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• (1555)

[English]

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

Welcome to meeting number 128 of the Standing Committee on Transport, Infrastructure and Communities.

Before we begin the meeting, I want to remind all in-person participants to read the best practice guidelines on the cards on the table.

[Translation]

Those guidelines were introduced to protect the health and safety of our great team of interpreters.

[English]

Today's meeting is taking place in a hybrid format. All witnesses have completed the required connection tests in advance of the meeting.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, April 16, 2024, the committee is resuming its study of the Competition Act and air travel in northern, rural and remote communities in Canada.

I'd like to now welcome our witnesses.

[Translation]

From the Régie intermunicipale de l'aéroport régional de Mont-Joli, we have Bruno Paradis.

Welcome, Mr. Paradis.

[English]

From North-Wright Airways, we have Susan Wright, director of human resources and communications. Welcome to you as well.

[Translation]

In the second hour, we will have Philippe Noël, vice-president of the Fédération des chambres de commerce du Québec, as well as Laurent Corbeil, from that same organization. Both will be attending the meeting via video conference.

Welcome, gentlemen.

[English]

From the Town of Churchill, also joining us by video conference, we have Mr. Michael Spence, mayor. Welcome to you, Mr. Mayor.

Up to five minutes will be given for opening remarks, at which time we will proceed with the rounds of questions.

For those joining us online, which is all of our witnesses today, if I raise the yellow card, it means you have 15 seconds left in the time allotted to you or in the time remaining in the round of questions. If I raise the red card, it means your time is up. I don't like raising the red card, because it means I have to cut you off, and I very much appreciate your testimony. Let's make sure that doesn't happen. We'll work together on that.

[Translation]

I will now let Mr. Paradis make his opening statement.

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

Mr. Bruno Paradis (Chairman of the Board, Régie intermunicipale de l'aéroport régional de Mont-Joli): Thank you very much, Mr. Chair.

I would like to thank the committee for this opportunity to discuss the current situation in my neck of the woods and that of the Mont-Joli regional airport.

Mont-Joli regional airport is a former military airport from the Second World War, when it was the largest airport in eastern Canada. I would note that Newfoundland and Labrador were not part of Canada at the time. It housed the No. 9 Bombing and Gunnery School, where many thousands of Canadian, Australian and English soldiers were trained. Mont-Joli became a civilian airport in the years from 1960 to 1970 and was retroceded to four regional county municipalities. I am the chairman of the board and, in my spare time, prefect and mayor of one of the towns in my region.

Mont-Joli regional airport has not been air-linked to Montreal or Quebec City by any commercial carrier since December 4, 2023. The reason given for that is that there is insufficient demand and that the link is therefore unprofitable. Some blame the situation on inconvenient schedules, unreliable service and high ticket prices. It's also suggested that teleworking has obviated the need for business travel. However, very few airports have returned to the passenger volumes they had before the pandemic.

Ours is not a unique situation. Analysis of recent decades shows that aviation has been rocked by several crises. Recessions, the changes in the economic direction by certain governments and, of course, the major impact of September 11, 2001 have had an effect on our regions. They have been particularly hard hit and, in many instances, are forced to start over from scratch. The response to every crisis is the same: identify temporary solutions, then support them with short-term funding and provide financial incentives. As laudable as those efforts may be, they are never enough to ensure the survival of regional air links.

On their own, our communities don't have the financial resources to support these long-term measures. It takes two to four years for a new air route to turn a profit. Since carriers are private businesses, they can't absorb these costs alone, particularly since operating costs to serve remote regions such as ours in winter are particularly high. As not-for-profit organizations, municipal airports mainly rely on revenue generated by landing fees and other charges that are billed to air carriers.

In addition, most of us also have to rely on subsidies to keep our infrastructure up to standard. However, current subsidy programs remain limited. Take the airports capital assistance program, or ACAP, for example. Funding available under that program has not increased for many years, a fact that further complicates efforts to manage growing needs in a context of rampant inflation.

We think the government should draw on the practices of our southern neighbours in its efforts to improve funding for our regional airports. It should also acknowledge that air transportation is an essential service in developing our regions if we want to attract investors, help our skilled labour force and welcome tourists, physicians and other professionals. Businesses in our regions should be able to travel to the major centres so they can develop their markets, attract investors and deploy their teams.

Sustainable regional conductivity support programs must absolutely be put in place. Maintaining financial stability will become a major asset in developing the regions. Investments would be adjusted in accordance with the economic situation; in other words, less funding would be granted when the situation is good and more when it isn't.

Mont-Joli regional airport recently commissioned a study on population movements during the period from January 1 to December 31, 2023. Study findings showed that, in the four regional county municipalities served by the airport, 46,000 out of a labour force of 63,000 persons had travelled to Montreal Island by car.

A second study revealed that 10,383 and 5,053 persons travelled respectively to Montreal and Quebec City airports by car. That means that more than 15,000 people drove their cars to those airports. These numbers are consistent with 2019 data showing that more than 53,000 passengers boarded commercial flights at Mont-Joli airport.

What do these passengers have to do in 2024? They have to drive their cars to Montreal or Quebec City. We're talking about 46,000 persons in the Bas-Saint-Laurent region who drove to, and thus increased traffic on, Montreal Island. Then there are the people from other regions, such as Abitibi, Saguenay—Lac-Saint-Jean and

Côte-Nord. This is one of the reasons why the major airports must expand their parking facilities.

