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• (1555)

[*Translation*]

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

Welcome to meeting number 31 of the Standing Committee on Transport, Infrastructure and Communities. Pursuant to Standing Order 108(2) and the motion adopted on Thursday, February 3, 2022, the committee is meeting to study the issue of 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 Thursday, November 25, 2021. Members are attending in person in the room and remotely using the Zoom application.

[*English*]

Members of the committee, today we have appearing before us Mr. John Gradek, faculty lecturer and academic programs coordinator of supply chain, logistics, operations and integrated aviation management at the school of continuing studies at McGill University. Welcome.

[*Translation*]

We also have Patrick Charbonneau, mayor of Mirabel.

[*English*]

From the Public Interest Advocacy Centre, we have John Lawford, executive director and general counsel.

In the second half of today's meeting, we will have Tom Oomen, who is the director general of the analysis and outreach branch at the Canadian Transportation Agency.

We will begin the opening remarks with Mr. Gradek.

The floor is yours.

Mr. John Gradek (Lecturer and Academic Programs Coordinator, Supply Chain Management and Logistics, and Aviation Management, School of Continuing Studies, McGill University, As an Individual): Thank you very much.

Good afternoon, members of the committee.

[*Translation*]

My name is John Gradek. I'm a faculty lecturer and academic programs coordinator for supply chain and aviation management at McGill University's School of Continuing Studies.

I'd like to start by thanking the committee for inviting me to appear today to speak on the issue of reducing red tape and costs on rural and urban Canadian airports.

[*English*]

My professional credentials to speak on this very important subject come from close to 20 years in direct aviation in operations at Air Canada, in several operating roles in marketing and planning, as well as teaching commercial aviation at McGill for the last 10 years.

One of the things I've done in my current role at McGill is give the students I work with, both undergraduate and graduate, the opportunity to understand the intersection between things like the supply chain and the best practices associated with airport infrastructure and airport capacity.

The evolution of the Canadian airport structure is well known to committee members, so I won't go into that detail. I will focus my remarks on the relationship between the federal government and Canada's airports, particularly over the last three years.

It is no secret that commercial aviation was impacted as never before with the onset of the COVID-19 pandemic. In many corners of public health and economics, commercial aviation was identified as an enabler of the rapid spread of the pandemic, and governments reacted to such expression of concern by literally shutting down international air travel, back in the early days of 2020.

[*Translation*]

The aviation industry reacted quickly to this shutdown of operations by cutting staff and selling off assets in order to cut expenses and minimize risk to air service. The airports and agencies that work within airports proceeded to make massive layoffs in response to the effects of the reduction in air service.

Several Canadian airports expressed the need for additional funding to support core infrastructure, and some minor support programs were implemented.

[*English*]

Airlines could avail themselves of the LEEFF program assistance offered by the federal government, but no such direct funding was available to Canada's airports. Many resorted to taking on additional debt, a financing burden that has longer-term implications for the financial viability of these airports.

An important element in McGill's academic programs is public administration and governance, and such governance issues must now be addressed for Canadian airports. The underlying principle we have in airport revenue generation has been and continues to be "user-pay", wherein Canadian airports are directed under the terms of their Transport Canada leases to look at entities at the airport to generate sufficient revenues to cover their financial requirements. We are seeing a lot of pressure on Canadian airports to modernize their facilities, pay off increasing debt levels and maintain a safe and secure operation.

Airport administration fees have been the subject of debate for many years, a target of low-cost carriers, most recently, looking to offer airfares that have a similar look and feel to what European and American air travellers have become used to. These airport improvement fees seem to be a target for these low-cost carriers, which say that they cannot offer low fares to Canadians because of these fees that are charged. We now see Canadian airports increasing their AIFs to attempt to shore up their financial status. For example, as of January 1, 2023, Toronto Pearson will be increasing its AIF from \$30 to \$35.

[Translation]

In light of all this, one has to wonder if the current Canadian airport governance model is still the best or if it might be appropriate to consider another. As for me, I believe the current model is no longer the best and that it should be reviewed.

[English]

Thank you for your attention. I am pleased to answer any questions you may have.

The Chair: Thank you, Mr. Gradek.

[Translation]

Next, we have the mayor of the city of Mirabel, Mr. Patrick Charbonneau.

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

Mr. Patrick Charbonneau (Mayor, City of Mirabel): I thank the committee for having me.

I'd like to tell you the story of our town. Since 1969, the year the federal Liberal government decided to build an international airport in Mirabel, our town suffered many mishaps that have had direct and, at times, irreversible impacts on our citizens and on municipal development.

This airport, built at surprising speed—under five years—came at a cost of over \$500 million. Mirabel was meant to become the main airport for international flights. In the medium term, there were even plans to expand it to meet future needs.

In order to build this 21.1-square-kilometre airport site, the government had to expropriate 97,000 acres of land. At the time, the city of Mirabel, especially the Sainte-Scholastique sector, made their living from agriculture, and a great many of its residents practised subsistence farming. This is still the case today. The expropriations led to the loss of many farms and family homes, as well as job losses. Without any land to farm, it became difficult to plan for the economic development of the airport sector and neighbouring

sectors, mainly because of the easement around the airport preventing any kind of development.

The last passenger flight out of Mirabel occurred in October 2004. From that moment forward, the airport would only handle commercial flights, cargo transport and activities related to aircraft manufacturing. Residential and commercial development is still quite limited in the area, since many parcels of land are still encumbered by the easement preventing construction, which has become outdated, and more importantly entirely irrelevant, since the land was never used as it was intended to be used. The assessors believe this easement to extend several kilometres beyond the runways.

For our municipality, this easement is impeding the development of several sectors, including Sainte-Scholastique, which has roughly 1,600 residents, Sainte-Monique, which has 400, and Saint-Augustin, which has slightly over 14,400 residents.

Specifically, here are the direct impacts of this easement on our community: limited residential and commercial development in the sectors involved; devitalization due to a lack of infrastructure development; devaluation of those sectors in the municipality with the fastest-growing population; a lack of economic development and public services; the uprooting of residents and their families from an area where they've lived their entire lives.

Our wish is then to allow our people to get what they're entitled to, in other words access to proper infrastructure that meets the current needs of a society deserving of respect in the area in which it chose to live. For that to happen, we need your co-operation in order to lift the easement that will allow for the completion of a variety of projects that will benefit a generation that has suffered a great deal. I can think of the proposed seniors' residence in the Sainte-Scholastique sector, which happens to be the subject of a petition signed by over 200 citizens of Mirabel. A day care centre could also be built in Sainte-Monique.

In conclusion, we're happy to be able to speak to you about some of the projects we have and which will require your co-operation in lifting this easement around the airport preventing further development. The goal of all of these projects is to offer quality services to our citizens.

We remain at your disposal to answer any and all questions you may have that would allow us to move forward on this issue.

The Chair: Thank you, Mr. Charbonneau.

The floor now goes to Mr. Lawford.

[English]

Mr. Lawford, the floor is yours. You have five minutes for your opening remarks.

Mr. John Lawford (Executive Director and General Counsel, Public Interest Advocacy Centre): Mr. Chair and honourable members, my name is John Lawford. I am the executive director and general counsel at the Public Interest Advocacy Centre here in Ottawa.

PIAC is a national, not-for-profit and registered charity that provides legal and research services on behalf of consumer interests, in particular vulnerable consumers' interests, concerning the provision of important public services. PIAC has been active in the field of air passenger protection and policy for 20 years.

The air passenger protection regulations are not red tape. Removing or amending them will not ease airport delays or reduce traveller frustration. The APPRs are hard-won redress and fairness for the flying public. Modern air transportation regulatory schemes throughout the world have such rules, including the EU and the U.K.

There is currently a problem with a backlog of consumer complaints at the Canadian Transportation Agency, CTA. There are somewhere between 16,000 and 20,000 that are about a year old. This backlog is due in part to bad timing, as the APPRs were proclaimed just before COVID-19, in the fall of 2019.

However, it has always been the position of PIAC that the APPRs were going to generate a backlog. The CTA's facilitation, mediation and adjudication streams within a quasi-judicial formal framework are a ridiculous approach to dealing with high-volume, low-value consumer redress for such routine and, unfortunately, now chronic issues as flight delays and cancellations.

