to welcome our witnesses. From the Boeing Company, Boeing Canada, and Boeing Engineering, Test & Technology, we have Sir Michael Arthur, president of Boeing International; Mr. Charles “Duff” Sullivan, managing director; and Mr. William Lyons, senior director, global technology and global engineering.

From the Canadian Council for Aviation and Aerospace, we have Mr. Robert Donald, executive director. From the Canadian Taxpayers Federation, we have Aaron Wudrick, federal director. From Hexagon's autonomy and positioning division, we have Jason Hamilton, chief revenue officer. From KF Aerospace, we have Tracy Medve, president. Finally, from Rheinmetall Canada Inc., we have Stéphane Oehrli, president and CEO.

Each witness will present for five minutes followed by rounds of questions.

We will start with Boeing Canada. You have the floor for five minutes.

**Mr. Michael Arthur (President, Boeing International, The Boeing Company):** Good morning, and thank you, Madam Chair and committee members, for this chance to speak with you today.

Our aerospace industry and commercial air carriers have suffered greatly during the COVID-19 pandemic. The air travel restrictions brought in to address these real and immediate public health needs have brought the industry to a near standstill. The good news is that with vaccines and their efficacy, the industry is beginning to recover, and with it will come a demand for newer, more fuel-efficient planes.

Before I dive into sharing all the ways that Boeing is building a safer, cleaner future in aerospace, I'd be remiss if I didn't take a moment to reflect on our rich and valued history with the aerospace industry in Canada, which stretches back over a hundred years now.

In March 1919, Bill Boeing and the pilot Eddie Hubbard flew 60 letters from Vancouver to Seattle in Washington state in a Boeing C-700 seaplane. That was the first international airmail to reach the United States. If you will permit me a tiny personal aside, about 30 years after that I was born in Vancouver, and I'm a fifth generation half-Canadian prairie farmer, so I'm delighted to be with the committee today. Thank you for inviting me.

I'll go back to aerospace.

Canada has since become a valued customer, supplier and partner to Boeing in both the defence and the commercial sectors.

Boeing Winnipeg is one of the largest aerospace composite manufacturing centres in Canada, employing well over 1,000 people. The plant produces hundreds of unique composite parts and assemblies for all our current 7-Series jetliners, and over the past 50 years it's evolved into a state-of-the-art facility. The skilled team of engineers and technicians develops new manufacturing techniques for lightweight aerospace products, earning their place as what Boeing calls a global centre of excellence in complex composites.

Across the world, Boeing believes strongly in community engagement. The Boeing Winnipeg team partners with charitable organizations there to support STEM education, veterans and other prevailing community needs through grants and employee volunteering. Actually, across Canada, we contribute more than \$1 million in those types of sponsorships and grants.

Boeing Vancouver is a leading provider of advanced software solutions to the airline industry, and we have 200 employees there. Since 2000, their product offerings have evolved from just aviation maintenance to now include supplier management, flight monitoring and aviation marketing solutions.

Boeing Research and Technology is partnering with Canadian universities in the area of augmented virtual reality technologies, autonomous systems, data analytics, AI and advanced composites materials. We are a founding member of the Canadian digital technology supercluster based in B.C. Through this public-private partnership, our Vancouver team led a research project on the use of augmented reality for aircraft maintenance and inspection, and that's part of the digital aviation records system, DARS, project team that was just approved for funding through the B.C. supercluster. This will help ensure that Canadian industry remains competitive and reduces waste and CO2 emissions through the adoption of data analytics, additive manufacturing, digital manufacturing, cloud computing and the Internet of things technologies.

These mutually beneficial partnerships will continue to both drive value for Boeing and secure Canada's global position as the leader in these areas way into the future.

Boeing Defense has partnered with the Canadian Armed Forces for many years, particularly with our Chinook capabilities, and we are excited about the future fighter capability project, where our Super Hornet offering is one of the candidates for modernizing the Royal Canadian Air Force's fleet. You heard Duff Sullivan, General Sullivan, a very distinguished former RCAF officer, who we are absolutely thrilled is now the head of our operations in Canada. It's really exciting to have Duff on the team.

Boeing has committed to the 100% industrial and technological benefits, ITB, obligation measured in Canadian content value that will provide work packages to Canadian companies of all sizes and specialties.

As commercial air travel resumes and restrictions ease, safeguarding passengers will remain a top priority for our work, and with that will come a commitment to innovating and operating to make the world a better place. We want to work in Canada on sustainable aviation fuels to help do that.

• (1110)

My final point, Madam Chair, is that before the pandemic, there were 620 commercial flights every day across Canada on Boeing planes. As demand comes back and more fuel-efficient, next-generation airplanes get taken up, we hope to work with our 500 Canadian suppliers right across the country to sell more planes. When you buy Boeing, we always say, you're buying Canadian.

There are many other exciting opportunities, but let me leave it there in the interest of time.

Thank you for listening so far. Thank you very much for having me.

• (1115)

**The Chair:** Thank you very much, Sir Arthur.

Our next presentation is by the Canadian Council for Aviation and Aerospace.

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

**Mr. Robert Donald (Executive Director, Canadian Council for Aviation and Aerospace):** Thank you, Madam Chair.

Thank you for the opportunity to speak to you today.

Incorporated in 1993, the CCAA is a non-profit, national partnership that works with industry, organized labour, educators and government. We work exclusively on a national labour market strategy for our industry.

I wish to speak to you today about the need to retain our skilled workforce and about the lack of training capacity to produce graduates for our industry in Canada.

With regard to the demand for skilled maintenance workers in our industry, Canada needed, pre-pandemic, an additional 55,000 workers by 2025. Only 25% of that number would be graduates from Canadian PSE institutions.

The critical aviation labour shortage was worldwide and was well documented by ICAO, Boeing, Airbus, IATA and many other studies.

The pandemic has provided a temporary reprieve for some sectors of the industry, largely air operators, but many companies have already started to rehire workers and are having shortages. CCAA consultations with industry through our national labour market strategy events, focus groups, etc., confirm that the pre-pandemic shortage of workers will return relatively soon.

The pandemic has resulted in the loss of approximately 35% of the prior workforce due to those being laid off, choosing to retire or seeking employment in other sectors. As the recovery takes hold, there will be a surge in demand, which cannot be met simply by trying to rehire those laid off.

Airlines have grounded planes and delayed maintenance for up to a year. This has created a significant, pent-up demand. Aircraft being returned to service also require extensive maintenance—up to 16 days for a crew of five people per aircraft. As the recovery takes hold, there will be a massive surge in demand for maintenance work. If Canadian maintenance, repair and overhaul companies like KF can't handle the demand, it'll be forced to go offshore.

There is a lack of training capacity. Canadian colleges do not have the capacity to meet anywhere near the demand from industry. Every aviation program at colleges in Canada had a wait-list prior to the pandemic, except for ÉNA in Montreal. Despite that, they were only producing 25% of the needed graduates. The number of graduates from aviation programs in 2021-22 will be reduced by 40%. Aviation programs at colleges are expensive. Most colleges agree that it's not realistic to expect governments to expand capacity at bricks and mortar institutions.

There is a lack of local training facilities. In Quebec, Manitoba, Alberta and Saskatchewan, there is only one college in each province with AME programs. In the four Atlantic provinces, there are only two, one of which has currently suspended its program. There are no aviation programs north of 60—in the territories or the Yukon. Those from outside major cities, obviously, have to relocate for two to three years to a major city to get their training. It's costly and expensive.

There are Transport Canada restrictions. Prior to the pandemic, Transport Canada did not allow colleges to use blended learning or online learning. Only hours in the classroom counted. Colleges were caught unprepared by the need to transition. It's taken them a while. Transport Canada has temporarily extended the use of online to the end of this year, but it hasn't indicated to colleges whether that will be continued, so colleges don't know how to invest for that long-term strategy. Most don't have the expertise or the budgets to convert to online.

TC-approved colleges are required to follow woefully outdated curricula that haven't been updated for 20 years. Colleges are still obliged to teach how to fix cloth wings and to maintain parts that are no longer used on airplanes. It's noteworthy that TC requires hours-based study. It doesn't matter how long it takes you to do it; you have to do the hours. It's not competency-based, which is the transition that virtually everyone is looking to do. It's also noteworthy that only about 50% of graduates from college programs meet the Transport Canada requirements...and get no credit for their education.

In conclusion, industry needs increased training capacity through new, more accessible, efficient, effective and targeted ways of training. It's a global competition out there for talent and for the work. If we don't have the workforce, the work goes offshore and doesn't come back.

Thank you for your attention.

• (1120)

**The Chair:** Thank you very much, Mr. Donald.

Our next presenter is Mr. Aaron Wudrick from the Canadian Taxpayers Federation.

You have the floor for five minutes.

**Mr. Aaron Wudrick (Federal Director, Canadian Taxpayers Federation):** Thank you so much, Madam Chair.

Thank you to the committee for having me today. For those unfamiliar with the Canadian Taxpayers Federation, we are a national, non-partisan non-profit with over 235,000 supporters across Canada. We focus our advocacy on three general areas: lower taxation, less government waste, and accountable and transparent government.

I don't know if the committee members have noticed, but we are the only witness here today without a direct link to the aerospace industry. I assure you that it's not my goal to alienate everyone else on the panel today, but I warn you that I may end up achieving it anyway.

I want to start, really, by posing a very simple question that I think the committee needs to ask itself before answering any other question: What is it about aerospace as an industry that makes it different from other industries? I think that question is an important one. The normal starting point for most industries is that they don't require study by a parliamentary committee in the first place. Every day in Canada we see businesses come and go. Some of them succeed. Some of them fail. In the vast majority of cases....

I want to be clear here that I would exclude the present circumstances of this pandemic. I understand that a lot of the comments today will be with regard to the specific circumstances of the pandemic. I would agree that this is different from business as usual and may require special consideration. Generally speaking, though, the idea of governments riding to the rescue of an industry or business does not normally occur. We need to ask ourselves what it is about aerospace that makes it different as an industry.

One argument we often hear is that it employs a lot of people. That's true, but it's also true of many other industries. Very few of those other industries receive the level of subsidy that aerospace has historically received in Canada. Another argument we often hear is that aerospace jobs pay well. That's also true, but if one has to count the cost of the subsidies, which we should be doing, because the net benefit to the economy, to Canada and indeed to government coffers needs to include costs as well, then that argument also loses quite a bit of its attraction.

