



HOUSE OF COMMONS  
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CANADA

# **EMERGING FROM THE CRISIS: A STUDY OF THE IMPACT OF THE COVID-19 PANDEMIC ON THE AIR TRANSPORT SECTOR**

**Report of the Standing Committee on Transport,  
Infrastructure and Communities**

**Vance Badawey, Chair**

**JUNE 2021  
43<sup>rd</sup> PARLIAMENT, 2<sup>nd</sup> SESSION**

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## **NOTICE TO READER**

### **Reports from committee presented to the House of Commons**

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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# **THE STANDING COMMITTEE ON TRANSPORT, INFRASTRUCTURE AND COMMUNITIES**

has the honour to present its

## **THIRD REPORT**

Pursuant to its mandate under Standing Order 108(2), the committee has studied the impact of COVID-19 on the aviation sector and has agreed to report the following:





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## SUMMARY

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Canada is a vast country with diverse communities scattered from coast to coast. An efficient and affordable air transportation system is essential to connect these communities to each other, to major cities and to the rest of the world. Furthermore, some Canadian communities rely on air travel for work, medical appointments and supply.

Since international travel restrictions were implemented in March 2020, Canadian airlines have cancelled most of their international flights and significantly curtailed their scheduled domestic flights. The decrease in air traffic also had a significant impact on the revenues of air carriers, airports, airport service providers and aerospace companies. This unprecedented crisis led to many temporary and permanent layoffs in the aviation sector and left some regions of the country more isolated.

It is in this context that the House of Commons Standing Committee on Transport, Infrastructure and Communities undertook its study on the impact of the COVID-19 pandemic on the Canadian air transport sector. The witnesses who appeared before the Committee proposed various solutions to ensure the survival and recovery of the sector while prioritizing the health and safety of workers, passengers and the Canadian public.

While most witnesses said that the financial assistance provided to date by the Government of Canada was a good first step, they also agreed that it was not enough, given the scale of the crisis Canada's air transport sector is experiencing. Many of them called for more financial assistance, commensurate with pandemic losses, to ensure the future competitiveness of the industry internationally.

Some witnesses pointed out that the Government of Canada's support measures must be fair to all stakeholders in the sector, large and small. They mentioned that financial assistance was needed to keep certain regional routes operating, but that it should not go only to the large air carriers.

On the topic of promoting recovery in the sector, many witnesses said it was vital to rebuild passenger confidence to ensure that passengers continue to view air travel as a safe and secure mode of transportation. Witnesses also pointed out that travellers should be given a refund for flights cancelled due to the pandemic to help restore their trust.

Lastly, given that the aviation industry cannot operate without its workers, and given that these workers have skills and expertise that are highly sought after by other sectors within Canada and around the world, the assistance measures implemented by the government should ensure maximum employee retention.

## LIST OF RECOMMENDATIONS

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*As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.*

### **Recommendation 1 — Encourage Competition**

**That the Government of Canada focus on measures to encourage competition in the air sector.**

### **Recommendation 2 — Health and Safety of Workers**

**That the Government of Canada take meaningful steps to improve the safety of the working environments for airline workers, including recognizing the right to refuse unsafe work.**

### **Recommendation 3 — Definition of “Crew” in Regulations**

**That the Government of Canada act to clarify definitions of “crew” in regulations to support the movement of airline workers and pilots through travel restrictions.**

### **Recommendation 4 — Workforce Issues at NAV CANADA**

**That the Government of Canada act to address chronic understaffing and lack of trainees at multiple NAV CANADA locations through its representation within NAV CANADA governance and the Minister of Transportation’s safety mandate.**

### **Recommendation 5 – Flight Controller Fatigue**

**That the Government of Canada consider modernizing fatigue regulations for flight controllers as it did recently for pilots.**

### **Recommendation 6 — Recovery Strategy (protect jobs)**

**That the Government of Canada work with industry and labour groups to devise a recovery plan for the aviation sector that includes measures to protect jobs in the wider aerospace sector.**

**Recommendation 7 — NAV CANADA’s Service Level Reviews (safety and economic concerns)**

That the Government of Canada recognize the safety and economic concerns raised by witnesses concerning the proposed service reductions to NAV CANADA Air Traffic Control Towers and Area Control Centres, and further, that the government never compromise on safety in the aerospace sector, including ensuring that safety is not compromised as part of any service level adjustments by NAV CANADA.

**Recommendation 8 — NAV CANADA’s Service Level Reviews (the role of the Minister of Transport)**

That the Government of Canada undertake to provide new powers to the Minister of Transport that would allow them to shield NAV CANADA towers from a service review.

**Recommendation 9 — Recovery Strategy**

That the government of Canada work with public health, the industry and labour groups to establish an aviation re-start strategy, to be in place as soon as possible, that reflects science-based and data-based decision making with respect to testing and quarantine measures, and which will enable a phased re-opening of international air travel and provide a clear path forward for the re-opening of domestic travel.

**Recommendation 10 — Duration of Quarantine**

That the Government of Canada, in consultation with public health and the airline industry, review the relationship between screening and quarantine of passengers to determine if it would be feasible to reduce the length of quarantine to 10 or 7 days instead of 14 days.

**Recommendation 11 — Rapid Tests**

That the Government of Canada, in collaboration with public health, airport authorities and air sector workers, consider further integration of rapid testing of passengers at airports before boarding.

### **Recommendation 12 — Strengthen Quarantine Requirements**

**That the Government of Canada improve the standards for hotel quarantine and ensure robust quarantine requirements for all arriving international air passengers.**

### **Recommendation 13 — Pilot Projects**

**That the Government of Canada, with direction from public health officials, apply learnings from rapid testing pilot projects to all Canadian airports.**

### **Recommendation 14 — Conditions for Financial Support**

**That the Government of Canada extend support to the air sector as soon as possible but on condition that (a) airlines reimburse customers who were unable to complete their itineraries due to pandemic; (b) regional routes are restored in order to reconnect communities who lost air service during the pandemic; (c) contracts are honoured with Canadian aerospace companies; (d) independent travel agents are not penalized by losing their commissions when airline passengers are reimbursed; (e) any financial support received is not used for any enhanced executive compensation; stock buy-backs; or dividends for shareholders; (f) financial relief is directly tied to protecting jobs and re-hiring workers and (g) the maintenance of Canadian airlines' aircraft takes place in Canada.**

### **Recommendation 15 — Equity Stake in Canadian Airlines**

**That the Government of Canada consider acquiring an equity stake in any Canadian airlines that receive public money to better mandate activities in the public interest.**

### **Recommendation 16 — Protect Jobs**

**That any financial relief provided by the Government of Canada to the aviation sector, as part of its restart strategy, be directly tied to protecting jobs and re-hiring workers.**

### **Recommendation 17 — Involvement of Unions**

**That the Minister of Transport work closely with union representatives in devising and negotiating sectoral support for the aviation industry.**



### **Recommendation 18 — Extension of the Wage Subsidy**

That the government of Canada extend the wage subsidy to the air sector beyond June to reflect the reality that it will take some time for the sector to recover even after mass vaccination.

### **Recommendation 19 — Rent Relief**

That the Government of Canada consider extending rent relief for large and medium-sized airports beyond 2020-21, until the airline industry has recovered from the effects of the COVID-19 pandemic.

### **Recommendation 20 — Review of the Legislative Framework**

That the Government of Canada amend air passenger protection legislation and regulations to make explicit passengers' pre-existing right to receive reimbursement in circumstances where the airlines are unable to complete the client's itinerary in a reasonable period of time, even in cases beyond the control of the airlines (such as a major public health emergency).

### **Recommendation 21 — Prevent Regulatory Capture at the Canadian Transportation Agency**

That the Canadian Transportation Agency be required to explain what measures it takes to prevent regulatory capture.

### **Recommendation 22 — Recognition of Passengers' Rights to a Refund**

That the Government of Canada recognize that a fundamental right to a refund for passengers of cancelled flights exists beyond the protections found in the Air Passenger Protection Regulations.

### **Recommendation 23 — Full Refunds**

That the Government of Canada immediately require that all Canadian airlines fully refund passengers for flights they were unable to take due to the pandemic.

### **Recommendation 24 — Bill C-249**

That the Committee recommend to the House of Commons that Bill C-249 be considered as soon as possible with a view to its speedy passage to ensure the protection of passengers' rights to a refund.

### **Recommendation 25 — Support for Regional Routes**

**That the Government of Canada ensure that remote and northern regions have access to reliable, efficient and affordable air service, and that financial and structural support for air carriers is equitable and allows smaller players to compete with larger ones.**

### **Recommendation 26 — Equity in Financial Support**

**That any financial relief provided by the Government of Canada to the aviation sector be proportional and fair amongst all airline carriers to provide help to small and regional carriers.**

### **Recommendation 27 — Financial Support to Small and Regional Airports**

**That the Government of Canada explore means to provide financial support to small and regional airports who have seen revenue reductions due to flight suspensions.**

### **Recommendation 28 — Development of a National Aerospace Strategy**

**That the Government of Canada work in partnership with the aerospace industry to develop a national aerospace strategy that addresses the civil, military and space sectors, with a specific focus on retaining and developing skilled workers and assisting in the transition to new technologies, including sustainable, low carbon technologies.**

### **Recommendation 29 — Emergency Funding for NAV CANADA**

**That the Government of Canada consider providing emergency funding to NAV CANADA to allow it to continue operations through the pandemic until flights return to previous levels.**

### **Recommendation 30 — Alternative Methods of Funding for NAV CANADA**

**That the Government of Canada explore alternative methods of funding NAV CANADA operations that provide greater stability in the event of declines in passenger traffic, preserve access for essential flights, and provide greater accountability of decision making, including by restricting the circumstances under which NAV CANADA may reduce staff levels or worker compensation.**

**Recommendation 31 — Reflect on Lessons Learned**

**That Transport Canada draft a “lessons learned” report with recommendations on how to respond in the event of future emergency situations like the COVID-19 crisis which lead to extended restrictions on travel.**



# EMERGING FROM THE CRISIS: A STUDY OF THE IMPACT OF THE COVID-19 PANDEMIC ON THE AIR TRANSPORT SECTOR

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## INTRODUCTION

Following the worldwide implementation of travel restrictions in March 2020, commercial airlines have experienced significant decreases in passenger traffic and revenue. The International Air Transport Association (IATA) estimates that air traffic fell by 66% in 2020 compared with 2019, “by far the sharpest traffic decline in aviation history.”<sup>1</sup>

Since 13 March 2020, the Government of Canada has advised travellers to avoid all non-essential travel outside of Canada to limit the introduction and spread of COVID-19 within the country.<sup>2</sup> Canadian airlines have cancelled most of their international flights and significantly curtailed their scheduled domestic flights; some companies suspended their operations either temporarily or indefinitely.