A better model is a dedicated administrative complaints agency with a regulatory overseer for systemic issues. This administrative model is currently in place for telecommunications and broadcasting; it's called the CCTS. For banking and investments, we have the OBSI. The federal government should not abandon the APPRs but should remove them from this formalistic tariff-like adjudication process.

We also note that consumer baggage complaints cannot be solved through changing or improving the APPRs. The APPRs effectively say nothing about baggage. Due to the Carriage by Air Act, the Montreal Convention stipulates that compensation for delayed or lost baggage must be contained in the domestic tariffs of the aircraft carriers. This means that consumer frustrations with baggage can only be solved with a directive for airlines from either the minister or the CTA to meet a minimum standard in their tariffs.

PIAC also wishes to underline that the present APPRs are under attack by the airlines, first by styling all crew shortages to be safety cases. WestJet has appealed from the CTA to the Federal Court of Appeal, the issue being whether staffing is within the airlines' control and therefore whether the safety exemption to the APPRs compensation for a delay or cancellation can be applied by the airline. We note that, in the European Union, under the passenger protection regime there, staff shortages must be planned for and compensation must be paid, with the implicit message to airlines not to schedule flights for which they cannot manage their labour supply.

Second, major Canadian as well as U.S. and European air carriers, along with IATA, are also challenging the entire APPRs, at least for international flights, at the Federal Court of Appeal as conflicting with the Montreal Convention. This committee can and should, by contrast, express its undying support for the APPRs despite their growing pains and challenges. Consumers do need them.

Moving now to airports more specifically, Canadian airports are fragile. They are largely a hybrid of public-private partnerships, and COVID-19 has exposed the fragility of this model when the usual flow of commerce is interrupted. Likewise, CATSA and Nav Canada are privatized emanations of the entire airport matrix, and they face sudden economic pressures during a financial downturn like COVID. Short of renationalizing these entities, we are resistant to these parties all pointing the finger at each other, and we wonder whether the minister might come in and help.

Finally, we note that major airlines fired or retired workers during COVID-19. They made their own labour shortage, despite taking large CEWS amounts that were intended to keep staff on the payroll. Most of the airlines also took some of the money offered as bailouts—not WestJet, and Air Canada did take amounts only for consumer refunds—but they were not required to rehire or to be ready to restart at the level that we see at airports now. This money only supported their balance sheets while COVID requirements faded away.

I thank you and look forward to questions you may have.

• (1600)

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

We will now begin with our first round of questioning. To get us started, we will have Mr. Muys.

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

• (1605)

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

Thank you to our witnesses, both here in the room and online, for their testimony today.

The study, of course, is focused on reducing red tape and costs in our airports in Canada, so I want to bear that in mind with this line of questioning.

Mr. Gradek, I'd like to draw upon your 20 years of experience in the sector—operations, marketing and now teaching are what I heard. I think we'd be remiss if we didn't hear some more testimony that's going to add to our study.

First of all, you mentioned a new governance model. With the frame of mind of how we can reduce red tape and improve cost efficiency for Canadian travellers and, of course, the carriers themselves, maybe you could elaborate a bit more on that and what we should be including in the recommendations.

Mr. John Gradek: The issue about governance is really important, that we try to understand that we have airports that are major drivers of economic growth in this country. We need a strong and financially viable airport system to make this thing work. I think it's important that we have a way in which we can in fact sustain the current state of the airports. More importantly, we need to invest in airports and have airports become key vehicles in terms of growth and sustainability of the Canadian economy.

If I look at other models around the world in terms of how airports are financed and have been able to sustain growth and invest in infrastructure, there has been a significant amount of private money put into the system, whether it's share capital or concessions. We even have large Canadian funds, such as pension plans like the Ontario Teachers' Pension Plan, that are major investors in European and Asian airports. They're basically there to support growth and invest in airports.

We don't have such a vehicle in Canada. The vehicle in Canada for airports is debt-based and user-pay. I think we need another vehicle within the airport environment in order to grow the airport structure we have and to renew the airports.

The other thing is on smaller airports. We have hundreds of smaller airports. The problem with the smaller airports we have is that there is no real funding mechanism in the airport infrastructure to renew that infrastructure base, that capital base we have in smaller airports. That's where the other governance model needs to have some way of looking at how we in fact invest in smaller airport infrastructure to maintain viability and improve their infrastructure.

Mr. Dan Muys: Thank you for that.

In my own constituency, the Hamilton International Airport is certainly a key driver in our local and regional economies and one of the major cargo airports in the country. It's growing very rapidly and is full, in essence, because of that lack of forward planning and investment.

I know we can't judge the situation based on just the last few years, but obviously there are problems that are choking our airports. Toronto, of course, being deemed the worst airport in the world, is an embarrassment for all Canadians. There are the delays, the baggage mayhem, all of the issues we've seen over the past summer.

What would be your vantage point on what's choking our airports, and how do we get out of that and move forward?

Mr. John Gradek: I think what you're seeing at Pearson and at the Montreal Trudeau airport is not lack of infrastructure. We had capacity in both airports to operate the schedule that can be put through those airports. If you look at the flight movements in 2019 in both Pearson and Trudeau, they're significantly lower today than they were in 2019, yet the 2019 performance was acceptable. It wasn't great, but it was acceptable.

The issue is not lack of investment at Pearson and Trudeau. It really is a question of how you manage the asset, in terms of looking at adequate resources to make the best use of the assets.

Mr. Dan Muys: What fell down in the last three years? What are the pain points that we can fix?

Mr. John Gradek: I think it's pretty obvious. When you talk about March 2020, when industry was shut down by government policy, the airlines, the airports, the air nav people, everybody basically shut down their staffing and released people in order to save their P&L, their operating line.

Now passengers are coming back in droves, and we do not have the capability, the capacity people-wise and operating-wise, to be able to support that growth. That's where it choked off in the spring of 2022.

Mr. Dan Muys: Thinking about your 20 years of experience, if there was one piece of red tape you could cut immediately that would have a significant impact, what would that be?

• (1610)

Mr. John Gradek: When you're looking at the airports and how the airports work today, and whether there is anything in their administrative practices that would have resolved the problem we saw, I don't think there is.... I think the only thing that was missing, really, was the authority by the airport to manage the demand of their services and understand what the infrastructure was capable of handling. They needed to basically exercise that responsibility and accountability, and say, "There's only so much we can handle through this airport." That was not happening.

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

Next, we have Mr. Iacono.

[*Translation*]

Mr. Iacono, you have six minutes.

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

I thank the witnesses for being with us today.

Mr. Gradek, it appears that airlines offered too many flights this summer, more than the network could handle. In fact, you made the following observation:

[*English*]

"The airlines have been very greedy".

[*Translation*]

Could you elaborate?

Mr. John Gradek: In the spring and summer of 2022, the airlines saw an increase in demand. In response, they decided to significantly increase the number of flights. They had the aircraft and the pilots they needed and proceeded to embark on a major marketing campaign. Then they released a very busy flight schedule without first checking the airports' handling capacity or even their own airport capacity. I had to wonder why they were in such a rush to meet demand.

Mr. Angelo Iacono: Are you referring to international flights, domestic flights, or both?

Mr. John Gradek: I'm talking about all flights. The airlines were greedy, especially when it comes to international flights, but domestic flights as well.

Mr. Angelo Iacono: Okay.

Going back to the congestion issues over the summer, are there any other countries or foreign airlines that better handled the situation? If so, could you identify them and tell us what lessons we might learn from them?

Mr. John Gradek: Everywhere on the planet, the airline industry went through a pretty tough time, during which it had to assess the available capacity and the impact on services. Several airlines and many European and Asian airports, such as Schiphol in the Netherlands and London's Heathrow, made significant efforts to better align available capacity with the number of flights being offered. The airlines made parallel efforts to lessen the impact of their activities on airport capacity, with a view to supporting their own activities and better serving their passengers.

Mr. Angelo Iacono: You named a number of airports but no airlines. Could you name one or two?

Mr. John Gradek: I'm thinking in particular of a handful of American airline companies that made some effort over the last few months to really cut back on the number of flights being offered. American Airlines, United and even JetBlue cut back on 10% to 15% of their operations in order to better match available airport capacity.