Finally, it is often argued that aerospace is a strategic industry that's crucial to an innovation economy. If that's so, it's not really clear what the strategy is other than endless subsidies, since the industry has not ever become self-sustaining in the last half-century, nor has it ever been explained how innovation is best served in any industry—not just aerospace—by shielding and protecting businesses from the disciplining forces of market competition.

At this point, I'm sure we have some committee members, and certainly some folks on the panel, thinking, "That sounds very nice in theory, Mr. Wudrick, but it's terribly naive. The world is not an economics textbook. The global aerospace industry is not a real competitive market. The harsh reality is that foreign competitors to Canadian aerospace all receive support from their respective governments, so Canada must do the same in order to level the playing field."

I take that as a very significant rebuttal, but it seems to me that it also concedes, right off the top, that taxpayer subsidies are not some sort of exciting opportunity but really just a grim necessity and something we must endure. If they are a necessity, then we need to ask ourselves how far Canada should be prepared to go to defend this industry. If a Canadian company is up against a foreign competitor that has access to exponentially larger subsidies from their own government, how many billions of dollars should Canadian taxpayers be prepared to spend? Should it be \$1 billion? Should it be \$10 billion or \$50 billion? Is there any threshold where anyone within the industry would concede that the costs start to exceed the benefits? If so, what would that threshold be?

Another thing that's important for the committee to consider is what else you are prepared to forgo in order to subsidize this industry. Despite what some folks may insist, resources are not infinite. Every dollar of support that goes to this industry is a dollar that cannot go towards something else. If you were to ask your constituents what their highest priorities were for their own tax dollars, how many of them would tell you that subsidizing aerospace would make that list?

I would close by saying that I don't begrudge anyone in aerospace coming before you to make the case for government support for their industry. That is their job. If the historical record is any indication, they're incredibly good at doing it. I would only ask that the committee bear in mind that when everyone in front of them is urging them to spend money and they also stand to benefit directly from that money, they are not exactly getting a representative sample of views on the issue.

Millions of Canadians who will end up paying the freight for such subsidies will never appear before this committee. All I ask is that you consider those unrepresented voices as well when making decisions about how you will support the industry.

Thank you very much.

• (1125)

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

We will now go to Mr. Hamilton.

You have the floor for five minutes.

**Mr. Jason Hamilton (Chief Revenue Officer, Hexagon Autonomy & Positioning Division):** Thank you, Madam Chair.

Thank you for the opportunity to be here today on behalf of Hexagon's autonomy and positioning division based in Calgary.

At Hexagon, we have been on the cutting edge of global positioning technologies for over 25 years. Our high-precision GPS products are used across many industries, enabling safe navigation from point A to point B. Our navigation technologies can be found in many civilian and military aircraft, as well as in the ground infrastructure that enables the use of GPS for airborne guidance and precision landing.

Why is a GPS company here talking to you today? It's because GPS is an enabler for modernization and automation of aerospace, and Canada is poised to be a technology leader in this transition. I'm sure you've heard from others in these sessions that the demands on our airspace are growing for shipping and logistics, surveillance, movement of people and emergency response, to name a few.

Piloted aircraft alone will not fully meet the future demands of these services. Our future airspace will look much more crowded than it does today. We'll need to support safe, simultaneous operation of piloted, remotely piloted and autonomous aircraft that use GPS as their primary means of navigation. Canada is uniquely positioned to benefit from airspace modernization, given our vast geography, the opening of the north and remote communities with challenging logistics and transportation needs.

Accurate and reliable positioning is a critical requirement for airspace modernization. It will enable co-operation of piloted and autonomous vehicles, and allow operation of unmanned aircraft beyond the pilot's visual line of sight. Current regulation limits operation of these aircraft to short travel distances and limited landing areas.

GPS is a critical technology for achieving better use of our airspace, but it has significant limitations that must be mitigated to ensure it can be used safely. GPS navigation relies on unimpeded and uninterrupted access to satellite signals—signals that are broadcast in the L-band radio spectrum. This spectrum is becoming increasingly crowded and is highly susceptible to both intentional and unintentional signal interference.

In addition, bad actors are increasingly able to spoof or hack GPS signals to interfere with vehicle navigation. Interference and spoofing are serious threats to aircraft and also to the GPS infrastructure installed at Canada's airports and used for precision landings. The good news is that industry is rising to the challenge and addressing these limitations, but innovations to GPS technologies are outpacing aerospace regulations.

How can government help? First, awareness, monitoring and, most importantly, enforcement mechanisms are needed at the national level to protect the radio frequency spectrum used for satellite navigation. Second, investment is needed to protect Canadian GPS infrastructure from jamming and spoofing. Off-the-shelf solutions are available for this. Third, this is a global market and Canadian companies need assistance to become competitive in exporting our aerospace technologies worldwide.

There are two main areas of focus. Canadian manufacturers need access to new navigation satellite constellations being launched by the EU and the U.K. Of highest priority is access to the EU Galileo constellation, specifically the publicly regulated satellite signal or PRS. The Galileo constellation is configured to provide better performance at high latitudes than GPS, an important aspect for operation in our northern territories. The signal structure of PRS makes it robust against the threat of spoofing and hacking. Canada's membership in the European Space Agency may be a way to pursue this.

On the other front, to be successful as exporters Canadian companies also need clear export policy and guidelines. Many technologies developed toward modernized civil aviation will fall under export controls. To be competitive worldwide we need collaborative, responsive, predictable and transparent export controls. In the past, this has been a competitive advantage for Canada, but in our experience we have lost this advantage recently.

Canadian companies like ours are ready to invest in technology and bring products to market, but the investment is risky without a clear timeline for an updated regulatory framework. Canada needs to work closely with regulators in other jurisdictions like the U.S. and the EU to update navigation standards. We also need timelines for implementation of new technologies into aircraft flight navigation systems.

With an easy-to-navigate regulatory framework, Canada could become a destination for autonomy development. Together we have the opportunity to empower Canadian companies to lead the world in technologies for autonomous aircraft. We hope you will consider our input.

Thank you, Madam Chair.

• (1130)

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

Our next presenter is Tracy Medve. You have the floor for five minutes.

**Ms. Tracy Medve (President, KF Aerospace):** Thank you very much.

As mentioned, I'm currently the president of the KF Aerospace Group of Companies, headquartered in Kelowna, British Columbia. Previously I was the president of Canadian North airlines, so I have seen this industry from various perspectives throughout my 35-year career. Thank you for the opportunity to provide you with our comments and observations related to the development and support of the Canadian aerospace industry.

KF is a privately owned company founded in 1970. We provide high-paying jobs and training to a current employee contingent of more than 900 women and men at bases in Kelowna, Hamilton,

Vancouver and Portage la Prairie. Approximately 20% of our staff are women, of which half are technical employees, including aircraft maintenance engineers, aeronautical engineers and pilots.

We provide maintenance, repair, overhaul and aeronautical engineering services to a broad range of commercial aviation customers from Canada, the U.S. and elsewhere. Until COVID struck, over the past five years we have grown our MRO revenues by 10% per year and self-funded, with no subsidies, approximately \$37 million in expansion of our MRO facilities in that time.

Our MRO services are provided at both Kelowna and Hamilton, where collectively we have over 750,000 square feet of hangar, shop support and administrative facilities, and can service up to 15 concurrent narrow-body aircraft in maintenance, modifications and cargo conversions at any given time.

We also self-funded \$14 million to develop a purpose-built facility that just opened this year for Mohawk College's aviation program at Hamilton airport.

In addition to being the country's largest commercial aircraft maintenance, repair, overhaul and aeronautical engineering provider, we operate a cargo airline and an aircraft leasing company.

Since 2005, we have also had the contract to train Canada's military pilots in Portage la Prairie, continuing a tradition of Canadians training military pilots for the Commonwealth, dating back to 1940. In short, our company represents a broad spectrum of the aviation and aerospace industry.

This industry is an essential and powerful contributor to Canada's economy. Like roads, railways, ports and utilities, a solid aviation sector builds national strength and capacity. It's critical for our government to recognize this, but it's also critical to remember, when looking at development and support of the industry, that you don't lose sight of the fact that the industry is more than just the scheduled airlines and the cargo carriers.

For example, airlines must rely on maintenance providers such as KF to ensure the aircraft they fly are safe and meet the exacting standards required by our regulators. Unfortunately, Canadian carriers often look to maintenance providers outside Canada to provide their heavy maintenance services. This is troubling as it threatens to erode the capabilities of the Canadian industry. It's also troubling if those same carriers are looking for Canadian government-funded assistance. A criterion for eligibility should be to require the carriers to give first right of refusal to Canadian-owned and -operated MROs to provide their maintenance services.

Canada has Canadian-owned and -operated companies such as KF that are fully capable of providing high-quality, end-to-end services in support of the industry. We cannot lose this capability.

Canada is a large country. We will always be reliant on air transportation. It's an absolute necessity for our economy. Despite this, I submit that there has been a long-standing tendency for our governments to look upon aerospace and aviation only as a source of revenues for government coffers as opposed to viewing the industry as a partner in the country's economic foundation and future growth.

It is also important to recognize that support of the industry does not always have to include financial bailouts. Equally useful is the removal of impediments that prevent businesses from being able to prosper.

Make it easy for airlines and aerospace companies to do business.

Make it affordable for passengers to ride on Canadian carriers.

Do not impose charges on the industry that will have to be passed along to our customers. Airports rents come to mind here. Monopolies such as airports and NavCan simply pass along whatever their costs are to the carriers, who in turn, must pass them on to their customers.

Support and become a partner in the tourism industry. Look how successful that has been for the likes of Iceland, for example. This facilitation will have the effect of ensuring the carriers have a solid income stream. They will need aircraft, many of which will be leased. They will need servicing and maintenance.

Carriers, maintenance providers and lessors will need more employees, who will have decent-paying jobs and will pay taxes and stimulate their local economies. The technical schools and universities will need to train more skilled aerospace workers, who will pay tuition.

All the players in the supply chain will contribute directly and indirectly to the tax and economic base of Canada. This is a strong model for all parties.

As an example of an unnecessary impediment, due to COVID-related restrictions, we are currently having problems getting maintenance representatives into the country to be here during maintenance checks for their aircraft. Meanwhile, foreign commercial truckers are being allowed to bypass the hotel quarantine requirements. This is an unnecessary and unfair impediment to our business.

• (1135)

As we collectively climb out of the terrible repercussions of COVID-related restrictions, keep in mind that the industry was in no way responsible for this downturn, and the speed and means of recovery are not within the industry's control. Without the right kind of support, we will lose our skilled labour and the high-paying jobs that contribute to the overall prosperity of the country.

