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• (1105)

[*Translation*]

The Chair (Mr. Peter Schiefke (Vaudreuil—Soulanges, Lib.)): I call this meeting to order.

Welcome to meeting number 19 of the Standing Committee on Transport, Infrastructure and Communities.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, February 3, 2022, the committee is meeting to study reducing red tape and costs on rural and urban Canadian airports.

Today's meeting is taking place in a hybrid format, pursuant to the House Order of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application.

[*English*]

Per the directive of the Board of Internal Economy on March 10, 2022, all those attending the meeting in person must wear a mask, except for members who are at their place during the proceedings.

Before beginning, I'd like to make a few comments for the benefit of the witnesses and members.

Please wait until I recognize you by name before speaking. For those of you participating by video conference, click on the microphone icon to activate your mike. Please mute it when you are not speaking. Interpretation is available for those of you joining us on Zoom. You have the choice at the bottom of your screen of floor, English or French audio. For those in the room, you can use the earpiece and select the desired channel.

As a reminder, all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard.

Appearing before our committee today are Joseph Sparling, president of Air North; Monette Pasher, interim president of the Canadian Airports Council; Anthony Norejko, president and chief executive officer of the Canadian Business Aviation Association; and Robin Guy, senior director of transportation, infrastructure and regulatory policy from the Canadian Chamber of Commerce. Hopefully, from the Northern Air Transport Association, we have Mr. Glenn Priestley, executive director. We're having some trouble getting him on the line right now. We also have Julian Roberts, president and chief executive officer of Pascan Inc.

Witnesses, I would like to welcome you before the committee today. We very much appreciate your time and the testimony that you will be providing us today.

We will now begin with the opening remarks, starting with Air North for five minutes.

The floor is yours.

Mr. Joseph Sparling (President, Air North): Good afternoon, and thank you for giving me this opportunity to speak with you today.

I'm Joe Sparling, president of Air North, Yukon's airline. We are a regional airline based in Whitehorse, Yukon. We currently provide scheduled air service between Whitehorse and Dawson City, Old Crow, Inuvik, Vancouver, Victoria, Kelowna, Edmonton, Calgary, and seasonally, Yellowknife, Ottawa and Toronto.

Because people like to travel, airfares are a popular topic for conversation, and more often than not, the conversation involves some unhappiness with what are perceived as high airfares in Canada, this notwithstanding that the individual who is unhappy with the cost of an air ticket might easily spend an equivalent amount on dinner and entertainment without batting an eye. There's simply no comparison in terms of the complexity or cost of the two products, yet airfares seem to take all the heat.

Having said that, Canada seems to have acquired a reputation for high domestic airfares, and I'm pleased to see that your study seems to be directed toward seeing what responsibility the government might take for this.

Airfares in Canada are often compared with those in the United States, and there's plenty of evidence to suggest that domestic airfares are lower in the U.S. than in Canada simply because the U.S. provides a lower-cost operating environment for airlines than does Canada.

A 2017 study showed that, between airport land rents, the air traveller security charge and the excise tax on jet fuel, the federal government directly or indirectly collects close to \$1 billion from air travellers in Canada each year. This amounts to almost \$15 per passenger and compares with annual subsidies paid to Via Rail of about \$500 million and annual subsidies of about \$400 million paid by the U.S. government to the nine largest U.S. airports.

Higher federal costs and fees in Canada are a major contributor to average operating costs for Canadian air carriers, which are more than 30% higher than average costs for the 11 largest U.S. carriers, according to a 2016 Oliver Wyman study. This naturally results in higher airfares for Canadian carriers, which, in turn, makes it more difficult for Canada to be competitive as a visitor destination. This also results in more than 5% of Canadian travellers choosing to drive across the border to a U.S. airport for their travel. Clearly, a major problem in Canada is not lack of a low-cost airline but rather lack of a low-cost environment for airlines.

A transportation network is very capital-intensive, and, clearly, somebody needs to pay for the infrastructure and operating costs, but it seems that, with respect to aviation, Canada has taken a different approach than the U.S., and a different approach than with rail, highway and water transportation. This may be because air transportation is viewed as more of a luxury than a necessity, but I think that our experience with COVID has shown us otherwise, particularly in northern and other rural areas.

Yukon represents about 5% of Canada's land mass, but with a population of just over 40,000 people, we represent only about 0.1% of Canada's population, which means that we average about one person in every four square miles. With a large land mass, a small population, a limited highway network and the nearest major centre almost 1,000 miles away, Yukoners rely heavily on air transportation for the essential movement of passengers and cargo and for economic development initiatives, primarily in the mining and tourism sectors. Other rural Canadians are similarly dependent on safe, affordable and seamless air transportation networks for quality of life and economic prosperity.

Because of this, it would be more appropriate to consider air transportation networks, particularly in the north, as essential infrastructure much like highways, ferry systems and railroads and to fund airport and navigation services from general revenues rather than directly or indirectly from the users of these services. While, to a large extent, this ship sailed long ago, it's not too late for the government to address the problem by providing flow-through concessions to airports and to Nav Canada and by providing tax concessions to airlines.

Finally, in today's environment, an air travel cost discussion would not be complete without addressing fuel costs, which have almost doubled during the past year, with the largest increases occurring in the last few months. It's disappointing that, as Canadians, we've allowed our plentiful natural resources to be controlled by foreign interests. High fuel costs are driving inflation and stifling economic recovery, and we have, over many years, done this to ourselves. I hope we learn from it.

Thank you.

• (1110)

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

From the Canadian Airports Council, we have Monette Pasher.

Ms. Pasher, the floor is yours.

Ms. Monette Pasher (Interim President, Canadian Airports Council): Thank you, Mr. Chair.

Members of the committee, on behalf of the Canadian Airports Council, thanks for the opportunity to join you today. It's a pleasure to speak with you about the ways in which our sector could benefit from reduced red tape and the steps that could be taken to ensure that Canadians, in both rural and urban parts of the country, will have access to affordable, competitive and modern air transportation into the future.

I'd like to start my remarks by putting the sector into perspective and providing a snapshot of where we stand. Canada's airports are crucial transportation hubs that drive economic development in communities across the country. They are gateways to trade, bridges for connecting people with colleagues or loved ones, and engines of economic activity in cities and towns in all corners of Canada.

It is also important to consider our model. Airports have paid more than \$4 billion in rent to the federal government since our structure was created back in 1992. That rent is a significant contribution to government, but only a fraction of those funds contributed to government are going back into the aviation system.

In many ways, Canada's model empowers airports with the tools to chart their own paths. By operating as not-for-profits and relying on passenger traffic for 90% of our revenue, airports can create cash flow tailor-based on the users, reflecting the services that are needed and the travellers who use them the most. Our corporate structure also means that, as opposed to delivering dividends to investors, airports reinvest their profits directly into the communities where they operate. This means that, in more ways than one might think, airports serve as the engines of the local communities they call home.

The pandemic has been very hard on our sector. It has been for everyone, of course, but because airports are the hubs in an ecosystem of smaller businesses, there's been a cascading effect. For months the number of commercial flights was tightly constrained. The economic benefits airports typically deliver to their surrounding communities virtually disappeared. As a sector, we lost out on more than \$4.6 billion in revenue and took on an additional \$3 billion in new debt just to get throughout the pandemic.

We are starting to climb back, but the disappearance of so many routes during the pandemic and the pressure of new debt means that airports of all sizes will need to carefully weigh which services they can support to reinstate as we move forward. The federal government can play a critical role in helping airports navigate that path ahead by making refinements to the tools they've already created.

Two of those stand out for us. One is the airports capital assistance program, ACAP, which was designed to help Canada's 200 smaller airports. The other is the regional air transportation initiative, RATI, which is a newer program delivered by the regional development agencies across the country. These are essential programs, but they need refinements if they're going to deliver on their respective purposes.

In the case of ACAP, for 20 years of the program's 27-year lifespan, its annual funding has been frozen at \$38 million annually. We estimate that, before the pandemic, ACAP would have needed \$95 million more annually just to keep pace with inflation and the regulatory requirements at small airports. The 2020 fall economic statement injected an additional \$186 million in this program over two years starting in 2021. It also expanded that program eligibility to support the NAS airports with fewer than one million passengers.

With respect to RATI, the program was created for COVID recovery, with \$206 million over two years. It was distributed from the six RDAs across the country. We propose that the program be reinstated, capitalized and extended for five years so it will have a meaningful impact and achieve its goal of helping the sector recover with regional connections.

Canada's economy and people need a competitive and economically resilient aviation sector.

I hope this gives committee members a helpful perspective. We're grateful for the opportunity to discuss it further today.

Thank you.

• (1115)

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

From the Canadian Business Aviation Association, we have Mr. Anthony Norejko.

Mr. Norejko, the floor is yours.

Mr. Anthony Norejko (President and Chief Executive Officer, Canadian Business Aviation Association): Good morning.

Thank you, Mr. Chair, for your invitation to appear before you to discuss ways to reduce red tape at urban and rural Canadian airports. I'd like to begin by telling you a bit about business aviation and how our sector aligns with and supports the larger aviation community.

The Canadian Business Aviation Association was founded in 1961 and represents Canada's \$12.1-billion business aviation sector. It has over 400 members across the country, including corporate flight departments, flight management companies and entrepreneurs who use over 1,100 aircraft to conduct and grow their businesses.

Given Canada's vast size, complex geography and small population, business aircraft have been a competitive advantage for many Canadian companies. These corporate aircraft move at the speed of business, allowing Canadian companies to compete on the world stage, while serving the local needs of their communities. I know this from personal experience. As a pilot for a major Canadian retailer, I flew personnel to locations in smaller Canadian communities like Yorkton, Saskatchewan, Campbell River, B.C., Summer-

side, P.E.I.; and all the places in between. Flying commercially would have added hours and, most often, days to our itinerary.

COVID-19 has forced more travellers to reconsider how they go about their business. The litmus test for these time-cost benefit exercises revolve around three key themes: customer experience, access and price.