Mr. Angelo Iacono: Thank you.

Some time ago, you publicly stated that the airlines ought to speed up the rehiring process in order to return to the staffing levels needed to make the system more functional. Are you still seeing significant labour shortages?

• (1615)

Mr. John Gradek: Yes, the situation continues in the airline industry as well as in customer service in general, where there are close to a millions vacancies. In Canada, the airline companies are pursuing their efforts to hire more staff, but they're having a hard time, and there are several reasons for this.

First, the employees they're after have many jobs available to them. Second, the total compensation of these positions doesn't really compare with that of other available jobs in the area. People can choose to work for an airline or for another company in a transport-adjacent sector. The salaries aren't competitive compared to what's available on the market.

Mr. Angelo Iacono: You're saying they have many options available to them. Do you have any recommendations?

Mr. John Gradek: Airlines are federally regulated, so the federal government has a say in matters of compensation through the regulations that apply to these companies.

Mr. Angelo Iacono: Thank you.

I'll move on to my final question, which relates to one of the major issues we had to deal with over the summer, namely, baggage handling. Clearly, the system didn't work as well as it should have.

On the issue of baggage handling, everyone seems to point fingers at everyone else.

Do you have any recommendations on ways to improve the system? Should the government get more involved in baggage handling?

Mr. John Gradek: The government's involvement in baggage handling is not the solution. Rather, the airlines themselves should look at the means available to them to address baggage handling issues. There are a number of technologies that airlines and airports could adopt to improve the situation.

The major issues that occurred over the summer were related to the labour shortage, the staff's lack of baggage handling experience and the belief that the situation would improve over time.

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

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

Mr. Jean-Denis Garon (Mirabel, BQ): Thank you, Mr. Chair, for welcoming me to the Standing Committee on Transport, Infrastructure and Communities. I will ask my questions to the mayor of Mirabel.

Mr. Charbonneau, you talked about this large airport easement that dates back some 40 years and that hinders the economic development of the city of Mirabel. At one time, this easement was useful and was put in place for a valid reason. However, can we assume that the evolution and decrease in the flow of activity at Mirabel Airport have rendered it useless over time?

Mr. Patrick Charbonneau: This is absolutely the case, just as the terminal building, which has also become completely useless. It was built through a land lease granted to Aéroports de Montréal. It has been demolished in particular to reduce its maintenance costs and stop paying municipal taxes.

Some of the restrictions related to the easement have thus become unnecessary, but continue to prevent development. We are being deprived of property tax revenues and the land cannot be used, which we find unfair and inequitable. If the easement was used today as it was meant to be, we could understand its value. However, today, it really serves no purpose.

We must move on and try to improve. It is important to understand that Sainte-Scholastique was once the town's business centre. Doctors, notaries and great professionals had offices there. However, today, it is no longer the case. We would really like to revive those good old days by revitalizing the area.

Mr. Jean-Denis Garon: Thank you.

Since you mentioned Sainte-Scholastique, I would like to talk about the Synergie Mirabel project. A seniors' residence would house between 40 and 60 people who are losing their autonomy. It would be built in the middle of the village, next to several buildings, some of which belong to the federal government, like the post office. They have been trying for six years to get the project approved, but Transport Canada's administrative procedures make it extremely difficult. Neither the officials nor the government are to blame. The problem is the easement itself.

Do you think an upstream action would be useful, in order to review the whole easement matter, so that we no longer have to deal with such administrative wait times and are no longer forced to have projects approved piecemeal?

Mr. Patrick Charbonneau: I completely agree.

This project is a concrete example of the problem of easements and the unacceptable situations that can arise from them. The fact that the closure of the airport did not result in a complete review of the need for the zoning and easement makes no sense.

The citizens and the town of Mirabel can no longer be held under federal control without explanation or justification. The red tape is driving people out of the town. They go live somewhere else, since we are not able to provide our residents with local services.

• (1620)

Mr. Jean-Denis Garon: I know that there are other construction and development problems due to the easement, in Sainte-Monique and elsewhere, but I continue with the same example, because it is quite telling.

When I go to Sainte-Scholastique, where the developers want to build the residence, in a location which was supposed to be part of the airport site a certain point in the past, I don't hear any noise and I don't see any planes flying by. Even the journalists who have been there have not been able to see any airport-related security risk nor any other risk. There are even buildings already on the other side of the street, a few feet away.

Do you find the situation is a bit strange? Do you think Mirabel is the only town in Canada affected by such a strange situation?

Mr. Patrick Charbonneau: It is difficult to say whether our situation is unique in Canada. One thing is certain: we are really affected by the easement on our territory.

I insist on the fact that we are witnessing the devitalization of our sectors, because we are not able to develop in the white areas. I'm not talking about agricultural areas, but white areas within our urban perimeter. These zones are supposed to be developed in accordance with the Metropolitan Land Use and Development Plan for Greater Montreal.

Unfortunately, because of the problem we are discussing, we are not able to achieve our goals and we are experiencing, once again, the out-migration of our residents. They want to stay in Mirabel, where they were born. Unfortunately, due to the lack of available land, they have to leave.

Mr. Jean-Denis Garon: In our jargon, white areas are residential areas. Normally, under similar circumstances, any other municipality would be allowed to build housing.

The Sainte-Monique sector is central to Mirabel. Am I right when I say that we want to build houses on empty lots in already developed neighbourhoods and that we end up being told by the notary that the lots are part of the airport easement, and we cannot build there even if there is no airport?

Mr. Patrick Charbonneau: It is indeed nonsense. As you are saying, they are white areas on which it is possible to build and develop. We are part of the Montreal metropolitan area, which requires us to provide an adequate supply of housing in accordance with the thresholds being set for us.

It makes no difference whatsoever if a house is built between two existing houses as long as we follow the same rules and same heights. Unfortunately, since the easement covers the territory we want to develop, we cannot achieve our goals.

Mr. Jean-Denis Garon: So you feel that if the easement is cancelled, the residents would be secure, and the noise from aircraft would not exceed what is allowed by the regulations.

Mr. Patrick Charbonneau: Since we have a freight-only airport, there has been a very large drop in traffic. The noise pollution and other problems that might have arisen under the old vision of the airport no longer exist. Passenger flights have been moved somewhere else. For us, the easement has become unacceptable.

The Chair: Thank you very much, Mr. Charbonneau and Mr. Garon.

[English]

Next, we have Mr. Bachrach, for six minutes.

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

I'll begin perhaps with Mr. Lawford.

I found your presentation very interesting. I believe you touched on the fact that over time we've seen several aspects of air transport and airports privatized, or moved into bodies that are at arm's length from government. In your opinion, has that served the travelling public well, that shift toward greater privatization?

Mr. John Lawford: We haven't done an in-depth study on this, but our general position at the Public Interest Advocacy Centre is that public services delivered directly from government are often more efficient. They have no profit motivation, and they are ready to step up when there are challenges like COVID-19 where there's a social reason for delivering the service.

Also, smaller airports have unique challenges—very similar to the telecommunications system—where the return on flights, if you will, is lower. Therefore, some government support, doing it through the airport.... Whether it's NavCan, or whatever CATSA used to be prior to that...would have been better served if it had been done by the federal government through the airport, with less involvement.

I hear Mr. Gradek saying that investment in the larger airports might be necessary from the private sector. I'm not sure. I think it's a matter of priorities for the government.

• (1625)

Mr. Taylor Bachrach: Thank you for that.

We hear from the airports that they feel like the user-pay model is not appropriate. They're not calling for changes like the ones you're suggesting, changes to the level of privatization to increase government involvement. What they're calling for, in my view, is keeping the current governance model but increasing the public subsidy so that those companies are able to benefit from it. What's your response to that proposal?

Mr. John Lawford: That's often the case once things have gone private, so to speak. When business gets tough, then subsidies and bailouts are demanded so that they can serve the public, but that's a very inefficient, indirect way of funding something that is a public necessity. It would be more sensible to just cut out the middleman, but I'm not sure what level of deregulation and privatization we have and how we could design a road map to go back to public ownership and control. That would take a bit of time.