If I had wanted to speak to you in person today, I would have had to make a more than 20-hour round trip, but I would have attended the meeting in person if service had been available. Many businesses also seem willing to take their employees off the roads and provide them with more efficient travel arrangements. We were surprised to learn this week that Transport Canada inspectors had to travel by car for cost reasons.

Lastly, I would like to say that this problem is having a major impact on services provided to the population of eastern Quebec. It has an impact on education because professors at the Université du Québec à Rimouski are refusing to teach courses in the regions; on research because eminent researchers are refusing to co-operate in locating research projects in our regions; on health because medical specialists are refusing to operate here; and on dentists, who are refusing to provide services in the region. All this forces people to drive, in some instances, five hours to obtain a service, to have a dentist place a filling, for example. It also has an economic impact because, for example, investors have terminated certain projects upon realizing they had to drive six hours to get to our region.

We were initially just talking about a few flights, but we now realize this issue is having a major impact on our communities.

Thank you very much.

• (1600)

The Chair: Thank you, Mr. Paradis.

[English]

I'll now turn the floor over to Ms. Wright, from North-Wright Airways.

Unless my eyes deceive me, they already have snow on the ground where she is.

Ms. Susan Wright (Director, Human Resources and Communications, North-Wright Airways): Yes, we do. We had snow today.

The Chair: The floor is yours, Ms. Wright. You have five minutes, please.

Ms. Susan Wright: Hello, committee members. Thank you for the opportunity to speak to you today.

I come to you from the traditional territory of the Sahtu Dene and Métis people, where I work for an airline that is proudly majority owned by the indigenous people we serve, called North-Wright Airways. My perspective today will give you insight into operating a regional connector airline in Canada's most remote regions with respect to the Competition Act and air travel in Canada's north.

We are an airline that provides essential scheduled and chartered services, and the largest aircraft we are licensed to operate has seating for 19 passengers. We service eight communities between Yellowknife and Inuvik, with six of those being off the road system. We are the only air service provider in five of those communities. Our entire operation is based in a fly-in-only town of 800 people called Norman Wells, where we are central to our service network. When we think about competition, we think more about continuously improving the scale of our operation to be able to grow and provide a low-cost option for our customers. We connect largely through the hub of Yellowknife.

In Canada, there are a wide range of operators doing very similar work. We represent a very small portion of Canada's aviation community; our network is very limited in size and scope with respect to the industry as a whole. Across the north, we see very similar challenges to other operators, so we know that our challenges are shared.

In our region, we face unique challenges that have an impact, such as basic airport and navigational infrastructure, an incredibly volatile and inadequate supply of fuel, significant fuel costs, skilled labour shortages and a very limited market to draw from.

The runways are short, typically around 3,900 feet long, and are gravel, which really restricts us as to what types of aircraft we can operate a scheduled flight with. Essentially, we are extremely restricted in terms of how much we can take, depending on temperature. We face seasonal disruptions on the gravel runways due to damage to our propellers from the slush, the airports have basic navigation that doesn't let us get all of the weather reports we need, and we face crippling fuel shortages that occur due to disruptions with our historically low water levels on the Mackenzie River.

These are all examples of very real and legitimate logistical challenges that inhibit our ability to act to our full potential, let alone create an environment for more competition. Additional costs that arise from these factors, in addition to inflation and the U.S. dollar, are passed along to our customers. Our ability to service with a low-cost model is limited, if not impossible. Our economies of scale are just so limited.

Operators are also generally very small family-orientated companies and have a hard time handling the incredible pace of change within our federally regulated sector. The past four years alone have meant more work on management to adhere to new regulations, versus working to grow and better offer services to our customers, who rely on us to do so. These regulatory changes are all significant and are beneficial to us in the federally regulated sector, but it's important to recognize that the pace of new regulations coming into effect draws a lot of resources from smaller airlines to keep up. The past four years have consumed resources in adhering to big regulation changes, such as flight and duty regulations, pay equity, workplace violence, disabilities and access regulations, CTA

passenger rights and so forth. A lot of these new regulations come with a lot of fines, and we are definitely struggling to keep up with this systematic regulation change, which has a huge impact on us.

The new flight and duty regulations have had the largest impact on operators like ourselves to be able to grow or continue with the same level of work that we had in previous years. We have actually become less competitive, and I see that with other operators as well.

North-Wright is committed to collaborating and working with all levels of government to give a perspective on the ground level of how operations in the north are difficult and how the Competition Act can reflect that.

In addition, we believe that, moving forward, there needs to be more of a focus on things such as paving and increasing the length of runways; navigational systems that support airlines 24-7; proper funding for airport amenities to support things such as de-icing services within Canada's north; and expanding road systems, such as the Mackenzie Valley Highway, to improve access to fuel markets and provide a more dependable supply chain for fuel and supplies.

● (1605)

As well, we need to focus on understanding the strain of new regulations on small companies that are doing big work in regional centres like ours and realizing the impact that it has there.

We also need to work to provide some sort of relief support program for airlines that are operating in these communities. Maybe there's a community that does have competition in that community. How can those companies be supported when there are fuel shortages due to climate problems? We believe in protecting regional airlines to account for their small operating area, where competition is not viable and may have long-term impacts to the communities they serve.

Thank you so much. It's been my pleasure.

● (1610)

The Chair: Thank you, Ms. Wright, for your opening remarks.

We'll now begin our line of questioning.

I'll turn the floor over to Mr. Muys. You have six minutes, sir.