This substantial reduction in aviation activity brought with it major upheavals in employment in the sector. Airlines resorted to temporary or permanent layoffs, or reductions in salary or hours. The decrease in air traffic also significantly affected airport revenues and airport service providers, such as NAV CANADA. Anticipating a drop in demand for their products, many aerospace companies also reduced their workforces.

In this context, the House of Commons Standing Committee on Transport, Infrastructure and Communities (the Committee) adopted the following motion on 29 October 2020:

That, pursuant to Standing Order 108(2), the committee undertake a broad study on the impact of COVID-19 on the aviation sector; and that no fewer than eight meetings be set aside for this study, and that the impact of the Air Transport sector on the sector be the first item considered as part of the study.

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1 International Air Transport Association [IATA], [2020 Worst Year in History for Air Travel Demand](#), News release, 3 February 2021.

2 Global Affairs Canada, [Government of Canada advises Canadians to avoid non-essential travel abroad](#), 13 March 2020.



As part of this study, the Committee held 12 meetings, heard 60 witnesses and received 8 briefs. The study was already underway when, on 8 November 2020, the Minister of Transport announced plans to roll out a package of assistance to Canadian airlines, airports and the aerospace sector.<sup>3</sup> This assistance would be subject to strict conditions, including reimbursing airfares for cancelled flights and maintaining regional connectivity.

## AN UNPRECEDENTED CRISIS

**“Last year [2020] was a catastrophe. There is no other way to describe it. What recovery there was over the Northern hemisphere summer season stalled in autumn and the situation turned dramatically worse over the year-end holiday season, as more severe travel restrictions were imposed in the face of new outbreaks and new strains of COVID-19.”**

[Alexandre de Juniac](#)

Director General and CEO, International Air Transport Association

## Travel Restrictions

On 25 March 2020, the federal Minister of Health announced a 14-day mandatory self-isolation order for people entering Canada, whether or not they are showing symptoms of COVID-19.<sup>4</sup> Since 7 January 2021, air travellers entering Canada must also provide proof of a negative laboratory test result for COVID-19 to their airline.<sup>5</sup>

In addition to these measures, all flights from Canadian air carriers flying to and from Mexico and the Caribbean were suspended as of 31 January 2021.<sup>6</sup> The Government of Canada also suspended all commercial and private passenger flights from Pakistan and

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3 Transport Canada, [Statement by Minister Garneau on measures to protect Canadians from the impacts of COVID-19 on the air travel sector](#), Statement, 8 November 2020.

4 [Minimizing the Risk of Exposure to COVID-19 in Canada Order \(Mandatory Isolation\)](#), 2020-0175.

5 Transport Canada, [New pre-departure COVID-19 testing requirements come into effect for all air travellers flying into Canada](#), News release, 6 January 2021.

6 At the time it was announced, on 29 January 2021, this measure was scheduled to remain in effect until 30 April 2021. Government of Canada, [Government of Canada introduces further restrictions on international travel](#), News release, 29 January 2021.

India as of 22 April 2021.<sup>7</sup> As a further precaution, all international flights to Canada since 3 February 2021 can land only at the Toronto, Montreal, Calgary and Vancouver international airports.<sup>8</sup> Lastly, since 22 February 2021, air travellers arriving in Canada must take a COVID-19 test upon arrival, in addition to the pre-arrival testing requirement. Travellers must also reserve a room in a Government of Canada-approved hotel for three nights while awaiting their test results. The test and the hotel stay are at their own cost. If the result is negative, travellers can finish their quarantine period at home. If the result is positive, they are directed to a public health centre designated by the federal government.

Since March 2020, some provinces and territories have also implemented their own travel restrictions. For example, the Atlantic provinces agreed to establish an Atlantic travel “bubble” between 3 July and 23 November 2020: residents could move freely between the four provinces and people entering the bubble from another region were subject to screening.<sup>9</sup> Every person entering the bubble was required to quarantine for 14 days, with no exceptions. The restrictions within these provinces have changed since then, but interprovincial travellers are still subject to entry restrictions.

## Protecting Air Passengers and Workers

As of 20 April 2020, Transport Canada has required passengers on flights departing or arriving at Canadian airports to demonstrate they have a non-medical mask or face covering during the boarding process.<sup>10</sup> Travellers over the age of two are required to cover their faces when they are unable to keep two metres of separation between them. On 3 June 2020, the Minister of Transport unveiled new regulations requiring employees in the aviation sector, including airline agents and airport screening officers, to wear a non-medical face mask or covering in the restricted areas of an airport.<sup>11</sup>

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7 At the time it was announced, on 22 April 2021, this measure was scheduled to remain in effect for 30 days. Transport Canada, [\*Government of Canada suspends flights from India and Pakistan\*](#), News release, 22 April 2021.

8 The airports in question are the Toronto Pearson International Airport, the Montreal Pierre-Elliott-Trudeau International Airport, the Calgary International Airport and the Vancouver International Airport.

9 Prince Edward Island, [\*PEI to participate in Atlantic travel bubble starting July 3\*](#), News release, 24 June 2020.

10 Transport Canada, [\*New measures introduced for non-medical masks or face coverings in the Canadian transportation system\*](#), News release, 17 April 2020.

11 Transport Canada, [\*Backgrounder: New measures introduced for the use of face coverings in the Canadian transportation sector\*](#).



On 14 August 2020, the federal government announced *Canada's Flight Plan for Navigating COVID-19*, the foundation for Canada's current and future efforts to reduce the public health risks of COVID-19 while travelling by air.<sup>12</sup> This plan outlined a series of safety measures, including the following:

- temperature screening at the busiest Canadian airports and at points of origin for all incoming flights to Canada;
- restricted services and passenger movement during flights; and
- enhanced cleaning and sanitation protocols and practices.<sup>13</sup>

Various stakeholders in the Canadian airline sector introduced their own health and sanitation initiatives. For example, when Air Canada and WestJet representatives appeared before the Committee, they mentioned that they had developed policies and programs that sometimes exceeded the minimum federal requirements in order to protect the health and safety of passengers and crew.<sup>14</sup> However, [Wesley Lesosky](#), President of the Air Canada Component of the Canadian Union of Public Employees, believes the Government of Canada should “better protect the rights of airline workers to a healthy and safe work environment, including the right to refuse unsafe work.” He made the following point about the early months of the pandemic:

Our members went through hell in the early months of the pandemic, and we had a regulator that refused to act when we tried to push for protections to make our jobs safer.

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12 Transport Canada, [Canada's Flight Plan for Navigating COVID-19](#).

13 Transport Canada, [Government of Canada releases Canada's Flight Plan for safe air travel](#), News release, 14 August 2020.

14 Standing Committee on Transport, Infrastructure and Communities [TRAN], *Evidence*, 2<sup>nd</sup> Session, 43<sup>rd</sup> Parliament: [David Rheault](#) (Managing Director, Government Affairs and Community Relations, Air Canada); and [Andy Gibbons](#) (Director, Government Relations and Regulatory Affairs, WestJet Airlines Ltd. [WestJet]).



## A Sector That Connects Canadians to Each Other and the Wider World

**“If you turn off the tap on aviation, you don’t want to unintentionally turn off the supply chain of vital goods to Canadians, including mail, personal protective equipment, pharmaceuticals and other goods.”**

[Rob Giguère](#)

Chief Executive Officer, Air Canada Pilots Association

Canada is a vast country with a scattered population stretching from coast to coast. It needs an efficient air transport network connected to major cities, not only to enable Canadians to travel within the country, but also to ensure that Canadians can travel abroad and international travellers can visit Canada. Many remote and Northern communities rely on air transport to get workers to job sites, as is the case in the mining industry, or to ship essential goods, such as food and medicine.<sup>15</sup> At certain times of the year, air transport can be the only viable way to supply some regions of the country.<sup>16</sup>

According to IATA, the air transport sector supports 633,000 direct and indirect jobs in Canada.<sup>17</sup> It estimates that 3.2% of the country’s GDP (approximately US\$49 billion) is generated by the air transport sector if spending by foreign tourists is included.

Domestically, Air Canada and its subsidiaries account for 54% of available seat kilometres (ASKs), while WestJet accounts for 32% of ASKs.<sup>18</sup> Air Transat and Sunwing Airlines are the two biggest leisure carriers in Canada, offering flights primarily to sun destinations. The busiest airports in terms of passenger volumes are the Toronto (Pearson), Vancouver, Montreal (Trudeau) and Calgary airports.

When he appeared before the Committee, [Mike Mueller](#), Senior Vice-President at the Aerospace Industries Association of Canada, emphasized that Canada is a world leader

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15 TRAN, *Evidence*: [Julian Roberts](#) (President and Chief Executive Officer, Pascan Inc. [Pascan]).

16 TRAN, *Evidence*: [Lawrence Hanson](#) (Assistant Deputy Minister, Policy, Department of Transport [Transport Canada]).

17 IATA, *The Importance of Air Transport to Canada*, IATA Economics.

18 Transport Canada. *Transportation in Canada 2019: Statistical Addendum*, 2020. Note that the 2019 Statistical Addendum is available only on request.



in the aerospace industry. Most aerospace manufacturing jobs are located in Quebec (51%) and Ontario (30%), while most aerospace maintenance, repair and overhaul jobs (commonly referred to as MRO services) are in the Western provinces (41%).<sup>19</sup>

## Reduced Air Traffic and Its Effects

**“Operations are at levels 80% to 90% lower than one year ago. Some operators have suspended operations altogether. Tens of thousands of jobs have been lost. There’s hardly enough revenue to meet our short-term obligations.”**

[John McKenna](#)

President and Chief Executive Officer, Air Transport Association of Canada

Following the border closures in March 2020, Level I air carriers<sup>20</sup> saw a 97% drop in the number of passengers carried in the month of April 2020 compared with April 2019.<sup>21</sup> Demand for air travel increased slightly during the summer, although it was still well below 2019 levels, and then stalled in the fall.