Mr. Taylor Bachrach: You mentioned small airports, just a moment ago. This is a particular interest of mine, since all of the airports in northwest B.C. are small—quite small, in fact. Communities, especially remote communities, depend heavily on those airports as a primary travel connection to the rest of the world.

Should the government play a more proactive role in ensuring that rural communities have a basic level of air service?

Mr. John Lawford: Yes, absolutely. That, to me, is very similar to the trouble we have now with many of these areas being cut off from bus services, as you know, being cut off from train service, or where the train has not been brought to them. In that kind of environment, we pretty much have to get around Canada by air.

To me, it's an essential service to travel; it's not just telecommunications. Absolutely, yes, there should be more involvement.

Mr. Taylor Bachrach: Building on that, if we look back to the way that Greyhound operated in Canada, my understanding of their arrangement was that they were given access through the regulator to high-profit routes in exchange for taking on lower-profit or no-profit routes that were important because of people's need for basic transportation.

Do you feel a model like that would be important in the air sector as well, given that now we don't have bus transportation throughout much of the country?

Mr. John Lawford: That's one way to do it. You could also have a regulatory board that has rates capped. Whether the cross-subsidization, as you're saying, is the way to do it, or whether there are

subsidies to support those routes, having someone look at it in that way, through that lens, would really help.

Mr. Taylor Bachrach: I wonder if you have a view on the assertion we've heard from airports that they're viewed by the government as—I don't want to use the phrase “cash cows”—revenue centres for government. Does that bear out, and is it different depending on the size of the airport?

Mr. Gradek might have thoughts on this as well.

Mr. John Lawford: I think he will.

I actually do believe there is this strange situation where the government has, in effect, handed the control of the airports to these agencies and then turned around and asked them for fairly decent fees back, and provided these leases to have users, in effect, pay for it, which seems highly inefficient. But of course we're quite far down that road.

I'll let Mr. Gradek answer.

Mr. John Gradek: When you look at the whole rent model that we have, which Transport Canada has implemented, with NAS and non-NAS, you see that it really is inefficient. It's not something that has a vision for what airport infrastructure should look like. We've done a good job of doing that. It really is something that....

We can look at how other organizations and other governments have been able to do it. There has been a very successful series of models about managing investments required to support small airports. You basically give concessions to a large airport, and along with those concessions you say, “You also have responsibility for this basket of small airports.”

If I look at Vancouver as an example, and I look at the Vancouver authority, we could structure something saying, “Vancouver is responsible for all of B.C.'s airports.”

• (1630)

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

Thank you very much, Mr. Bachrach.

Next we have Mr. Jeneroux.

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

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

Thank you to the witnesses for being with us today.

Mr. Gradek, I want to go back to some of the comments, echoing the question from my colleague Mr. Iacono.

When it comes to the chaos that travellers have been experiencing in Canada's major airports, you stated that it's the airlines' own doing, and then you highlighted the issue as being the tens of thousands of staff whom the airline industry had to lay off due to the industry's being forced to shut down during COVID. Many in the industry have stated that these layoffs were mostly due to little or no financial support by the government, strict COVID measures and long-lasting mandates.

Can you elaborate on how this chaos of the airlines is their own doing, and perhaps how they could have avoided the layoffs, given the hit the industry took?

Mr. John Gradek: I don't think I wanted to say that the airlines could have avoided the layoffs. The layoffs were an absolute knee-jerk reaction to revenue being dropped and people not being allowed to fly. If you have an infrastructure of 40,000 employees at Air Canada or 20,000 at WestJet and there's nobody flying, you have to cut your costs somehow. They parked hundreds of airplanes and laid off tens of thousands of people, which was a normal reaction to save their profit and loss statement.

The question now becomes this: What did they do to try to recover those positions when they decided to go back and have flights come back into play in the spring of 2022? That's where you had a situation where the airlines basically ran out of time and ran out of effort. The industry had all kinds of staff shortages, as they still have today, and they just overextended themselves in terms of putting out too much capacity, too many flight schedules, for the resources that were available either at the airlines or at the airports.

Mr. Matt Jeneroux: There was an increase in demand from the consumer, though, as well. There were people who were ready and wanting to fly. Coming from the airlines' perspective, trying to figure out where that balance is and where your position lies within that.... This is an unprecedented pandemic that we all experienced, of course, but getting where that balance is....

Mr. John Gradek: I've used the term "revenge travel" quite a bit in my public statements over the last year. People were, in fact, waiting to get to travel, and there was a lot of pent-up demand. Then, when the airlines saw all of those vaccination requirements disappear and saw all of the requirements for quarantines disappear, they said, "Well, now people are going to want to travel, so let's just flood the market with flights and see what happens." Guess what? The flights sold out really quickly. By the time we looked around in March or the beginning of April, the flights for July and August were full. The cat was already out of the bag. I think it was really that everybody was trying to scramble to put people in place to be able to handle that volume of passengers.

Mr. Matt Jeneroux: Getting back to the layoffs, the mandates and the restrictions obviously played a major role in where the industry was headed at that time. In hindsight now, was it too fast or too slow...some of the decisions of the government? What would be your recommendation so we can prepare for the potential next pandemic, if there is one?

Mr. John Gradek: Commercial aviation is a very complicated business. We have to be able to have coordination among all of the players in the game in order to make sure we deliver service to our customers. The issue has been one where the airlines jumped the gun. They put too much capacity out there and sold the capacity.

They drove the passengers to the airport. Those passengers didn't show up at the airport because they felt like it.

Mr. Matt Jeneroux: Did they not have to make up for not getting government support, though? They had to do something. That's what I'm trying to say. There was an airline debt at the time. How did they react without the government support? That's a question for you.

• (1635)

Mr. John Gradek: You're looking at trying to understand how the airlines try to recoup the cash they lost during the shutdown. They're anxious to get the cash flows back. They're anxious to get profitability back. The answer to that question is to get flights out there.

I think that's what they did, but without really coming to grips with the reality that maybe they don't have enough resources to operate the flights that they've already sold to passengers across the system. That's where it got disconnected.

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

[*Translation*]

Ms. Koutrakis, you have the floor for five minutes.

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

Welcome to our colleague Mr. Garon to this meeting of the Standing Committee on Transport, Infrastructure and Communities.

I want to thank all the witnesses for being here this afternoon.

Mr. Gradek, we have heard testimony from representatives of CATSA, the Canadian Air Transport Security Authority, about how difficult it was to accurately predict when air traffic would return to pre-pandemic levels, in order to deploy the right number of workers.

Can you tell us about the challenges of making such a forecast?

Mr. John Gradek: In February and March this year, everyone saw the Omicron variant spreading rapidly and wondered when travel might resume. Public health officials said the worst was over and that some of the constraints could be lifted.

At that point, the airlines began discussions with CATSA and the airports about the services and number of flights they would be offering. However, they had no idea of the volume of passengers they would have. To their surprise, the number of passengers increased in late March and early April.

When authorities and agencies became aware of the increase, they had to start hiring people. However, hiring and training takes time. You need 12 to 15 weeks to train someone and get them into the workforce.

Also, the speed at which airlines tickets were being sold really surprised everyone. We now realize that we really should have had a few weeks, if not months, to make sure we had the staffing to offer these services.

Ms. Annie Koutrakis: How feasible is it for the airline industry and the government to come up with a detailed recovery plan, given all the uncertainty brought about by the pandemic of the past two years, including a number of times the reopening was interrupted by a new wave of COVID-19?

Mr. John Gradek: This summer, there was an obvious lack of coordination in the transport industry. Several industry organizations and some of their members have been singled out. There have been some questionable decisions made in terms of number of passengers and flights allowed in airports.

These questionable decisions and this lack of coordination have led to the situation we have seen in airports. It has gotten a bit better since then because there have been fewer passengers. We are trying to close the gap. However, during the crazy peaks of June, July and August, the airports were completely overwhelmed with passengers.

• (1640)

Ms. Annie Koutrakis: Thank you.

[*English*]

I have one question for Mr. Lawford.

Some commentators have suggested that the air passenger rights regime in Europe is stronger than the Canadian one. In your view, is that the case, and how so, specifically? How are they different?

Mr. John Lawford: Thank you very much.