In fact, recent studies and media reports have confirmed what we already suspected, which is that Canadian businesses are increasingly looking to business aviation, whether as charters, fractional or full ownership, as a permanent part of their travel needs. Because business aviation is becoming even more embedded in Canadian transportation, efficiencies at the airports and the integrity of the entire aviation system is of paramount importance.

I recently published an article in The Hill Times stating that Canada requires a whole-of-industry, strategic aviation policy focusing on six key areas. These are the role that governments play, our airports, the airlines, all air operators, air navigation service providers, and manufacturing and maintenance. It is within this context that I would like to address cost and red tape at airports.

As you know, airports are an essential part of a community's well-being. Not only do they enable passenger and cargo flights, but they also deploy services such as medevac, organ donations, police services, military search and rescue, firefighting and other lifesaving activities.

COVID-19 exposed a fundamental weakness of our air user-pay system: It only works if there are revenue streams. With demand down by over 90% for the better part of two years, every partner in the airport ecosystem—including the airports themselves, Nav Canada, CBSA and CATSA—is struggling to rebuild capacity. Rural and urban communities face increased pressure for service restoration, because of the aircraft upgauging decisions taken by the airlines.

We have a long way to go before we really recover. For example, it may surprise you to learn that not all CBSA airport stations are open. Since we are only a few weeks away from peak summer holiday travel, this can and will have negative implications for local tourism and trade. After two years of painful shutdowns, we cannot afford to lose even one room night for anyone who wants to travel to and within Canada.

International business aircraft arrivals are handled differently from commercial, but are even more problematic. Business and charter flights are processed through the telephone reporting centre, known as the TRC. Our members are reporting system-wide difficulties of reaching anyone through TRC, causing delays that stretch into hours. Combined with the delays we are seeing at some of the international arrival halls at airports, CBSA has to move quickly or we risk harming Canada's international reputation as a place to do business.

Another issue affecting the entire sector is downloading yesterday's costs on today's passengers. For example, New Brunswick did not have a single airport opened for international arrivals, even as Canada began to open other destinations, such as Ottawa. Now, those New Brunswick airports, like others in Canada, are scrambling to make up lost revenue and repay COVID-related debts.

Even with the welcome government programs, such as the airport relief fund, the regional air transportation initiative and the increased funding of the airports capital assistance program, the greatest burden of cost recovery is still falling to the current airport users, including the business aviation community, which is still trying to recover.

Getting rid of red tape and unnecessary and outdated regulations would free up limited resources, reduce costs and allow us to move forward. I look forward to finding ways to make that happen.

• (1120)

Thanks again for the opportunity to appear before you. I welcome your questions.

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

Next, from the Canadian Chamber of Commerce, we have Robin Guy.

The floor is yours. You have five minutes.

Mr. Robin Guy (Senior Director, Transportation, Infrastructure and Regulatory Policy, Canadian Chamber of Commerce): Chair and honourable members, it's a pleasure to be appearing at this committee for the first time.

The Canadian Chamber of Commerce welcomes the opportunity to provide comment on the committee's study on ways to reduce red tape and costs in Canadian airports to make travel more affordable and accessible.

The Canadian aviation and tourism industries have been particularly hard hit by the COVID-19 pandemic. The myriad public measures taken to dramatically stem the transmission of the virus have resulted in a decline in travel by approximately 95% from 2019 levels. The protracted pandemic will result in Canada's airports losing more than \$4.6 billion in revenue in 2020-21. It will add \$3 billion in debt to stay open and maintain safe and secure operations. The impact of the pandemic on travel and tourism is greater than 9/11, SARS and the 2008 financial crisis combined.

Prior to the pandemic, the impact of Canada's airports on a national scale was major economic development of communities and regions across Canada. In 2016, Canadian airports directly contributed \$48 billion in economic output, \$19 billion in GDP,

194,000 jobs and \$13 billion in wages. Airports' economic contributions are impressive, but even more impressive is their importance in supporting and enhancing opportunities for all Canadians and Canadian businesses.

As one of the most impacted sectors, the government's support to the sector during the pandemic was a lifeline that was much needed. As restrictions have eased, many challenges highlighted by the pandemic must be carefully examined to ensure the sector can continue to contribute to growing Canada's economy. The government must work with industry to address the challenges the sector faces as it rebuilds itself postpandemic.

In the time available, allow me to focus on a few points in the areas the committee has identified as points of interest.

First, on regulation, the government must review all regulations introduced during the pandemic. Throughout the pandemic, many new regulations were introduced in the spirit of public health. However, with high vaccination rates and an easing of many public health measures, some of these legacy pandemic regulations are outdated and are no longer required.

Our airports across the country, especially in major hubs like Toronto and Vancouver, are currently facing security staff shortages. We are also seeing massive delays in processing passports and NEXUS, which are being felt across our transportation system. These are costing our economy deeply and hurting our international reputation as a top destination for tourism, international conferences and sporting events.

The responsible thing to do is for the government to undertake a full review of these regulations and remove those that are no longer required.

Secondly, we need to ensure that our airports are able to operate in a postpandemic world, which means investing in their health. More specifically, this means investments in our airport infrastructure, technology and innovation. Low traffic volumes over the last two years have meant airports have had to delay much-needed capital projects as revenues have declined.

Programs including the airports capital assistance program and the airport critical infrastructure program have been extremely important and critical for Canada's airports during the pandemic. As the sector looks to come out of the pandemic, it's imperative that these programs are renewed.

The Government of Canada should reconsider its decision to merely defer 2021 airport rent paid by all airports. Instead, it should provide a full waiver of rent until travel numbers have stabilized, given the declining circumstances faced by airports. By agreeing to this, the government would allow airports to re-examine key infrastructure upgrades and focus on capital investments in much-needed new infrastructure and innovation.

Lastly, while our airports have started to open, the sector is far from recovered. Recognizing the importance of the travel and tourism sector to the national economy, the government must work with the sector on a vision towards recovery. We must look to creative and better ways to increase the passenger experience and make travel more affordable and accessible.

We need to ensure, as best possible, that passengers have a seamless experience from couch to cabin and from check-in to arrival at Canada's airports. The committee should examine what other jurisdictions, such as the United Kingdom, European Union and Australia, are doing in this regard, to ensure that Canada's rules and regulations are strengthening our transportation system. For example, the trusted traveller program has been successful at facilitating faster travel for low-risk individuals. Canada has not taken advantage of this program to the same degree as our partners to the south. In the U.S., TSA PreCheck is a way for pre-cleared travellers can navigate security faster, which reduces bottlenecks at security checkpoints while continuing to keep our country safe.

These simple methods are ways to better promote better experiences for all users. There are opportunities to grow these programs at the different airports across Canada.

Thank you again for the opportunity to address the committee. I look forward to your questions.

• (1125)

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

Next, from the Northern Air Transport Association, we have Glenn Priestley.

The floor is yours. You have five minutes.

Mr. Glenn Priestley (Executive Director, Northern Air Transport Association): Thank you, Mr. Chairman.

I'd like to start by complimenting the committee for taking on this extremely important study. At NATA, we're gratified that parliamentarians are going to dig into such complex issues, and we wish you success.

NATA is certainly not the largest aviation organization you'll hear from, but we're probably the most colourful. I was reflecting on this last week during our safety forum in Yellowknife, when one of our members described the rather detailed requirements to report to Transport Canada when an aircraft collides with a caribou. I do not think you will hear this from any other association.

Our members fly over forbidding and spectacular landscapes in conditions that most Canadian aviators will never face, serving communities with no other means of transportation.

I'd like to address the issue of red tape in the terms of reference. For us, that's regulation—mostly safety regulation—but as you parliamentarians know very well, there needs to be balance.

While every safety issue is critical to our industry, every year you vote on a national budget that divides the government spending among hundreds of very important priorities, and I'm sure you'd often like to give more money to every one of them, but you have to prioritize. In recent years, the aviation sector has been wrestling with regulatory organizations that seem to have forgotten how to do that.

Notwithstanding the terrible impact of COVID on our industry and employees, we face a cascade of new regulatory measures all imposed at once. Quite often, these rules result in diminished system safety. Let me give you a couple of examples.

Revised rules for flight and duty times will reduce a pilot's duty day by one hour. This may seem like a good idea, except it means that a flight from Yellowknife to Eureka and return cannot be done in one day as it has been done daily for years safely. This means that crews will have to overnight in Resolute Bay, with minimum facilities both for aircraft and for crew, and a huge increase in costs.

Another example is TP 312, part five, which lists the rules for aerodromes and runway standards. Many northern airports in Canada were built in the 1970s and no longer meet the revised standards that are referenced in the international standards. While supposedly performance-based, these new rules restrict safety improvements on any form of performance-based alternate means of compliance because of the very rigid prescriptive-based standards.

I've spent my entire career in aviation and I've never seen operators so distressed. At last week's NATA 45, the northern and remote aviation conference, 200 industry stakeholders identified a severe workforce shortage, yet red tape is preventing operators from attracting and training northerners for flight crew as well as maintenance personnel.

We recognize that politicians have to be very careful when they comment on highly technical matters, especially when public safety is involved. You might be inclined to turn away, but we need you, as the elected representatives, to reaffirm the need for bureaucratic judgment and balance. Not all safety issues are equally important, and not all can be solved at once. This cascade of regulatory impositions needs to be moderated. I hope this committee will forcefully remind the public service of that need for balance.

I will now comment on costs to passengers. Air travel is very price sensitive, so we all have a motivation to control passenger costs. There are some factors that you are familiar with, such as rising inflation and increases in insurance premiums caused by the Ukrainian war, and the cost of fuel has effectively doubled in a few months. These are not new to you, and perhaps there isn't much you can suggest to fight these factors. I will point to two issues where the Canadian government might be able to help control costs.

The first is the very large amount of debt that was assumed during the pandemic as air carriers, airports and Nav Canada maintained services despite disastrous declines in traffic. We urge this committee to look into this. The levels of debt will drive prices for years to come and, with rising interest rates, the impact may be significant.

However, the other issue I want to emphasize, a huge, urgent issue, is worker shortages across airports and aircraft operators. We realize that every industry is suffering from this problem, but in the north we will soon be grounding aircraft and depriving communities of service, as we can't find more qualified personnel. This has happened in the States and has happened in places in Canada already.