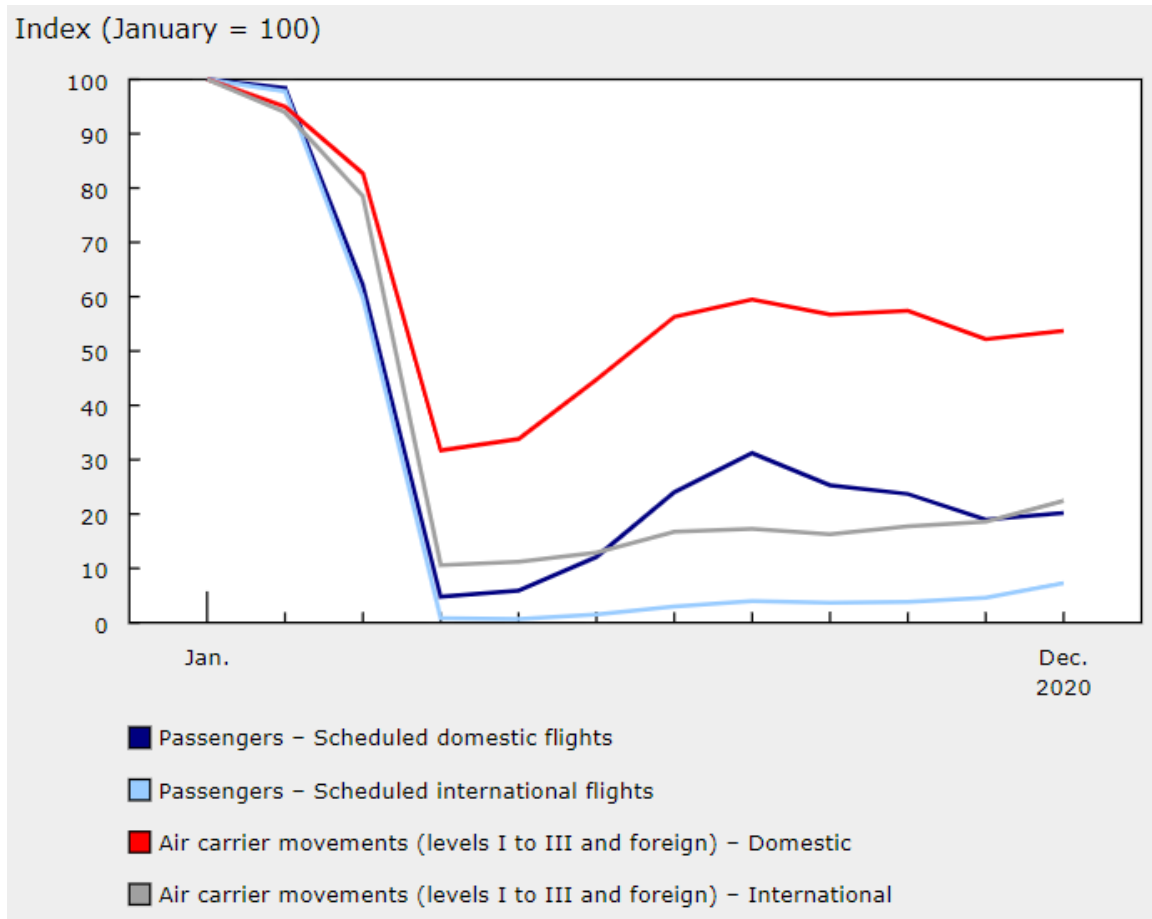
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19 Innovation, Science and Economic Development Canada and the Aerospace Industries Association of Canada [AIAC], *State of Canada’s Aerospace Industry 2019 Report*.

20 Level I air carriers transport at least 2 million revenue passengers or at least 400,000 tonnes of cargo per year.

21 Statistics Canada, *Monthly civil aviation statistics, December 2020*, 25 February 2021.

**Figure 1—Indexes of Passengers Carried and Air Carrier Movements, Domestic and International, January to December 2020**



Source: Statistics Canada, [Monthly civil aviation statistics, December 2020](#), 25 February 2021.

Some witnesses reported that passenger volumes had decreased by roughly 90% since the beginning of the pandemic.<sup>22</sup> As an example, [Hillary Marshall](#), Vice-President of Stakeholder Relations and Communications at the Greater Toronto Airports Authority (GTAA), explained that passenger traffic at Toronto Pearson was down 88% in the third quarter of 2020 compared with the third quarter of 2019. Revenues dropped 63% as a

22 TRAN, *Evidence*: [Brian Grant](#) (Chair, Regional Community Airports of Canada [RCAC]); [Daniel-Robert Gooch](#) (President, Canadian Airports Council [CAC]); [John McKenna](#) (President and Chief Executive Officer, Air Transport Association of Canada [ATAC]); [Hillary Marshall](#) (Vice-President, Stakeholder Relations and Communications, Greater Toronto Airports Authority [GTAA]); [Hanson](#) (Transport Canada); and Chorus Aviation inc., [Brief](#).



result, which led the GTAA to reduce its workforce by 27% in July 2020. It also dramatically decreased its operating and capital expenditures.

[Lawrence Hanson](#), Assistant Deputy Minister of Policy at the Department of Transport, pointed out that the Canadian air transport sector has traditionally operated under a user-pay system. Therefore, in the current context, airports and airlines must continue to pay significant fixed costs while they have had little or no off-setting revenue since March 2020. [Gerry Bruno](#), Executive Advisor to the President and Chief Executive Officer at the Vancouver Airport Authority, said that the Vancouver Airport Authority has reduced expenses as much as possible, but it still had to secure a \$600-million loan to ensure it could continue operating for the next two years. He said the airport was operating “on borrowed money.”

With the arrival of COVID-19 variants in Canada and the introduction of new quarantine and testing measures for travellers entering the country in early 2021, it is difficult to predict when the aviation sector will return to 2019 air traffic levels. The IATA estimated that demand in 2021 would be 43% of 2019 demand.<sup>23</sup> Some witnesses mentioned that it may take three to five years for air traffic to return to 2019 volumes.<sup>24</sup> [Andy Gibbons](#), Director of Government Relations and Regulatory Affairs at WestJet Airlines Ltd., said that WestJet would need six and a half years to achieve its 2019 bookings, but he reminded the Committee that it is difficult to predict the future in the current context.

### Uncertainty About the Fate of Workers

**“Around three-quarters of our members are currently laid off, and wondering if there will even be an industry to return to once the pandemic dust settles. Needless to say, it has been a difficult year for us.”**

[Wesley Lesosky](#)

President, Air Canada Component of the Canadian Union of Public Employees

23 IATA regularly updates its predictions for 2021 based on the progression of the public health crisis. The analysis mentioned above was released on 21 April 2021. IATA, [Reduced Losses but Continued Pain in 2021](#), News release, 21 April 2021.

24 TRAN, *Evidence*: [Rheault](#) (Air Canada); [Gooch](#) (CAC); [Ray Bohn](#) (President and Chief Executive Officer, NAV CANADA); and [Derek Ferguson](#) (Representative, Grand Lodge, International Association of Machinists and Aerospace Workers in Canada [IAMAW Canada]).

Because of the sharp decline in air traffic and the need to cut spending, aviation sector employers – including airport authorities, airlines and aerospace companies – have laid off employees either temporarily or permanently and reduced wages. Air Canada said it had laid off over 20,000 employees since the beginning of the pandemic, while WestJet informed the Committee that it had 5,600 active employees remaining, with 1,000 on leave and another 4,000 that had left permanently since the beginning of the pandemic.<sup>25</sup> [Christopher Rauenbusch](#), President of the Canadian Union of Public Employees – Local 4070 and a WestJet flight attendant for 19 years, told the Committee he had narrowly avoided being laid off. He said that, as of 26 January 2021, no WestJet flight attendants with fewer than 17 years of service were actively flying.

Some witnesses expressed concerns about the fact that pilots have been on leave for several months; some thought that it could get harder to recruit new pilots if jobs are no longer guaranteed.<sup>26</sup> This would exacerbate the severe pilot shortage the industry was experiencing before the COVID-19 pandemic.<sup>27</sup> Witnesses were also worried about how furloughed or inactive pilots would maintain their skills. Similar concerns were raised about air traffic controllers and electronics technologists.

NAV CANADA, the private not-for-profit provider of civil air navigation services in Canada, has cut more than 720 positions, representing 14% of its workforce, since the pandemic began.<sup>28</sup> According to [Doug Best](#), President and Chief Executive Officer of the Canadian Air Traffic Control Association, air traffic controllers were short-staffed by 13% before the pandemic hit, and NAV CANADA was paying over \$100 million in overtime. [Debi Daviau](#), President of the Professional Institute of the Public Service of Canada (PIPSC), added that, even though air traffic has decreased significantly, the workload has not changed for active employees, who “have to work that much harder” to make up for the staff shortage. In addition to cutting positions, NAV CANADA also terminated most of its trainees. This move could have long-term consequences, given that it takes two to three years of training to become an air traffic controller.<sup>29</sup>

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25 TRAN, *Evidence*: [Rheault](#) (Air Canada); and [Gibbons](#) (WestJet).

26 TRAN, *Evidence*: [Rob Giguere](#) (Chief Executive Officer, Air Canada Pilots Association [ACPA]); [Captain Tim Perry](#) (President, Air Line Pilots Association Canada, Air Line Pilots Association International); and [Jerry Dias](#) (National President, Unifor).

27 TRAN, *Supporting Canada's Flight Schools*, 29<sup>th</sup> Report, April 2019.

28 [Bohn](#) (NAV CANADA).

29 TRAN, *Evidence*: [Doug Best](#) (President and Chief Executive Officer, Canadian Air Traffic Control Association [CATCA]); and Association des pilotes et des propriétaires de hangar de Saint-Jean-sur-Richelieu, [Brief](#).



Similarly, [Matt Wayland](#), Executive Assistant to the International Vice-President and Canadian Director of Government Relations at the International Brotherhood of Electrical Workers, informed the Committee that electronics technologists who were laid off by NAV CANADA could be recruited to work in other sectors in Canada and around the globe since their skills and expertise are in high demand. Similar concerns were raised by representatives of the aerospace industry, who pointed out that one of the industry’s top competitive advantages is its highly skilled workforce.<sup>30</sup>

### NAV CANADA and Level of Service Reviews

**“An important reality for all members of Parliament ... to consider is that air traffic control in Canada has only one provider, NAV CANADA. Responsibility over air traffic control is not done by any other entity in Canada. NAV CANADA has no counterparts, no competitors.”**

[Debi Daviau](#)

President, Professional Institute of the Public Service of Canada

In addition to providing air traffic control and flight information services from coast to coast, NAV CANADA provides communications, navigation and surveillance infrastructure, as well as 24/7 advanced air traffic management systems.<sup>31</sup> NAV CANADA is subject to the *Civil Air Navigation Services Commercialization Act* and covers its operating costs with service charges paid by its customers: airlines and aircraft operators. Given that air traffic in Canada has plummeted by roughly 90% since March 2020, NAV CANADA’s revenues dropped considerably as well.<sup>32</sup> In response, the corporation cut spending, reduced the size of its workforce and increased its service charges by approximately 30% for the 2021 fiscal year.

Witnesses made a point of mentioning NAV CANADA’s excellent safety record, but were concerned about how workforce reductions and reduced capacity would affect safety when air traffic picks up again.<sup>33</sup> NAV CANADA launched level of service studies for

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30 TRAN, *Evidence*: [Mike Mueller](#) (Senior Vice-President, Aerospace Industries Association of Canada [AIAC]); and [Andrew Petrou](#) (Chairman of the Board, Downsview Aerospace Innovation and Research).