Mr. Dan Muys (Flamborough—Glanbrook, CPC): I'd like to pass it to Mr. Lawrence for a moment.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Yes, this is a brief administrative break here.

We've had some changes in our schedule, Mr. Chair, and I'm wondering if you could give us what the topics will be for October 3, 8 and 10, and in that, could you give us an update with respect to the invitations we sent out to the ministers?

The Chair: I can confirm that for Tuesday's meeting, we will be having the passengers from the Via Rail incident appearing before committee. That's happening next Tuesday.

The Clerk of the Committee (Ms. Carine Grand-Jean): It's Thursday.

The Chair: It's Thursday; excuse me. Next Tuesday will be the last meeting on this study on rural and remote airports. Next Thursday we are due to have the minister appear, if all goes well.

Mr. Philip Lawrence: Thank you, Mr. Chair.

The Chair: You're very welcome.

Mr. Muys, I'll start your time now.

Mr. Dan Muys: Thank you, Mr. Chair.

Thank you to the witnesses for bringing that perspective from the front line, so to speak.

We had a study at this committee back in the spring that looked at the state of competition in the airline sector. We heard from WestJet and Air Canada, which both indicated some of the similar themes we've heard from you—that taxes, fees, costs and regulatory burden are stifling competition.

You've both mentioned costs. You've mentioned fees. You've talked about the regulatory burden, the four years of increasing burden that have added costs and constrained your resources.

You're an airline and an airport operating in the north. I was struck by the comment that 15,000 people in your region drive to alternate airports. It sounds like a business opportunity there, but that's stifled by the state of competition.

I'd like you to comment on these costs and competition and elaborate on some examples as to where that impacts both your airline and your airport, because we'd like to see more competition in Canada.

Maybe we'll start with Ms. Wright.

Ms. Susan Wright: I did allude to the fact that we operate in a very small, remote, fly-in-only region. One thing I neglected to advise you of was the population and the amount of travel that comes through our area. Just so you're aware, we have fewer than 3,000 people who reside in this region. A lot of the travel in the region is based on essential, very basic travel needs. That has a lot to do with the higher cost of operating and of being unable to control all of the factors that continuously keep getting hit onto small northern airlines. As soon as a northern airline is able to catch its stride, there's another thing that just kind of hits.

I feel that if northern airlines could do their thing and, in my opinion, operators could work to stay focused on offering the lowest cost possible, that would probably be a lot more sustainable for the region than splitting the business up between multiple businesses or offering an environment to invite new people in.

Those are some of my thoughts.

Mr. Dan Muys: Mr. Paradis, would you comment?

[*Translation*]

Mr. Bruno Paradis: Pardon me. I didn't catch all the interpretation, but I think I understood the essential part of the question on competition. I'll answer to the best of my knowledge.

As you can understand, the low volume that we have here in the region isn't very attractive to businesses. We've previously had as many as 100,000 passengers here in Mont-Joli, some 20 years ago. That's no longer the case today.

For a carrier to be profitable, it has to serve many airports so it can establish a critical mass of passengers, as it were. The problem, however, is that most airports have been retroceded and have to charge landing fees in order to pay their costs.

For example, take a carrier that has some passengers in Mont-Joli, others in Gaspé and so on. It has to pay landing fees that may range from \$500 to \$2,000 depending on the aircraft it uses. That has an excessive impact on its operations. If the airline serves two, three or four airports, those landing fees may eat up most of the profit it would otherwise make. As a result, ticket prices rise and people in the regions are even less interested in flying. This situation explains why there isn't really any competition.

• (1615)

[*English*]

Mr. Dan Muys: Pardon the interruption, but I have to ask something, because the time is dwindling down.

Both of you have indicated costs, and obviously taxes and costs from the federal government are impacting both your airline and your airport. There was a Department of the Environment poll commissioned recently that was looking at Canadians' willingness to take fewer flights or pay a surtax. That's already on top of the carbon tax, which is impacting both your bottom lines as well as adding to the costs of all the various aspects of the air sector.

Perhaps you can comment particularly on whether you think that's a good idea and also what that does to airports in the north and in remote areas, which you've identified are an essential service for people in your regions. Do you think an additional surtax and the existing carbon tax are advised?

[Translation]

Mr. Bruno Paradis: Of course, any tax increase will actually have an impact. Basically, however, the incidental landing fees charged for the purpose of paying for the infrastructure that has been ceded back to us are entirely disproportionate to the taxes that may be introduced.

The airport's operating costs force us to charge landing fees, and that really has the biggest impact on ticket prices. Taxes could potentially have an impact, but, in my opinion, if there were no landing fees, taxes would have little or no impact on ticket prices.

[English]

Mr. Dan Muys: Go ahead, Ms. Wright.

Ms. Susan Wright: If I could add to that, for us, I wouldn't say that taxes or levying these is something that would scare us away. I would actually believe if there was a mechanism....

I'm sorry; I should correct myself.

Any reduction in taxes, landing fees or carbon taxes is welcome. However, really what we would have to get at is looking at more of a control mechanism for fuel prices. I think that would be where we would be at—chasing down how we could get control of the fuel pricing situation.

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

Next we have Mr. Hanley.

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

Mr. Brendan Hanley (Yukon, Lib.): Thank you very much, Mr. Chair.

I want to thank the witnesses for being here today.

Also, I want to thank once again my fellow committee members for allowing me to substitute in for this meeting and also for helping me to bring this important study to your committee to shed light on some of the challenges that regional airlines are facing, particularly in the north.