We have a double frustration because we're often the training ground for pilots and maintenance specialists, who are recruited away to work for the larger airlines in the south after we have spent money and time training them. Federal employment funding programs or sector council support does not apply to northern and remote Canada in most cases. The problem will drive prices and services in wrong directions.

We need to engage with the government on a northern aviation skills strategy, and we urge this committee to add your voices in support of this critical priority.

Thank you.

• (1130)

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

Next, from Pascan Inc., we have Mr. Julian Roberts.

Mr. Roberts, the floor is yours. You have five minutes.

Mr. Julian Roberts (President and Chief Executive Officer, Pascan Inc.): Hello, everybody. Thank you so much for having us today.

A lot of what I'm going to say is really going to echo Mr. Priestley and Mr. Sparling, as they are also airline operators.

Pascan is a regional airline out of Quebec. We serve 11 destinations, a bit remote in the province of Quebec. Canada is a big, vast territory, the populations are very small and the distances are very vast.

The problems that we've been seeing a lot lately are really towards the fees. Airport fees in Quebec have been spiralling out of control over the last years. Right now, landing fees, terminal fees, airport improvement fees and security fees are things we see increasing all the time and the passengers aren't willing to pick up the bill. For de-icing, for example, at a lot of the airports we find ourselves paying the same amount monthly as the bigger operators fly-

ing 737s. We fly small turboprop aircraft and we end up paying the same monthly bill to be a part of the consortium. These are things that are really unbalancing regional aviation compared to the bigger national carriers, and something needs to be done to help level that playing field.

For landing and terminal fees, if you get, for example, a small turboprop under 40 seats, we're paying \$240, versus a jet carrying over 100 passengers at \$306. It's really hard to allocate that extra cost over so few seats, which is driving the ticket up quite a bit. The Nav Canada fees are pretty much the same thing. We operate small, regional aircraft, and basically we pay per seat quite a bit more than a jet flying in other parts of Canada. These are things that we would really like to have looked at to try to be more competitive as a regional carrier versus the mainline transporters.

A lot of the red tape we're faced with today is with the airport security exemptions. We're a carrier that provides a lot of critical cargo to a lot of remote regions in Quebec and we had different exemptions over the years. During the pandemic, Transport Canada took the decision to take away a lot of these exemptions, and we cannot get a real, clear reason as to why. Critical cargo that we were flying to the regions previously is now very difficult to do. We've had to put infrastructure in place and additional personnel. Time-sensitive cargo is something that we're dealing with and it's affecting the regions directly. It's not affecting the big city centres, but people living in the remote areas are really suffering due to this.

In the same token on the exemptions, we used to have a security exemption allowing us to fly passengers who were flying out of non-designated airports to designated airports, and now those passengers have to get off a plane each time they arrive in a designated airport, pass through security and pick up their bags just to take the same flight to their final destination, making things really difficult and costly for people in the regions to fly.

Again, like Mr. Priestley and Mr. Sparling spoke about, the flight and duty regulations for us are catastrophic. We've had to increase our pilots by 30% in the last year since the new flight and duty regulations came out. The problem we're facing is that there aren't 30% more pilots. There are almost no pilots, and we don't see this situation improving anywhere in the short term. The flight and duty requirements are going to be added to the 703 and 704 licences as of December 17, 2022, adding an additional pressure to the industry. We require more and more pilots, and there are fewer and fewer pilots out there. We're already having to reduce some of our flying going forward to certain regions of Quebec because we can't find the staff to do the flights.

Again, there's the fuel. As everybody says, it's coming as no surprise. One day last week, we had an increase of 50¢ per litre, which is representing about \$30 per ticket, not counting the 60¢ that we had the weeks prior. We really need to do something to take control of the fuel prices, as they're adding directly to the tickets. We would have a normal round-trip ticket to the regions at about \$300 one-way, and today we would have to charge \$450 just to cover the fuel.

That's pretty much it. It's very technical, but that's what we're dealing with.

• (1135)

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

We'll begin our first round of questions today with Ms. Lantsman.

Ms. Lantsman, the floor is yours. You have six minutes.

Ms. Melissa Lantsman (Thornhill, CPC): Thanks very much, Mr. Chair.

Thank you to the witnesses, whose morning news reports, I'm sure have no shortage of stories on airports in the last number of days and weeks.

I want to focus on Ms. Pasher from the Canadian Airports Council, and then I'll get to the others.

I want to start with a simple question. Fundamentally, does the Canadian Airports Council believe that Canadian airports are competitive in comparison to the rest of the world?

Ms. Monette Pasher: Thanks for the question.

After two years of restrictions, demand is starting to bounce back, and that is good to see. However, certainly in terms of what we faced throughout the pandemic, competitiveness is an issue for aviation in Canada.

We only need to look as far as what's happened in the U.S. and how they were supported. U.S. airports received \$40 billion in COVID support and infrastructure support; whereas, our airports in Canada received about \$1.4 billion in direct support for COVID recovery and infrastructure. When you look at the U.S. and their population to Canada's, it would be about a 10:1 ratio, but support for aviation does not match that. I think competitiveness is an issue.

If you look at AIF increases for airport improvement fees over the pandemic, some airports have gone up \$4, up to \$10. Really, this is about being able to afford our infrastructure for the future.

Our airports have taken on an additional \$3 billion in debt—that's billion—and that is not to invest in infrastructure. That was just to get through the pandemic and stay operational so that we could deliver vaccines from coast to coast.

Competitiveness is a challenge.

Ms. Melissa Lantsman: I wonder if we can step aside from the pandemic.

While I understand that it's been difficult on airports, places like Minneapolis, Charlotte and Atlanta are massive hubs. I don't think Canadians would think of those cities as anything akin to, let's say Toronto, where we have the centre of banking and media and the largest population, certainly larger than all three of those cities individually.

What would make you more competitive? What would make something like Toronto Pearson more competitive, so that we have hubs like Minneapolis, Charlotte or Atlanta? What's so different, aside from the pandemic, because they were hubs before that.

Ms. Monette Pasher: It's our cost structure. Airports are required to pay federal rent. In a good year, up to \$412 million was the highest we paid annually. That investment that our airports are contributing to the Government of Canada is going back into federal coffers.

I think we should be looking at aviation as an economic enabler. We know that Pearson is a global hub and could be even better. It plays an important role in our supply chain as well. We need to look at ways we can encourage that and keep costs as low as we can. Our airports are essentially not-for-profits. They're non-share capital corporations.

It's a closed-loop system. The more debt we take on and the more debt that's coming back to the passenger and the more expensive we are for aviation in Canada, the more expensive it is for Canadians. It's really quite that simple.

Ms. Melissa Lantsman: I have a couple of quick questions, because I know that I'm going to run out of time.

You mentioned that the airport structure we have was brought to Canada in 1992 or in the early nineties. Would you support that model today if we were to do that again?

Ms. Monette Pasher: Yes. I think there are so many great things about our Canadian aviation model, and I would support it. Do I think there need to be tweaks? Absolutely. I think there could be tweaks to make it less expensive for Canadians, and government is a partner in delivering that. Our national airports are on federal government land, and we've paid over \$4 billion in terms of lease payments to the federal government over that time.

I think of how we can move forward and say, "Okay, we're partners in aviation. We're partners in creating a global hub for Canada and getting our goods to market. How can we make this less expensive for Canadians moving forward?" I do believe our not-for-profit model has a lot of value.

• (1140)

Ms. Melissa Lantsman: Does anybody else in the world have the same model as Canada?

Ms. Monette Pasher: That's a good question.

I think lots of places started with our model, and some have slowly evolved. We've done a lot of work in looking at this. Sometimes they've evolved into forms of privatization, moving forward to fully privatize. When we've looked at this in the last few years we've noticed that a fully privatized model will actually be more expensive. Because we already are a high-cost place to travel in Canada, it would be a challenging way to go.

We need to look at ways within our own model for how we can make it better, more efficient, and how government can be a partner in doing that.

Ms. Melissa Lantsman: I have one more question.

You mentioned that it's governed like a not-for-profit. There is a board, and I understand there's a federal rep, a provincial rep, a municipal rep and air interests. Do you think the board is accountable to anybody?

Ms. Monette Pasher: Yes, absolutely.

I think our boards are accountable to our communities. When you look from coast to coast they really are representative of our communities. I think our boards do a great job in governing Canada's airports and looking to the future with best practices at how we can grow aviation here.

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

[Translation]

Mr. Iacono, you have the floor for six minutes.

Mr. Angelo Iacono (Alfred-Pellan, Lib.): Thank you, Mr. Chair.

I'd like to welcome the witnesses.

My first questions are for Robin Guy and Yani Gagnon.

How have your member companies fared through the pandemic, and what are the key lessons you've learned from the pandemic?

[English]

Mr. Robin Guy: Do you want me to go first?

Mr. Angelo Iacono: Yes.

Mr. Robin Guy: I think we realize that there's a fair bit of regulation. Right now, we need to take the opportunity to really take a step back and review what regulations we have in place and how we can be more competitive.

[Translation]

Mr. Angelo Iacono: Mr. Gagnon, would you like to answer the question?

Mr. Yani Gagnon (Executive Vice-President, Pascan Inc.): Can you hear me?

The Chair: Yes, loud and clear.

Mr. Yani Gagnon: Thank you for your question.

We were very lucky in Quebec, because at the beginning of the pandemic, the provincial government introduced a program to assist regional carriers called the Programme d'aide pour le maintien des services aériens régionaux essentiels en période d'urgence sanitaire. This helped us provide basic air service in some areas. Quite frankly, without that assistance program, I'm not sure we would be here talking about it today. It's a very good initiative. When we compare ourselves to the rest of the world and other parts of Canada, we feel very fortunate.

The approach in most other countries has been to introduce programs for the major airlines, anticipating that this support would have a spillover effect on regional carriers, which has not necessarily been the case in most countries.