The European regulations are a bit stronger, in the sense that, whenever there's a junction point, if you will, where the airline position—which is more limited—or the consumer position comes before the regulator, they take the consumer position, and they're then backed up by the European courts.

For example, the entire regime was also attacked in Europe, in the same way that IATA is going after our airline passenger protection regulations. The European Court of Justice upheld the scheme in the face of the Montreal Convention in Europe; there's still a question whether our courts here will.

The regulator in Canada has tried to, most recently with the safety issue, take a harder line. They may not have as much authority as the regulator does in Europe, so—

The Chair: Thank you very much, Mr. Lawford. Unfortunately, we're out of time.

[*Translation*]

Thank you very much, Ms. Koutrakis.

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

Mr. Jean-Denis Garon: Thank you, Mr. Chair.

I have another question for the mayor of Mirabel.

Mr. Charbonneau, can you give us an idea of the geographic scope of the servitude associated with the airport in Mirabel?

Mr. Patrick Charbonneau: It is hard to say. We are still unable to accurately pinpoint it on maps, but we know it is gigantic. At the time, 97,000 acres of land were expropriated, or roughly 70,000 football fields. That is the total area covered by the servitude.

Mr. Jean-Denis Garon: As a municipality, Mirabel is large enough to also have the powers of a regional county municipality. Can you explain how the existence of this very large servitude infringes on these powers and interferes with your work on a daily basis?

Mr. Patrick Charbonneau: This servitude infringes on one of our jurisdictions, namely land-use planning. As part of the Montreal Metropolitan Community, we have to meet a minimal density threshold.

The existence of the servitude prevents us from developing certain lots, which in turn keeps us from meeting the minimal density threshold on our entire territory. The lots in question are in non-agricultural zones, meaning that they are located inside the urban boundaries and connected to water and waste water services.

Mr. Jean-Denis Garon: Mayor Charbonneau, Mirabel's territory is 80% agricultural. Its land is nevertheless very sought after for residential development.

If more development was allowed in non-agricultural zones where it is currently prohibited, could we reasonably conclude that it would disincentivize development in agricultural zones? Could that be a solution?

Mr. Patrick Charbonneau: Absolutely.

The pandemic showed that vacant buildable lots are getting rarer and rarer. We still have many lots that are connected to the utilities that could be built on. We want to curtail urban sprawl and limit development to the zone where it is authorized. However, the servitude takes that possibility away from us and, once again, the agricultural zone will pay the price.

The Chair: Thank you very much, Mayor Charbonneau and Mr. Garon.

[*English*]

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.

Mr. Lawford, in your opening remarks, you spoke of an alternative model for adjudicating APPR claims. I wonder if you could expand on that a bit. Thinking back to the pandemic experience, which created the bulk of the backlog currently before the CTA, if there was a different adjudication model, how would things have rolled out?

Mr. John Lawford: There would still have been a bulge in complaints, given all the uncertainty around refunds when COVID first came and, more recently, around baggage loss and other delays this summer.

However, the model I'm referring to is largely done in telecommunications, where a consumer makes a complaint directly to the CCTS. The agent can take the consumer complaint, contact the telecom and get an answer back. It has to be done within a month, so the timeline is short and the resolution is informal. If the telco wants to make the offer and the customer is happy with it, it's done, and there's no need for a formal decision of any kind. The trouble with the CTA is that they still have their tribunal hat on and that's unnecessary for most of these claims—the amounts are too small.

Mr. Taylor Bachrach: With the tribunal hat on, what does the process look like for the 24,000 or so people who are on this backlog?

• (1645)

Mr. John Lawford: As I said, they do have mediation and conciliation-type streams. The folks I've spoken to claim that they have a less formal process, which works something like the method for CCTS. But it still gets a formal CTA number and the airline can object, as we've seen, to what looks like a routine case and drive it through to adjudication, which it cannot do in telecom. That just means that everything has to be litigated over and over at CTA.

Mr. Taylor Bachrach: I have a similar question for Mr. Gradek.

I imagine my time is almost up, but the chair's not looking, so I'll keep going.

Voices: Oh, oh!

Mr. Taylor Bachrach: Mr. Gradek, by the government's own admission, it dramatically underestimated the rebound in travel demand. With the benefit of hindsight, going back, if that had been predicted and you were the transport minister, what actions would you have taken to help avoid the situation that we saw?

The Chair: Thank you very much, Mr. Bachrach, for that wonderful question. I appreciate it very much.

Mr. Taylor Bachrach: You can think about it until the next round.

The Chair: Next, we have Mr. Dowdall.

Mr. Dowdall, I very much look forward to your line of questioning.

The floor is yours.

Mr. Terry Dowdall (Simcoe—Grey, CPC): Thank you, Mr. Chair.

I want to thank all the presenters who are here today. This report we could look at for a long period of time. We could also break it apart, when we talk about urban and rural airports and the challenges that each faces.

In my prior life, I was fortunate enough to sit on a board of directors in the municipal world for one of the regional airports there. There were two things that came out of it that I learned from.

One was how important that airport really was in the grand scheme of things—which I really wouldn't have looked at without being on that board—for local businesses, people going to different places and how important it was. It was Lake Simcoe Regional Airport, which got purchased by the county.

The other thing I realized was how hard it was to find funding to keep that airport going. In fact, the big day of the year was usually when we had Base Borden and we had the air show. The price on the fuel and how much fuel we sold was considered a windfall. It just shows you how important it is to get those dollars that are out there. As I said, it's so hard, even for the restaurants that are there. They have restaurants that are renting spots for food at all the airports that we have there.

Just the increased cost of inflation and even the carbon tax, for instance, that's going to be placed on this fuel.... What is it going to mean for a lot of these airports—all airports certainly, but a lot of these small ones? There's another one that I have, for instance, that has flying schools that go out of it so we have future pilots.

What is it going to mean? Is that something that you're hearing concern about?

Mr. John Gradek: I am concerned. What we see happening at small airports across Canada.... There are different grades of airports. There are regional airports. There are community airports. I think we're going to start seeing more of the smaller airports fall by the wayside and shut down. They are not going to be able to survive the lack of investment that's going to be required in order for them to sustain their operations.

We'll see a reduction in air services to smaller communities unless we have a different funding model. Unless we come up with a new model that looks at having support coming from different levels of government or from the private industry to keep these airports sustainable and keep them in operation, they will shut down.

Mr. Terry Dowdall: I have a follow-up to that. When you're talking about the funding model, should we break it apart into types of airports a little bit differently?

I know for us and even Taylor.... I heard earlier about the airports he has in his area and the importance they have. I think sometimes.... Certainly when I sat on the board, we almost felt that we weren't heard as a small airport and there was a whole lot of frustration.

Do you think that as part of the model they need to look at that, perhaps, the importance to each community, and not just the dollars and cents, as we say?

• (1650)

Mr. John Gradek: As I mentioned earlier, air transportation is a fundamental right in this country. If we value our fundamental rights, we have to value air transportation as being part of those fundamental rights. I think it's important that we have a policy of making sure that the infrastructure is in place to support that fundamental right and that we do have the investment required to make those airports fully functional.

Where the money comes from is a debate. We'll have that debate at a certain point in time, whether it's coming from government, from the private sector or from the operators. What I know right now is that the system is broken for small airports. We need to do something quickly.

Mr. Terry Dowdall: To your point, the time frame is extremely important for a lot of these places across Canada right now.

Mr. John Gradek: It's not going to be decades. I think we're going to start seeing that smaller airports tend to shutter down. The user-pay model for these small airports.... As much as the federal government has put in the capital allocation program for small airports, it is nowhere near enough.

Mr. Terry Dowdall: What could they do immediately now, though, for these small airports to make sure they can continue? A lot of times we seem to help after the fact. A lot of things come to light when it's too late, we find.

What can we do now to ensure the longevity of these airports?

Mr. John Gradek: It's a good question. I don't have the answer to that.

I think it's important that we really have a good understanding of what the needs are first. I'd like to be able to take a few days, weeks, months or whatever it takes to basically just take an inventory of what the needs are for these airports in terms of getting them up to scale. We don't want them to have category III landing systems at small airports like Prince George or Bonavista. I think we're looking at what the minimum level of service is that we should be offering to these smaller communities and the airport infrastructure to support them.