In the first meeting of the study, which was on May 30, Joseph Sparling, the CEO of Air North, Yukon's airline, spoke to some of the challenges. Under his leadership, Air North has really built a strong regional airline through a lot of smart business decisions over the years, by taking some risks as well as by earning the support of the local population and developing a partnership with the Vuntut Gwitchin First Nation. Air North is very forward-thinking and innovative and is offering direct competition with mainline carriers.

However, in his testimony Mr. Sparling talked about, and I'll quote, how "In the post-deregulation environment, regional services have become consolidated and centralized, with many communities losing jet service in favour of turboprops and some communities losing service entirely." He goes on to say that the "risk was acknowledged" in a previous report from this committee, in which two of the 42 recommendations called "for mandatory interline and code-share agreements between all Canadian scheduled airlines".

He, in his testimony, said, "This would serve to level the playing field between the small regional carriers and large network carriers by providing regional carriers with access to mainline networks". He reflected that this has been "addressed through legislation in both the telecommunications industry and the railroad industry."

My first question is about regional interline agreements.

Ms. Wright, perhaps you could comment on whether this resonates, whether you see some agreement or not in this area of interline connections and how this might support you as a regional airline.

• (1620)

Ms. Susan Wright: Thank you, Mr. Hanley.

Overall, I believe that interline agreements really are a good thing for the consumer. I really do believe that for our travelling public, it would be wonderful to unite two different airlines so that a passenger would have one itinerary for the entire length of their travel.

The trouble we get into, and where we've had problems with the interline or co-share agreements in the past, is that a small airline like ours cannot carry the same terms and conditions as a fellow interline company.

Typically how it worked in the past, historically, was that the interline agreement somewhat protected the consumer from the amount of baggage they had and the different terms and conditions they had. For us, as a small regional airline, we don't necessarily have a tiered approach for our fares, and we don't have a tiered approach for our benefits, and it goes on.

My concern with interline agreements actually is if it exposes the air carrier to be responsible for something that happens out of their control. Typically how it works with normal travel is that our agreement with our customer is to go from Norman Wells, let's say, to Yellowknife. In having an interline agreement, we would have to work to ensure we carry them for the length of their travel. I would say that I wouldn't be overly against it, but for a small airline with smaller airplanes, aircraft and payload, it's really hard for us to guarantee those three bags at 80 pounds, whatever Air Canada or WestJet decides—

Mr. Brendan Hanley: Thank you, Ms. Wright. I don't have much time. I'll have to interrupt you there.

Ms. Susan Wright: Thank you.

[Translation]

Mr. Brendan Hanley: Do you have anything to add regarding regional airports, Mr. Paradis?

Mr. Bruno Paradis: Thank you very much for your question.

Yes, for regions such as ours, the fact that we don't have any inter-carrier connections is becoming a problem. If I can't connect to a meeting via video conference, just imagine how hard it can be to buy two or three airline tickets, not to mention situations where people miss a flight or lose their tickets.

The problem's getting very complicated, and people have simply stopped flying as a result. Consequently, we need to establish an inter-carrier service or find a way to enable all small, medium and large carriers to connect with each other.

[English]

Mr. Brendan Hanley: Thank you.

I'd like to go back to you, Ms. Wright, for the last minute I have.

You mentioned the burden of flight duty regulations, among other recent regulatory changes. I wonder if you could comment on, in particular, the flight duty regulations and how you would see that this would be best adapted to the northern reality when you are already operating with very small crews, but at the same time often very experienced pilots.

Ms. Susan Wright: The one thing I need to recognize is that the pilots who operate in the north are different. They're trained differently. Their experience is different.

Given the distances they need to travel, the issue really is that the flight duty regulation restricts the number of hours that they are able to fly in one day. Looking at our Sahtu region, between Yellowknife and our region, those are long distances, and, unfortunately, I would say that it's about the number of hours per day that they are able to fly, as well as their accumulated hours. That would be what I would have to say.

[Translation]

Mr. Brendan Hanley: Mr. Paradis, do you have any more brief comments?

Mr. Bruno Paradis: We have the same problem with the idea of going around to many airports: the number of accumulated hours. That significantly pushes up costs and requires too many crew members.

Mr. Brendan Hanley: Thank you very much.

[English]

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

[Translation]

Mr. Barsalou-Duval, the floor is yours for six minutes.

Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Thank you, Mr. Chair.

Welcome to the witnesses. I'm very pleased that they're here today to discuss this very important study.

Mr. Paradis, in March of this year, Le Laurentien quoted you as follows:

The federal government abdicated responsibility in many regions when it turned over the management of municipal airports years ago while continuing to manage certain airports under its wing, thus creating situations of unfair competition. The federal government has simply abandoned many regions and now appears to have washed its hands of them.

Would you please tell us a little more about that? What are the consequences of this situation, and how is the government washing its hands of it now?

• (1625)

Mr. Bruno Paradis: It's already doing it in various ways.

As I said earlier, our airport, which formerly belonged to Transport Canada, was retroceded. However, Sept-Îles' airport, in our neck of the woods, still belongs to Transport Canada.

There are three facts here: some airports belong to the Quebec government, others to the federal government, and still others to municipalities like ours.

Our airport has to be financially independent. As for those belonging to the other two levels of government, they pay their operating expenses out of our direct and indirect taxes. This situation causes unfair competition because our own levels of government compete with us for carriers and flights in our regions.