The industry's employment fell by 33% in 2020 compared with 5.2% in the broader economy. This was not the industry's fault.

**The Chair:** Could you please wrap up, Ms. Medve? You're a little over time.

**Ms. Tracy Medve:** Okay.

In short, the industry is and will always be a key contributor to Canada's economic well-being. Don't forget to consider the full supply chain, be a partner to the industry and buy Canadian.

I thank you again for the opportunity to present here.

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

[*Translation*]

Mr. Oehrli will present next.

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

[*English*]

**Mr. Stéphane Oehrli (President and Chief Executive Officer, Rheinmetall Canada Inc.):** Thank you, Madam Chair.

It's a pleasure to appear before the House of Commons Standing Committee on Industry, Science and Technology, and to share Rheinmetall Canada's view pertaining to the study of the development and support of the aerospace industry and the defence sector writ large.

[*Translation*]

Briefly, Rheinmetall Canada is part of Rheinmetall AG, based in Germany, and has been active in Canada for 35 years. The group has over 25,000 employees worldwide, including approximately 450 in Canada. Our workforce is highly skilled and educated, and we are proud that approximately 11% of our employees are former Canadian Armed Forces personnel and active reservists.



[English]

As a system integrator, we provide Canada with various vehicle integration capabilities, electronics and weapon systems. In recent years we have expanded to robotics with unmanned ground vehicles and aviation solutions with a newly established business line for air start units, which are used by both military air forces and commercial airliners.

Our current customers include the Canadian Armed Forces and the Canadian Coast Guard. We are also executing contracts in Europe, the Middle East, the U.S. and southeast Asia, all from our Canadian-based facilities.

[Translation]

Rheinmetall Canada has a global supply chain. Over the past five years, we have done business with suppliers from more than 35 countries as well as with Canadian suppliers from coast to coast. In the past year, we have used over 500 Canadian suppliers in eight of the 10 provinces.

Our domestic economic footprint has resulted in over \$1.3 billion in industrial benefits to date. We passed the first billion dollar mark in the spring of 2016. At the time, we were only the fifth company to reach that mark in Canada.

So you can understand that we are paying close attention to how the industrial benefits policy is applied. This is why today I will provide suggestions to the committee to help Canada's economic recovery.

[English]

Although our industry has to follow regulations from many departments, I will limit my recommendations to the policies that are the purview of this committee.

The value proposition and the ITB policy can be improved. We are the product of an offset obligation dating back to 1986; therefore, we believe in the policy. However, a few tweaks are necessary to maintain the competitiveness of our industry, improve the policy and help kick-start the economy in the wake of the pandemic.

In this regard, the hard cap of a maximum 100% of contract value in obligations should be respected. In recent years, only those who overcommit beyond the value of a contract are awarded the maximum points during bid evaluations. It is our belief that in the medium and long term, Canada will suffer from limited competition as a result, as many competitors will simply not be in a position to partake in the bidding process anymore. A competitive, fair and transparent process is beneficial to all, and we believe it is weakened by the possibility of overcommitment, which can be regarded as similar to dumping practices.

The introduction of new multipliers for points and credits could be temporarily introduced to help specific areas of the economy. Multipliers for SMBs, and more generally the direct components of a bid, could help SMBs and the industry, which have struggled during this pandemic.

Lower the allowed maximum for banked transactions. Currently companies can use previous investment against future or current obligations. Although it is capped, it should be lowered to create

new investments instead of having prime contractors completing their obligations with past investments. We believe this would contribute to relaunching the economy with new investments.

New key industrial capabilities should be added to the list of 16 included in the value proposition 2.0. We believe that some of Canada's KICs that are present are not represented, such as the weapon system capabilities.

Although technical in nature, these four recommendations are simple. We believe these recommendations are evolutionary, not a revolution, and cost-effective solutions for the government to implement. We believe they would greatly improve how the defence industry generates good economic output for the country.

• (1140)

[Translation]

Ladies and gentlemen, I would be very pleased to answer any questions you may have.

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

[English]

We will now start with our first round of questions of six minutes. We will start with MP Baldinelli.

You have the floor for six minutes.

**Mr. Tony Baldinelli (Niagara Falls, CPC):** Thank you, Madam Chair, and thank you to all the witnesses for appearing this morning.

I was particularly interested in the comments of Mr. Donald from the Canadian Council for Aviation and Aerospace and Ms. Medve from KF Aerospace, and the concerns they brought forward in terms of retention, skills development and getting people back into the workforce.

Mr. Donald, I believe you indicated that 55,000 workers are going to be needed by 2025. Ms. Medve, you had mentioned a 33% loss in the job force. As we're looking at development and support for the aerospace industry as part of this study, what can government do to help foster the college training programs, the retention and the retraining that are required so that a workforce on the supply side can be maintained?

If we don't, those jobs and those companies—that Ms. Medve, for instance, operates—will just go elsewhere, as Mr. Donald mentioned.

**Ms. Tracy Medve:** I did mention in my comments that we invested \$14 million of our own money—not subsidized—to build a training college in Hamilton, where we also invested in a new wide-body maintenance facility to make sure that we did have a steady pipeline of new employees coming through our facilities. They're right side by side. I actually wanted to build a tunnel between the two buildings to make sure we could just move them from the college right to our facilities. There's that.

There's also the requirement to get young people, particularly young women—they're 50% of the population, but they're hugely under-represented on the technical side—to understand and recognize that aerospace is actually a job that they can do. It's a job that's out there. Start early in high schools and even younger to get people to understand that these are good jobs, that they can be done here and that they should consider that in their career choices.

There are a lot of things we can do. We need to have a steady pipeline of people who are signing up to the colleges, then we need a place for them to go to college and then we need the facilities for them to work at, like KF.

**Mr. Tony Baldinelli:** Great. Thank you, Ms. Medve.

Mr. Donald, do you have any suggestions?

**Mr. Robert Donald:** Thank you, Mr. Baldinelli. Thank you, Tracy.

Yes, we definitely need more workers. We don't have the capacity in Canada to train them. We have one college in Quebec. People from northern Quebec have to move to Quebec for three years to go to school there. It's the same in other provinces. The requirements that Transport Canada is imposing on approved colleges are just so woefully outdated that, without improvements there, we'll never get the colleges to deliver what industry needs.

Is it realistic to expect governments to expand capacity at colleges? Those are expensive programs. They're continually closing. There used to be six in the Maritimes and now there are two. We need to look at new ways of training that are more accessible and affordable. To the Taxpayers Federation, this doesn't require more investment from government. It just requires a government strategy and for Transport to facilitate the use of new technologies and new ways of learning.

We're losing 35% to the pandemic. We need to find a way to replace them.

The national strategy that many people have spoken about needs governments at both the federal and provincial levels to sit down and discuss the lack of capacity and the need to encourage people. As Tracy said, there was a federal program run by ESDC for career focus to get young people into the industry. They're running one now for wage subsidies for students. Those things are crucial for getting young people into the industry. I would encourage the government to continue those programs.

I could go on, but I'll stop there.

• (1145)

**Mr. Tony Baldinelli:** Thank you.

To Ms. Medve's point, there are things that I think the government can do right now through the Canada Border Services Agency on the crossing of maintenance workers. I know in the automotive sector it's becoming a real problem too, getting people back and forth across the border in terms of essential work. Those are things we can do now.

I understand Minister Blair had mentioned as early as last week that he'd be looking into it with regard to the automotive sector and the flow of workers that way. That is something we can do and ask to expand on this side as well, so thank you for that.

Secondly, though, when you talked about the competitiveness, a lot of people were talking about this "Vision 2025" report that the Aerospace Industries Association of Canada put forward.

There are a lot of concerns that have been out there since the government came into power about the consolidation of the support programs that exist and their all wrapping up into one strategic innovation fund. Are there concerns because of that?

**Mr. Robert Donald:** Mr. Baldinelli, I won't speak to anything except the labour market. I'll let AIAC, Tracy and others speak to those questions of consolidation.

**Mr. Tony Baldinelli:** The chair has indicated that I might not have the time, but I'll try to follow up later on.

Thank you.

**Mr. Robert Donald:** It's my pleasure.

**The Chair:** MP Baldinelli, I'm sorry about that.

**Mr. Tony Baldinelli:** It's not a problem.

**The Chair:** Our next round of questions goes to MP Erskine-Smith.

You have the floor for six minutes.

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

I want to start with Mr. Wudrick.

When it comes to bailouts, I read an article in *The Globe and Mail* from an economics professor at U of T and the Rotman school, Professor Chandra, who writes:

The point of bailouts should be to preserve or enhance competition, not to prop up already strong companies that can exploit weakened rivals or throw money at companies that are likely to fold regardless.

Do you agree with that?

**Mr. Aaron Wudrick:** It's probably a little more nuanced in my position. The challenge with a bailout is that you tend to run into one of two problems. You're either giving money to an entity that doesn't need it, as we've seen some companies openly say; or you're giving it to companies that may not deserve it, because as I think the professor is indicating, if they can't survive but for the subsidy, then it's probably a bad idea to give it to them.

**Mr. Nathaniel Erskine-Smith:** However, you would agree, at least from my understanding of the ethos of your organization and following you online, that the emphasis should be on preserving competition or enhancing competition.

**Mr. Aaron Wudrick:** Yes. Competition is always the better way to determine who should succeed in the marketplace. I'd agree with that.

**Mr. Nathaniel Erskine-Smith:** The government has committed to a bailout of the sector, so when it comes to conditions that might be imposed on such a bailout, I have seen the government publicly speak about limits on executive compensation, dividends, potentially climate disclosure conditions, conditions on maintaining regional routes, the same conditions that we see, for example, in the LEEFF program.

The professor I referenced goes on to write:

A significant government stake [that is, an equity stake] will ensure that future decisions around airlines are taken with the interests of consumers and employees in mind, rather than the returns to shareholders and top executives.

If we are to have a bailout, as a significant condition do you think an equity stake would make sense?

**Mr. Aaron Wudrick:** The challenge there, then, is now you are essentially marrying government into the entity. I realize the purpose of joining them at the hip with a company is to ensure accountability for the taxpayer support, but the flip side is that there's a reason that most businesses are not joined at the hip with government. If you then have businesses making decisions for reasons other than profitability and what their shareholders expect, you run into a different set of problems.

I have made that argument regarding concerns about use of money for things such as the wage subsidy, but I view that as a temporary program in a unique circumstance. People support that subsidy to preserve jobs, and when they see that businesses are throwing it in the bank or giving out special dividends to shareholders, it's a problem.