In the United States, it's not at all the same in terms of the number of people to be served. It's also not the same from one province to another in Canada. In Quebec, at Pascan Aviation, we serve small communities of 10,000 to 15,000 people. Air transport is very different in Alberta, for example, which has connections between Edmonton and Calgary. Airlines serve 300,000 people, even 1 million people in the Calgary metropolitan area.

We don't face the same issues. We're very apprehensive about our future. As my colleague Julian Roberts said, the pilot shortage may be our biggest problem.

• (1145)

Mr. Angelo Iacono: Thank you.

My next question is for Mr. Guy once again.

Are you seeing an uptick in passenger volume? How does it compare to your projections? What were your estimates last year, for example?

[English]

Mr. Robin Guy: When looking to the future, we see that airports are economic generators. How do we get people travelling faster? It's figuring out how we put Canada one step ahead of the competition. It's looking at ways in which Canada can be innovative and attract people to the country. It's making the electronic travel authorities easier to obtain and expanding to countries of strategic importance.

That would be my quick comment.

Mr. Angelo Iacono: Thank you.

[Translation]

My next question is for Mr. Sparling.

Mr. Sparling, what are the key lessons you've learned from the pandemic?

[English]

Mr. Joseph Sparling: I think what our region learned, what northern regions learned, is that air transportation is not a luxury but rather a necessity.

The first thing we did when COVID hit was cut back our schedules. Within a week, we heard from the government, “My gosh, we need more service. We have medical supplies to move. We have medical travellers to move.” We added back service, even though it wasn't paying its way. Much like the situation in Quebec, we were also very fortunate that the government recognized the essential nature of air transportation, particularly in remote regions. I think that's a lesson Canada can learn going forward. We're not like more populous regions where there are very large volumes of traffic.

Air transportation in Canada is almost like a public utility, particularly in remote regions, and I think we have to treat it as such. We don't have toll highways in general in Canada. That's regarded as infrastructure that's for the general good of Canadians, and it's funded out of general revenues. I think air transportation and air transportation infrastructure should be funded in a similar manner so that all Canadians have an ability to travel seamlessly and affordably between any cities in Canada and all Canadians have access to major centres in the south and, in fact, to the rest of the world.

As has been expressed before, aviation is an economic enabler. I think that's a lesson we learned from COVID. If we knew it before, it maybe wasn't top in our minds, but I think that COVID has perhaps elevated the importance of aviation.

[Translation]

Mr. Angelo Iacono: Thank you.

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

We will now welcome Ms. Sinclair-Desgagné.

Ms. Sinclair-Desgagné, thank you so much for being here.

I've just learned that Mr. Barsalou-Duval will not be attending the meeting. Therefore, you have the floor for six minutes.

Ms. Nathalie Sinclair-Desgagné: Thank you very much, Mr. Chair.

I'd like to greet my colleagues, to whom I am a face.

I'd like to thank all the witnesses attending the committee meeting today.

The past two years have certainly been difficult due to the pandemic. You have all expressed that in different ways, but you all have one feeling in common. I liked the way Mr. Sparling summed it up: Air travel is not a luxury, it is a necessity, especially when it comes to regional transportation. The Bloc Québécois shares this view. Regional transportation is certainly very important to us, because we'd like remote communities to have air service.

I have a question for Mr. Roberts or Mr. Gagnon, depending on who would like to answer. During the pandemic, Air Canada cut several of its regional routes. Given that we're seeing some recovery now, in your opinion, is there any likelihood that Air Canada

might take up those routes again? How do you feel about that competition?

• (1150)

Mr. Yani Gagnon: Thank you for your question.

Air Canada serves the whole country, not only Quebec. People will recall that at the beginning of the pandemic, Air Canada significantly reduced its regional service. In Quebec, most regions were dropped, with the exception of the Rouyn-Noranda, Bagotville and Sept-Îles.

At the same time, it should be noted that Air Canada has taken advantage of the situation to sign interline agreements with other airlines, including Pascan Aviation. As a result, regional Quebecers no longer served by Air Canada can still take international flights from the Quebec City and Montreal airports. I know that Air Canada has also signed similar agreements with other airlines in Canada. We don't believe, at least for the Quebec market, that the regions are being left behind. On the contrary, we're seeing even more competition with other regional carriers.

Ms. Nathalie Sinclair-Desgagné: Excellent. Thank you.

Do you feel this kind of alliance is one of the solutions for better serving the regions?

Mr. Yani Gagnon: In my view, it's the way forward.

Like I said earlier, Quebec is made up of little market pockets. It can't have three or four operators serving 10,000 residents. We have to see how each carrier can optimize its network to offer a more affordable service. People often say that if we see more competition, better prices will follow, but that's not necessarily the way we see it. When it comes to competition, the bigger fish kill the smaller ones. So they get a monopoly, and prices go back up.

Ms. Nathalie Sinclair-Desgagné: Very good.

We could not agree more.

In this case, if Air Canada had a monopoly in the regions or a competitive advantage, it would certainly not be good news for the smaller airlines.

Is there anything the government can do to foster this kind of alliance?

Mr. Yani Gagnon: I will let my colleague Mr. Roberts answer that question.

Mr. Julian Roberts: Good morning.

Basically, you'd like to know whether the government can help improve service between smaller carriers to connect with Air Canada. Is that right?

Ms. Nathalie Sinclair-Desgagné: My question was in response to Mr. Gagnon's answer.

Is there anything the government can do to contribute to this kind of win-win alliance that's good for Air Canada, the major carriers, smaller carriers and, most importantly, regional service?

Mr. Julian Roberts: Yes, there sure is.

I've been in the Quebec regional aviation business for 26 years. I've seen a number of companies come and go as soon as a major player entered the picture. The major carriers would lower their prices to drive the smaller carriers out of business. This went on for years and years, at least since I began my career in 1998.

Today, the small carriers in Quebec have learned some lessons from the past. They're a little smarter now. The fact that they have access to carriers like Air Canada and that PASCAN signed an interline agreement with Air Transat will give people in the regions choices they didn't have before.

Before the pandemic, if someone wanted to fly from Sept-Îles, they had to go to Montreal to catch an Air Canada flight. This year, a passenger from Sept-Îles can take a PASCAN flight to Quebec City or Dorval. Then they can choose to take an Air Canada or Air Transat flight. Quebec passengers now have more choices.

The government can help by ensuring that these interline agreements exist. It's an obligation for Air Canada—

• (1155)

The Chair: Thank you very much, Mr. Roberts and Ms. Sinclair-Desgagné.

[*English*]

Next we have Mr. Bachrach.

The floor is yours. You have six minutes.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair.

Thank you to all of our witnesses for their testimony so far. This is going to be an interesting study.

I'll start with Ms. Pasher.

Hearing the testimony from a number of witnesses, it sounds like airports in Canada are a net revenue centre for the government. Is that a fair characterization? Is the government taking in more revenue from airports than it's investing in those operations?

Ms. Monette Pasher: Yes, absolutely.

Prepandemic, airports were contributing over \$400 million in rent to the federal government and only a small portion is coming back to airports through the airports capital assistance program, which is funded at \$38 million a year. There are other infrastructure programs that happen from time to time. Right now, there is the national trade corridors fund, and there have been different infrastructure stimulus funds that are fifty-fifty with airports and the government.

Overall, airports are contributing, in a good year, much more to the government than they're getting back through the system.

Mr. Taylor Bachrach: On the issue of the land the federal government leases to airports, has there ever been an assessment of the market value of that land?

Ms. Monette Pasher: I don't have that at my fingertips. I know that we have reviewed the model in recent years to look at whether this is the best way forward for Canada, and it was deemed that our model is quite effective. There could be tweaks made. I think there

was a report done for the CTA review that looked at whether we are looking at aviation as a toll booth or as a spark plug.

I think we have seen throughout the pandemic, when communities have been cut off across the country, how important aviation is to our daily delivery of goods and connecting workers from coast to coast, so I think now we know how important it is.

Mr. Taylor Bachrach: I guess what I'm getting at, Ms. Pasher, is whether the airports feel that they are paying market rates for the land that they utilize, those federal lands.

Ms. Monette Pasher: Yes. I think there are some adjustments that could be made to the airport rent model. It is too expensive. It's too expensive for Canadians. It's between 10% and 12% off the top of their revenue. For all of the revenue that comes in, we're paying a fee back to government on that revenue.

Really, when you look at what happened throughout COVID, our airports were taking on a substantial amount of debt—like Pearson, a billion dollars in debt—and their rent was only waived. It has been waived to pay back in future years. It wasn't even forgiven.

I think there are ways that we could be more friendly to airports in terms of costs by the Government of Canada.

Mr. Taylor Bachrach: Okay. What I was trying to get at is my sense that airports pay a fraction of the market value for the land they occupy, and the difference between what is currently paid by airports and the actual market value of that land is essentially a subsidy by the Government of Canada.

Is that a fair characterization?

Ms. Monette Pasher: I don't have those numbers in front of me to answer that question, but as I said, when you look at our airports and the vital role we play in connecting communities, supply chains and cargo, it's so important for our Canadian framework. I think we're partners with government. It's your land, and we're delivering this as not-for-profits for our communities and making sure that Canadians can connect affordably from coast to coast. I think we need to look at ways that we can be partners together in making sure our costs are low.

Mr. Taylor Bachrach: Certainly, and I don't discount the important role that airports and air travel play in our economy.

Earlier we heard from Mr. Sparling that he feels there should be tax concessions to airlines and that in general the cost of air travel and airports should really be coming out of the government's general revenue, as opposed to the current situation that sees air passengers pay for the bulk of those costs.

Is that a view that you share?

• (1200)

Ms. Monette Pasher: I think we have a good model in Canada now, but if you look at the airports in the U.S., they are federally owned and operated airports, which are invested in quite heavily. That's our competition. The cost of travel there is lower, and at times Canadians drive across the border so that they can get lower fares.

Can there be improvements made? Absolutely. I think the support that was given throughout the pandemic to our carriers through the regional air transportation initiative for regional carriers was needed. I think the support that was given to Air Canada was needed. We needed to reconnect our communities at a really dire time, and our aviation sector has taken on a lot of debt. I think we needed the partnership of government to get through that time. We're grateful for the support that was received.