31 TRAN, *Evidence*: [Bohn](#) (NAV CANADA).

32 TRAN, *Evidence*: [Bohn](#) (NAV CANADA).

33 TRAN, *Evidence*: [Joseph Sparling](#) (President, Air North); [Paul Cameron](#) (Business Manager and Financial Secretary, International Brotherhood of Electrical Workers [IBEW]); [Matt Wayland](#) (Executive Assistant to

seven control towers, and employees received letters of vulnerability indicating their jobs could potentially be at risk if service levels were to decrease.<sup>34</sup> To protect jobs and ensure safety in Canadian airspace, some witnesses, including the [Association des pilotes et propriétaires de hangar de l'Aéroport de Saint-Jean-sur-Richelieu](#), are in favour of suspending these studies and any closures of air traffic control towers until further notice.<sup>35</sup>

[David Rheault](#), Managing Director of Government Affairs and Community Relations for Air Canada, said that losing a control tower could make operations more complex, cause more diversions to other airports and increase costs for carriers.

[Ray Bohn](#), President and Chief Executive Officer of NAV CANADA, argued that the level of service studies for control towers are based on air traffic levels seen before the pandemic and expected after the pandemic. He also assured the Committee that safety would remain at the forefront, no matter the result of these reviews.<sup>36</sup> [Michael Keenan](#), Deputy Minister at the Department of Transport, stated that NAV CANADA could not change its service levels unless “Transport Canada reviews the proposed change and concurs that it doesn’t sacrifice safety.”<sup>37</sup>

### Concern for Isolated Regions

**“The COVID-19 pandemic has inflicted debilitating effects on passenger traffic and business sustainability in all sectors of aviation, particularly on the regional components of the system.”**

[Brian Grant](#)

Chair, Regional Community Airports of Canada

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the International Vice-President and Canadian Director of Government Relations, IBEW); [Debi Daviau](#) (President, Professional Institute of the Public Service of Canada [PIPSC]); [Best](#) (CATCA); and [Dias](#) (Unifor).

34 TRAN, *Evidence*: [Best](#) (CATCA); and [Bohn](#) (NAV CANADA).

35 TRAN, *Evidence*: [Best](#) (CATCA); and [Wayland](#) (IBEW).

36 TRAN, *Evidence*: [Bohn](#) (NAV CANADA).

37 On 15 April 2021, NAV CANADA announced that it would maintain air traffic control service to some Canadian communities, including Fort McMurray, Whitehorse and Saint-Jean-sur-Richelieu. NAV CANADA, [Air traffic control services to continue for Canadian communities](#), News release, 15 April 2021.





While most witnesses who participated in the Committee’s study agreed that it was important for a country as large as Canada to have an efficient and reliable regional air transport network, some were particularly concerned that the COVID-19 pandemic could have negative repercussions on regional connectivity in Canada.<sup>38</sup> [Brian Grant](#), Chair of the Regional Community Airports of Canada, said that the vast majority of regional and municipal airports saw a loss of over 90% in passenger volumes and over 70% in revenues since the start of the pandemic. The decreased demand for inter-regional air transport led some air carriers, including Air Canada and WestJet, to temporarily or permanently suspend flights on some routes.<sup>39</sup> Porter Airlines, whose routes focus on business travel within Canada and between Canada and the United States, temporarily suspended all its flights on 21 March 2020.<sup>40</sup>

[Monette Pasher](#), Executive Director of the Atlantic Canada Airports Association, explained that in recent months Atlantic airports have been drawing from their cash reserves, built up over two decades, to survive, when normally these funds would be earmarked for safety infrastructure projects. The situation is critical for some communities in the region, such as Sydney, Nova Scotia: it no longer has air service, and it is several hours by road to the nearest airport, in Halifax.<sup>41</sup>

[Bruce Rodgers](#), Executive Director of the Canadian International Freight Forwarders Association, said that suspending passenger flights in remote regions also affects freight capacity, as approximately half of air cargo is transported in the belly hold of passenger aircraft.

Regular regional service helps connect remote communities to each other and connect passengers to major Canadian airports.<sup>42</sup> Large carriers are not necessarily in direct competition with small carriers at the regional level, because they offer different services that may be complementary. For this reason, many witnesses from the regional airline community stressed the importance of not forcing large carriers back into the region to compete with smaller carriers. [Yani Gagnon](#), Vice-President and Chief Financial

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38 TRAN, *Evidence*: [Gooch](#) (CAC); [McKenna](#) (ATAC), [Mike McNaney](#) (President and Chief Executive Officer, National Airlines Council of Canada [NACC]); [Brian Grant](#) (RCAC); [Christopher Rauenbusch](#) (President, Canadian Union of Public Employees – Local 4070 [CUPE, Local 4070]); [Monette Pasher](#) (Executive Director, Atlantic Canada Airports Association [ACAA]); and [Ferguson](#) (IAMAW).

39 TRAN, *Evidence*: [Rheault](#) (Air Canada); and [Gibbons](#) (WestJet).

40 TRAN, *Evidence*: [Robert Deluce](#) (Executive Chairman, Porter Airlines Inc. [Porter]).

41 TRAN, *Evidence*: [Pasher](#) (ACAA).

42 TRAN, *Evidence*: [Serge Larivière](#) (Director General, Coopérative de transport régional du Québec [TREQ]); [Grant](#) (RCAC); and [Rauenbusch](#) (CUPE, Local 4070).

Officer at Pascan Inc. said that “[s]ubsidizing Air Canada or other major air carriers, which will compete on regional markets, makes zero sense.”

In addition, some witnesses pointed out that Air Canada has been part of the problem rather than part of the solution in regional air transportation in recent years. [Serge Larivière](#), Director General of the Coopérative de transport régional du Québec, made the following comment about Air Canada:

A business with \$18 billion in annual sales need only start a price war and the competition is gone just like that. That's been the problem for the last 30 years.

Similarly, [Mr. Larivière](#), agreed that the current crisis, combined with large carriers pulling out of some regions, could be an opportunity to rethink regional transport in eastern Canada. In his opinion, regional supply was low in Quebec and the Atlantic provinces well before the pandemic.<sup>43</sup>

## Competitiveness of the Canadian Aviation Sector

**“[W]e have now begun to see foreign carriers that have received liquidity support from their governments taking international market share from Canadian operators. This is a direct threat to the future competitiveness of the sector and may roll back years of successful international expansion.”**

[Mike McNaney](#)

President and Chief Executive Officer, National Airlines Council of Canada

A number of witnesses pointed out that Canada is one of the only industrialized countries that has not yet put in place a specific national recovery plan for the aviation industry.<sup>44</sup> Some were concerned that foreign aviation companies that had received significant financial support from their governments would take international market share from Canadian companies.<sup>45</sup> Witnesses also pointed out the importance of

43 TRAN, *Evidence*: [Larivière](#) (TREQ), 3 December 1720.

44 TRAN, *Evidence*: [Wesley Lesosky](#) (President, Air Canada Component of the Canadian Union of Public Employees); [Rauenbusch](#) (CUPE, Local 4070); [Dias](#) (Unifor); [Giguere](#) (ACPA); [Gibbons](#) (WestJet); [McNaney](#) (NACC); [Gerry Bruno](#) (Executive Advisor to the President and Chief Executive Officer, Vancouver Airport Authority [YVR]); and [Rheault](#) (Air Canada).

45 TRAN, *Evidence*: [Rheault](#) (Air Canada); and [McNaney](#) (NACC).



Canadian airports being able to compete with American ones.<sup>46</sup> If Canadian operators lose market share, it will undermine the years of effort and billions of dollars they have invested to improve Canada’s connections with the rest of the world.

Fearing a drop in research and technology spending, as well as an exodus of workers to foreign countries that are investing heavily in the sector, [Andrew Petrou](#), Chairman of the Board of Downsview Aerospace Innovation and Research, explained his view that Canada’s status as a leader in the aerospace industry is at risk. In his opinion, the Canadian aerospace industry will become less and less competitive, and the effects of the COVID-19 pandemic will only accelerate its decline, unless a massive investment is made in the sector. In the same vein, [Mr. Mueller](#) offered the following caution:

While the government’s emergency measures have been appreciated and helpful, they’re just not enough, not when aviation and aerospace are facing unprecedented challenges, and not when other leading aerospace countries, our competitors, began taking action early on. ... These countries ... have positioned their sectors for the future. Canada needs to do the same. The future is bleak for aerospace if its customers, the airlines, can’t buy its products and services.

### Sale of Transat A.T. Inc.

**“If there isn’t enough airline choice in Canada, and they are forced to choose between Air Canada and Air Canada, they risk going to an airline outside of Canada, which can result in a reduction in market share for Canadian companies.”**

[Jacob Charbonneau](#)

President and Chief Executive Officer, Late Flight Claim Canada Inc.

On 27 June 2019, Transat A.T. Inc. and Air Canada reached an agreement that Air Canada would acquire Transat. On 11 August 2019, it was announced that the transaction was valued at \$720 million (\$18 per share). On 10 October 2020, Transat announced that its board of directors had approved a revised transaction in which Air Canada would acquire Transat shares for \$5 per share, which is \$13 less than the agreement reached in

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46 TRAN, Evidence: [Bruno](#) (YVR); and [Marshall](#) (GTAA).

August 2019.<sup>47</sup> Transat shareholders approved the revised transaction details on 15 December 2020.<sup>48</sup>

In his report on the transaction, the Commissioner of Competition (the Commissioner) stated that the transaction would likely lead to “substantial anti-competitive effects” due to the elimination of rivalry between the two carriers in certain parts of their networks.<sup>49</sup> Specifically, competition would be eliminated or reduced on 83 routes between Canada and Europe, Mexico, Central America, the Caribbean, Florida and South America. In addition, the two carriers were the only ones offering non-stop service on 22 of these 83 routes. The Commissioner found that the transaction would likely lead to increased prices, less choice, decrease in service, and a significant reduction in travel.

Echoing the Commissioner, some witnesses expressed concerns about how the proposed transaction between these two carriers would affect competition in the Canadian market.<sup>50</sup> During their appearances, [Omar Alghabra](#), Minister of Transport, and representatives of Transport Canada informed the Committee that the department had taken into account the competition issues raised in the Commissioner’s report before reaching its decision, and that other matters of public interest had also been considered. These factors included protecting jobs, maintaining a head office in Quebec and ensuring the financial health of the aviation sector.<sup>51</sup>

The Government of Canada announced on 11 February 2021 that it approved the transaction, subject to certain terms and conditions, including preserving the Transat A.T. head office and brand in Quebec.<sup>52</sup> However, after being advised that the European

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47 Transat A.T. Inc., [Transat A.T. Inc. Announces Revised Acquisition Transaction with Air Canada](#), News release, 10 October 2020.