One thing governments can do that's relatively simple, that doesn't give rise to the same problem I've just mentioned, is transparency. If the price of admission for support for private entities is that there must be full disclosure of the terms of the contract and repayment....

It has been endlessly frustrating. I recognize that we take a very hard line on subsidy, but if governments decide they are going to support businesses for whatever reason, the bare minimum expectation of taxpayers is that they should be able to see where the money goes, when it gets paid back and whether the contract is fulfilled.

• (1150)

**Mr. Nathaniel Erskine-Smith:** Don't you think, though, when we look at the auto sector bailout, the equity positions the govern-

ment took were much more beneficial to the taxpayer and the public interest than the loans that ultimately were never repaid?

**Mr. Aaron Wudrick:** We lost \$3.7 billion on that transaction, so I would argue it wasn't exactly a....

I understand the political pressure. I understand the calculation. However, we put out a study on this, and if you look at the dollars and cents, taxpayers lost money on that transaction. I know there were groups agitating for a continued equity stake, but as I said, there's a reason that most businesses are not in a permanent partnership with government.

**Mr. Nathaniel Erskine-Smith:** Just to pause, I'm not suggesting permanent partnership. I don't think Germany, in taking a 20% stake in Lufthansa, is suggesting that it's going to be an unending partner with that particular company. However, in a crisis—you talked about a sort of grim necessity—how do we, as decision-makers in the public interest, ensure that the public interest is protected and that, in your case, taxpayers are protected?

Wouldn't you think that—at least as this professor is writing—the public interest is better protected by government's having a serious stake and a seat at the table?

**Mr. Aaron Wudrick:** Yes, I think the public interest is better protected when there is a consequence or when the government has some form of stick. You're proposing an equity stake. I propose things like transparency or other looser strings that don't involve an equity stake but are definitely better than a “no strings attached” approach. I would agree with that.

**Mr. Nathaniel Erskine-Smith:** Mr. Donald, I don't know if you have a view on this. I would also be interested, with the remaining time that I have—which is only a minute or so—if you could expand a little on what Transport Canada can do in a non-monetary way to ensure that the colleges are better equipped to deliver for the labour needs of the industry. It strikes me that....

You suggest convening various partners, but maybe lay out a few concrete steps that you think Transport Canada should take to free up some unnecessary red tape that potentially stands in the way of colleges' delivering on the labour market that we need.

**Mr. Robert Donald:** The first is updating the required curricula that colleges must teach. As I said, at the moment it requires colleges to teach how to fix cloth wings. I don't think that's of much use to WestJet, Air Canada or some of the majors. It also requires them to teach how to fix components that are no longer installed on aircraft, so they need to do that.

It needs to make the commitment to online, blended learning permanent and to telecolleges now so that they can take the necessary steps to invest for the future. It told them on less than two months' notice that they could go to blended. What do you expect colleges to do? Telling them now in November that, okay, it's going to be extended again....

It needs to plan a little bit better, and it's the same thing with industry, bluntly. It needs to tell industry so that Tracy and others can prepare. The government needs to set out a plan, subject to the parameters for getting rid of quarantine on internationals, so that people can start gauging the capacity they're going to need, bringing staff back, bringing aircraft back—

**The Chair:** I'm sorry to interrupt....

**Mr. Robert Donald:** I'll stop there.

**Mr. Nathaniel Erskine-Smith:** I appreciate it.

Thanks, Mr. Donald.

**The Chair:** Thanks so much.

Our next round of questions go to Mr. Savard-Tremblay.

[*Translation*]

Mr. Savard-Tremblay, you have the floor for six minutes.

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

Good morning to my colleagues and to the witnesses, whom I thank for their time.

Mr. Wudrick, from the Canadian Taxpayers Federation, asked us why we should support this particular industry. For Quebec, this industry represents 40,000 direct jobs and 100,000 indirect jobs, 220 companies, 200 of which are small and medium-sized businesses (SMEs), and \$18 billion in sales, 80% of which are exports. It is the largest exporter in Quebec, which is also the third largest aerospace hub in the world, after Seattle and Toulouse. Only three places in the world have suppliers capable of providing all the components needed to build an aircraft, from A to Z, and greater Montreal is one of them. For this reason alone, it is a strategic industry that deserves to be defended.

In addition, we are in the midst of the COVID-19 pandemic. We know that a number of sectors will be affected more severely and for longer than others. They will need specific assistance, and I don't think I need to list the reasons. Flights are cancelled, so the planes are grounded. There is no maintenance, no replacement parts, and thousands of jobs have been lost. The industry is even forced to lend its workers to the construction industry, risking the loss of expertise and thereby the ability to bounce back. Some small and medium-sized businesses may have to close their doors. That's how serious it is.

All over the world, people are preparing for the next generation of aircraft. We also know that we need to develop a comprehensive policy now to ensure that our industry is still at the cutting edge of innovation in 10 years. However, of course, an aerospace policy should not be limited to financial assistance. We agree on that. All players must be at the table, including workers, companies and governments. Programs must be specific and tailored to the reality of

the sector. Policies can be broad, whether in terms of the green shift, recycling or maintenance, but this also means providing cash and loans to buyers, and funding for research and development.

In short, if we look at the big picture, it's a highly strategic industry, and it's as important to Quebec as the auto industry is to Ontario or oil is to western Canada.

Mr. Wudrick, if we are not supposed to support aerospace, should we stop supporting the oil and automobile sectors?

● (1155)

[*English*]

**Mr. Aaron Wudrick:** Yes, absolutely. That's been our position all along. We take the exact same position.

I want to be clear. It's not picking on a particular region. We take the identical view on every industry, including auto and oil. I recognize that some people consider that an extreme position.

I don't want to diminish the importance to a particular region. I hear similar arguments made by other industries. My concern is whether the focus on the size is undercut by the cost of support.

You mentioned the additional jobs and the spin-off. I hear this argument all the time. The reality is that, to take Bombardier as the most obvious example, support for Bombardier has often been justified on the basis that it supports a supply chain. The supply chain, however, is also subsidized. Research and development is also subsidized. Purchases of the aircraft are also subsidized.

This is not, then, a case of subsidizing at the top and seeing it trickle down to support all these other elements. Everything along the chain is subsidized. All I am asking is that, when we do a cost-benefit analysis, we also count the cost. I'm fine with counting the benefits, but I think it's only fair that for every industry we count the cost as well when we're making a judgment about what support should or shouldn't be offered.

I agree with your point and with some of the other people on the panel. I recognize that I've been focusing on subsidies. There are many other ways to support the industry. I have no issue with many of those things, and they need to be discussed. I'm really solely focused on the issue of direct transfers of taxpayer money in the form of grants, not loans.

If loans are repaid, I think there is an argument there as well, with proper disclosure, but I'm really just focusing on the subsidy issue.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** In short, you are saying no direct support for the aerospace industry or for the oil and automobile industries.

Do you think a liquidity policy would at least be an option?

[English]

**Mr. Aaron Wudrick:** It would be better than getting nothing in return, but I'm very worried again about the auto bailout example. Taxpayers lost a lot of money on that deal. I recognize that there is an immediate benefit in terms of keeping those companies afloat, but there was a cost. We need to be honest about the fact that there was a cost. It was not an ideal scenario.

If you're asking me whether there are ways to structure things that are less bad for taxpayers, I say yes. Any way in which taxpayers are repaid or protected, in terms of the money they're forced to subsidize an entity with, is preferable to none at all.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** You gave the example of the agreement with Bombardier, but wasn't the problem in that case the lack of conditions, in terms of maintaining the head office, eliminating positions or increasing the salaries of senior executives?

Is my time up, Madam Chair?

• (1200)

**The Chair:** No, you have 10 seconds left.

**Mr. Simon-Pierre Savard-Tremblay:** So that's my question.

[English]

**The Chair:** Mr. Wudrick, if you could, please answer quickly.

**Mr. Aaron Wudrick:** I think there were bigger problems that go back a lot further than that, but this was definitely something that I think drew a lot of negative attention towards it, and rightly so.

[Translation]

**The Chair:** Okay.

[English]

Thank you very much.

Our next round of questions goes to MP Garrison.

Welcome back to INDU.

**Mr. Randall Garrison (Esquimalt—Saanich—Sooke, NDP):** Thanks very much. I'll try to remember that I'm in the industry committee and not the defence committee—although, with aerospace, of course, as I've said before in this committee, there's a very direct connection between maintaining capacity in the aerospace industry and Canadian sovereignty.

I'm going to talk about more personal things today. First of all, I should confess that my father was a pilot and air traffic controller, so I've always been interested in this industry.

Secondly, I spent 20 years teaching in a college before I became a member of Parliament, so I'm particularly interested in Mr. Donald's comments on the labour force problems that have been pre-

sented both during the pandemic and through losses during the pandemic, and also on future needs in the industry.

I wonder whether he could tell me a bit more about it. Is it a two-faceted problem? Do we not have enough people wanting to go into the industry, combined with not enough capacity, or is it simply a capacity problem?

**Mr. Robert Donald:** Thank you, Mr. Garrison.

It's a little of both. I think we're getting more interest from people in coming into the industry, but capacity is a huge issue. As a practical matter, as I said, in 2018 Canadian colleges with wait-lists were only graduating 25% of the students we needed. That situation is getting worse, not better.

As I say, if we're going to rely simply on colleges, governments have to fund a massive expansion of them. I don't think that's realistic. I think, bluntly, we need to look at new ways of training that don't require five days a week, full time, at a bricks and mortar institution. I think Transport Canada has to recognize other ways of training and expand our capacity.

**Mr. Randall Garrison:** I think those are very useful suggestions. I hope that, when it comes to writing a report, the committee will keep those in mind.

What about attracting the non-traditional employees into the industry? I'm not just talking here about women, but about perhaps new Canadians, racialized Canadians and indigenous Canadians. Does the program that ESDC runs now actually reach out to non-traditional participants in the industry to try to encourage participation?

**Mr. Robert Donald:** Yes, we have a number of programs that are directed at north of 60, trying to encourage students to join the industry. As I alluded to in my opening remarks, one of the problems is that if you take students from the north, there are no training facilities up there. That means indigenous people have to come south to Winnipeg or otherwise for two years. The success rate is not good, for a whole variety of reasons that people have studied. We are working to get ambassadors and we're trying right now with partners in the north to get entry-level positions in the north, so we can train people in the north, etc.