Mr. Taylor Bachrach: Yes. I agree with you that certainly the sector was hard hit by the pandemic and that there was a role for government to play.

Looking beyond the pandemic, really what we're talking about is the structure by which we finance airports in Canada and the question of whether there is an inordinate amount of regulation that is driving up costs.

Could it be possible that simply the cost of flying domestically in Canada is greater due to geography and population densities? It seems to be one of the main differences between us and the other jurisdictions we're competing with.

Ms. Monette Pasher: I think our city—

The Chair: Thank you very much, Mr. Bachrach. That was a fabulous question. Unfortunately, you're going to have to wait until the next round to get an answer.

Next we have Mr. Jeneroux.

The floor is yours for five minutes.

Mr. Matt Jeneroux (Edmonton Riverbend, CPC): Thank you, Mr. Chair.

I'll take a few quick seconds before I begin to commend the translators today. There have been a few very fast speakers and I think they've done a remarkably good job, at least from my perspective. I wanted to take my time to do that.

I want to direct some of my questions to you, Ms. Pasher. Welcome back to the transport committee.

Some of the pictures out of Pearson, for example, over the course of the last week or so have been wild in the number of people waiting in lines. You ask the airlines, and they say it's the airports and staffing. The airports say it goes to the bigger picture of the backlog through COVID. The minister, probably the first of his kind, blames Canadian travellers for this.

I'm curious if there's any sort of immediate action that can be taken by the government, airlines or airports to help speed some of this up a bit more.

Ms. Monette Pasher: Thank you for the question. There are absolutely immediate measures that can be taken. One is that we're seeing the staff shortage at CATSA. The government, our airports

and CATSA are working very hard immediately and have been for some time to address those staffing challenges.

Systemically, we need to improve security screening in Canada. This was an issue pre-pandemic. We need to look at risk-based screening similar to what you see in the U.S. with PreCheck and trusted traveller programs. We've been—

Mr. Matt Jeneroux: On PreCheck, Ms. Pasher, is that something that you, as the airports, could do alone, or does that need government support similar to the NEXUS program?

Ms. Monette Pasher: It needs government support and government approval. Security screening is completed by government.

In addition to that and in addition to CATSA, there are a number of things that need to be done at the border. There are legacy public health protocols that are in place here that need to be removed. We're still testing 4,000 passengers per day coming into Canada for COVID. Other countries have moved beyond this. We need our testing out of our airports. Pearson is moving 30,000 international passengers a day. It's ramped up quickly. It's going to be up to 45,000 come this summer.

We cannot continue with the same health protocol measures and [*Technical difficulty—Editor*] dire impacts at our airports in terms of bottlenecks, and we need to move things more quickly. We need Public Health Canada to remove some of these measures.

Mr. Matt Jeneroux: That's something the government could do immediately—today, if it so chose.

I want to quickly move on to Mr. Guy, if you don't mind.

You also mentioned the staff shortages. You touched on passports and NEXUS also hurting the bottom line. I'm hoping you can expand on that.

I don't have a ton of time, but I was also hoping we could get some of your analysis in writing for the committee, because I think you provide a strong position on what can be done to help some of these shortages.

I'll turn it over to you, Mr. Guy.

• (1205)

Mr. Robin Guy: Thank you very much.

The bottlenecks we're seeing are hurting the Canadian economy and they're hurting our international reputation. I think that a review of pandemic regulations to remove those that are not needed is one step that could be immediately done. If we're looking a little bit more mid-term, it's reviewing all transportation regulations and making sure that we're putting an economic lens to some of these. It's working with partners to address the labour shortage.

Again, I want to say that we should be doing everything that we can to help facilitate travel. That's an important thing. The more quickly we solve the passport issue, the more quickly our sector can recover and the more quickly our economy can grow.

Mr. Matt Jeneroux: On the passport issue, this wasn't a surprise. As the end of COVID started to come near, we recognized that people wanted to travel again. It's a bit of a shock to me that this is still going on.

Again, you've done some analysis and I have just a few seconds left, but I'm hoping that you will be able to share some of that with the committee. As we go through this study, that will be important stuff to fall back on if you're able to share that.

Mr. Robin Guy: We would be happy to have that conversation.

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

Next we have Mr. Rogers.

Mr. Rogers, the floor is yours. You have five minutes.

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): Thank you, Chair.

Thank you to all of the witnesses who are with us today. It's good to hear your testimony.

I've been around this committee for a number of years now, and I appreciate the many challenges that are facing the aviation industry today. I recall in 2019, prior to COVID, we were studying issues like staff shortages or the pilot shortage, in particular, and meeting with airlines and the airline industry about training the many needed pilots required, particularly in northern Canada and for regional airlines and so on. Some of that we've heard today.

Of course, then COVID struck, and we all know the consequences of that. We've given a lot of financial support to the air sector and to airports, about \$11 billion over the course of this pandemic—at least the billion is identified for airports—and recently, another \$150 million to the GTAA. I realize that these contributions are significant, and I wonder, during the period of this pandemic for the last couple of years, what federal programs some or all of you were able to get access to and if these programs were helpful in keeping the industry afloat.

Maybe Mr. Priestley could comment on that, and then Ms. Pasher.

Mr. Glenn Priestley: I was hoping that you would ask what we would have done differently than what we did during COVID, but you asked this question.

The federal help for funding was very helpful. We had two tranches. The federal funding went to the territories and was disbursed. In all three of the territorial governments, it was done with awareness, sensitivity and communication. That's what we got.

What we asked for and what we continue to ask for.... As one of my directors said, thank you for the help but just remove the restrictions. Let us get to work and we'll do the business.

We've done a very good job of maintaining the northern aviation society system safety, and we're proud of that.

I think that's the biggest thing as far as a benefit from the federal government goes.

Thank you.

Mr. Churence Rogers: Thank you, Mr. Priestley.

Go ahead, Ms. Pasher.

Ms. Monette Pasher: Yes, the funding provided to our airports for pandemic relief announced in the FES in 2020 has been so beneficial. The program RATI, the regional air transportation initiative, provided liquidity support to help restore some of the regional routes across the country. The airport capital assistance program, which is normally funded at \$38 million, was funded at \$186 million over two years, and that was really helpful for a number of airports to do things like runway rehabilitation and to afford new airport emergency safety vehicles for their fire trucks.

Projects from coast to coast really needed to have that support to get through the pandemic. There was also ACIP, which was the critical infrastructure program for large airports where the government helped fund projects at 50¢ dollars with our airports. We saw that Pearson got that for their runway rehabilitation projects. These were very important programs. For the first year, most airports in Canada also received rent relief. The four largest received a deferral on rent.

It was a very critical time, and our airports needed this. They were down to a 90% decline in traffic, and all of our funding, as you know, comes from passengers as a user-based system, so I think we really needed this to get through the pandemic, as our airports had to stay open. It was very beneficial. I think some of these programs could even be looked at to continue, because I think it was a great way to support our airports and our infrastructure in Canada moving forward.

• (1210)

Mr. Churence Rogers: Thank you so much for that response.

I appreciate the challenges that we went through. I remember the many meetings we had as a transport committee to meet with small regional airports like Gander, Newfoundland, for example. It was small airports like in Moncton, New Brunswick, in northern Canada and in the west and the many challenges they were facing, plus the larger airports like Toronto, Montreal and so on.

I remember lobbying on behalf of some of your groups to our government to ensure that we helped the airline industry survive, because we know the value of that industry to this country.

You're right. I understand that some of these programs were very timely. Some were a bit delayed, but nevertheless they were very timely and important.

Of the ones that you've identified, Ms. Pasher, what are the top one, two or three that you would suggest we retain or implement for the long term?

The Chair: Unfortunately, Mr. Rogers, we don't have time to hear the response to that wonderful question. However, I invite Ms. Pasher to perhaps submit that response in a brief or by email.

[Translation]

Now we go to Ms. Sinclair-Desgagné.

Ms. Sinclair-Desgagné, you have the floor for two and a half minutes.

Ms. Nathalie Sinclair-Desgagné: Thank you very much.

I'd like to quickly circle back to what Mr. Roberts and Mr. Gagnon said, specifically Mr. Roberts. During his presentation, Mr. Roberts gave several examples of a cost structure that may be unfair to smaller carriers. I'd like to hear more from him on that.

Mr. Julian Roberts: Thank you very much.

Airport fees in general include landing fees, terminal fees, terminal improvement fees and security-related fees. Flying a large jet in the Quebec regions—it wouldn't really be practical, since the population size wouldn't justify it—would cost me less than flying a small regional plane.

For example, here are a few numbers: if I fly a plane carrying 30 passengers, landing in Dorval costs me \$240, but if I fly a jet carrying more than 100 passengers, the fee is \$306. That's a considerable difference between the two in terms of cost per seat.

Ms. Nathalie Sinclair-Desgagné: Can you explain to us why it is so lopsided?

Mr. Julian Roberts: What we've noted and heard over the years is there should be a minimum fee. In our case, those fees are very close to what larger carriers pay. For us, it's the same thing when it comes to NAV CANADA. We pay \$1,486 for a 33-seat aircraft. If I were flying a 143-seat jet, say a Boeing 737-700, the fee would be \$2,006 per day. That's less than a \$600 difference, but I could carry four times as many passengers.

Given these conditions, the cost per passenger is really quite high. For every PASCAN customer, the money comes in and we pay it out. Up to 40% of the ticket value simply goes to fees and taxes.

• (1215)

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

Thank you, Ms. Sinclair-Desgagné.

[English]

Next we have Mr. Bachrach.

The floor is yours. You have two and a half minutes.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

I think I'll stay with Mr. Roberts because I'm interested in the same issue, particularly as I represent a rural region where regional airlines are trying to serve rural passengers and at times face disproportionate costs.

Mr. Roberts, could you speak to what structural changes or changes in regulation you feel would address these inequities that are hurting smaller carriers when it comes to the airport costs that are imposed?

Mr. Julian Roberts: One thing, really quickly, that could be done is that we bring it down to per seat, not per aircraft weight or aircraft size. If everybody's paying the same per seat, it's equitable.