48 Transat A.T. Inc., [Transat’s Shareholders Overwhelmingly Approve the Arrangement with Air Canada](#), News release, 15 December 2020.

49 Competition Bureau of Canada, [“Report to the Minister of Transport and the Parties to the Transaction Pursuant to Subsection 53.2\(2\) of the Canada Transportation Act,” Technical guidance documents](#), 27 March 2020.

50 TRAN, *Evidence*: [Gibbons](#) (WestJet); and [Jacob Charbonneau](#) (President and Chief Executive Officer, Late Flight Claim Canada Inc. [Late Flight Claim]).

51 TRAN, *Evidence*: [Michael Keenan](#) (Deputy Minister, Transport Canada).

52 Transport Canada, [Government of Canada approves proposed purchase of Transat A.T. Inc. by Air Canada](#), News release, 11 February 2021.



Commission would not approve the transaction, Air Canada and Transat A.T. announced on 2 April 2021 that the agreement was being terminated by mutual consent.<sup>53</sup>

## A PLAN TO ENSURE THE CANADIAN AVIATION INDUSTRY SURVIVES AND RECOVERS

**“Critical decisions must be made now if Canada’s travel and tourism sector is to start recovery next summer, as we expect it will in other northern hemisphere countries. Summer 2021 simply cannot look like summer 2020.”**

Daniel-Robert Gooch

President, Canadian Airports Council

While witnesses proposed different measures to ensure the survival and recovery of the aviation sector based on their own priorities and circumstances, they all agreed that significant financial investment is needed in the sector. Many witnesses said it is important for the federal government to ensure that the assistance provided is equitable and goes to more than just the largest players in the industry.

A number of witnesses said that, regardless of the measures that have been taken – or will be taken – in response to the COVID-19 pandemic, the health and safety of passengers, crew and the Canadian public should remain the top priority for the various stakeholders in the sector. Canadians must feel safe in airports and on planes before they will consider travelling again, and this requires a clear, consistent COVID-19 testing framework.<sup>54</sup>

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53 Transat A.T. Inc., *The parties having concluded that European Commission approval would not be obtained – The Arrangement Agreement between Transat and Air Canada is Terminated by Mutual Consent*, News release, 2 April 2021.

54 TRAN, *Evidence*: Marshall (GTAA); Rauenbusch (CUPE, Local 4070); and Derrick Stanford (President, ACAA).

## Finding a Balance Between Ensuring Public Health and Resuming Travel

**“[Canada must implement a] national, scientifically based COVID-19 testing regime. [The aviation sector] can’t wait until all Canadians are vaccinated to restore travel. People need to feel that flying is safe.”**

Chorus Aviation Inc., Brief

During her testimony, [Brigitte Diogo](#), Vice President of the Health Security Infrastructure Branch at the Public Health Agency of Canada, explained that air travel is quite safe, particularly due to universal masking and ventilation.<sup>55</sup> According to [Dr. Isaac Bogoch](#), Physician and Scientist with the Toronto General Hospital and University of Toronto, data indicates that the stages leading up to the flight and those following it are probably riskier from a transmission standpoint than the flight itself.

Like many witnesses from the aviation sector, [Dr. Bogoch](#) and [Dr. Zain Chagla](#), Assistant Professor in the Division of Infectious Diseases at McMaster University’s Faculty of Health Sciences, believe it is important to implement rapid testing in airports, using antigen tests that provide results in under one hour.<sup>56</sup> These tests could be given to passengers just before boarding.

In her testimony, [Monique Frison](#), Acting Assistant Deputy Minister of Programs and Implementation at the Department of Health, indicated that rapid tests are not as accurate as lab-based tests, which are the gold standard, but other factors, such as ease of use, can compensate. [Patrick Taylor](#), Global Business Development Director of New Markets at LuminUltra Technologies Ltd., informed the Committee that some portable PCR testing units can run samples in under two hours, making them an option for airports.<sup>57</sup>

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55 These views are shared by [Dr. Zain Chagla](#) (Assistant Professor, Division of Infectious Diseases, Faculty of Health Sciences, McMaster University, [McMaster University]); and [Patrick Taylor](#) (Global Business Development Director, New Markets, LuminUltra Technologies Ltd.).

56 TRAN, *Evidence*: [McKenna](#) (ATAC); [Gooch](#) (CAC); [Lesosky](#) (Air Canada Component of CUPE); [Dias](#) (Unifor); [Deluce](#) (Porter); and [Sparling](#) (Air North).

57 PCR tests are also known as molecular diagnostic tests or nucleic acid tests. According to [Health Canada](#), PCR tests are used by the Public Health Agency of Canada’s laboratories and other labs around the world to diagnose COVID-19.



According to [Dr. Chagla](#), another promising option is serial testing, such as the pilot project launched on 2 November 2020 at Calgary International Airport. International travellers and Canadians returning from abroad who participated in the pilot project were required to take a test at the airport. If they got a negative result (approximately 48 hours later), their mandatory quarantine period would be shortened, as long as they committed to taking a second test six or seven days later.<sup>58</sup> The pilot project was updated to release travellers from their quarantine only after they had obtained a negative result from the second test. The project was suspended on 21 February 2021 following the implementation of additional quarantine and testing measures by the federal government.

Meanwhile, Air Canada partnered with the Greater Toronto Airports Authority and McMaster HealthLabs to assess whether self-collection COVID-19 testing was effective and whether the quarantine period could safely be reduced for international travellers. The pilot project ran from 3 September to 14 November 2020. The interim results indicate that most positive cases of COVID-19 are identified upon arrival at the airport or within seven days.<sup>59</sup> However, [Dr. Chagla](#) said that “the rate of people who test positive at day seven who don't test positive on the day of arrival is still not insignificant.”

When they appeared before the Committee, representatives from the Department of Transport and the Department of Health explained their roles as partners in the pilot projects, and clarified that the purpose of these projects was to gather science-based data that will inform the government and public health on how best to reopen borders.<sup>60</sup>

Some witnesses called for the relationship between testing and quarantine to be reviewed in order to determine whether quarantine times could be decreased to 10 or 7 days, similar to the pilot project at Calgary International Airport.<sup>61</sup> [Mr. Gibbons](#)

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58 Government of Canada, [Alberta COVID-19 Border Testing Pilot Program](#), News release, 22 October 2020.

59 McMaster HealthLabs, [“Canadian International COVID-19 Surveillance Border Study,” Interim Results Backgrounder](#), 17 November 2020.

60 TRAN, *Evidence*: [Monique Frison](#) (Acting Assistant Deputy Minister, Programs and Implementation, Department of Health); and [Aaron McCrorie](#) (Associate Assistant Deputy Minister, Safety and Security, Department of Transport).

61 TRAN, *Evidence*: [Dr. Chagla](#) (McMaster University); [Dr. Isaac Bogoch](#) (Physician and Scientist, Toronto General Hospital and University of Toronto, As an Individual); [McKenna](#) (ATAC); [McNaney](#) (NACC); [Rheault](#) (Air Canada); [Dr. Jim Chung](#) (Chief Medical Officer, Air Canada); [Gibbons](#) (WestJet); [Dias](#) (Unifor); and the Association of Canadian Independent Travel Advisors [ACITA], [Brief](#).



suggested that the pilot project could be developed into a national policy and that funding for the transition could be included in the upcoming federal budget.

## Financial Assistance on Par with Pandemic Losses

**“Canada depends on air transportation perhaps more than other countries in the world. It’s in the public interest that the industry not only survives but is in a position to thrive when COVID is behind us. I think it should go without saying that an industry that has the capacity to invest in its future remain environmentally, socially and financially sustainable, and then is able to recover, is in everyone’s interest.”**

Captain Tim Perry

President, Air Line Pilots Association Canada, Air Line Pilots Association International

On 8 November 2020, the Government of Canada announced that it planned to implement a package of assistance for airlines, airports and the aerospace sector.<sup>62</sup> The funding provided would include amounts for major airlines such as loans and other financial supports. However, this financial assistance would be conditional on Canadian travellers getting refunds for flights they booked but did not take because of the pandemic, and would ensure that “regional communities retain air connections to the rest of Canada, and that Canadian air carriers maintain their status as key customers of Canada’s aerospace industry.”

A number of witnesses were upset about the time required for the federal government to put an action plan in place specifically to rebuild and stimulate the aviation sector, given the time-sensitive nature of the industry’s needs.<sup>63</sup> During his testimony, Minister Alghabra stressed his commitment to finding an arrangement as quickly as

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62 Transport Canada, *Statement by Minister Garneau on measures to protect Canadians from the impacts of COVID-19 on the air travel sector*, News release, 8 November 2020.

63 TRAN, *Evidence*: Unifor, Brief; Gooch (CAC); Ferguson (IAMAW); Rauenbusch (CUPE, Local 4070); Lesosky (Air Canada Component of CUPE); Giguere (ACPA); McNaney (NACC); Bruno (YVR); Rheault (Air Canada); and McKenna (ATAC).



possible and assured the Committee that negotiations were underway with sector representatives.

### Financial Assistance Appreciated, But Insufficient

**“[T]he current financial aid available to all employers in and outside the aviation industry is proving to be inadequate. Consequently, Canada’s air transportation industry is facing massive layoffs and even failure as the crisis continues.”**

[Unifor](#), Brief

Since the start of the pandemic, the federal government has announced a number of assistance measures specific to the aviation sector, including \$191.3 million for remote communities that depend on air transport, as well as rent relief for the 21 airport authorities that have ground leases with the federal government.<sup>64</sup> In the Fall Economic Statement 2020, the government announced additional financial support of approximately \$1.1 billion for the aviation sector, to be allocated through several programs, including \$186 million for the Airports Capital Assistance Program (ACAP), \$206 million to create the Regional Air Transportation Initiative and \$500 million for safety, security and transit infrastructure in large airports.<sup>65</sup>

A number of employers in the aviation sector also applied for programs that were available to all economic sectors, such as the Canada Emergency Wage Subsidy (CEWS) and the Large Employer Emergency Financing Facility (LEEFF). During his appearance before the Committee, [Minister Alghabra](#) said that the aviation sector alone had collected between \$1.7 billion and \$1.8 billion from the wage subsidy.

Most witnesses told the Committee that the programs put in place by the federal government since the beginning of the pandemic were greatly appreciated. However, they also agreed that most programs were insufficient, given the extent of the crisis for the air transport industry and the expected slow recovery.

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64 TRAN, *Evidence*: [The Hon. Omar Alghabra](#) (Minister of Transport).