ESDC is assisting in that way. We did a massive project with them on how to attract more women to the industry and how to attract more indigenous people. We conducted focus groups across the country. Now we're bluntly applying for funding to try to put some of those into action.

Does that answer your question, Mr. Garrison?

**Mr. Randall Garrison:** Yes, I think it does, very directly.

I want to turn to Ms. Medve to talk in a more practical sense about the impact of skill loss during COVID on her company, which I know quite a bit about because we spend a lot of time as a family in Kelowna.

You talked about losses and the difficulties of getting people back after COVID. Can you tell us a bit more about the scope of that problem, Ms. Medve?

**Ms. Tracy Medve:** Our problem wasn't really the loss of skilled workers. It was the loss of customers because our carriers are on the ground. They're not generating any revenue and they can't pay for maintenance.

We took a very deliberate decision to keep our workers working as much as we possibly could throughout the whole pandemic. We converted some of our own aircraft. We did cargo conversions on them so we were able to keep people working. We were able to keep them doing the work that they normally do. We took the opportunity to do a lot of training because we knew that once things started to come out of the lockdown, carriers were going to be back massively and very quickly wanting their airplanes maintained.

I think we've done a good job of hanging on to our staff. The problem is that we were suffering shortages before COVID hit. That goes back to what Mr. Donald was saying about not having enough colleges and enough people going through the colleges and graduating.

Interestingly enough, during COVID, Transport Canada has loosened the requirements for training to say you could do classroom training. I guess it's one of those silver linings where presumably, if it was okay this past year, it's going to be okay for the future. That will help a great deal. It will also help a great deal in attracting, say, women to this industry, if they can train in their home locations. They can train at home and have flexibility in the time that they're training during the day, so that they can look after their kids and all those kinds of things.

• (1205)

**Mr. Randall Garrison:** Thank you very much, Madam Chair.

I realize there's very little time there, so I'll let you go to the next questioner.

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

We'll start our second round of questions.

Our first questioner is Mr. Généreux.

[*Translation*]

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

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

My first question is for Mr. Arthur, from The Boeing Company.

Mr. Arthur, WestJet cancelled an order for 15 aircraft in the last few weeks. This clearly affects your company. The pandemic has a direct impact on your company.

What are the implications of that decision in Canada?

[*English*]

**Mr. Michael Arthur:** Thank you, Mr. Généreux.

If I've understood your question, it's about the recent order of the Max for WestJet. The Max is now back flying. Thank you to Transport Canada for having reauthorized that.

These are planes made in the United States, so I wasn't quite clear why your question was on the impact in Canada. These are the most fuel-efficient planes we sell. They're 25% more efficient than the planes that they replace, across the board. In terms of sustainability, this is the state-of-the-art offering that we have.

Does that answer your question, Mr. Généreux?

[*Translation*]

**Mr. Bernard Généreux:** Yes, thank you.

Mr. Wudrick, earlier, you set the cat among the pigeons by saying that all the witnesses we have heard so far in this study were essentially lobbyists trying to save their jobs.

Is it not important to find a balance between the amount of money that the Canadian government can provide to the aerospace industry as a whole, in order to create jobs and ensure good wages for workers, and the amount of money that Canadian taxpayers have to pay to fund these subsidies, loans or benefits granted to the industry, as to all other industries?

Earlier, my colleague from the Bloc Québécois talked about the importance of the automobile industry for Ontario and the oil industry for the west.

Am I to understand that, in your opinion, there should be absolutely no more subsidies in Canada, in any way whatsoever?

[*English*]

**Mr. Aaron Wudrick:** Yes, you would understand correctly. That's our position, and I recognize that a lot of people take that to be an extreme position.

I think that the onus really needs to be reversed. We're arriving at a point in this country.... I spend a lot of time in Ottawa around a lot of lobbyists and a lot of industries, and their marching orders are to see what's on offer from government. Their marching orders are to see what the government is prepared to give them. I think that's a very unhealthy business climate for any country to be cultivating.

I am not an advocate of making the perfect the enemy of the good, so I recognize that it's not going to be "snap your fingers and nobody gets any subsidies". However, I just want to always put out there that there are ways to help businesses that don't involve direct taxpayer support. I am alarmed that, in some cases, a lot of groups and individuals seem to assume that what we need to do any time there is a problem with a business or an industry is to run to the rescue with a bucket of taxpayer money. I think that should be an instinct that we need to check.

[*Translation*]

**Mr. Bernard Généreux:** If I understand correctly, you would, nevertheless, be in favour of a national strategy supporting the industry and proposing solutions to do so.

As you said yourself, we are in a competitive global market. If all countries, be it Germany, France or other major G7 or G20 countries, continue to support their aerospace industry with hundreds of billions of dollars, and Canada stops supporting its industry, don't you think that we would inevitably lose a definite advantage over all other countries and our competitors around the world?

• (1210)

[English]

**Mr. Aaron Wudrick:** First of all, I want to be clear. I am a big supporter of the marketplace and business, and I wish all the best to any business and any industry that can do well in the marketplace. I'm not anti-business by any stretch of the imagination.

With regard to your point about the reality of the global marketplace, I acknowledge that, but I also point out that we'll have to pick and choose who we support. We cannot support every industry that goes up against global competitors that are subsidized. That, in itself, is a choice. We are not going to be able to subsidize every business in every industry to survive against global competition that is also subsidized, especially—

[Translation]

**Mr. Bernard Généreux:** So how do you make that choice?

[English]

**Mr. Aaron Wudrick:** That's for the politicians to make, but you have to recognize that it is a choice and that you are essentially going to be saying to the public that some industries and some jobs are more important than others.

How are people who are not in those industries going to receive that kind of news?

[Translation]

**Mr. Bernard Généreux:** Based on your remarks, you are saying that the oil and automobile sectors are more important than the aviation sector. So you are supporting the Bloc Québécois argument that there will never be a majority government in Canada. Is that it?

[English]

**Mr. Aaron Wudrick:** I don't support subsidies to any business.

[Translation]

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

[English]

Our next round of questions goes to MP Jaczek.

You have the floor for five minutes.

**Ms. Helena Jaczek (Markham—Stouffville, Lib.):** Thank you very much, Madam Chair.

Thank you to all the witnesses. This has been a very interesting discussion this morning.

I am also on the transport committee, so I've heard a great deal about the devastation that COVID-19 has had on the aviation sector as well as the aerospace industry. However, as Mr. Donald has told us very clearly, we're looking at a dramatic resurgence, no doubt, of the need for airplanes and flights, and people.... There will be a certain pent-up demand, clearly, that will occur.

I was particularly struck by Ms. Medve's investment in the training facility that she told us about in Hamilton. It's a sort of vertical integration of her business, obviously, having those maintenance workers available to grow her business.

I am wondering if Boeing has similarly invested in training in any particular sector in the aerospace industry.

Michael or—I would really be interested in any investment in Canada—maybe Mr. Sullivan, would either of you please tell us about your investments in training specifically?

**Mr. Michael Arthur:** There are two things I would say. First, we have partnerships with seven different Canadian universities where we do a bit of research, but we also invest for recruitment purposes.

If you look at what I was mentioning earlier in Vancouver and the cluster work we have there, you see that the workforce there comes out of Canadian universities with a very close association with us. This is not training pilots in the conventional sense, but it's part of our workforce development.

The second point I would make, which is perhaps tangential, goes back to the subsidy issues. I don't want to enter into that, but if the customer is the government—and, for example, we are campaigning on the defence side for your future fighter, and the customer is the taxpayer and thus the government.... If that project goes through, Doyletech Corporation has calculated that over a 40-year period, 250,000 jobs will be created as a sort of follow-on to it.

Necessarily, as we develop all that, we will have to be a part of the training of the workforce we bring on. Yes is the basic answer. We do take training of our workforce very seriously, but we don't actually have a pilot training school in Canada.

Does Duff want to add to that?

**Ms. Helena Jaczek:** Could you just clarify, on the partnership issue, whether you actually flow funds from Boeing for these training opportunities?

**Mr. Michael Arthur:** They tend to be more research grants, as well as student scholarship types of funds.

• (1215)

**Ms. Helena Jaczek:** Would you consider any movement in a direction such as Ms. Medve has made for her business?

**Mr. Michael Arthur:** Yes, quite possibly we would. As I say, the Boeing workforce we are going to need in Canada is something we have to take very seriously, assuming the business develops in the way I have described. We are talking about new skills in the industry. I thus absolutely take that away.

Let us see whether we can respond to you a bit.

**Ms. Helena Jaczek:** I think Mr. Lyons has something to say.

**Dr. William Lyons (Senior Director, Global Technology and Global Engineering, Boeing Engineering Test & Technology):** Thank you.

I would just add to what Sir Michael said that our Composites Knowledge Network, based around UBC, is actually producing knowledge process documents for 200-plus SMEs and counting.

The training that we do—that research—translates into action for not just our immediate members but also for the SMEs that are part of the CRN, as we call it, the Composites Research Network.

**Ms. Helena Jaczek:** Thank you very much.

I think we were all very impressed with some of the arguments made by the Canadian Taxpayers Federation looking at what we can do without direct subsidy.

Mr. Hamilton, from Hexagon, you mentioned that you felt we needed clear export controls. Could you clarify that or elaborate a little on exactly what you mean and what kind of recommendation you are making?

**Mr. Jason Hamilton:** Let me begin by saying that I'm not advocating for different export policy. I think it is up to the politicians to decide where we export.

What exporters need—and we export about 90% of what we manufacture in Canada—is clear guidelines and a partnership with government agencies to help us export. If we have to wait three, six, nine or sometimes 12 months to understand whether we can deliver a product to a customer, we're not competitive. Those customers will go elsewhere, and they have options.

Maybe this is a slowdown from COVID, but it is a slowdown we saw even before COVID started.

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

[*Translation*]

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

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

My question is for Mr. Oehrli, from Rheinmetall Canada.

First, Mr. Oehrli, thank you for being here today and for making us aware of the importance of the defence industry in the economy, particularly in the current context.

You mentioned the industrial benefits policy. You talked about key industrial capabilities and you said that the government has a list of capabilities that it prioritizes, but that the list is limited.

Why should Canada include more on that list? I'm thinking particularly of the potential impact on emerging SMEs in terms of supply chains and quality jobs in the industry.

**Mr. Stéphane Oehrli:** Thank you for the question, Mr. Lemire.

As we understand it, 16 industries are currently prioritized in the economic benefits policy. Calls for tender will highlight business opportunities for those industries. The policy therefore gives them an advantage.