Just to give you an example, we started to fly out of the Dorval Pierre Elliott Trudeau Airport to be able to give our regions access to international flights. We started our operation there last summer. The first thing we received was a \$20,000 bill monthly to have access to de-icing in the winter. This is a monthly charge of \$20,000.

I found out that I'm paying the exact same fee per month as Air Canada Rouge. I'm flying a 33-seater aircraft. It just doesn't make any sense. That amount per passenger, for me, it's just out of control, and people in the regions are always saying it doesn't make sense. They can't fly from a region to a city centre for less than they can fly all the way to Paris. They're right, but the cost structure is just so huge, and the farther we get out in the regions, the more expensive things become. The fuel goes higher. We could be paying today \$1.80 a litre here in Montreal versus in Gaspé we're paying \$3.15 per litre.

It's just no longer feasible. If it continues this way we will not be able to continue to operate, and I know I'm not speaking for just Pascan. This is an issue all across Canada for any regional operator.

Another issue that we're seeing, and I talked about it earlier, is that with a lot of the things that have come out of the federal government over the years follow a one-size-fits-all rule. They're going to put a rule in place. They're going to make a law and, okay, it's for aviation, without taking into consideration that there are a lot of different levels of aviation. You have Air Canada aviation, then you have Jazz-level operations and then you have small regional carriers.

The flight and duty regulations that were put in place by Mr. Garneau, they were one-size-fits-all, so now, and I think it was Mr. Sparling who mentioned earlier.... Last year I could take a pilot flying from Montreal to Fermont, and he could do the return trip in one day. Now he can't. I have to leave those guys in Fermont all day long. They spend the whole night. They can only fly out the next afternoon. I'm telling you, they're not less tired. They're more tired than they were before.

The Chair: Thank you very much, Mr. Roberts. Unfortunately, we're out of time for that segment.

Next we have Mr. Dowdall.

Mr. Dowdall, the floor is yours for five minutes.

Mr. Terry Dowdall (Simcoe—Grey, CPC): Thank you, Mr. Chair, and I too want to thank everyone for being here today on this important topic. From what I've heard so far from all of the speakers, I would say if a few words could sum it up, they would be frustration and deep concern for the industry, moving forward.

I thought it was a good question that my colleague, Mr. Jeneroux, had earlier about something that could be done quickly. I think it was Ms. Pasher who said that it was the COVID restrictions, but I know in my riding I hear a lot of people telling me, both on ArriveCAN and also on the COVID restrictions, that they just don't want to bother going at this particular moment in time.

I'm just wondering. First, do you think that would change the number of people who would want to travel, and second, to everyone who's on this, what's one easy thing we could do to get the industries up and running today?

• (1220)

Ms. Monette Pasher: I think we're certainly seeing that there's a lot of pent-up demand for travel, which is great news and I think we don't want to hurt that at a time when we need it most in our recovery, both airlines and airports and our entire tourism industry.

There are a number of actions that could be taken. One is getting testing out of our airports, and the other is looking at some of these legacy Public Health Agency of Canada protocols and what is no longer needed or how they could be streamlined in order to facilitate people coming into our country more quickly. It would normally take 30 seconds to process a passenger. It can take up to two minutes, and when you multiply that by the number of people who are coming through our hubs, it's just going to become increasingly challenging. I think there are a number of measures, such as increasing staffing, but we really can't manage these health protocols as aviation ramps up even further.

That's a big one and the other is staffing for CATSA services.

Mr. Terry Dowdall: Yes, and all those extra costs, whether it's the carbon tax, anything like that, if it's not competitive on the other side.... I live an hour from Pearson, two hours from Buffalo, and I can't believe now how many people drive to Buffalo. It seems like a common thing.

Ms. Monette Pasher: Yes, and that's not a message we want to send for our transportation assets. We really want to make sure that we're competitive and that we're operating efficiently, and we're

certainly working with the government very closely on that. The minister has struck a number of working groups.

We're working with our airline and our government agency partners to make sure that we address this as quickly as possible.

Mr. Terry Dowdall: Thanks.

Did anyone else want to comment? Is there one thing we could do now that would really help?

Mr. Robin Guy: I think you mentioned the ArriveCAN app. I'll take the opportunity to provide a quick response on that.

I said in my previous comments that we should be doing anything to help facilitate travel. In terms of the ArriveCAN app, it's important that the government work to promote the app. That's still a major concern. People are arriving and don't necessarily know that they have to fill in the information.

I think we need to make it as accessible as possible, if this is the way we're going forward, and make sure that people are aware of the requirements.

Mr. Terry Dowdall: I see that Anthony has his hand up.

Mr. Anthony Norejko: I appreciate that.

What I would say right away is that it's timely. Canada ranks 107th for price competitiveness. The World Economic Forum did a tourism competitiveness report in 2019. Those measures were ticket taxes and airport charges. Fuel price levels were one of the areas as well. We rank 40th in promotion of travel and tourism.

What's the one thing we can do? We need to take a look at the COVID measures.

For instance, for rural and urban airports, in addition to the up-gauging issues—the folks at Pascan deeply share their stories—we have to look at the impact of some of the COVID measures. In particular, there are about four million Canadians who cannot travel, even within the country, because they can't get aboard the aircraft.

CBSA and that international border right now are the main issue. We need to solve the integration of ArriveCAN and recognize that not everybody who comes to Canada comes on the airlines. We want to encourage tourism. We want to encourage the economic engine that this country has.

Definitely, CBSA and the COVID measures are critical right now.

Mr. Terry Dowdall: That's an excellent suggestion, Mr. Norejko.

Is that it, Mr. Chair? I think that's five minutes.

The Chair: You have 20 seconds left.

Mr. Priestley's hand is up, so I'll turn the floor over to him, if that's okay with you, Mr. Dowdall.

Mr. Terry Dowdall: Sure.

Mr. Glenn Priestley: Thank you.

I'd like to bring up the accommodation. In terms of the vaccination mandate, we went along with it. We are all working together.

At my conference last week, every operator—we represent all 40 operators in the north—has a real story to tell about workers sitting at home who once worked in the aviation business. The irony can't be lost. Some of these workers, just to find work, are now vaccine-exempted to work on flood or fire control. They now get to go back on board the same airplane they once fixed, but had to get laid off that job because they weren't vaccinated. They're still not vaccinated, but they can get on board the airplane to go fight a fire. This is the type of problem we need to solve.

This is also slowing things down. If we can't fix the airplane, if we can't service the airplane....

I was in Pearson this weekend, coming back from Yellowknife. The people getting off the airplanes were not wearing masks, to a degree. The Americans weren't wearing them at all. We need to get this under control.

Air Canada had a two-hour delay, because they couldn't find ground personnel. There are a lot of people out there.

• (1225)

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

Thank you very much, Mr. Dowdall.

Mr. Terry Dowdall: Thank you.

[*Translation*]

The Chair: Our next speaker is Ms. Koutrakis.

Ms. Koutrakis, you have five minutes.

[*English*]

Ms. Annie Koutrakis (Vimy, Lib.): Thank you, Mr. Chair.

Thank you to all our witnesses for being here and for your very important testimony this morning.

I want to continue with the long delays at the airports. I want to share a personal story and I want to correct some of the comments that were made earlier when my colleague Mr. Jeneroux was quoting our minister. This has received a lot of media attention, and I think it merits correcting.

I think what our minister was trying to get at is that it's not only one issue causing lineups at the airports. To his comments that the delays due to rusty travellers, passengers.... I can attest that, having been a witness. I was travelling from Quebec City to Ottawa two weekends ago, and I noticed quite a few times that a CATSA representative came to the front and reminded all of us to please remember to remove the liquids from our bags if we were bringing them

on board and to remove electronic devices, because all of this delays the process.

I think that was the point our minister was trying to make with his comments. Certainly, he was not trying to place the blame on the passengers.

With that in mind, I was wondering if Ms. Pasher, Mr. Guy and Mr. Norejko would offer some comments. Is Canada the only part of the world seeing long delays at the airports? What are we seeing in other jurisdictions currently?

Ms. Monette Pasher: I think the minister is right in saying that there are a number of factors at play here. We certainly would share that view.

I think staffing is a big piece, and certainly staffing for peak times, as well as efficiency and the need to move towards a trusted traveller program in order to speed up security, which was also an issue pre-pandemic.

In the U.S., we're not seeing delays to this extent. They're certainly looking forward to the summer and anticipating what increase may happen. They certainly have some airports that have peak times where their customs border agents are seeing longer wait times in the hubs than they would have seen pre-pandemic, so I think we're not alone in these challenges.

We're certainly not alone in the staffing challenges, which they were seeing in the U.K. and many other places as well, so I think this is the ramp-up.

The piece that's important is that Canada has been slower to get back. The U.S. went through some of this a year ago as they opened their economy earlier. We're certainly seeing this challenge now in getting people back to work, and I think there is a lot to smooth out.

Ms. Annie Koutrakis: Do Mr. Guy or Mr. Norejko want to add to that?

Mr. Robin Guy: Yes, and I'll echo the comments of Ms. Pasher and add again the aspect of just reviewing the legacy pandemic regulations and taking a look at what's needed and what's not needed.

We see that the minister has sat down with a few individuals, including some from CATSA. I think those are positive steps, but I think the goal from our side is to help facilitate this and to do so more quickly.

Mr. Anthony Norejko: I'd offer that right now, at least in Canada, with our trusted traveller program, if you are a NEXUS-certified individual, you approach the CATSA line and you're in a fast lane, but you merge with the slow traffic ahead. In other words, there is no recognition for a trusted traveller.

We want to have a separate line, if you will, that recognizes and puts a risk profile to those passengers. Perhaps we can work with industry, and CATSA in particular, to identify...as in the U.S. where, for liquids, laptops etc., there is progress. That's on the airline side.

On the commercial side, or at least with respect to the charters and business aviation, the critical issue is transborder trade. Our problem right now is that ArriveCAN started as a Public Health Agency of Canada tool, very clearly to stand up to COVID-19.