65 Department of Finance Canada, [Supporting Canadians and Fighting COVID-19](#), Fall Economic Statement 2020, p. 32.

During his appearance before the Committee, [Daniel-Robert Gooch](#), President of the Canadian Airports Council, commented on the suite of measures for airports outlined in the Fall Economic Statement 2020. In his opinion, the \$500 million earmarked for safety, security and public transit infrastructure is inadequate, given the extent of the sector's needs. However, he was pleased that \$206 million would be invested in the new Regional Air Transportation Initiative and hoped for more details. He also pointed out that ACAP funding is valuable for small airports, but expressed concern about how they will be able to use these funds if they cannot pay their share, considering they have run down their cash reserves.<sup>66</sup> Similarly, noting that small airports are not eligible for most assistance programs, [Mr. Grant](#) called for permanent funding for rural and regional airports and a \$95-million annual increase to the ACAP for small airports.<sup>67</sup>

With regard to rent relief, [Mr. Gooch](#) was disappointed that the largest airports were granted only a deferral on 2021 rent, which they will then have to repay over 10 years, beginning in 2024. He also argued that the rent relief for mid-sized (2021) and small airports (2021–2023) should be extended, given that recovery will take several years. In his opinion, airports with federal leases should not have to pay rent beyond 2020, until the sector recovers. [Ms. Marshall](#) explained to the Committee that the Greater Toronto Airports Authority has been asking for months for its 2021 rent to be waived. As for the many small airports that do not pay rent, [Mr. Gooch](#) called for interest-free loans or direct operational support. Lastly, several other witnesses called for the government to address cash flow problems across the industry, with measures for airports of all sizes, small and large airlines, and service providers.<sup>68</sup>

For his part, [Joseph Starling](#), President of Air North, said he was satisfied with the funding programs that were outlined in the Fall Economic Statement for essential air services in the North. In his opinion, Air North and other Northern carriers would not need as much support from the federal government if they could increase their passenger numbers, which would mean streamlining market capacity in the North. He believes that financial assistance should not go to pay for empty seats, which is what is

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66 Funding through the Airports Capital Assistance Program (ACAP) is determined based on the amount of airport activity. For example, the percentage of ACAP funding for an airport that receives between 225,000 and 249,999 passengers annually is 60%. Transport Canada, [Information for ACAP applicants](#).

67 The current figure is \$38 million annually. Transport Canada, [Airports Capital Assistance Program](#), General information.

68 TRAN, *Evidence*: [McNaney](#) (NACC); [McKenna](#) (ATAC); [Grant](#) (RCAC); [Lesosky](#) (Air Canada Component of CUPE); [Dias](#) (Unifor); [Giguere](#) (ACPA); [Stanford](#) (ACAA); [DeLuce](#) (Porter); [Unifor](#), Brief; and NACC, CAC, ATAC, AIAC and ACAA, [Brief](#).



happening now. His proposal, to introduce interline agreements between carriers, is addressed later in this report, in the section on regional air transport.

Some witnesses were critical of assistance programs that were available to all sectors, as they did not address issues specific to the aviation sector. [Mr. Gooch](#) gave the example of the Highly Affected Sectors Credit Availability Program (HASCAP), announced in the Fall Economic Statement 2020. In his view, the \$1 million cap means that it fails to meet the needs of many airports.

Likewise, [Mr. McNaney](#) thought that the LEEFF program implemented by the federal government did not take into account the challenges in the aviation sector. Its conditions, particularly the high interest rate, make it less attractive for a sector with a slow road to recovery ahead.<sup>69</sup> In its brief, [Unifor](#) expressed similar views, saying that the industry needs access to long-term loans at low interest rates, which would be “an improvement over the LEEFF.”

Some witnesses recognized that the CEWS was a lifeline for many employees and employers in the aviation sector in the spring of 2020.<sup>70</sup> However, some indicated that employers are using the program to pay for active employees, not to keep inactive employees on the payroll, which is not in keeping with the intended purpose of the CEWS.<sup>71</sup> [Mr. Grant](#) expressed disappointment that many small airports under the jurisdiction of provincial, territorial or municipal governments are not eligible for the wage subsidy. He believes the CEWS eligibility criteria should be amended to include airports, no matter how they are governed.

[Derek Ferguson](#), Representative of the Grand Lodge of the International Association of Machinists and Aerospace Workers in Canada (IAMAW Canada), noted that the CEWS was beneficial to IAMAW Canada members early on, but over time most employers stopped paying the 25% top-up and used the program only for active employees.<sup>72</sup> According to [Mr. Lesosky](#), the federal government should change the terms and

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69 The Large Employer Emergency Financing Facility has an interest rate of 5%, which increases to 8% after one year, and by a further 2% per annum each year thereafter. Innovation, Science and Economic Development Canada, [Large Employer Emergency Financing Facility](#), Factsheet.

70 TRAN, *Evidence*: [Mueller](#) (AIAC); [Ferguson](#) (IAMAW); [Gibbons](#) (WestJet); [Rheault](#) (Air Canada); [Rauenbusch](#) (CUPE, Local 4070); [McNaney](#) (NACC).

71 TRAN, *Evidence*: [Lesosky](#) (Air Canada Component of CUPE); and [Ferguson](#) (IAMAW).

72 The maximum wage subsidy for active employees is 75%. Government of Canada, [Canada Emergency Wage Subsidy \(CEWS\)](#).

conditions of the CEWS so that employers using it for active employees are also required to use it for inactive, laid-off and furloughed employees.

### Financial Assistance That Is Not a Blank Cheque

**“[G]overnment financial assistance is genuinely welcome by airlines and other travel businesses. Ensuring that airlines like Porter, and others that are much smaller, are in a position to contribute to economic recovery, sustain regional connections and provide competition is a benefit to the entire country.”**

[Robert Deluce](#)

Executive Chairman, Porter Airlines Inc.

Beyond financial assistance, some witnesses mentioned that the aviation sector and government officials need to work together to rebuild passenger confidence so they are comfortable flying in the future. In their opinion, it is important to ensure that passengers view air travel as safe and secure and also that passengers get reimbursed for flights that were cancelled because of the COVID-19 pandemic.<sup>73</sup>

When asked about executive compensation and returns to shareholders, [Jerry Dias](#), National President of Unifor, said they should not benefit financially from federal assistance measures. While acknowledging the importance of having a strong airline industry to ensure a post-pandemic economic recovery in Canada, he emphasized that the funding must go to putting people to work.<sup>74</sup>

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73 TRAN, *Evidence*: [Gábor Lukács](#) (President, Air Passenger Rights); [Ian Jack](#) (Vice-President, Public Affairs, Canadian Automobile Association [CAA]); [John Lawford](#) (Executive Director and General Counsel, Public Interest Advocacy Centre); [Sylvie De Bellefeuille](#) (Lawyer, Budget and Legal Advisor, Option consommateurs); [Ian Clarke](#) (Chief Financial Officer, GTAA); and Chorus Aviation Inc., [Brief](#).

74 As of 29 April 2021, the Government of Canada had reached financing agreements with Air Canada and Transat A.T. Inc. The two agreements are different, but include similar conditions, such as refunds for plane tickets and restrictions on executive compensation. Air Canada, [Air Canada and Government of Canada Conclude Agreements on Liquidity Program](#), News release, 12 April 2021. Transat A.T. Inc, [Transat secures \\$700 million in funding from the Government of Canada](#), News release, 29 April 2021.



## Refunding Consumers for Services Not Rendered

On 25 March 2020, the Canadian Transportation Agency (CTA), the independent body responsible for enforcing Canadian transportation regulations, released a statement indicating that airlines would be meeting their obligations under Canadian law if they offered passengers affected by cancellations vouchers or credits for future travel, as long as they do not expire in an unreasonably short time.<sup>75</sup> However, the CTA noted that it would examine any specific situation brought before it on its merits. On 22 April 2020, the CTA provided additional clarifications, stating that Canadian law requires only that airlines ensure passengers can complete their itineraries, and it does not obligate airlines to issue refunds if a flight is cancelled or delayed for reasons beyond their control.<sup>76</sup>

According to [Gábor Lukács](#), President of Air Passenger Rights, the message of 25 March 2020 misled members of the public about their rights. He said it is unacceptable for the CTA to have issued a public statement on a matter (refunds) that is so contested. In its brief, the organization [Air Passenger Rights](#) argued that airlines, travel agencies, credit card issuers and travel insurers used the CTA's statement as an excuse to deprive passengers of refunds for flights the airlines chose to cancel. When he appeared before the Committee, [Scott Streiner](#), Chair and CEO of the CTA, said that the statement does not change the obligations of the airlines or the rights of passengers; it simply gave suggestions and should not be interpreted as a binding decision. [Mr. Lukács](#) and [Jacob Charbonneau](#), President and Chief Executive Officer of Late Flight Claim Canada Inc., both expressed concerns that the CTA favours airline companies over consumers.

With regard to the obligations of airlines, [Mr. Streiner](#) expressed the following opinion:

Because the statutory framework does not include a general obligation around refunds for flight cancellations beyond airlines' control, any passenger entitlements in this regard depend on the wording of each airline's applicable tariff.

Some witnesses stated that the current legislative framework, particularly the *Air Passenger Protection Regulations* (APPR), does not do enough to protect consumers.<sup>77</sup> According to [Mr. Charbonneau](#), the complexity of the current protection regime opens the door to a number of interpretations and protects airline companies more than consumers. In a move to help address this situation, the Minister of Transport issued a

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75 Canadian Transportation Agency [CTA], [Statement on Vouchers](#).

76 CTA, [FAQs: Statement on Vouchers](#).

77 TRAN, *Evidence*: [Charbonneau](#) (Late Flight Claim); and [Jack](#) (CAA).

ministerial directive on 17 December 2020, directing the CTA to make a regulation respecting air carriers' obligations to refund passengers when flights are cancelled because of situations outside their control.<sup>78</sup> However, in a news release issued on 21 December 2020, the Minister of Transport specified that the new regulation would address future flight cancellations.<sup>79</sup>

While he believes the APPR lacks detail on the matter of refunds, [Mr. Lukács](#) does not think there is anything in the legislation that would contradict the “fundamental right [of passengers] to a refund.”<sup>80</sup> Similarly, [Sylvie De Bellefeuille](#), Lawyer and Budget and Legal Advisor for Option consommateurs, asserted that other statutes, including the *Canada Transportation Act* and its regulations, outline obligations for air carriers and give authorities the power to act. In its brief, [Option consommateurs](#) explained its view that, while transportation activities fall under federal jurisdiction, airline company contracts are also subject to provincial legislation on consumer protection.