Also as we understand it, in 2017, the Government of Canada gave a company called Avasant the mandate to create a list of key industrial capabilities in Canada that could be supported. The list actually contains 58 industries with different industrial capabilities. A selection was then made. From the 58 industries, 16 were chosen for encouragement and support in the current policy.

We of course feel that consideration should be given to expanding that number to include some industries that are not yet recognized in the policy. This would allow investment in the sector, thereby creating a positive effect on economic development.

**Mr. Sébastien Lemire:** Thank you.

Aside from the ways of improving the industrial and technological benefits policy, are there other government policies, acts or regulations, not counting those dealing with military procurement, that are obstacles to your development and success?

**Mr. Stéphane Oehrli:** In Canada, the tendering process is covered by a number of acts and regulations. The industrial benefits policy is important, but there is a direct link with exports as well. In the current policy, exports are prioritized. You are awarded points when you can demonstrate your skills internationally. The regulations must follow. So, on the one hand, exports are encouraged, and on the other, issuing export permits is slowing down. So there is certainly an imbalance.

In our view, as my colleague said earlier, this is not a matter of questioning the basis for export permits. Of course, we subscribe to that practice. However, we have seen the delays increasing four- and five-fold. Before the COVID-19 pandemic, working in a climate like that would have made us lose our customers and our competitiveness. That interrelationship is important for us.

• (1220)

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

[*English*]

Our next round of questions goes to MP Garrison.

You have the floor for two and a half minutes.

**Mr. Randall Garrison:** Thank you very much, Madam Chair.

I hope the arrival of the recycling truck outside my house will not interrupt the questions that I have or the time remaining.

I found the comments on industrial technological benefits from a couple of presenters very interesting.

I'd like to go to Sir Michael Arthur and ask him to expand a bit on what he said about the 100% benefits and the contract-value question.



**Mr. Michael Arthur:** The Canadian government requires that we reinvest after 100%. I think its \$11 billion over past history, and \$8.8 billion or \$9 billion of that has already been done. We've set that aside. We've fulfilled our obligations. We're in the remaining \$1.8 billion that's left, so we are investing in things happening in Canada.

If you want some exact examples, perhaps we can send you some of those after, so that you know where we sent the money.

**Mr. Randall Garrison:** My concern about it is that without those kinds of industrial benefits, large investments we make.... Again, I'm back to the defence committee. Things like fighter jets don't help us maintain the aerospace industry in Canada.

That's really my interest in the importance of these agreements.

**Mr. Michael Arthur:** Actually, with respect, I beg to differ on that.

If we see, for example, the Super Hornet campaign going forward.... If we were to be successful in that, we would do a huge amount of investment in Canada in the sustainment of the whole project going forward. We haven't yet worked out which suppliers we would work with, but I'm quite confident that there would be a wide range of Canadian supplier companies that we would be working with in the implementation of such a contract.

This is definitely keeping sustainment to the aerospace industry across Canada. We have 500 suppliers already in Canada, you know.

**Mr. Randall Garrison:** Thank you very much.

Mr. Oehrli, I believe you also had some comments on that. Maybe give us just a brief response on the same question.

**Mr. Stéphane Oehrli:** Our point is that we should not allow overcommitment.

Today the policy has been changed slightly in the 2.0, which allows, actually, overcommitments by companies. That basically means that if you take an obligation of one dollar, maybe the company decides to invest \$1.20. This appears in the short term as being very good and encouraging for the industry, but it actually weakens the competition in the long term.

Our point is that this should be capped, because otherwise it's quite similar to a dumping practice.

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

**Mr. Randall Garrison:** Thank you.

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

You have the floor for five minutes.

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

Thank you to all of the witnesses.

So far this morning, we've talked about subsidies and we've talked about training. I'd like to focus on regulations and red tape. For the questions that I'm going to ask, if the presenters could make sure that we are dealing with that aspect and how that affects them....

We know from the Canadian Federation of Independent Business that regulations cost Canadian businesses about \$30 billion each year in compliance costs alone, and small businesses are the ones that feel the brunt of that.

We've just heard that delays make you lose clients, and this is one of the critical aspects that we have.

I'll start first with Mr. Hamilton.

As far as GPS technology is concerned.... You spoke, as well, about spectrum disruption, hacking as far as GPS signals are concerned, and innovation. Are there particular regulations and red tape that you can see that would help your side of the industry?

**Mr. Jason Hamilton:** We talked a bit about export. I think I said what I needed to say on that front. We need a partner in government to help us export and be leaders in this worldwide, and to be quick and agile in our export policy and processes to let us do that.

On the other side, the opening up of the airspace, I guess we're looking for more regulation and more guidance on interoperability of unmanned and manned aircraft. The more guidance we can give industry on the timeline for the opening of those opportunities, the more it will attract investment in all the technologies required for autonomy into Canada. I think that's not reducing regulation but providing the regulatory framework that gives certainty to industry so that they can invest in future technologies.

● (1225)

**Mr. Earl Dreeshen:** Thank you.

Ms. Medve, when you were giving your presentation, one of the things you spoke of was being able to maintain maintenance in Canada and there seemed to be some impediments that were of concern to you.

Could you discuss what those impediments are? Are there things, again, in regulations and red tape that could be eliminated in order to make it easier for you and people within your part of the industry to compete?

**Ms. Tracy Medve:** Given that we're time-restricted, I'll just focus on the one that we're having the most immediate problem with.

When we have out-of-country customers having heavy maintenance on their aircraft, they want to send a technical representative to be with the airplane throughout that check. That can last several weeks. Pilots can come and go, in and out of the country, with relative ease, but now, suddenly, the maintenance technicians who are coming to sit with their airplanes and walk them through this major check with us are being impeded.

I've had our HR person on the phone for hours to Ottawa, trying to find somebody who will let this person into the country. We're declared an essential service, but we can't do our work if these technicians can't come into the country and sit with their airplanes while they go through maintenance. That should be a relatively easy thing to solve.

**Mr. Earl Dreeshen:** Hopefully they have heard that today.

Are there other red tape issues, though, that you are concerned about as far as your actual work in maintenance is concerned?

**Ms. Tracy Medve:** It's not really red tape. We're used to living in a regulated industry. I know part of my comment was to also get you to recognize that when we talk about this industry, we're not just talking about the airlines. We are talking about all the back-end providers who support that industry.

As an MRO provider, we often really feel as though we're forgotten and nobody really understands how it is that these airplanes can fly around safely. It's because we have this cadre of people who are there working on the airplanes.

Sometimes the policy-making really stops at the carriers' door. We think carriers like Air Canada should come to Canadian MRO providers first. That was the point I was trying to make.

**Mr. Earl Dreeshen:** I realize that I don't have very much time left. I just want to make a comment, though, to Mr. Oehrli.

You had four recommendations that you said were simple. They need a bit of explanation, though, because they're not easy to understand. I'd certainly appreciate the chance for you to present that to the committee so that we have something we can work on during our report.

Thank you very much, Madam Chair.

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

Mr. Oehrli, perhaps you could prepare a briefing on those four points and send it to the clerk so he can circulate amongst the committee. That would be very helpful. Thank you.

**Mr. Stéphane Oehrli:** Absolutely, it would be my pleasure.

**The Chair:** Thank you.

Our next round goes to MP Jowhari. You have the floor for five minutes.

**Mr. Majid Jowhari (Richmond Hill, Lib.):** Thank you, Madam Chair.

Thank you to all the witnesses. It was quite informative.

Once again, I'm going to go back to Mr. Donald and Madam Medve, and hopefully I'll bring everyone else into this conversation.

As I was listening, it was quite clear that the lack of training capacity, as well as retention, is an issue that industry as a whole is dealing with. While I was listening, I also noticed that if you look at the landscape of who we are working with to address this issue, we have the government, which is providing funding and incentives and also providing regulations to Transport Canada. We have the industry, which is doing the R and D and is doing some training opportunities. It's also, through the extended supply chain, providing the jobs. We have the labour skills group representatives here for the council, and they're doing a great job of advocating on behalf of their members. We also have, probably.... The educational institutions are missing and also the airlines.

When you look at all these stakeholders, whether they're government, industry, labour, skills, advocacy groups, educational institutions or airlines, my question to the group—and, again, I will start

with Mr. Donald and then Madam Medve and then go back to the rest—is this. What can we do as part of a partnership model to be able to address the issue of the training capacity, as well as the retention?

I'll start with Mr. Donald.

● (1230)

**Mr. Robert Donald:** Thank you, Mr. Jowhari.

I'll digress for just a second.

As I alluded to a little bit earlier, I think the most useful thing that the government could do right now is to lay out a road map with industry. This isn't for public consumption, but it's sitting down with the airlines, the MROs, the manufacturers, and laying out a road map for the reopening of our industry.

I don't know what conversations have gone on with Air Canada, WestJet and others, but the more they understand what's going to be required to lift quarantine restrictions, etc., the more I think they can then turn to Tracy, KF Aerospace and others to start planning how they're going to bring back their workforces and how they're going to bring back their airlines. I think that would be the most useful thing that could be done.

**Mr. Majid Jowhari:** How does that address the inability to be able to build the capacity for training? Wouldn't the training be mainly between the institutions, as well as a partnership with the industry and probably your council, to build that capacity that is, right now, in shortage?

**Mr. Robert Donald:** As I said, I apologize for the digression. I just wanted to make that point.

In terms of increasing capacity, I think what we have to move to is more workplace-integrated learning, continuous workplace-integrated learning using new tools, virtual reality, online and blended, so that industry can put in place its own training programs that aren't dependent on Transport Canada-approved colleges.

I think that's a necessary conclusion—that we don't have the capacity—and I don't believe governments will fund the increased capacity, so I think we have to turn to industry and provide it with the tools to allow it to train its own workforce, microcredentially, with online learning and those types of tools that, frankly, our council is working on and developing with ESDC. However, we need recognition by Transport Canada to do that.

**Mr. Majid Jowhari:** From a Transport Canada point of view, you need an updating of the regulations, a review of the new training approach and then basically their approval of it.

**Mr. Robert Donald:** That's correct—and moving to competency-based learning instead of hours-based learning. If a student finishes a three-hour project in class in an hour, that student has to sit there for two hours doing nothing because the teacher has to recognize the three hours. We need competency-based new rules.

**Mr. Majid Jowhari:** With about 30 seconds to go—

**Mr. Robert Donald:** I apologize.

**Mr. Majid Jowhari:** No, that's okay. I'm trying to bring it back to the industry to ask this: What type of commitment do you need from the industry, from what I call the extended value chain or the extended supply chain, in support of those types of training?