As it transitions to CBSA, the challenge is that right now, the way this process works at airports across the country that facilitate trade and economic activity all across the country, you need to make two phone calls to CBSA officers. The first phone call of the pilot in command is to report who they have aboard, their declarations and all their information. The second call needs to happen once they arrive at the destination.

The problem is that we are experiencing two-hour delays talking to anyone. If you want to feel the weight of the regulatory infrastructure right now, it's very challenging when you come to Canada and are going through that. We need to quickly move to recognize that ArriveCAN could be done in the same way.

Our business aviation passengers are predominantly trusted travellers. We need to recognize and develop a risk-based approach to the interface with CBSA. Those are the things that will help us, along with CATSA, to move our passengers quickly through the terminals and through our FBOs.

• (1230)

Ms. Annie Koutrakis: Mr. Norejko—

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

Next, we will go on to Mr. Muys.

Mr. Muys, the floor is yours. You have five minutes.

Mr. Dan Muys (Flamborough—Glanbrook, CPC): Thank you.

Thanks to all the witnesses who are here today for your time and your testimony. I know some are return witnesses to the committee.

We've heard a little bit about some of the ideas that you've brought forward in terms of reducing regulations and red tape that are a barrier going forward as we move on from the pandemic, everything from caribou collision reporting regulations, which I can only imagine are ridiculously cumbersome, to the logic behind some of the federal vaccine mandates and the need to review those. The regulations are out of touch.

Just amplifying Mr. Dowdall's question, what is probably the most egregious or most cumbersome regulation or piece of red tape or barrier in your mind that should be addressed in the medium and long terms by the federal government?

That is for each of the witnesses.

The Chair: We can start with Mr. Priestley.

Mr. Priestley, we'll turn the floor over to you.

Mr. Glenn Priestley: Thank you. It's a bit repetitive, but I wish we could get that accommodation for employees who have been laid off because they wouldn't get vaccinated for whatever reason. There's a workforce shortage, and there's a skilled workforce available. I think that is a solution that's obvious.

Mr. Anthony Norejko: On that question, definitely the COVID regulations right now.... Today, the 16th, sees the European Union, for instance, remove its mask mandate. In totality we understand the reasons why these things came about, but it is time now to find a way forward. Why? It's because of the frontline employees who interface with our passengers. Think of the challenges. You go from the United States to Canada, let's say, as a transborder passenger. Down there you don't need it. Here you do. You can't board a flight domestically because you're not vaccinated.

We need to find a way forward. That is the number one challenge, to get beyond COVID.

Thank you.

The Chair: We will turn it over to Mr. Sparling, and then to Ms. Pasher and Mr. Guy.

Mr. Joseph Sparling: The flight and duty regulations are probably the most troublesome for us. We've spent a lot of time and effort trying to address them. I think the consultation on the regulations themselves was inadequate. They were advertised as a science-based approach. They were anything but. In fact, there was disagreement among the scientists and a very closed-minded approach, and it's costing industry money at a time when pilots are in short supply, as has been observed before.

That, for us, is the most troublesome regulation out there now.

Ms. Monette Pasher: I think I might have stated this a few times already, but really, it's removing the mandatory random testing that's happening in our airports. That would be the most cumbersome burden that we're facing right now. That's leading to bottlenecks. Our airports have stood up this testing quite quickly, worked alongside the Public Health Agency of Canada when our borders needed these measures, and we will be prepared to do that again, but really as we ramp back up to travel and want to support economic development throughout the summer, we really need to move this testing off-site.

Mr. Robin Guy: Just after a major event I think the government should always undertake an assessment of the lessons learned to better understand what it did well and what it could do better next time. I would challenge that. I'd quickly say to identify what the outliers in regulations that may not exist elsewhere are and then simply put an economic lens on the regulation to make sure that we are being competitive with the regulation.

Mr. Dan Muys: Just to amplify what my colleagues have said, I'd say we certainly welcome written submissions on suggestions for areas of red tape or pain points or hurdles you're facing. Those help in the construction of the recommendations and the report that comes out of the committee. Again, we would encourage that from all witnesses.

I was struck by the comment that we're 107th in competitiveness. The other thing that struck me was the fact that we're training workers here and then losing them to the U.S.

Have you any additional comments on that?

• (1235)

Mr. Anthony Norejko: Perhaps I can just add a quick comment. That statistic was alarming. It's out of 170 countries that we are 107th on price competitiveness, and the biggest challenge, of course, is the next one, which is being 40th in terms of promotion of travel and tourism. This was before COVID, so the problem is coming out of this. For a lot of good reasons these measures came into place, but now we need to move expeditiously to scale them down in a risk-responsible manner, because the perception, the amount of work that is required to come to the country, even if you qualify, can be quite taxing. That's a principal point that needs to be made.

Going forward on the training issue, you've heard it here. One of the missing elements on rural and urban airports is the importance that flight training units provide, as has been indicated a number of times by some of the panellists with respect to training the men and women who will become pilots and aviation maintenance engineers. Rural and urban airports are often the bases where these training units exist, and they are seeing these exponential price increases because that airport with no scheduled service is having to pass those costs on to those types of operators, so this adds to the cost of training, which perpetuates the problem of not finding the people to fill the roles.

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

Thank you very much, Mr. Muys.

Next we have Mr. Chahal.

Mr. Chahal, the floor is yours. You have five minutes.

Mr. George Chahal (Calgary Skyview, Lib.): Thank you, Chair.

Thank you to all the witnesses for your testimony today.

I'm going to start with Ms. Pasher. I understand that airports have the option to hire additional CATSA screeners at those airports, and that the GTAA has done so in the past but isn't doing so currently. Is that the case? If not, why not? Would this help alleviate some of the delays we're facing at our airports?

Ms. Monette Pasher: Thank you for that great question.

Airports are never able to hire CATSA staff, but they are able to invest in CATSA to increase their staff complement at their airport. In the past, Pearson has done this when it wasn't able to get the number of screeners needed at its airport in order to meet their traffic volumes, as CATSA did not have the budget to deliver on those service volumes.

Pearson has taken on a billion dollars in debt to get through the pandemic. It's an extraordinary amount. They're in a challenging position right now in that they cannot invest in increasing the number of CATSA employees at the airport. Nor does CATSA have the ability. They're trying to "staff up", so I think they're trying to meet demand on their own. We're not in a position where we would need to make that additional investment in CATSA resources right now.

The first week in May, passenger traffic peaked at 70%, so it got back to the 70% level for that first week in May. We're expecting seat capacity in July to be back to 90% in Canada. That's seat capacity.

A big ramp-up needs to happen here, and I think we need to look at how we adequately fund and staff CATSA and move forward to support our airports and the growth that we're seeing.

Mr. George Chahal: Getting further staff at the airports would help alleviate some of those delays, and the airport does have some mechanisms to do that.

I have one more question, Ms. Pasher, for you. We've seen a lot of conversation about the variants and how the government needed to take action to identify and trace those variants that were entering our country previously and still could be now. We know there are mechanisms to trace variants through waste water, but the airports are an important part of tracing and identifying those variants.

Would you disregard the advice of public health officials and experts regarding vaccine mandates, random testing or mask mandates on airplanes at our airports and with travel?

Ms. Monette Pasher: First, I want to be clear that the airport is not able to hire CATSA staff. It's under the purview of CATSA to hire CATSA staff, and they're working on that to get back to their regular volume, so we're not in a position where we can fund additional staff. That's just to be clear on that one.

Yes, I think the Public Health Agency of Canada has done a great job. I'm certainly not a health expert, but our airports have been strong supporters in making sure that all the elements they needed at our borders have been in place. However, they have moved forward on waste-water testing. Pearson has been part of a pilot in that, and we're seeing waste-water testing in our communities. They're doing this in the U.K. as well, testing off site within the community. There are ways they can monitor variants, according to PHAC, in terms of looking at variants that are coming into the country and within our communities. Waste water has been seen to reveal those variants four days earlier.

We're just asking Public Health to look at other measures that don't impede the flow of traffic at our airports.

• (1240)

Mr. George Chahal: Thank you.

Mr. Guy, the federal government has spent \$11 billion to help the air sector during the pandemic. Based on my calculations, about a billion dollars was directed to airports. How much more would you have spent, and can you provide a figure?

Mr. Robin Guy: Honestly, I'm probably not necessarily the best person to answer that question, but definitely the government stepped up and was key in providing funding to a lot of these airports. I think some of my comments with regard to funding really just stem from the fact that low traffic volumes over the last two years meant that airports had to delay much-needed capital projects. I think making sure that our airports play a critical role in moving not just passengers but also goods, and, therefore, providing some assistance to airports to make sure they can focus on the much-needed infrastructure projects will help facilitate movement and grow our economy.

Mr. George Chahal: You talked about—

The Chair: I'm sorry, Mr. Chahal. I'm sure you have a great question lined up.

Mr. George Chahal: Yes, I have many great questions lined up.

The Chair: Unfortunately, there's no time left.

Thank you.

[*Translation*]

Next, we have Ms. Sinclair-Desgagné.

Ms. Sinclair-Desgagné, you have the floor for two and a half minutes.

Ms. Nathalie Sinclair-Desgagné: Thank you very much.

I'm going to try to get two questions in.

The first is for the airlines, Air North, Northern Air Transport Association and PASCAN.

It's a pretty simple question. I'd like brief responses.

A few weeks ago, Quebec announced changes to its airfare reduction program. Fares will now be capped at \$500 for a return trip, and so on.

Has this already had an effect on demand? If not, do you expect it will?

Mr. Yani Gagnon: Thank you for your question.

It's brand new, actually. The plan has just been announced. It includes two measures.

The first is a regional air transport assistance program that will cap the price of return tickets at no more than \$500, the terms of which have yet to be finalized. Tickets will go on sale on June 1, 2022.

The other measure is an enhancement to the airfare reduction program, which is already running and reduces the price of tickets

for those who live in outlying areas. The government is removing the cap on eligible claims under this program.

To answer your question, over the medium term, we're anticipating that people will travel more. The challenge for operators is not necessarily to increase the number of flights during the summer season, that is a given. It's more about establishing a consistent increase 12 months a year. Unfortunately, we don't have a crystal ball. We can't be sure at this point if these programs will have the desired effect.

