MEDICINE HAT NEWS
BUSINESS
Chris Brown, editor ■ cbrown@medicinehatnews.com ■ 403.528.5663

BUSINESS BEAT

Training is an investment

Imagine this scene around a board table.

Times are tight and balancing the budget is becoming an increasing challenge. As the costs for staff training are shared, one manager leans across the table and whispers to another, "Imagine spending that much money training our staff, and then they all leave."

The second manager whispers back, "Imagine not spending anything training our staff, and then they all stay."

The obvious lesson from this scene is that a trained and capable group of employees is a critical asset for organizational growth and success. Lack of training, or a lack of resources to support training, are all problems to solve.

Could this happen in our area? Sadly yes.

In fact, information gathered by the BREWD (Business Retention, Expansion and Workforce Development) project, shows that businesses in our region are concerned with topics like human resources and technology. The data implies that business could grow but are held back by a lack of access to training, or the funds to make it happen.

There are solutions to both problems.

Medicine Hat College does devote much of its time and resources helping individuals develop the skills and knowledge needed for careers. That's what we're known for. Yet we also have the capacity to support business training in many formats.

A practical question at this point might be about the uniqueness of your business, and a potential mismatch with college programs. The answer to this problem is two-fold: Customization and collaboration.

Members of the continuing studies group are ready to work with you to align courses to your needs. This might involve anything from managing the length of the course and format of a course, to tuning the content just for your employees.

The college also has connections with institutions around the province, creating an extensive pool of talent that can be deployed when our local capacity doesn't go far enough.

Mark Keller

Getting back to our fictional board table, cost can be a practical barrier to training. But there are solutions to this challenge, too.

Did you know there's a program called the Canada Alberta Job Grant that offers up to two-thirds of the costs of workforce training?

As an eligible employer you will be required to contribute a minimum of one-third of the total training costs for existing employees. But the government contributes two-thirds of the cost to a maximum of $10,000 per trainee per fiscal year.

If you have the opportunity to hire and train an unemployed Albertan, up to 100% of training costs could be covered, up to $15,000 per trainee.

If you're thinking about paperwork and red tape, you might be pleasantly surprised to discover that application isn't that difficult, and also that people are ready to help.

We're ready to work with you to ensure staff training is an investment in the success of your business.

Mark Keller is director, College Advancement, at Medicine Hat College.

Air Canada expects hit in first quarter

CHRISTOPHER REYNOLDS
The Canadian Press

MONTREAL

Air Canada says the ongoing grounding of the Boeing 737 Max jet and the novel coronavirus will take a toll on the company this quarter.

The company lost roughly 25 per cent of its narrow-body fleet after authorities around the globe banned the Max in March following two fatal crashes. Last month, Air Canada halted all flights to mainland China and its Toronto-Hong Kong route due to the spread of COVID-19, a virus that has led to mass quarantines in China and caused more than 1,800 deaths.

Adjusted earnings in the first quarter of 2020 are expected to generate about $200 million less than a year earlier, or about one-third lower than the $583 million in earnings before interest, taxes, depreciation and amortization in the first three months of 2019.

"Certainly, the biggest, largest item is the absence of the Max. And certainly there is some impact from not flying to China for two months of Q1," said chief financial officer Michael Rousseau.

The extra cost comes partly from backfilling one of Air Canada's most efficient aircraft with Embraer 190s and Airbus A320s, which have lower fuel economy and carry lighter loads. The expense of leasing those planes and paying hundreds of pilots who are not trained to fly other jets in the fleet adds to the burden.

Air Canada hopes to start reintroducing Maxes in the second half of the year, though it will not receive the 26 Max 8s it was slated to have on the tarmac by this summer — on top of the 24 now sitting in hangars — until well into next year, the company has said.

The company's routes connecting Beijing and Shanghai to Toronto, Vancouver and Montreal comprise about six per cent of its available seat miles, a metric that measures an airplane's revenue-generating carrying capacity. The Hong-Kong-Toronto route makes up between one per cent and two per cent, Rousseau said.

Air Canada forecasts the routes — suspended through March at the moment — will be active again with normal ridership by the third quarter, based on analyses of previous epidemics.

"The analysis is imperfect because each one of these viruses is different than the last," chief executive Calin Rovinescu said on a conference call with analysts.

"While we certainly appreciate the amount of anxiety that there is out there now, especially in China, we've seen other of the Asian markets still being relatively strong at this stage, not seeing them fall off a cliff...We're hopeful that that continues."

The outlook came as Air Canada reported a fourth-quarter profit of $152 million or 56 cents per diluted share compared with a net loss of $360 million or $1.33 per diluted share in the fourth quarter of 2018.

The fourth quarter of 2019 included foreign exchange gains of $92 million while the last three months of 2018 included foreign exchange losses of $444 million.

On an adjusted basis, the Montreal-based company says it earned $47 million or 17 per diluted share in the fourth quarter of 2019 compared with an adjusted profit of $55 million or 20 cents per diluted share in the fourth quarter of 2018.

Analysts on average had expected an adjusted profit of 38 cents per share for the quarter, according to financial markets data firm Refinitiv.

Operating revenue totalled nearly $4.43 billion, up from nearly $4.23 in the same quarter a year earlier.

Bombardier stocks drop as investors flinch at sale

The Canadian Press

MONTREAL

Bombardier Inc. saw shares drop as much as 10.3% Tuesday after announcing the sale of its rail business to French train giant Alstom SA.

The deal would see the Montreal-based transportation company shrink by more than half as it focuses solely on making private business jets.

If approved by regulators, the US$8.2-billion transaction will help Bombardier slash its debt by half, capping a five-year turnaround plan that has seen the company shed numerous assets, including its commercial airplane division.

Analysts Seth Seifman and Yilma Abebe of J.P. Morgan say they have concerns about how the financial markets will react to a so-called "pure-play bizjet" company.

While private jets often yield higher margins, the luxury industry is more cyclical than rail, and the analysts say equity markets perceive business jets as "facing structural challenges" that are "unappealing from a growth perspective."

Bombardier shares fell to a low of $1.48 on the Toronto Stock Exchange.

The acquisition by Alstom — whose stock dropped more than 3% Tuesday — is expected to come under intense scrutiny from antitrust regulators in the European Union.