A number of witnesses, as well as [Minister Alghabra](#), supported refunding plane tickets for Canadian consumers.<sup>81</sup> Some also argued that travel credits or vouchers are not equivalent to a refund.<sup>82</sup> For example, [Ms. De Bellefeuille](#) explained that travel credits do not guarantee future prices and may not be enough to cover the cost of a future trip. According to [John Lawford](#), Executive Director and General Counsel at the Public Interest Advocacy Centre, if the federal government plans to bail out airlines, it must ensure that passengers get refunded for flight cancellations. Otherwise, they will be penalized twice: once as a passenger and once as a taxpayer.

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78 [Direction Respecting Flight Cancellations for Situations Outside of a Carrier's Control](#), SOR/2020-283, 17 December 2020, in the *Canada Gazette*, Part II, 6 January 2021.

79 Transport Canada, [Minister Garneau directs the Canadian Transportation Agency to develop a new regulation to address future large-scale flight cancellations](#), Statement, 21 December 2020.

80 Mr. Lukács was referring to the [Canada Transportation Act](#) and the [Air Transportation Regulations](#).

81 TRAN, *Evidence*: [Lukács](#) (Air Passenger Rights); [De Bellefeuille](#) (Option consommateurs); [Lawford](#) (Public Interest Advocacy Centre); [Jack](#) (CAA); [Charbonneau](#) (Late Flight Claim); [Dias](#) (Unifor); [Yani Gagnon](#) (Vice-President and Chief Financial Officer, Pascan Inc.); [Gibbons](#) (WestJet); [Rheault](#) (Air Canada); [Deluce](#) (Porter); and ACITA, [Brief](#).

82 TRAN, *Evidence*: [De Bellefeuille](#) (Option consommateurs); [Lawford](#) (Public Interest Advocacy Centre); and [Lukács](#) (Air Passenger Rights).



In addition, some witnesses pointed out that the adoption of Bill C-249 would be a good way to address the current situation of non-refundable tickets by airlines<sup>8384</sup>. [Mr. Lukács](#) offered the following opinion on Bill C-249:

Bill C-249 is going to fix just the basics. The most important principle in every commercial transaction, that if you don't receive what you paid for, you get your money back, is a vital step for the entire sector's recovery.

In its brief, the [Association of Canadian Independent Travel Advisors](#) (ACITA) said it supports consumer refunds, but called on the federal government to protect travel agents from commissions being returned, as commissions are their sole source of income. The brief explains that, when an airline refunds a passenger, they first notify the travel agent who booked the trip, if applicable, and the agent must return their commission in order for the consumer to receive a refund. ACITA indicated that, in the current context, returning commissions would have undesirable outcomes, as most travel agencies would not be able to survive the blow. Furthermore, as noted by [Ian Jack](#), Vice-President of Public Affairs at the Canadian Automobile Association, travel agents did their work and deserve to keep the commission they were paid. As ACITA explained, travel agents “worked on the trip, sold the airline’s product to the consumer and received a commission for the sale.”

During their testimony, [Mr. Rheault](#) and [Mr. Gibbons](#) said they were aware that mandatory refunds could affect the commissions of travel agents. [Minister Alghabra](#) and Transport Canada officials confirmed that this issue was being addressed in their discussions with the major air carriers regarding a package of assistance.<sup>85</sup>

### **Boosting Regional Air Transport**

Many witnesses agreed that it was important for remote and Northern regions to have access to reliable, efficient and affordable air service. As mentioned above, a number of witnesses argued that it was important for federal government assistance for the aviation sector to be fair for all stakeholders, large and small. Given that major airlines like Air Canada and WestJet suspended many domestic flights in March 2020 owing to a

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83 [Bill C-249, An Act to amend the Canada Transportation Act \(refund – cancelled air service\)](#), 43<sup>rd</sup> Parliament, 2<sup>nd</sup> Session.

84 TRAN, *Evidence*: [De Bellefeuille](#) (Option consommateurs); [Lukács](#) (Air Passenger Rights); and [Lawford](#) (Public Interest Advocacy Centre).

85 TRAN, *Evidence*: [Keenan](#) (Transport Canada); and [Hanson](#) (Transport Canada).



drop in passenger volumes, some witnesses questioned what regional air transport would look like in the future.

In a statement issued on 8 November 2020, the federal government indicated that financial support for Canadian airlines would include conditions ensuring that regional communities maintain their connectivity.<sup>86</sup> However, according to [Mr. Larivière](#) and [Mr. Gagnon](#), the government should not force large air carriers to serve outlying regions when smaller carriers are ready to fill the gap. [Mr. Larivière](#) believes that the government's role is to "maintain healthy market conditions."

To illustrate the role of small carriers in the Canadian market, [Robert Deluce](#), Executive Chairman of Porter Airlines Inc., said that historically airfares drop by 60% or more when Porter enters a market, particularly when these markets were previously served by only one airline. [Ms. Pasher](#) stated that, prior to the pandemic, the Atlantic provinces were served by a number of companies of different sizes, including Air Canada, WestJet, Porter and PAL Airlines, and that competition and fares in the region were "good." She mentioned that small regional carriers are important and that the biggest issue is collaborating with national carriers to connect the Atlantic provinces to the rest of Canada and the world.

When they appeared before the Committee, representatives of WestJet and Air Canada said they hope to re-establish services that have been suspended because of the pandemic.<sup>87</sup> However, they pointed out that they need more passengers before they can restore service, which means that some travel restrictions would have to be lifted first.

According to [Mr. Sparling](#), the large air carriers offer limited services in Northern regions, as the smaller connections are often served by small carriers. To ensure that small carriers survive and to maintain the essential services they provide to remote communities, he suggested that the federal government should temporarily limit mainline carrier capacity in Northern gateway markets. He believes that, given the current lack of passenger volume, the federal government should not be subsidizing multiple carriers flying the same routes.

In the future, [Mr. Sparling](#) would like to see more interline agreements, which are mutually beneficial arrangements between the large carriers and smaller ones. In its brief, [Air North](#) explained the advantages of these agreements for passengers, such as being able to make a single booking with flights offered by multiple carriers and being

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86 Transport Canada, *Statement by Minister Garneau on measures to protect Canadians from the impacts of COVID-19 on the air travel sector*, Statement, 8 November 2020.

87 TRAN, *Evidence*: [Rheault](#) (Air Canada); and [Gibbons](#) (WestJet).



able to make connections without having to collect their bags between each flight. [Mr. Sparling](#) believes the federal government should mandate that airlines link themselves together, which would ensure more communities across Canada are connected.

### **Ensuring the Competitiveness of the Canadian Aerospace Industry**

As mentioned above, witnesses representing Canada's aerospace industry were concerned about the future competitiveness of the sector internationally. To reverse the downward trend, [Mr. Mueller](#) called on the federal government to invest significantly in the sector so it can be part of Canada's economic recovery.<sup>88</sup> This assistance should also help industries transition to new technologies for a greener future. In his view, a national strategy is needed to secure the future of the aerospace sector. He explained that the national strategy should cover the civil, defence and space sectors.

Likewise, [Samantha Anderton](#), Executive Director of Downsview Aerospace Innovation and Research, called on the federal government to adopt a top-down approach to supporting commercial airlines. This would mean support would flow through the supply chain, including to aircraft maintenance companies. Like [Mr. Mueller](#), she would like to see the federal government support research and development, particularly for sustainable technologies.

With regard to aircraft maintenance, [Mr. Ferguson](#) called for a repatriation plan to secure the jobs of Canadian aircraft maintenance and technical operations workers. Many Canadian airlines have aircraft that were grounded outside the country, which means the maintenance is being done outside of Canada as well, but he believes it should be done in Canada by Canadian workers. [Mr. Rheault](#) assured the Committee members that many Air Canada aircraft were being maintained in Canada.

### **Supporting NAV CANADA Financially**

As mentioned above, one of the measures NAV CANADA took to address its significant drop in revenue resulting from the decline in air traffic was to increase its service charges by approximately 30% for the 2021 fiscal year. When he appeared before the

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88 In Budget 2021, the Government of Canada proposes to provide \$2 billion in support for Canada's aerospace sector. This includes \$1.75 billion through the Strategic Innovation Fund and \$250 million over three years for regional development agencies to deliver an Aerospace Regional Recovery Initiative. Department of Finance Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021, p. 135.

Committee, [Mr. Bohn](#) explained that NAV CANADA's requests for financial assistance from the federal government had not been successful to date.

In a [letter](#) to the Committee, several organizations in the aviation sector argued that the user-pay model for service providers such as NAV CANADA is not appropriate in the current context to "adequately fund and maintain infrastructure and services," given that it will take years for passenger volumes to recover. They suggested temporarily suspending this model and providing financial assistance to NAV CANADA.

Some witnesses representing NAV CANADA workers believe the government should provide \$750 million in funding over two years to the corporation so that its jobs, services and excellent safety record can be maintained.<sup>89</sup> According to [Ms. Daviau](#), funding should be subject to a moratorium on layoffs.

## CONCLUSION

Throughout the Committee's study, witnesses from various sectors of the Canadian aviation industry called on the Government of Canada to implement an industry-specific assistance plan so they could contribute to Canada's economic recovery. They also highlighted the importance of air transport for regions across Canada, particularly remote and Northern communities that rely on air transport not only to travel, but also to have essential supplies delivered.

Some witnesses were concerned about the future competitiveness of the industry and the fate of workers, as many of them have been inactive for months without knowing whether or when they will return to work. While they agreed that the health and safety of Canadian workers, passengers and the public were the top priority, they also agreed that the industry's current financial situation is not viable in the long run.

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89      TRAN, *Evidence*: [Best](#) (CATCA); [Wayland](#) (IBEW); and [Daviau](#) (PIPSC).