Ms. Nathalie Sinclair-Desgagné: We can't predict the future, no, but it's still safe to assume that it will have a positive impact over the medium term.

My next question is for Mr. Sparling and Mr. Priestley.

Should the federal government follow Quebec's lead on reimbursement and capping costs, as a percentage of costs for interregional air travel?

[*English*]

Mr. Joseph Sparling: I've never been a fan of subsidies, but the Quebec program is interesting. It is a way to keep regional costs affordable. Quite frankly, if we address some of the other issues such as the interline issue that was brought up by the Pascan gentleman, I think we would have a much easier time competing without subsidies.

I would like to point out on that matter that this very committee, in 2000, I believe, made a recommendation. It was recommendation number 12, report number one of the TRAN committee. Recommendation 12 says, "The government require, as a condition of approval"—this is when Air Canada was going to gobble up Canadian—"that a dominant carrier negotiate interline agreements under commercially reasonable terms and conditions with all new entrants and existing carriers in the domestic market wanting such agreements."

This recommendation was never acted upon, and we've been advocating for just that, mandatory interline agreements between all carriers in Canada.

• (1245)

The Chair: Thank you very much, Mr. Sparling. Unfortunately, the time is up.

Next we have Mr. Bachrach.

Mr. Bachrach, the floor is yours. You have two and a half minutes.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

I want to direct my next question to Ms. Pasher.

You mentioned the efforts by CATSA and their contractors to restaff and ensure there are enough people, and I understand they're having challenges in doing that.

Could you speak to why that is? What are the challenges that CATSA is facing in restaffing? In particular, are the wages and the work conditions in that particular sector adequate to recruit and retain skilled staff?

Ms. Monette Pasher: Thank you for the question.

I'll answer to the best of my ability, but I'm not CATSA or the government. It's a government agency, but I guess I can speak to the challenges.

CATSA is facing hiring challenges like many in the tourism and hotel industry across the country. We're hearing it in terms of getting some of those frontline workers back to work. It is a position where it takes months to train and get up to speed in terms of security. They are having to bring new people on board and train them, and they've been working on that for months.

We faced a peak in travel, and it's coming back quickly. In terms of CATSA getting through their training, they're not quite ready to deliver. They continue to work on that. They're facing challenges in some cities more than in others. I think it's where we're having more peak volumes like Pearson or Vancouver. Quebec City is also facing challenges.

Government, CATSA, and their suppliers are working on ways to address this.

Mr. Taylor Bachrach: Thank you, Ms. Pasher.

Is it fair to say that the staffing shortages are the number one contributor to the delays we've been seeing recently? We've heard about a number of different factors that are likely contributing, but it seems to me that the staffing shortage must be a key one. Is that the number one factor?

Ms. Monette Pasher: There are a number of issues facing us in terms of efficiency and screening as well as throughput at peak times. That's why we need to create a trusted traveller program in Canada that has benefits like PreCheck in the U.S. We did face these challenges pre-COVID, but, yes, it would be my view that staffing has been our number one concern. Hopefully, moving forward, we'll be able to address that quite quickly.

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

Thank you very much, Ms. Pasher.

Next we have Ms. Lantsman.

Ms. Lantsman, the floor is yours. You have five minutes.

Ms. Melissa Lantsman: Thank you.

I actually just want to go back to something on staffing shortages. Perhaps Mr. Norejko and Mr. Priestley can answer. There are countries in the world that have gotten rid of testing and mandates, and there is certainly no evidence here that public health advice is saying that we should keep them.

Can you please talk about how many people you think, in your universe, were either fired or are on leave because of these mandates and whether that contributes to the staffing shortage?

Mr. Anthony Norejko: What I've seen with respect to international crew members, number one, is that it's one thing to understand Canada's regulations, but it's another to say the international

members who are coming into Canada face.... There is no exemption for crew members, let's say, on the vaccination front. I think it's important to suggest that while we may not be medical experts, what we are experts on is risk and understanding the probability and the severity of risk. That's the lens with which we should approach this issue and the others that are facing rural and urban airports.

We do have a number of operators within our membership who have had to be provided accommodation. What that means, basically, is that they're not flying. That is the case, but it is not a large percentage. It does speak to what was mentioned earlier—the toll booths. In fact, every 10 feet there's another road check that you have to go through, and it's very challenging. I think if we look at it from a risk-based approach there is a better path going forward. That's the extent of what we've seen.

● (1250)

Ms. Melissa Lantsman: Mr. Priestley, can you weigh in on that?

Mr. Glenn Priestley: Thank you.

Canada's north is about 40% of Canada. It's the size of Europe, and a lot of people don't realize that it has about 200 to 250 aviation assets. If I say 10,000 workers all up, would I be far off? I don't know, but a lot of them are very small operators. We're talking about your traditional float plane and businesses like that. If there's a 10% drop in workers because they are unvaxxed in a company of 10, that's a very important one person who is now working from home, and many of these are owner-operators.

The societal problems this is causing far exceed the benefit gained. I'm speaking about the employees—not the passengers—getting on board the airplane. I know we have people sitting around across Canada who we need back in our businesses.

Ms. Melissa Lantsman: That's what we have heard.

I want to move to Mr. Sparling, because I don't think I got a chance to ask him this question. It's commendable, frankly, what you've done with Air North. I understand that coming into Pearson is a recent decision. I want to know why. Was it about cost? Why wouldn't something that was homegrown and homebuilt and a success story by every metric fly into Toronto? Was it demand or cost?

Mr. Joseph Sparling: We did for a number of years, pre-COVID, operate seasonal service three times a week from Whitehorse, Yellowknife and Ottawa. We observed that a significant number of our passengers were actually travelling beyond Ottawa, so the Toronto service was simply replacing two Ottawa stops a week with two Toronto stops. It's not growth or expansion on our part at all. It's simply trying to get back to what we were doing pre-COVID and trying to provide the north with seamless and easy access to major centres in the south, and conversely to provide travellers in the south with easy and seamless access to the north.

You mentioned cost. Toronto and Ottawa are now our highest fuel-cost environments, and it's just an idiosyncrasy of the system, but fuel is cheaper in Whitehorse now, if you can believe it, than it is in Ottawa and Toronto. I just wanted to make that point about cost. It's ironic.

Ms. Melissa Lantsman: Thank you. I don't think it's ironic. I think it's very purposeful, unfortunately.

I want to go back to the Canadian Airports Council. We have a user-pay model, where the government takes taxes, the large airports don't get much of that back and you can't access the debt market for growth.

Given that you said that the 1993 model works and that you would choose it again, would you not want to access some of the private capital to do what you want to do and actually be accountable to investors? I want to get a flavour of what the Canadian Airports Council would think about a suggestion like that.

The Chair: Unfortunately, that is a very pertinent question, Ms. Lantsman, but you're out of time.

I do invite Ms. Pasher, however, once again to submit her response via brief or via email.

Last for today, we have Ms. Koutrakis.

Ms. Koutrakis, the floor is yours. You have five minutes.

Ms. Annie Koutrakis: Thank you, Mr. Chair.

My question goes again to Ms. Pasher, Mr. Guy and Mr. Norejko. Please keep your responses short because I have several questions.

I understand that part of the reason we are seeing labour shortages at CATSA is that airport authorities are now hiring former CATSA employees to fill other jobs, such as baggage handlers. Is this true?

• (1255)

Ms. Monette Pasher: An airport ecosystem is quite complex. Airports don't actually hire ground crew. That is done by the airlines, but there are a number of vendors throughout the airport, a number of companies and people from Nav Canada and government agencies, and a RAIC, which is your authority to get through to the secure area, is certainly a hot commodity these days. A challenge across our airport ecosystem is that people within that ecosystem who have RAICs are sometimes moving from company to company within the airport.

Ms. Annie Koutrakis: I think I'll go on to my next question because I think it's pertinent to this study.

Some have suggested that waste-water testing of the general Canadian population is efficient and that it's therefore unnecessary to continue doing randomized testing at our airports. However, if we really studied this...and there have been expert reports out there saying that off-site testing from airports does not allow us to identify variants coming in through airports or to trace back where they came from.

Keeping that in mind, if you were the federal government and you were hearing health experts giving you different advice, would you disregard that advice of public health officials if they counselled you to maintain random testing of air travellers?

Ms. Monette Pasher: I'm certainly not a health expert. I would stress that we should look to review all regulations that were brought in during the pandemic to better understand what's still needed.

We're seeing countries like the U.K. move to other models. We're not seeing testing like this in many countries other than some in Asia, so why are we keeping these measures in Canada? Our airports are good partners. We will stand down and quickly stand back up testing if a new variant emerges and it's needed. I think when we look at the lessons learned from our sector, all of these border measures have really only slowed COVID down by a matter of days before it came into our communities. If we were to look at testing within the community, would we not have the same intelligence?

That's more of a question back, but I think those are some of the things we're thinking about, and we're looking at what other places are doing.

Ms. Annie Koutrakis: Mr. Norejko.

Mr. Anthony Norejko: Very early on in the pandemic we pushed very hard to have those take-home test kits. To that question from the member, very specifically, it's just the way that things get done. From our airports, we're creating that back flow of travellers.

I would suggest working with a vendor and responsibly tracking and tracing those individual kits. Assign them as needed to passengers who are entering the country and would then take home—let's call it a "government approved" test, conducted at their destination. That would be one way to move it forward.

That's a way that still recognizes—if we rewind the tape—the desire for the information in a way that is risk-based and still accomplishes the goal of understanding who and what variants are entering the country.

Ms. Annie Koutrakis: Mr. Chair, I would like to record and remind everybody on the panel, our witnesses and all the members of the transport committee, just how well Canada has performed in preventing COVID deaths as compared with other countries in relative terms.

I think we always maintained that our number one priority was to keep Canadians safe and to keep the transportation system safe and our supply chains. I think we should never lose sight of how well our country has done as compared with other jurisdictions world-wide.

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

That concludes the committee testimony for today.

I would like to thank once again all of our witnesses for their time. This concludes the meeting today.

The meeting is adjourned.

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