

Aerospace and Toronto in the New Millennium

Meeting with the
Honourable David Collenette
July 23, 1999

Aerospace, Toronto and the New Millennium

Proposed Agenda

1. Introductions
2. Background
3. Bombardier opportunity
4. Toronto's activities to date
5. Improving Toronto's attractiveness
6. Potential next steps

Aerospace, Toronto and the New Millennium

1. Introductions

Councillor Ashton - Chair of the Economic Development Committee (represented by Mr. Euan Wood)

Councillor Feldman - member of Bombardier Strategic Planning Group and representative of the Mayor (represented by Mr. Noble Chumar)

Councillor Giansante - member of Bombardier Strategic Planning Group

Councillor Walker - member of Bombardier Strategic Planning Group and author of proposal

Ms. Brenda Librecz - Managing Director, Economic Development

Mr. Neil Carter - Executive Assistant to Councillor Walker

Mr. Charles Smedmor - Advisor to Councillor Walker

Aerospace, Toronto and the New Millennium - Background (1/ 3)

Overview

- Toronto has 25% of Canadian aerospace sector.
- Most important company in Ontario is deHavilland- Bombardier.
- Bombardier is #3 worldwide in civil aerospace; Canada is #5 in aerospace internationally.

Aerospace, Toronto and the New Millennium - Background (2/ 3)

- Recent Bombardier successes include the CRJ and business jets (Challenger, Global Express and Continental).
- Next major project can be the BRJ-X (90-110 seat) regional jet.
- Dash 8 project at mature stage and Global Express is lower volume project.
- deHavilland-Bombardier needs the BRJ-X; Toronto and GTA want the BRJ-X.

Aerospace, Toronto and the New Millennium - Background (3/ 3)

- Could be up to 400-500 units over 10 year period.
- Potentially 3,000 jobs depending on project configuration/make vs. buy decisions.
- Significant potential for other GTA companies to benefit from BRJ-X.
- City's Economic Development is working to develop Toronto as an aerospace centre.

Aerospace, Toronto and the New Millennium - BRJ-X Opportunity (1/3)

- In 1999 Bombardier has given Dorval the CRJ-700 and Wichita the Continental corporate jet.
- Decision on BRJ-X is for early 2000.
- BRJ-X assembly could be at Downsview; competitors are likely to be Wichita, Tucson, Belfast and Montreal.

Aerospace, Toronto and the New Millennium - BRJ-X Opportunity (2/3)

- Downsview has positive attributes (private airfield, skilled workforce, space to expand).
- Challenges are low productivity, skills of existing labour force vs. required skills.
 - Toronto's Economic Development staff are working to address these issues with deHavilland-Bombardier management.

Aerospace, Toronto and the Third Millennium - BRJ-X Opportunity (3/3)

- Other issue is business environment of Toronto vs other locales.
 - Legislative environment, taxes and currency fluctuations are relevant factors.
 - Need to develop information on how Toronto ranks vs. competitor locales.
- Also need to consider how to make Toronto more attractive to both Bombardier and aerospace sector overall.

Aerospace, Toronto and the New Millennium - City Activities (1/_)

- Brenda Librecz will prepare and provide this section

Aerospace, Toronto and the New Millennium - Improving Toronto's Attractiveness (1/3)

- Good understanding of the factors that influence Bombardier's decision process
- Limited information on how Toronto ranks vs. other locales
 - We need to know our competitors
 - Attributes and their strengths and weaknesses
 - i.e. workforce
 - Relationship with Bombardier
- Potential incentives from their local, state/provincial and national governments

Aerospace, Toronto and the New Millennium - Improving Toronto's Attractiveness (2/3)

- Also have to develop proactive menu of attributes to offer Bombardier
 - Key is to be effective and efficient; match Bombardier's needs with reciprocal offering.
- Need to be able to develop and research potential investment proposals.
 - Timing is key.
 - Includes labour, skills training, business environment and fiscal issues.

Aerospace, Toronto and the Third Millennium - Improving Toronto's Attractiveness (3/3)

- Fiscal area requires attention
 - Mirabel and Quebec are developing international trade zone (limited tax zone) for Mirabel airport.
 - Similar to International Banking Centres.
 - Information Technology sector has a fiscal incentive zone in Dallas-Ft. Worth, Texas.
 - Objective is to ensure we are competitive with all alternative cities.

Aerospace, Toronto and the Third Millennium - Next Steps (1/2)

- Understand Bombardier's needs
 - Currently working closely with deHavilland-Bombardier management; links to senior Bombardier management being developed
- Understand competitors
 - Budget constraints (provincial downloading and Megacity) have limited this work to date

Aerospace, Toronto and the Third Millennium - Next Steps (2/2)

- Identify, research and assess other areas of aerospace development.
 - Labour training and labour force upgrades.
 - International trade zone.
- Identify and proactively address needs of Bombardier to influence the BRJ-X decision.