Mr. Terry Dowdall: Also, there should probably be no increase in any fees at this particular moment in time.

The Chair: Thank you very much, Mr. Dowdall and thank you very much, Mr. Gradek.

Last up for the first hour we have Mr. Rogers.

The floor is yours. You have five minutes.

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): Thank you, Mr. Chair, and thanks to all three of our guests for being here today.

I've listened with great interest to Mr. Gradek's commentary today on many of the questions that were asked. I'm not sure where I want to go with this, but there are a couple of questions I'd like to put to you.

Of course, we know about the shutdown of the industry, the opening up again, and the nightly news items about long lines at

airports and lost baggage pileups in airports—not only in Canada, but around the world. It was quite a mess.

I have to get on the record, though, that our government provided some tremendous support to the airline industry, to the tune of a billion dollars in different forms through CERB, wage subsidies, bailouts to airlines and so on. Let's not have a misconception about that.

On the regional airports, I fly into one in Gander, Newfoundland. We're pretty pleased with our government and how they responded to the concerns and issues of trying to survive. There were a lot of good stories, but there were a lot of problems. There still are some problems, quite frankly.

I must say, you characterized it very well. I share many of the views that you've presented here today.

With all the mass of problems with travel and the long lines and all these things, there's been a lot of finger-pointing all around. There are conspiracy theories about why the problems occurred.

My question for you is this: Was the federal government deliberately being targeted by PR campaigns as being the main cause of these delays so other players in the system could avoid responsibility? If so, how much do we know about these PR strategies?

Mr. John Gradek: I'm not going to make the simplified assumption that it's a PR strategy. My comment will be to try to understand the finger-pointing that was going on and try to understand the root cause of the problem. I got a little bit concerned in listening to the debate going on in terms of people trying to figure out who's taking responsibility and who should take accountability for these issues that we're facing.

I think it may not be a structured PR campaign, but significant off-loading of responsibility was taking place by the airline industry in terms of pointing fingers.

I sympathize with the Minister of Transport, when he basically made the statement that it was not his responsibility, and that he had no intention of telling the airline industry how much capacity to put in the marketplace. That was a very bold statement on the part of the minister to say that, which says to me that there has to be a process and a system in place for some adjudication in terms of how we decide how much capacity and how much service we actually have to be able to support the system.

That's where we need another model in place to basically say that we'll keep it out of the hands of the minister. However, we need something to replace that in order to make the decision as to how much capacity and demand we put into the system. It wasn't working this year.

Mr. Churence Rogers: We saw other countries retain and rehire employees by increasing salaries quickly over the summer. Did something similar happen in Canada with the airlines and airports, or can poor wage growth be partly to blame for the lack of rapid hiring?

Mr. John Gradek: I'm not sure if wage growth.... The world of service industry today is highly competitive. When you have Amazon, as an example, paying people \$23 an hour as a starting salary to work in an Amazon warehouse just off the end of the runway at Pearson, and Air Canada is hiring people at \$18 an hour, there's a problem going on in this process. Can regulation fix that? Probably not.

The marketplace is the way in which you have to recognize what the dynamics are of the hiring that you're doing and the wages you're paying. Unfortunately, aviation wages are now second fiddle to some of the other organizations hanging around airports.

Mr. Churence Rogers: Mr. Lawford, did you want to comment on any of those questions?

Mr. John Lawford: Yes. I do believe the labour shortage issue does have something to do with the working conditions and the pay at airports. That has been a long slide. When things were going well.... The labour unions have complained that they got zero per cent increases all this time, when times were good, and now they have very low wages and they can't bring people back. That's part of it.

Whether the minister should have been a little more aggressive.... I know he has a hard job, but there has to be more oversight and planning in the department, from my point of view. Consumers really had an awful time this summer and really felt like someone needed to be taking charge. Whether it was possible to solve all the problems, I don't know, but a little more public showing that the minister was taking charge probably would have helped a bit.

The Chair: Thank you very much, Mr. Lawford and Mr. Rogers.

This concludes the witness testimony for the first hour of today.

I'd like to thank our witnesses, Mr. Gradek and Mr. Lawford.

[*Translation*]

I also want to thank Mr. Charbonneau, who appeared virtually.

Thank you all for being with us today.

[*English*]

We will suspend for two minutes, and then reconvene for the second hour.

• (1655)

(Pause)

• (1700)

The Chair: We will now resume the meeting.

In this second hour of testimony, we will hear from the Canadian Transportation Agency via video conference. Mr. Tom Oommen is the director general of the analysis and outreach branch.

Mr. Oommen, thank you for joining us. We'll turn it over to you for your opening remarks. You have five minutes.

Mr. Tom Oommen (Director General, Analysis and Outreach Branch, Canadian Transportation Agency): Thank you, Chair, for this opportunity to appear before the committee today.

As you know, the Canadian Transportation Agency is an independent administrative agency created by an act of Parliament.

[*Translation*]

The Canadian Transportation Agency is created by the Canada Transportation Act. As other administrative agencies, the Agency is part of the executive branch of government and is tasked with implementing government policies. It has a duty to be independent and impartial.

Under the Act, the Agency is given two roles. First, it acts as a quasi-judicial tribunal when deciding proceedings such as air travel complaints or rail complaints. Second, it acts as a regulatory body when making regulations, publishing guidelines, issuing determinations and enforcing compliance with the law. The Agency has to exercise all of its powers under both roles to fulfill its Parliament given mandate.

• (1705)

[*English*]

As a regulator, the agency issues licences to air carriers, issues the annual maximum revenue entitlement to CN and CP for the carriage of western grain for export, and approves railway line construction. The agency has also established and implemented the air passenger protection regulations—or APPR—the consumer protection regulations that apply to airlines.

The members of the agency, including the chair and CEO, are appointed by Governor in Council for fixed terms. The members are supported by a staff of public servants like me, who assist the members in their decision-making roles.

I understand that this committee is about ways to reduce red tape and costs for rural and urban airports to make air travel more affordable and more accessible. The agency's formal role with respect to airports is limited to accessibility for persons with disabilities.

With respect to accessibility at airports, the agency has established the regulatory framework and is responsible for enforcing that framework and helping to resolve passenger complaints, including through the formal adjudication of complaints by the agency, acting as a tribunal. Indeed, one of the agency's core mandates is to protect the fundamental human right of persons with disabilities to accessible transportation services.

In 2019, the accessible transportation for persons with disabilities regulations—or ATPDR—were registered, with the majority of the provisions coming into force in 2020. Some more complex provisions were phased in over two years, with the final provisions coming into force in June 2022. The ATPDR apply to large federally regulated transportation carriers in the air, rail, marine and intercity bus modes, as well as to the terminals located in Canada that serve these carriers.

Air terminals and airports are subject to the ATPDR if they have emplaned or deplaned more than 200,000 air passengers in each of the two preceding calendar years or are located in a national or provincial capital.

With respect to air terminals and airports specifically, the ATPDR address key issues such as personnel training, as well as issues that were previously addressed through older regulations or codes of practice, such as the provision of wheelchairs and accessible self-service kiosks, as well as requirements for portable lifts, ramps or stairs necessary to board an aircraft.

The ATPDR also address issues that have been raised through consultations and through the agency's complaints adjudication process, such as the requirement for curbside assistance and service dog relief areas on the secure side of a terminal.

With some exceptions, such as those just mentioned, the technical provisions for air terminals are forward-facing. This means they apply to modifications made to existing equipment or facilities and to future procurement. In these cases, there is no requirement to retrofit existing equipment and facilities.

Smaller airports that are not subject to the ATPDR are nonetheless subject to older provisions in the existing personnel training for the assistance of persons with disabilities regulations and relevant provisions of the agency's six voluntary codes of practice.

[Translation]

In addition to the ATPDR, the agency has recently enacted the Accessible Transportation Planning and Reporting Regulations, or ATPRR. The ATPRR apply to all regulated entities that are required to meet any agency accessibility-related regulations. They require that accessibility plans and progress reports be published on a three-year cycle and that persons with disabilities be consulted on them. To assist regulated entities with the implementation of accessibility regulations, the agency has created resources which have been made available on its website, such as guidance material and training videos.

Thank you. I will be happy to take questions.