As for its washing its hands of the matter, let's remember that, at a certain point, even though I didn't like the arrangement of paying Air Canada for it to serve certain regions such as ours—the service was provided by the Jazz airline for several years—Air Canada ultimately told us that it needed additional funds to continue providing the service. Even though that wasn't a constructive long-term approach, it at least let us have a service.

Air Canada stopped serving our region during the COVID-19 pandemic, and now we have no service. Even though I've frequently appealed to the federal government since the pandemic ended, I've never received any answers to my questions. Now the Quebec government seems to have taken over, unfortunately, because to my mind this is still a federal issue.

We would have preferred a hybrid arrangement under which we would have co-operated with various parties to establish air services that met needs and were suited to the situations of the various regions, rather than pay businesses—because Quebec has started doing that, and I don't think it's a very good arrangement.

In regions such as ours, all stakeholders, which is to say the municipal world, businesses, the chambers of commerce, the Quebec government and the Canadian government, have to get involved.

I'd like the federal government to get more involved.

Mr. Xavier Barsalou-Duval: Thank you for your answer.

Since time is flying by, I'm going to ask another question.

You mentioned in your opening remarks that the regional air service is an essential service, and I agree with you.

Would you please explain to us why it's an essential service and especially what that means in real terms?

You can make that kind of statement, but it necessarily entails certain obligations. Some will say that, since the Mont-Joli region is linked by a road, people can travel by car, but is it still an essential service despite that fact?

Mr. Bruno Paradis: The regional air service is an essential service for many reasons.

First, we operate 700 flights from Mont-Joli for medical reasons; that amounts to nearly two a day. In many cases, these are emergency flights to the major centres. We need revenue to maintain this infrastructure, and that revenue comes mainly from aircraft landings.

Second, many workers travel to the north to mine important metals for various companies.

Third, this enables businesses to continue accessing Montreal and Quebec City markets and especially to get there quickly.

Furthermore, as a result of our aging population, we need access to health services, and people must be able to get to Montreal and Quebec City quickly.

We think that a hybrid arrangement should be put in place, and that would require certain legislative changes. The fact nevertheless remains that we should consider providing airports with a certain basic revenue, which would enable us to revise landing fees upward or downward. The result could be greater competition among carriers.

Mr. Xavier Barsalou-Duval: As I understand it, you're telling me that regional air transportation is considered an essential service and that the federal government should provide regional airports a kind of minimum revenue to maintain the service.

Is that correct?

Mr. Bruno Paradis: I think that's correct.

As we've shown, in the study on improving our infrastructure, for example, our airport brings in \$82 million a year in direct and indirect taxes for the various levels of government. The regional air transportation service is therefore more an investment than an expense.

The fact remains that some of our operations are currently on shaky ground. Furthermore, since our basic mission is to provide services to our general public, we need to use considerable human and financial resources if we want to offer flights to Montreal and Quebec City once again. However, those resources could be invested elsewhere.

These services could be provided under various arrangements, but not the same ones as in the past, under which the airlines were paid. On the contrary, we want to work in partnership with the region, businesses and the other levels of government.

• (1630)

Mr. Xavier Barsalou-Duval: From what I understand as well, you think the main cause of the problem was high landing fees. For example, it's hard to make an operation profitable if passenger volumes are low and landing fees high.

Wouldn't a basic revenue from the federal government help lower landing fees and thus make them more affordable? Then it would be more appealing for carriers to operate.

Mr. Bruno Paradis: That's absolutely the case. We don't bill the fees that we bill in order to make money. They're for snow removal and security services, which have to meet regional airport stan-

dards. The basic revenue would lower fees, including those from private carriers that are required to land. That revenue would also help carriers that are required to land at multiple airports.

You also have to consider the number of hours, as was mentioned earlier. That currently makes it difficult to "*faire la tournée du laitier*"—to use a very Quebecois expression—to do a milk run to the various airports to establish a critical mass of passengers. The number of hours and landing fees are therefore two factors that have consequences.

The Chair: Thank you, Mr. Paradis.

Thank you, Mr. Barsalou-Duval.

[English]

Next we have Ms. Idlout.

Ms. Idlout, the floor is yours. You have six minutes for your line of questioning, please.

Ms. Lori Idlout (Nunavut, NDP): *Qujannamiik, Iksivautaq*. Thank you, Chair.

Thank you to the witnesses for appearing in front of this committee.

I don't normally sit here, but I thank my colleague, MP Taylor Bachrach, for inviting me to sit here today while you study air travel in the north. My questions will be directed to Susan Wright.

Thank you so much for providing us with your testimony. The purpose, why I want to ask you questions, is that it's a bit more comparable to what my reality is in the riding of Nunavut.

As we all know, Nunavut has 25 remote communities, which are all fly-in communities. There are no roads between them, so the airline industry is very much the lifeline for Nunavut.

I want to do a quick comparison, Susan. A one-way ticket from Iqaluit to Ottawa is about \$1,500, and the distance from Iqaluit to Ottawa is about 2,085 kilometres. Then, compare a flight from Ottawa to Winnipeg, where the distance is about 2,138 kilometres. It's just a little further, but not by much. When I look at the price comparisons between Ottawa-to-Winnipeg and Iqaluit-to-Ottawa, I see that they're astronomical. A one-way ticket is anywhere between \$68 and \$600.

Since you're in the airline industry, are you able to help us understand why there's such a huge discrepancy between flights that have relatively similar distances?