## APPENDIX A LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Canadian Transportation Agency</b>	2020/12/01	8
Marcia Jones, Chief Strategy Officer		
Valérie Lagacé, Senior General Counsel and Secretary		
Scott Streiner, Chair and Chief Executive Officer		
<b>Department of Health</b>	2020/12/01	8
Monique Frison, Acting Assistant Deputy Minister Programs and Implementation		
<b>Department of Transport</b>	2020/12/01	8
Christian Dea, Director General Transportation and Economic Analysis and Chief Economist		
Lawrence Hanson, Assistant Deputy Minister Policy		
Aaron McCrorie, Associate Assistant Deputy Minister Safety and Security		
Nicholas Robinson, Director General Civil Aviation		
Colin Stacey, Director General Air Policy		
<b>Public Health Agency of Canada</b>	2020/12/01	8
Brigitte Diogo, Vice President Health Security Infrastructure Branch		
<b>Air Transport Association of Canada</b>	2020/12/03	9
John McKenna, President and Chief Executive Officer		
<b>Canadian Airports Council</b>	2020/12/03	9
Daniel-Robert Gooch, President		

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Coopérative de transport régional du Québec</b> Serge Larivière, Director General	2020/12/03	9
<b>National Airlines Council of Canada</b> Mike McNaney, President and Chief Executive Officer	2020/12/03	9
<b>Regional Community Airports of Canada</b> Brian Grant, Chair	2020/12/03	9
<b>Air North</b> Joseph Sparling, President	2020/12/08	10
<b>Air Passenger Rights</b> Gábor Lukács, President	2020/12/08	10
<b>Canadian Automobile Association</b> Ian Jack, Vice-President Public Affairs  Jason Kerr, Senior Director Government Relations	2020/12/08	10
<b>Late Flight Claim Canada Inc.</b> Jacob Charbonneau, President and Chief Executive Officer	2020/12/08	10
<b>Option consommateurs</b> Sylvie De Bellefeuille, Lawyer, Budget and Legal Advisor	2020/12/08	10
<b>Public Interest Advocacy Centre</b> John Lawford, Executive Director and General Counsel	2020/12/08	10
<b>As an individual</b> Dr. Isaac I. Bogoch, Physician and Scientist Toronto General Hospital and University of Toronto  Dr. Zain Chagla, Assistant Professor, Division of Infectious Diseases, Faculty of Health Sciences McMaster University	2020/12/10	11
<b>LuminUltra Technologies Ltd.</b> Patrick Taylor, Global Business Development Director New Markets	2020/12/10	11
<b>Air Canada Component of the Canadian Union of Public Employees</b> Wesley Lesosky, President	2021/01/26	12

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Air Line Pilots Association International</b> Tim Perry, President Air Line Pilots Association Canada	2021/01/26	12
<b>Canadian Union of Public Employees—Local 4070</b> Christopher Rauenbusch, President	2021/01/26	12
<b>International Brotherhood of Electrical Workers</b> Paul Cameron, Business Manager and Financial Secretary Matt Wayland, Executive Assistant to the International Vice-President and Canadian Director of Government Relations	2021/01/26	12
<b>Professional Institute of the Public Service of Canada</b> Debi Daviau, President Emily Watkins, Senior Advisor to the President	2021/01/26	12
<b>Unifor</b> Jerry Dias, National President Kaylie Tiessen, National Representative Research Department	2021/01/26	12
<b>Aerospace Industries Association of Canada</b> Mike Mueller, Senior Vice-President	2021/01/28	13
<b>Air Canada Pilots Association</b> Rob Giguere, Chief Executive Officer	2021/01/28	13
<b>Atlantic Canada Airports Association</b> Monette Pasher, Executive Director Derrick Stanford, President	2021/01/28	13
<b>Canadian Air Traffic Control Association</b> Doug Best, President and Chief Executive Officer	2021/01/28	13
<b>International Association of Machinists and Aerospace Workers</b> Derek Ferguson, Representative Grand Lodge	2021/01/28	13
<b>Vancouver Airport Authority</b> Gerry Bruno, Executive Advisor to the President and Chief Executive Officer	2021/01/28	13

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Canadian International Freight Forwarders Association</b> Julia Kuzeljevich, Public Affairs Manager Bruce Rodgers, Executive Director	2021/02/02	14
<b>Downsview Aerospace Innovation and Research</b> Samantha Anderton, Executive Director Andrew Petrou, Chairman of the Board	2021/02/02	14
<b>Greater Toronto Airports Authority</b> Ian Clarke, Chief Financial Officer Hillary Marshall, Vice-President Stakeholder Relations and Communications	2021/02/02	14
<b>Nav Canada</b> Jonathan Bagg, Director Stakeholder and Industry Relations Ray Bohn, President and Chief Executive Officer	2021/02/02	14
<b>Pascan inc.</b> Yani Gagnon, Vice-President and Chief Financial Officer Julian Roberts, President and Chief Executive Officer	2021/02/02	14
<b>Porter Airlines Inc.</b> Robert J. Deluce, Executive Chairman	2021/02/02	14
<b>Air Canada</b> Jim Chung, Chief Medical Officer David Rheault, Managing Director Government Affairs and Community Relations	2021/02/04	15
<b>WestJet Airlines Ltd.</b> Andy Gibbons, Director Government Relations and Regulatory Affairs	2021/02/04	15



<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Department of Transport</b> Hon. Omar Alhabra, C.P., M.P., Minister of Transport Kevin Brosseau, Assistant Deputy Minister Safety and Security Lawrence Hanson, Assistant Deputy Minister Policy Michael Keenan, Deputy Minister Anuradha Marisetti, Assistant Deputy Minister Programs	2021/02/18	17



## **APPENDIX B LIST OF BRIEFS**

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The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

**Aerospace Industries Association of Canada**

**Air North**

**Air Passenger Rights**

**Air Transport Association of Canada**

**Association des Pilotes et des Propriétaires de Hangar de Saint-Jean-sur-Richelieu**

**Association of Canadian Independent Travel Advisors**

**Atlantic Canada Airports Association**

**Canadian Airports Council**

**Chorus Aviation Inc.**

**National Airlines Council of Canada**

**Option consommateurs**

**Unifor**



## REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* (Meetings Nos. 8–15, 17 and 34–36) is tabled.

Respectfully submitted,

Vance Badawey  
Chair





**Supplementary Opinion of the Bloc Québécois  
on the Out of the Crisis report:  
a study of the impact of COVID-19  
in the air transport sector**

June 10, 2021

## **Introduction**

First of all, the Bloc Québécois salutes the members of the Committee as well as the staff of the Library of Parliament for the professionalism they have shown and the work they have accomplished throughout this study and thanks all the witnesses and citizens who fueled the debate on what needs to be done to enable the air transport sector to emerge from the crisis.

However, it is the opinion of the Bloc Québécois that this report has omitted certain crucial elements which would have made it possible to clearly define what must be done to put in place a healthy environment for consumers and workers in the air transport sector at the end of this long troubled period.

The next few lines will serve to outline what we believe should have appeared in this report in addition to what is already there. First, a request for a firm commitment from the federal government to work with the government of Quebec and its municipalities to set up an air transport service for the regions of Quebec. Second, we should see a clear desire to strengthen protections against the anti-competitive actions of some players in the industry. And ultimately a real consideration for the issue of the sale of Air Transat.

### **Work with Quebec, a concept absent from consideration**

It is deplorable to note that the report completely omits the need to work in collaboration with Quebec, particularly in air transport in the regions. While Quebecers living in the regions are the ones who know best what they need most in terms of air transport, this report once again vividly demonstrates the propensity of federalist parties to “Ottawa knows best”.

The Quebec government and municipalities formed a task force on the revival of regional air services in Quebec to study the problems caused by the abandonment of Air Canada's regional services and provide recommendations. However, the federal government seems to completely ignore these actions taken by the people directly affected by the current crisis and prefers to act, or not to act in many cases, unilaterally and solely on the basis of what he considers good or not.

The least thing would have been to recommend that the government work in collaboration with the Government of Quebec and the municipalities to put in place solutions that really meet the needs of the community. Unfortunately, no consideration has been given to this issue.

### **Strengthen the fight against anti-competitive actions, an emergency for the regions of Quebec**

During the committee's studies, many witnesses from Quebec highlighted Air Canada's anti-competitive practices in the regions. Although the report mentions these concerns, particularly from Mr. Yani Gagnon (Pascan), and Mr. Serge Larivière (TREQ<sup>1</sup>), no recommendation directly addresses this issue.

Admittedly, the committee expressed the wish that the government create a competitive environment in the air transport sector, but let us recall that before the pandemic, the Government of Canada had let Air Canada make rain or shine in the regions of Quebec and this for several years. To name only one of anti-competitive practices of Air Canada, when a competitor enters the market, Air Canada “is dumping” until said competitor is forced to leave the market. Once the result achieved, Air Canada is quick to bring its prices to a prohibitive level for many citizens in the regions.



As this situation continued for several decades <sup>2</sup>, it would have been important for the committee to adopt a clear recommendation to ban such practices. It is to the federal government to intervene to put an end to this situation. The action could be articulated around several measures such as strengthening the powers of the Commissioner of Competition so that he can intervene quickly when this kind of situation arises or even foresee serious consequences for carriers doing so.

In short, it seems obvious to us that the committee erred in failing to include recommendations on this subject in its report. Once again, this is a situation where the reality of Quebec is ignored by Ottawa.

### **Lack of interest from federalist parties in the sale of Air Transat**

The wording of the study motion reads as follows: "That, pursuant to order 108 (2), the Committee undertake a comprehensive study of the effects of Covid-19 on the airline industry; that at least eight meetings be scheduled for this study; **that the impact of Air Transat's sale on the sector be the first point examined in the context of this study.**"

Unfortunately, this last portion of the motion never materialized, as the federalist parties present at the committee preferred to evade the issue as much as possible. On each occasion that the subject was raised during the various meetings of the committee, we were given a host of excuses to avoid getting to the bottom of things, for not discussing the subject or to not handing over relevant documents to the committee. However, the sale of this Quebec flagship represented a key issue in Quebec. So, it does not make sense, in our opinion, that the committee did not take this seriously into consideration.

As part of this transaction, thousands of jobs, a major head office and even competition in the market were at stake. Unfortunately, the Liberals and Conservatives have made every effort to ensure that the subject is never studied, preferring to protect the Minister of Transport so that he can make his own decision, without us having been able to get hold of all the information he had in his possession.

In our democracy, the role of the opposition is to hold the government to account for its decisions. This role is based on a principle of transparency which is crucial for public confidence in our institutions. By refusing to carefully consider the issue as part of the study, the committee has failed in one of its main objectives: to provide a space for accountability on the part of the government on the issues entrusted to it.

Faced with this observation, we can only be critical of the functioning of the Government of Canada where the Liberal and Conservative parties are only exchanging power without ever taking into consideration what matters to Quebec. This ongoing situation since the beginning of the confederation is only one more reason for Quebec to leave Canada in order to be able to look after its own interests without having to depend on a political system that only exists to perpetuate itself. The Air Transat sale case in this study is just one more example of this situation.

### **Conclusion**

Finally, this report will have neglected three important elements in the context of this study, thus demonstrating Canada's lack of consideration towards Quebec for many issues which are dear to

it. Quebec's interests in these matters would have been better served by an independent Quebec that would not have ignored these important issues.

However, we owe it to ourselves to highlight the other elements of the report which provide recommendations that we believe to be sound, particularly regarding the reimbursement of airline tickets and aid to the air and aerospace sector. Consequently, we now wish to see the government act to enable air transport to recover from this crisis and respond favourably to the elements of this report and of this supplementary opinion.

#### **Recommendations of the Bloc Québécois**

That the Government of Canada works in collaboration with the Government of Quebec to establish priorities for solid regional air transport containing a significant amount of competition.

That the Government of Canada intervenes to prevent Air Canada and other large carriers from engaging in practices that undermine regional air competition.