[English]

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

We'll begin our line of questioning today with Ms. Rood.

Ms. Rood, you have six minutes. The floor is yours.

Ms. Lianne Rood (Lambton—Kent—Middlesex, CPC): Thank you very much, Mr. Chair.

Thank you, Mr. Oommen, for appearing before us today.

Like many Canadians, I spent a bit of time in our airports this summer when travelling across this country. I met a lot of Canadians who were going on vacation for the first time in a couple of years and who maybe hadn't travelled at all throughout Canada during the pandemic and were really excited to be on their vacation.

As I was in an airport a number of times, I can think of one time in particular when about three-quarters of the flights on the board were either cancelled or delayed. There was nowhere to sit, not a chair to be found anywhere in the airport terminal. People were ly-

ing on the cement ground, sleeping on the ground, and there were long lineups to get food or drinks as they were waiting for hours and hours for their delayed flights. There was a lot of frustration among Canadians trying to travel.

I understand that there were probably a lot of complaints that came in to the agency. I heard that there was a backlog before summer travel of over 15,000 complaints to the CTA, before the big travel boom. I believe I have read—you may have stated it somewhere in the press—that there was an expectation of perhaps another 15,000 complaints by the end of this year.

I'm just wondering if you could update the committee on the current number of backlogged complaints at this point.

• (1710)

Mr. Tom Oommen: At the moment, our backlog is about 25,000 complaints. It was noted that over the summer the number of incoming complaints to the agency was high. Since then, the pace of complaints has slowed down somewhat, but I believe the current backlog is about 25,000 complaints.

Ms. Lianne Rood: Thank you very much. That's a huge number. I'm not surprised by that, after talking with people who have had missing bags, or whose luggage was piled up in an airport waiting to be found, or who couldn't get through to an agent at an airline trying to find their lost baggage, or who had to wait in extremely long lines to even speak to an agent. I know many Canadians faced a lot of these obstacles and a lot of frustration. It's no surprise to hear you say that there are over 25,000 complaints that are backlogged right now.

My next question would be, was there any specific government action or inaction that perhaps prolonged the suffering of Canadian travellers to grow these complaints?

Mr. Tom Oommen: Mr. Chair, I can't really comment on the government action writ large. As I mentioned, the agency is an independent agency and we implement the regulatory framework.

I can say that over the course of the summer a number of decisions were issued by the agency that helped clarify and interpret the provisions of the air passenger protection regulations. Our expectation is that this clarity will influence both the airline behaviour and passenger expectations.

Ms. Lianne Rood: Thank you.

I'm just wondering if you would be able to comment on whether the airlines would have been able to meet demand if perhaps federal mandates had been lifted sooner. Do you have any comment on that at all?

Mr. Tom Oommen: Mr. Chair, I can't really speculate on what would have happened if the mandate situation was lifted.

Ms. Lianne Rood: That's fair enough.

Perhaps you could enlighten us about the status, then. With all of these backlogs, what is the status of hiring staff to review these complaints and fix these backlogs? Is there a timeline, or are there goalposts for the backlog reduction moving forward?

Mr. Tom Oommen: One important thing, Chair, is that the agency has become very efficient at processing complaints. Before the pandemic, in 2019, we were processing roughly 5,000 complaints a year. Through efficiencies, we've managed to increase that to 15,000 complaints on average in a year. We certainly increased our ability to handle complaints using the staff we have. Budget 2022 also provided \$11.5 million to the agency to maintain a certain level of staffing that will allow us to maintain those numbers.

Ms. Lianne Rood: Thank you.

We heard from the previous panel that the CTA lacks the authority to make sure consumers receive compensation. For airlines refusing the directive to compensate, what enforcement options does the CTA have available?

• (1715)

Mr. Tom Oommen: Chair, orders of the agency to compensate passengers are normally followed by airlines, unless the decisions of the agency are appealed, in which case there's an appeal process and the appeal process follows its due course. At the end of the day, airlines are required to follow the orders of the agency.

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

Thank you very much, Ms. Rood.

Next we have Mr. Hanley, joining us virtually.

Mr. Hanley, the floor is yours. You have six minutes.

Mr. Brendan Hanley (Yukon, Lib.): Thank you, Mr. Chair and my committee colleagues, for allowing me to intervene on an important issue related to the economy and viability of smaller airports and airlines. It's an issue of particular relevance for rural Canadians.

As you're aware, Mr. Oommen, one of CTA's core mandates is to make sure our transportation system runs efficiently and smoothly in the interest of all Canadians, so I bring to you the issue of interline connections for smaller, regional airlines. My example is based here in the Yukon, the proud home of Air North, which provides regional air transport around the Yukon and also carries Yukoners south to destinations such as Vancouver, Edmonton, Calgary and seasonally to Ottawa and Toronto. Whitehorse, Yukon, is also serviced by major carriers, including Air Canada and WestJet, so that passengers have a choice of carrier.

It's worth noting that Air North is a locally owned and operated airline with substantial investments in local employment of ground crews, flight crews, pilots and maintenance, and a call centre for reservations. There are employment opportunities, as well as local training and capacity development. Air North even has an acclaimed flight kitchen based here in Whitehorse.

A robust local airline means successful investment and, therefore, sustainability in regional airports and the local economy. An interline agreement allows passengers to book connecting flights,

hopefully, without issues. They don't need a second ticket, even if they have to change airlines. If they want to go from Toronto to Whitehorse, they book one ticket and one itinerary, even if they're changing air carriers along the way. For ease of travel and moving baggage, and to maximize airline capacity and efficiency, it's a sensible, consumer-focused measure.

According to Air North CEO Joe Sparling, from every community in Canada that gets scheduled air service, residents should be able to get to any other community, or even outside the country, as seamlessly and affordably as possible, and that's not the case now. In fact, a previous iteration of this committee called for interline agreements to be required—that was more than 20 years ago—to better serve Canadians, particularly those who rely on routes primarily flown by or connecting with regional airlines.

It's an issue of concern to Yukoners, but it's also an issue shared in widespread regions of Canada.

Mr. Oommen, as I understand it, Canada does not currently have mandatory interline agreements. I don't know, within your role at CTA, whether you can comment on that at all, or the importance that this could bring.

Mr. Tom Oommen: Chair, I don't really have any comments on mandatory interline agreements. What I can say is that the terms and conditions associated with interline agreements are in airline tariffs. When there are complaints, we use the tariffs to determine whether they have been followed or not.

I'll also mention the importance of section 64 of the act, which ensures that when airlines make reductions to their flight schedules that serve smaller communities, there is a process in place to ensure that the communities have an opportunity to comment on the proposed reductions. That exists, and it applies to small communities that are served by a limited number of airlines.

I know that's not the interline question that was asked, Chair, but I offer that as useful information.

Mr. Brendan Hanley: Thank you.

I'm glad you brought up the issue of complaints, as well, because I was wondering whether, through complaints or through other means, you've heard in your agency role about this issue of mandatory interline agreements from a customer or client point of view.

Mr. Tom Oommen: Chair, the issue of interline agreements comes up in certain cases because passengers have an issue with how the interline arrangements were operated in a particular case. In those particular cases, the agency decides the issue based on the facts of the particular case.

Mr. Brendan Hanley: Thank you.

Just to continue in that vein, northern and other more rural airline passengers can certainly encounter inconveniences if they run into delays or even miss a flight due to delays when they're trying to catch their next flight in the south. The question of interline agreements is not a one-way street. In fact, both major carriers and regional airlines, I believe, would benefit from more efficient travel routes and higher airline capacity.

Mr. Oommen, in your role, through the complaints you've received or the issues you've dealt with, do you think that a lack of interline agreements between major carriers and regional airlines puts rural, northern and remote Canadians, including indigenous Canadians, at a potential disadvantage due to travel plans and flight options to the communities they need to travel to?

• (1720)

Mr. Tom Oommen: Chair, as I said, I think that, where interline agreements are in place, they are enforced whenever they come up in complaints, and the agency pronounces upon whether the terms and conditions in an airline's tariff were respected or not in awarding compensation.

Mr. Brendan Hanley: I thank you very much, Mr. Oommen, and I cede the remaining five seconds of my time.

The Chair: Thank you very much, Mr. Hanley. It's very generous of you.