Ms. Susan Wright: This is actually a question that I feel has been around a lot. Being a northerner myself, residing in Norman Wells, I know the exact same feeling. I can't speak for any other airline, but one thing I notice is that flights into the north are typically less frequent and have either a combination of cargo and passengers or just have, I believe, not as many seats. Flights from Ottawa to Winnipeg are maybe more frequent, and there are more seats on the plane.

We constantly get asked, "Why are your prices the way that they are, when we can go to Europe for three times less the price?" Really, I believe it all comes down to the number of seats that are on that plane and how frequently that plane is flying.

Also, up in the north, companies really have to look out for these surprise costs that come out of nowhere. I think it was in Kuujuaq where they had the same situation that we had last November, and are in right now, of having a surprise fuel shortage: There's no fuel available. When you're going those long distances, I can only imagine—although I can't speak for them—that this has a lot to do with it, and to go those long distances I think would drive the costs up.

• (1635)

Ms. Lori Idlout: Thank you so much.

I'm going to expand on that question a little bit and provide a quote from the president of North Star Air, who noted that "Approximately 10% of our flights are cancelled...due to infrastructure deficiencies, such as the lack of precision approaches, the scarcity of de-icing equipment and the lack of precise weather reporting."

Several others noted that the lack of paved runways forces airlines to use turboprops, which have less capacity for passengers and cargo, have less range and are less fuel-efficient.

Can you explain to us whether that lack of infrastructure investment has an impact on your ability to operate services in rural and remote communities?

Ms. Susan Wright: Absolutely. I would say the biggest thing is the infrastructure deficiency. That's our main problem, aside from the fuel issue.

We have very short, very narrow runways. Our runways are gravel. If there's slush... Let's say it snows in the spring and the fall. It's what happens; we get slush. We will try to fly into a community like that and we will write off our propellers, which will be a \$250,000 thing that just comes out of nowhere. We've done that before in landing in our communities.

The service is so important to us, and we don't cancel our flights. We just try our best to get our flights in there. We'll wait. We'll wait as much as we can, but then there are some things that we just have to cancel.

We try our best. One thing that I know about us is that we do try to work with what we have.

Our navigational systems are a little bit primitive. Just recently, within the last eight years, we got instrument approaches into some of our communities. Some of our weather reporting isn't available after five o'clock. Some places have cameras, but there aren't cameras in every location.

There are a lot of different things that affect us. The infrastructure is one thing, but there's also the availability of fuel. Fuel is the biggest problem for us right now.

Thank you so much for your question.

The Chair: Ms. Idlout, you have 26 seconds if you want the time.

Ms. Lori Idlout: Maybe I'll just ask this question for the next round: Would you have suggestions as to providing better lighting at the runways, knowing that north of 60, we have less light to rely on?

Ms. Susan Wright: Lighting isn't an issue for us. The biggest thing is longer, paved runways, which will allow us to take more people, essentially.

The Chair: Thank you very much, Ms. Idlout, and thank you, Ms. Wright.

Next we'll go to Mr. Vis. The floor is yours for five minutes.

Mr. Brad Vis (Mission—Matsqui—Fraser Canyon, CPC): Thank you, Mr. Chair.

Before I go forward with some questions, I just want to give notice of the motion that I referenced at our in camera meeting last week. This will be distributed after I read it out.

The motion is as follows:

That given every major road and trade route in British Columbia experienced major disruptions due to natural disasters in 2021, the Standing Committee on Transport, Infrastructure and Communities (TRAN) undertake a study of the 2021 floods, landslides and wildfires in British Columbia, their impacts on supply chains, critical road, rail and port infrastructure, and review the government's response to the disaster and supply chain resiliency. This study should allow for a call of written submissions, consist of no less than six (6) meetings and hear from the following witnesses:

- a. Vancouver Fraser Port Authority;
- b. Canadian National, Southern Railway of British Columbia, and Canadian Pacific Kansas City railways;
- c. Ashcroft Terminal;
- d. Mayor of the City of Abbotsford;
- e. Various small businesses;
- f. The National Supply Chain Office;
- g. BC Ministry of Transportation and Infrastructure;
- h. Department officials from Public Safety Canada; Housing, Infrastructure and Communities Canada; Transport Canada; National Defence; and Pacific Economic Development Canada; and

that the committee report its findings and recommendations to the House.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Vis.

I'll start your clock for your line of questioning.

Mr. Brad Vis: Thank you.

Ms. Wright, I flew once in my life in northern Canada, when I went from Iqaluit to Kimmirut in the previous member's riding. I was incredibly amazed at the skill of our pilots, but also quite scared about the gravel runway and the impact I felt when we landed.

Thank you for sharing and giving voice to the northern infrastructure and the way that people move around in more than half of our country.

You mentioned the challenges you face with fuel. Can you provide this committee with a breakdown of what an operator in the Northwest Territories, or any of the territories, pays for fuel?

By that I mean what proportion goes to the carbon tax, what proportion goes to other federal taxes, and what proportion goes to territorial taxes and other taxes that you as an operator may be subject to.

• (1640)

Ms. Susan Wright: Thank you for that. I don't have those numbers available, but I remember that in previous years we had expected fuel to be about 30% of every flight or every charter we would take. I'd be more than willing to get you that information.

Essentially, these gravel runways—I'm glad you've had the experience to be on one—are not overly pleasant. They also do restrict a lot of movement.