**Mr. Robert Donald:** Hopefully, industry will come on board. We have a number of companies, including KF, that have come on board to say that, yes, they're willing to work on developing continuous workplace learning training. Hopefully, if we can get a good pilot project going, industry picks up on it and Transport Canada approves it, we will increase our capacity without increasing the spend by government.

**Mr. Majid Jowhari:** Thank you.

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

We will start our third round of questions.

The first round goes to MP Poilievre. You have the floor for five minutes.

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

My question is for Mr. Wudrick.

**The Chair:** My apologies. MP Poilievre, do you have your headset?

**Hon. Pierre Poilievre:** I do not.

**The Chair:** Okay. Could you get closer to the mike, please, and I'll restart the clock.

**Hon. Pierre Poilievre:** Yes. Can you hear me now, Madam Chair?

**The Chair:** One moment. I'm checking with the interpretation services. I will hold the clock.

[*Translation*]

**Mr. Sébastien Lemire:** The interpretation is working well, Madam Chair.

**The Chair:** Okay. Thank you.

**Mr. Sébastien Lemire:** But I am a little surprised that Mr. Poilievre has questions for Mr. Wudrick.

[*English*]

**The Chair:** Go ahead, MP Poilievre.

[*Translation*]

**Hon. Pierre Poilievre:** I am sorry to have surprised you, Mr. Lemire, my friend.

[*English*]

Mr. Wudrick, I want to talk to you about a challenge in public finance in general.

Whenever we have these hearings on any subject we get 20 or 30 witnesses showing up asking for more money. We get one witness, usually you, or someone like you, representing the 30-plus million Canadians who have to pay for it.

The 30-plus million Canadians who pay for the price of programs get one witness, and the comparatively very small groups, sometimes representing 10,000 or 20,000 people, get 20 or 30 witnesses.

It's not just this committee. It's every committee. In fact, it was even worse on the finance committee. It reminds me of James Buchanan, who was a Nobel Prize-winning economist, who invented something called "public choice theory" where he pointed out that when governments start to run the economy, the theory is that everything is going to happen in the public interest. In fact, people seeking profit just do so through the government rather than through the marketplace. They show up at committees like this one advocating for their interest group to get a bigger handout from the many millions of people who are too busy working and living their lives to lobby in the other direction. In the end, the concentrated benefit of a government handout is far more politically powerful than the dispersed cost that everyone must contribute to pay for it.

Hence, we have one witness defending the payers here, that's you, and throughout the study we'll have 25 or 30 advocating for more spending.

Do you have any suggestions on how we can redress this balance so that the people who pay the bills in this country, the working class folks who put in the hours and earn their wages, and the small business people across the land, are not continuously outnumbered by those who want to draw from their pockets?

• (1235)

**Mr. Aaron Wudrick:** The first thing I'd say is that you should invite the Canadian Taxpayers Federation to committee more often.

Aside from that, I think it's incumbent on the members in the committee and all members of Parliament to remember that fact. I don't want to take anything away from the people who appear at committee. You're all dedicated to your craft. I'm sure all your reasoning is in earnest and you believe in what you're saying, but as you say, Mr. Poilievre, there are millions of Canadians who will never appear before committee. It's incumbent upon members of Parliament to remember that it should not always be the squeaky wheel that gets the oil.

**Hon. Pierre Poilievre:** You're right.

[*Translation*]

Let me say it for Mr. Lemire's benefit.

In sessions like this, we always have 20 or 30 witnesses who want more money. But 30 million or more Canadians have to pay the bill. At this committee, those 30 million Canadians are represented by one single witness, from the Canadian Taxpayers Federation. However, a small group looking for another subsidy, another government loan, is represented by 20 or 30 well paid lobbyists. That is a problem. Groups and organizations, especially from industry, are better organized than taxpayers, who are too busy working. The business groups and companies looking to obtain money are well organized and have the funds they need to hire lobbyists who come here to collect the money. That is not a good balance.

How could we correct the imbalance between all these powerful companies who always want more money, and all the taxpayers who have to foot the bill?

I would like to hear your suggestions on the matter, Mr. Wudrick.  
[English]

**Mr. Aaron Wudrick:** As I said, invite us to committee more often. Maybe speak more often to your constituents and see how they feel about some of these proposals.

**Hon. Pierre Poilievre:** That's a good suggestion.

I want to go to Mr. Donald, who I think also made a very good suggestion. He's saying we should go to competency-based credentials. What can you do rather than just hours-based credentials?

Mr. Donald, do you think this is a principle that could be extended? We have very qualified immigrants who come to this country—

**The Chair:** MP Poilievre, you're out of time. Could you quickly wrap it up?

**Hon. Pierre Poilievre:** I'll wrap it up.

We have very qualified immigrants and military veterans who have a whole series of qualifications that don't get recognized even though they are qualified, because they don't have the finances or the time to redo all of their training and get a permit to work in a given profession or trade. Do you think we could extend your principle of competency-based credentials to those types of situations as well?

• (1240)

**The Chair:** Answer very quickly. Thank you.

**Mr. Robert Donald:** Absolutely. You can have an engineer from Lufthansa who's been working there for 20 years on an Air Canada aircraft come to Canada and his credentials aren't recognized by Transport Canada because they can't validate what he studied—not his competency, but what he studied 20 years ago in Berlin.

I agree with you completely, Mr. Poilievre.

**Hon. Pierre Poilievre:** Let's fix that.

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

Our next round of questions goes to MP Lambropoulos. You have the floor for five minutes.

[Translation]

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

I would like to thank all the witnesses for joining us today and answering our questions.

[English]

Clearly, the aerospace industry is one that's been through a lot during this pandemic. It has been quite hard hit. Rather than focusing on COVID-19 and what the current state of affairs is, I'd like to focus more on the future to see how the government could support the industry in the long term.

I represent a riding where quite a bit of the aerospace industry is on the territory of Saint-Laurent. It's an industry that I hear from a lot. At the same time, I hear a lot from my constituents when I go door to door. I've heard in the past about bailouts and about how people aren't necessarily happy about the way money sometimes gets thrown at these companies.

I'm all for supporting the industry. I think that the aerospace industry is a strategic one where, if we invest properly or if we support it in the right ways, it can definitely allow us to be competitive on a global scale. It's the future.

I'm looking for ways—other than bailouts—that you would recommend the government use to support. I'm talking to all the panelists here. I'm thinking more in terms of contracts and preferring Canadian companies, for example, over global competitors. I'm thinking about education and ways in which we can help improve the industry and make sure that we're up to par with global competitors, so that Canadian companies are the ones that we want to choose.

If anybody wants to comment on ways forward that go along with that way of thinking, I'm really interested in hearing your suggestions.

**Ms. Tracy Medve:** Can I just comment on that? It's near and dear to my heart, and I ran out of time before I could say it 17 times: “Buy Canadian”.

Don't be fooled by the ITB structure, because it's a zero-sum game. If you have a Canadian provider, as we do, providing military pilot training with a full Canadian team, which we've been doing in the country since 1940, giving that work to a foreign competitor and then requiring them to meet these ITB commitments is a zero-sum game.

All you're doing is taking it away from a Canadian company, which is using Canadian companies to do the work, and giving it to a foreign company to then require them to hire all the people you just lost to this company. Don't get sucked into that.

That's all I have to say about that. It's just a simple argument. I'll let someone else talk.

**Ms. Emmanuella Lambropoulos:** Does anyone want to—?

**Mr. Michael Arthur:** It's Michael Arthur here. Let me just come in from Boeing, the only foreign company here on the panel.

There are two things. First, the last thing we're asking for is bailouts from government. We're here on a competitive basis. As I said in my earlier remarks, if we win a government contract on the defence side, there's a huge economic benefit to the Canadian economy.

It wasn't us—it was an outside company, Doyletech—who calculated that over 40 years, there's 60 billion Canadian dollars' worth of value into the Canadian economy. That's because the global companies you mentioned just now, such as we are, bring with us a lot of Canadian industry. We work within Canadian industry the whole time. We have 500 suppliers across the country. It's a sort of integrated package that you get.

That's the point I would make from outside.

**Ms. Emmanuella Lambropoulos:** Thank you very much.

You both make valid points. If we were to find ways to incorporate the two and make sure that Canadian companies were benefiting from the expertise that others may have, so that we can eventually have companies that are able to do pretty much the same thing, I think that would be the best way to go.

I don't have any other questions, but if anyone else would like to jump in who hasn't already, you're able to.

Mr. Lyons.

• (1245)

**Dr. William Lyons:** Thank you.

**Mr. Michael Arthur:** Could I...?

I'm sorry, Bill. You go first.

**Dr. William Lyons:** Please Michael, you go first.

**Mr. Michael Arthur:** I was just going to give another nice example. There's a company called Héroux-Devtek, which makes landing gear. It's one of the world's best landing gear suppliers. If I'm right, it's in the riding of Madam Chair. There's a very good example of how, when a 737 lands in Canada, Héroux-Devtek has helped it land.

**Dr. William Lyons:** Thank you.

**The Chair:** Unfortunately, you're out of time. Perhaps you'll have an opportunity in the next round of questions.

Our next round of questions goes to Mr. Lemire.

[*Translation*]

Mr. Lemire, the floor is yours for two and a half minutes.

**Mr. Sébastien Lemire:** Thank you, Madam Chair.

I'll start with an answer to my colleague Mr. Poilievre.

I could ask for nothing better than to be among only eight million people funding investments in our aerospace industry. Instead, we have to deal with a government that chooses not to invest, and imposes foreign policies in return for half of our taxes.

That said, I would like to hear Mr. Oehrli's comments about this. I believe that he too wanted to react to Mr. Poilievre's remarks.

**Mr. Stéphane Oehrli:** Thank you, Mr. Lemire.

[*English*]

I would like to state to Mr. Poilievre that we actually are not asking for government money. We're asking for fair rules and enhanced competition. It's a highly technical subject, the subject of a value proposition and ITBs, and we have a chance to present our recommendations for consideration.

In no way are those for more money. It is for the tweaking of regulations for enhanced competition and for fair rules.

[*Translation*]

**Mr. Sébastien Lemire:** Mr. Oehrli, you mentioned overbidding in the federal government tendering process for military procurements. What kind of problem does that pose for companies like yours?

**Mr. Stéphane Oehrli:** Entrepreneurs have to be careful with their investments. Some subsidies could clearly distort the calculations a little.