Next we will go to Monsieur Garon.

[*Translation*]

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

Mr. Jean-Denis Garon: For six minutes and five seconds, Mr. Chair.

Mr. Oommen, during the pandemic, the Canadian Transportation Agency has faced a lot of problems as people filed complaints about the Air Passenger Protection Regulations. We know now that the agency still has not handled tens of thousands of complaints.

Do you think your organization is performing well?

Mr. Tom Oommen: I will repeat what I said earlier. We now have the capacity to make 15,000 rulings per year thanks to internal efforts to improve the process. Before the pandemic, our capacity was 5,000 rulings per year using the same resources. We have increased our efficiency and our ability to make rulings on complaints tremendously.

Mr. Jean-Denis Garon: The number of complaints that are not handled is equal to the number of complaints filed with the agency minus the number of complaints handled by the agency. If I file a complaint tomorrow and I am number 25,000 on the list, how long should I expect to wait before I get an answer?

Mr. Tom Oommen: I cannot give you a specific answer. That being said, if the backlog is 25,000 complaints and we can handle

15,000 in a year with our current resources, that gives an indication of the time it might take.

Mr. Jean-Denis Garon: Let me do the math: If I am number 25,000 on the list, it means that if my complaint is filed today and handled according to current resource levels, I will have to wait one year and eight months before I get an answer.

If I am that citizen who is 25,000th in line, should I have confidence in the agency? Do you think that such delays are reasonable? Do you think there is room for improvement?

[*English*]

Mr. Tom Oommen: Mr. Chair, I think there's always room to improve.

As I said, we've made efforts within the agency to improve how we handle complaints based upon improvements in our processes.

I would like to note—and I know this was brought up a bit earlier—that 97% of our complaints are handled at the first, informal stages of complaint handling through facilitation and mediation. It's only 3% of complaints that come to us that get to the adjudication stage, because we've become very good at getting to the core of the issue with the airlines and the passengers at the first, informal stages of the dispute. As I said, 97% of those cases get resolved before ever going into a formal process.

• (1725)

[*Translation*]

Mr. Jean-Denis Garon: We understand that your organization is independent. You like to mention it, and I know that it is true. Still, during the pandemic, when passengers did not get any respect from airlines and could not get refunds for their plane tickets and the agency was completely overwhelmed, the government had to step in and tell the airlines to refund passengers' tickets, almost having to resort to threats.

Is that an indication that you did not have the resources or the expertise to do the job at that point in time? Is my interpretation correct?

[*English*]

Mr. Tom Oommen: Mr. Chair, I would say that we definitely have the expertise to handle the complaints before us and to handle our mandate. We have a deep expertise within the agency on rail and air matters, which we apply to the subject matter of complaints. As I said, we've made great strides in using the resources that we have and that we've been given. As I mentioned, we have an extra \$11.5 million to the end of the fiscal year to allow us to maintain our current rhythm of resolving complaints.

[*Translation*]

Mr. Jean-Denis Garon: My question was more about government intervention. If an airline refuses to refund my ticket as prescribed by the regulations, it should go through you. Do you not find it very strange that one has to go to the government for the administrative justice that is supposed to be served by your administrative tribunal?

Mr. Tom Oommen: We handle the requests that we receive. It is true that the government had to come to the airlines' aid during the pandemic to help them to get through it. Did that have an effect on the handling of complaints by the agency? Probably, but those are two different issues. Government help is one thing; handling of complaints by the agency is another.

Mr. Jean-Denis Garon: I only have a few seconds left. So my interpretation is correct when I say that the government not only helped out the airlines. It also helped out the agency. You are confirming that.

The Chair: Thank you very much, Mr. Garon and Mr. Oommen.

Mr. Bachrach, you are the last member to have the floor. You have six minutes.

[*English*]

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

Thank you, Mr. Oommen, for joining us.

You characterized the CTA as an independent and impartial quasi-judicial body. Could you detail for the committee the internal policies the CTA has in place to handle potential interference from the federal government in matters of your inquiry?

The Chair: Mr. Oommen, did you hear that question?

Mr. Taylor Bachrach: Are there policies at the CTA that protect its independence and that provide guidance to the personnel of the CTA to ensure that its independence is not compromised?

Mr. Tom Oommen: I seem to be having some technical problems.

Can you hear me, Chair?

The Chair: We can hear you.

I will turn it over to Mr. Bachrach, and we'll start the clock again to ensure he doesn't lose the time. I want to make sure he gets to ask that question.

Go ahead, Mr. Bachrach.

Mr. Taylor Bachrach: Mr. Oommen, you described the CTA as an impartial and independent quasi-judicial body. My question was whether the CTA has policies in place to protect against potential interference by the federal government or another party and to ensure that that independence and impartiality are maintained.

• (1730)

Mr. Tom Oommen: Thank you, Chair.

There are several ways in which the agency's independence is safeguarded. The composition and structure given to the agency under the act include several specific safeguards to ensure that the CTA is not controlled or inappropriately influenced by the govern-

ment or others. Then the agency has adopted additional safeguards to maintain its independence and impartiality.

Some of those key safeguards include the rules regarding the selection and appointment of agency members by the Governor in Council, along with the provisions in the act regarding members' tenure. There are conflict-of-interest prohibitions under the act, as well as other statutes' requirements governing the conduct of members and employees, which are set out in our code of conduct and our values and ethics code and are embedded in various agency practices.

We have rules, guidelines and practices for complaints and determinations to ensure a fair process. For example, agency members decide cases based solely on the material that is filed in the record of proceedings, on which the parties have had an opportunity to comment, to prevent improper external influence.

There are also CTA practices when engaging with government officials, industry stakeholders and consumer and disability rights organizations, first and foremost of which is that the merits of specific cases are not discussed.

With these safeguards in place, I think the agency fulfills its administrative decision-making function in an independent and impartial manner. I think that was the answer to the question, Chair.

Mr. Taylor Bachrach: I guess what I'm getting at, Mr. Chair, is that there are documents that show that senior officials with Transport Canada were in conversations with the CTA in advance of the very controversial decision on allowing airlines to provide vouchers as opposed to refunding passengers for flights.

As well, the transport minister's chief of staff took part in a call with the chair of the CTA and a Transport Canada deputy minister to discuss vouchers, so this was all prior to a major decision to put out a statement on vouchers, which, early in the pandemic, had a huge bearing on the treatment of the travelling public.

I'm not sure I'm going to get an answer from Mr. Oommen, but I would offer that in another judicial context, that kind of interference would be absolutely inappropriate, such as, for instance, if the government called a judge and said, "Hey, I'm really concerned about the financial status"—in this case, the government is talking about Air Transat, saying that they're getting pressure from creditors who are pushing the airlines for cash—essentially doing the bidding of the airlines and expressing concern for their financial position. They're doing that to a quasi-judicial, arm's-length independent agency. It's absolutely mind-boggling that such a thing was allowed to take place.

I didn't hear in the list of policies and practices at the CTA anything that protects against that kind of inappropriate interference.

I'm not sure how I'm doing for time, Mr. Chair, but I have one more question.

The Chair: You have one more minute.

Mr. Taylor Bachrach: Mr. Oommen, could you indicate which sections of the APPR tend to contribute the bulk of these 25,000 complaints with the CTA? Many of these 25,000 are complaints about the same thing, which is being abandoned by the airlines. Which sections of the APPR tend to come into play when we are dealing with delays and cancellations?

Mr. Tom Oommen: I think that was a two-part question.

To perform some of its regulatory functions, the agency does engage with government officials, with the industries it regulates, and with consumer and disability rights organizations. That engagement is required by law or government policies when the CTA develops certain regulatory instruments.

In other cases, in other situations, engagement allows the agency to, for example, further its expertise to understand the transporta-

tion trends and issues that it needs to take into account. Engagement allows the agency to remain current and relevant and to competently advance its mandate, which is set out in section 5 of the act as part of the national transportation policy.

The complaints we've been getting have been, as was noted, largely related to flight disruptions and cancellations over the summer. That largely meant a lot of complaints coming in about compensation, about refunds and about baggage issues.

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

Thank you very much, colleagues, for your line of questioning today.

That concludes today's meeting. The meeting is adjourned.

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