Looking into where we are situated, we are in Norman Wells. This is a regional centre in the Northwest Territories located right on the Mackenzie River. In this town alone, we've suffered from historically low water on the Mackenzie River. It affects all our supplies and all our parts for our planes. It includes everything we need to operate as an airline, including the fuel that is supplied into this town to offer this service that supports the whole region. That water is so low that the barge can't travel. This is our second year when we've had to have fuel flown in.

We were just advised that we are expecting a \$3.50 increase to our heating fuel, per litre, coming up here. I think they have 30 or 40 different flights coming in that are supplying us with fuel. That will be on the backs of us and the paying consumer.

Mr. Brad Vis: Okay—

Ms. Susan Wright: This will change a lot.

Mr. Brad Vis: So taxes and levies absolutely have an impact on the ability of the residents you serve to travel and also to heat their homes. You're saying that this next winter will be really tough.

Ms. Susan Wright: Yes. I would say that taxes and levies will be extremely crippling—

Mr. Brad Vis: Okay—

Ms. Susan Wright: —and there's nothing that we can do as an airline to avoid that, because we can't be a fuel supplier as well. We're an airline. We're not a fuel supplier.

We are expecting a lot of things to kind of get out of hand this fall.

Mr. Brad Vis: Thank you.

In your opening statement, you talked about the challenge of keeping pace with the number of regulations you face. I believe one other committee member covered the flight and duty regulations, but you touched upon pay equity. Why has pay equity been a challenge for your company?

Ms. Susan Wright: Pay equity actually hasn't been a challenge for our company. The point I was trying to get at was that small airlines like ours exist in Canada. It's not all just WestJet and Air Canada, who have huge corporate offices and a lot of resources out there; there are a lot of small operators in the north who are doing a very good job in terms of working to connect Canadians. These companies, like ours, have a hard time handling all the regulatory reform. It's not—

Mr. Brad Vis: Let's stop right there, at regulatory reform.

Are you stating that the regulations coming from Transport Canada are designed in a way that reflects the need to regulate the larger airlines in Canada, and they don't reflect the nuances of small operators in northern Canada?

Ms. Susan Wright: That's something that has been continuously mentioned. The flight and duty regulations in particular were not written for the north and do not provide an opportunity for northern operators to do the work they need to do with respect to their goals under the flight and duty regulations, but the—

Mr. Brad Vis: I'm sorry. I'm running out of time.

In my remaining time, what would you recommend to this committee to change in respect to that regulation you just referred to in order to make it more equitable for northern and rural operators such as yours?

• (1645)

Ms. Susan Wright: Pilots need to be able to fly longer hours, I believe. I believe the regulations need to be written for the north. They need to work with the Northern Air Transport Association to be able to find a solution.

Honestly, just send out regulations at a pace that is achievable for small northern airlines to keep up with. Keep them to scale of what the size of the company is. Just recognize that burden.

Mr. Brad Vis: To reiterate, your recommendation is to keep our regulations to scale to reflect the nuances of northern operators. Is that correct?

Ms. Susan Wright: Exactly. That's correct.

Mr. Brad Vis: Thank you.

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

Thanks, Ms. Wright.

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

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): Thank you, Chair, and thank you to the witnesses today.

Of course, we all know as we travel across the country that living in rural Canada is a real challenge. When we started this study, we talked about how maybe more competition from different airlines, or less competition from giant airlines like Air Canada and WestJet and so on, might be something that we would need in order to see some reduction in airfares and perhaps better service.

Obviously, you know, Ms. Wright, in northern Canada we see the same challenges where you live as in my province of Newfoundland and Labrador. We know that the military airports that were built by the Americans, like Goose Bay, Stephenville, Gander and others, were divested back in the 1990s, and they're struggling to survive.

Economies of scale and location of airports obviously are major factors in terms of being able to be competitive and to keep costs at a minimum for the people who use the services.

I'll come back to you, Ms. Wright.

Mr. Paradis, in your situation, you talked about how people drive to Montreal, Quebec City, and so on. Can you speak to how you try to collaborate with partners, other industries, or organizations to promote travel in your region in order to minimize costs or to try to improve services for the people you serve?

[Translation]

Mr. Bruno Paradis: Thanks to the member for that question.

We're now consulting economic development organizations, chambers of commerce and all the businesses in our regions on the approach we've taken regarding the airport. We're also consulting organizations in the health system, which we call the integrated health and social services centres, the region's university and the various educational institutions that have needs in our area. All these stakeholders are currently represented on the committee. We're also speaking with representatives of the provincial departments. Our objective is to pool all air transport needs in the region and form as clear a picture of the situation as possible.

We have also communicated with one carrier to see if it would be possible to offer the service. Many of the private businesses needed flights to Toronto, for example, for contracts in the greater Toronto area. So we contacted all businesses, various service organizations and government organizations. Our objective is to establish a clear picture of the situation.

We're working with the Quebec government to establish a program or introduce a route with an air carrier in the medium or long term.

[English]

Mr. Churence Rogers: Would trying to entice or invite other competitive airlines to fly into your airport make any sense?

[Translation]

Mr. Bruno Paradis: We wouldn't be able to engage in any competition right now because there is no one here. In the only times where we've had competition, the two services disappeared precisely because we didn't have enough passengers for either business to be viable. We're currently trying to establish regulations in order to reserve timeslots to prevent carriers from competing with each other.