Being encouraged or forced by the government to submit a bid where they invest more money than they get in return will cost them in the long run. In my opinion, it's a poor business practice. They will end up in a precarious economic situation and will no longer be able to invest in innovative technologies. They will no longer be able to submit bids in the future.

In our opinion, keeping regulations that allow that kind of mechanism weakens the economic fabric in the long run. So we advocate for a one-to-one relationship. Otherwise, it does not make for good business.

**Mr. Sébastien Lemire:** Thank you very much.

I will take the 10 seconds I have left to express my particular thanks to Mr. Donald and Ms. Medve for having highlighted the importance of training. I found their remarks very helpful. It is something that we must not neglect. I am thinking particularly of the École nationale d'aérotechnique, the ÉNA, located in Saint-Hubert, and its contribution to economic development.

Thank you for joining us today.

**Mr. Robert Donald:** My pleasure.

Thank you.

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

[*English*]

Our next round of questions goes to MP Garrison.

You have the floor for two and a half minutes.

**Mr. Randall Garrison:** Thank you very much, Madam Chair.

It's always nice to be present in committee for another chapter in the bromance between Mr. Poilievre and the Canadian Taxpayers Federation.

I would like to differ briefly at the beginning. The shipyards at CFB Esquimalt are the biggest employers in my riding. I think the taxpayers in my riding would completely differ.

What we're looking for here is not necessarily subsidies or government spending, but ways to grow the aerospace industry that will create those goods jobs. I'm afraid that Mr. Poilievre and the representative from the Canadian Taxpayers Federation won't be happy until we're all hewers of wood, drawers of water and workers in Amazon warehouses. It's not that I disrespect any of those jobs, but Canadians are looking for skilled work and the aerospace industry is a good source of that.

I'm going to go back to Mr. Donald and perhaps Ms. Medve to talk about the overall contributions of aerospace to the Canadian economy, because I think we've lost sight of that today.

**Mr. Robert Donald:** Thank you, Mr. Garrison.

I believe you had Mike Mueller from AIAC before you last week. He would have gone through the hundreds of thousands of jobs and the \$90 billion contributed to GDP—the vast majority exported.

That's not really what we focus on. It's the labour force, so I'll let Tracy speak to that.

• (1250)

**Ms. Tracy Medve:** I did talk about Canada being a large country. We suffer from a lot of geography and not very many people. We need aerospace and aviation just to get by every day. That goes without saying.

The point I was making before is that I haven't come here asking for subsidies. I don't want it represented that this is what I was doing. I'm just asking that you please recognize in your policy-making that we go beyond just the air carriers in this industry.

I'm also trying to make the point that where we already have Canadian capability—for instance, in military pilot training—do not give that work to companies outside Canada because we're already really good at it.

I know the time is up. That's all I'm going to say.

**Mr. Randall Garrison:** Thank you very much, Ms. Medve.

**The Chair:** Our next round of questions will go to MP Baldinelli.

You have the floor for five minutes.

**Mr. Tony Baldinelli:** Thank you, Madam Chair.

Again, thanks to the witnesses.

I would like to follow up on some of the questions. It's about things that government can do to foster and spur investments on the aerospace industry side. I've been reading in some of our briefing materials that R and D investment has actually gone down over the past five years. I was listening to Sir Arthur talk about the innovative research hub in Vancouver and the 200 jobs there.

What is it that government can do in setting a climate to encourage research and development investments in Canada? What role can it play in any needed recovery?

**Mr. Michael Arthur:** May I ask Bill Lyons to come in on that one? He's our global head of research and technology placement and works with governments and universities all the time. He's the real expert on that.

Bill, do you want to pick it up?

**Dr. William Lyons:** Yes. Thank you, Michael.

The first thing is to have a policy around what the national priorities are. Something I see around the globe is that where governments have really well-defined policies around where they wish to be, they have areas of comparative advantage. The second thing is to create that climate for women and girls and to value diversity in all forms, so have people get involved very early in education.

Aerospace is not just about building airplanes. There's a whole raft of industries that connect with aerospace that we really need to try to make interesting for people to connect people. Aerospace, for me, is one of those things that really connect to that higher human purpose to know our world, to understand our place in the universe and to connect and trade with others. Technologies make a difference in all sorts of ways. I come not from the United States and not from Canada, but I look at how access to space—like remote sensing technologies, in which Canada excels—makes a difference.

When I lived in Australia, I worked for the Australian government, and I can tell you that Canada was always better at predicting Australian wheat yields than Australia was, and it really comes down to investment in science and the applications of aerospace. One of the things I see in Canada, in places like UBC, is a real strength in advanced materials and in the future technologies that aerospace is going to need.

We heard earlier from Mr. Donald and Ms. Medve about advanced training, data analytics and technologies that are shaping not just aerospace but also automotive and other industries, not just transport industries. Investment in those industries has a benefit for everybody, not just for aerospace.

**Mr. Tony Baldinelli:** Thank you.

To the other panellists, are there roadblocks in the way in terms of things like government regulations and so on that preclude you from doing the type of R and D programming or investments that are required and that could assist your businesses moving forward?

Ms. Medve, maybe you could go first.

**Ms. Tracy Medve:** I don't know that there are impediments, but certainly there seems to be almost this idea that we want innovation as long as it's been tried before and we can be sure that it works. You're dealing with this kind of schizophrenia of "yes, we want you to innovate, but don't be too innovative because that's a bit scary." When you're talking about government procurement, in that aspect, you can't be too innovative or it can't invest in those kinds of things.

I don't know what you do about that, to be really honest. I don't know what you do about that, but industry's pretty good at figuring out ways to move forward and to move around blockages and so on. If it's a great idea and it's going to bear fruit, they'll usually find a way to get there, but....

• (1255)

**Mr. Jason Hamilton:** I'll second that.

**Mr. Tony Baldinelli:** Yes, Mr. Hamilton, I was going to ask.

**Mr. Jason Hamilton:** You know, I can't think of a government impediment, but I'll double down on the comment that's been made already that skilled labour in science, technology and engineering is the foundation for building more innovation here. We need to keep investing in that through the universities and through research credit.

The companies will find ways to innovate and go to market with it. If we make Canada an attractive country to do business with and we have the talent here and develop it, the industry will win.

**Mr. Tony Baldinelli:** Thank you.

Thank you, Chair.

**The Chair:** Our last round of questions will go to the Liberal bench. MP Ehsassi has generously offered his time slot to me, so I have a rare opportunity to question witnesses.

Interestingly, today we've heard a little bit about the ecosystem of the aerospace industry. We often think of the aerospace industry as being merely airlines, so I was delighted to have parts of the industry sector here that could talk about the other impacts.

One of the other areas that we keep hearing about is training. In the last Parliament—the 42nd Parliament—motion M-177 was brought forward by former MP Stephen Fuhr from Kelowna—Lake Country with respect to pilot training schools. We know there was a problem with respect to training pilots prior to the pandemic, and that, I think, has just amplified the problem. We talked a little bit about retraining people who already have the competencies, and we know that there is a system called PLAR—prior learning assessment and recognition, or *reconnaissance des acquis et des compétences* in Quebec—that will do just that. If somebody has the competencies already, rather than retraining them for something they already know, we just fill in those gaps.

I believe, Mr. Donald, you were the one who brought that up. Perhaps you'd like to speak to the importance of leveraging the tools we have in the tool box, so that we can get people off the bench more quickly and get them into those jobs that we are going to need in terms of the economic recovery that we have in front of

us and so that they are not getting discouraged by retraining in something they already know.

**Mr. Robert Donald:** Thank you very much, Madam Chair.

Yes. Unfortunately for the licensed trades in Canada—pilots, aviation maintenance engineers—we do not use PLAR. We don't care about competence. As I alluded to earlier, an AME working in Germany for Lufthansa for 20 years on an Air Canada aircraft, a 737, comes here to work on exactly that same aircraft and is not granted a licence because she didn't study exactly the same thing in Berlin that Transport Canada requires Canadian colleges to teach. That individual's option is to go back to school for two years, because there's no gap training in Canadian colleges. They don't have gap training for that one identified gap.

We have a system at CCAA for online assessment of foreign workers in non-licensed trades that works well. For the licensed trades, which are the most in demand—AMEs and pilots—it does not, because of Transport Canada restrictions. I'll stop there, but I'm happy to elaborate.

**Ms. Tracy Medve:** Can I just say one thing too? That's if you can get them into the country under the foreign worker program. That is an impediment. We've had a lot of trouble with it. When we were pre-COVID, there were all kinds of issues. It's expensive to apply. It takes forever. That's not to mention what happens on the foreign country side to have the workers come in.

That's how we get a lot of our skilled workers. You cannot populate an MRO like ours with just new grads. That's not going to work. You need much more skill than that. We did go to a foreign worker program but had all kinds of issues with it. It's another area that could use some attention.

• (1300)

**Mr. Michael Arthur:** Thank you.

Can I come in with a comment on that too?

**The Chair:** Yes, quickly.... I am about to give myself the flag here.

**Mr. Michael Arthur:** I'll take 30 seconds.

We make a forecast of demands for aircraft going out 20 years. Airbus does the same. They'll roughly say that the current fleet will double over that period. We're talking about 40,000 new planes. All of those need pilots, maintenance people and ground service. There's a global shortage of personnel in this field. That just reinforces your tally. That's my point.

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

I will cede the rest of my time.

I want to thank everyone for being here today. As many of us have said, the aerospace industry is incredibly important.

[*Translation*]

This is also a very important issue in Quebec, in my constituency and in those of a number of my colleagues here today.

Thank you very much for your testimony.

[*English*]

Thank you so much for your assistance today.

I'd like to also give a gentle reminder to colleagues. For health and safety reasons, please wear your headset. It is imperative for our interpreters to be able to do the work they are doing. I also ask the members to submit to the clerk as soon as possible your requested witnesses for the next study.

I wanted to also mention this. It came up during the presentations today that regular Canadians cannot participate in committee. I want to debunk that. Canadians are more than welcome to submit to the clerk of the committee briefs, suggestions and so on.

I urge people who are interested in the topics that they are hearing about at standing committees of the House of Commons to get involved. Communicate your concerns and your positions to the committee, because we do want to hear from folks. We do have limited time, unfortunately, to have everyone in front of us, but we do read all of the briefs that are sent our way.

With that, I want to thank everyone.

[*Translation*]

Thank you very much for the time you have given us today.

My thanks also go to the interpreters, the staff of the information technology service, the clerk and the analysts for the excellent work they do.

[*English*]

Thank you very much.

With that, I'll call the meeting adjourned.

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