I have to admit that, all too often in the past, when a carrier was enjoying a certain amount of success here in the region, Air Canada stepped in and offered very low prices, which undermined the competition and attracted passengers to Air Canada. Six months or a year later, we simply had no more services. Consequently, we're

trying, through regulations, to establish schedules to prevent this kind of unfair competition from a major carrier tapping into a market that's being exploited by a smaller carrier.

• (1650)

[English]

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

[Translation]

Thank you, Mr. Paradis.

[English]

Mr. Churence Rogers: Thanks, Chair.

[Translation]

The Chair: I now turn the floor over to Mr. Barsalou-Duval for two and a half minutes.

Mr. Xavier Barsalou-Duval: Thank you, Mr. Chair.

When we asked Ms. Wright about competition, she mentioned that having many carriers attempting to occupy a small market can be a problem because there may not necessarily be a volume large enough to support many carriers.

You just told us more or less the same thing, Mr. Paradis.

I know that, at one point, you worked on the Régionair project and tried to find a solution to that problem. The project may have been somewhat similar or even akin to the one that had been developed by the Union des municipalités du Québec, the UMQ. The aim was to allow the regions to have management boards under which services would be provided by tender. The objective was to offer the possibility of a free market, but, at the same time, to favour the most competitive carrier. A kind of service exclusivity was also proposed. If I'm not mistaken, that's a solution that you and the UMQ prefer.

Where does that project stand? What obstacles lie in the way of that kind of solution, if that's what local actors want?

Mr. Bruno Paradis: Now we're working on the 2.0 version of that idea. Yes, the objective was to promote one-off competition in which various carriers could request to provide a service. That's what we would like. The parties would compete over a precise period of time, and a contract would be let for a number of years. In order to offer a good price, bidders would nevertheless have to offer a service over a certain number of years.

What we were hoping for at the time was to go back to a bidding process every three to five years. Competition would therefore take place during that time.

You should know that it's impossible for us to have two or three carriers competing, as Ms. Wright mentioned, because we don't have the critical mass to fill that type of aircraft.

As for the project, earlier I mentioned that we had brought together a group of socio-economic actors in the region. We wanted to develop as clear an idea of the situation as possible before we could move forward.

Some legal problems have now arisen. There are some things that you can't do as a municipal entity. You have to be a business or to proceed by calls for tender in a way. There are legal obstacles to our approach at both the federal and provincial levels.

Mr. Xavier Barsalou-Duval: Since we're talking about the federal government, would you please tell us precisely about those legal hurdles? Is there any way for us to help you clarify the solutions you're proposing, by taking certain measures, for example, or by working with this committee?

Mr. Bruno Paradis: As far as I can remember, I would have to be a carrier to be able to offer charter flights. In fact, we're currently limited as an entity. I'm not allowed to do it.

The Chair: Thank you, Mr. Paradis and Mr. Barsalou-Duval.

[*English*]

Next we have Ms. Idlout.

Ms. Idlout, the floor is yours. You have two and a half minutes, please.

Ms. Lori Idlout: *Qujannamiik*.

I want to ask a couple of more questions of Susan regarding approaches and visibility.

I've heard from Calm Air that they're quite concerned with the changes that are being made to the regulations, because right now, for example, in Baker Lake, the visibility that's allowed is half a mile before a pilot can choose to make an approach, whereas, if the regulations were changed, it would be two miles of visibility. Their concern is that there are already a lot of cancellations that happen because of the lack of visibility.

I wonder if you could describe for us what kind of impact the visibility regulations would have, maybe because of the lack of weather reporting.

• (1655)

Ms. Susan Wright: I'd have to say that I don't think I could comment on that in terms of the changing regulations. I do know that some airports have different clearances. I know, for example, that here in Norman Wells, it's a quarter of a mile visibility, because they have a certain approach called an LPV, I believe.

I think across the north I'm just not too familiar with the different approaches in different communities. In our particular area, we just got instrument approaches into some of our communities in the last eight years or so.

I wish I could comment, but I don't know enough about it. Myles Cane would be a great person to talk to about that. He'll be on next week, I think. You may have to ask him.

Ms. Lori Idlout: Okay.

Maybe you can answer this question: Apparently southern airports can rely on 24-hour weather reporting. However, in Nunavut, the weather reporting is quite limited. It goes to either five o'clock or to some time after 10.

Could you tell us about your experience? Do you have reliable weather reporting that you can use? What kind of impact does that have—not being able to rely on weather reporting?

Ms. Susan Wright: Yes, weather reporting is essential for the landing of any aircraft. Any pilot, before they start their flight, usually seeks out the weather and gets the reporting. They're speaking to either a CARS agent or they're looking at a camera system. For example, in one of our communities, Cold Lake, it's a camera weather-reporting system. It's reporting the weather, the altimeter and all the settings the pilot needs to the pilot when they're in the aircraft.

Some of the communities have traditional agents who are only there until five o'clock. Unfortunately, after five o'clock, they're not able to get the weather unless they have another.... There is a report they can get from them, but it only lasts for one hour.

The Chair: Thank you—

Ms. Susan Wright: If your flight is longer than an hour, it doesn't apply.

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

Next we'll go to Dr. Lewis.

Dr. Lewis, the floor is yours. You have five minutes.

[*Translation*]

Ms. Leslyn Lewis (Haldimand—Norfolk, CPC): Good afternoon, Mr. Paradis.

Thank you for being with us today.

You mentioned rampant inflation. What impact has inflation had on your business?

Mr. Bruno Paradis: The consequences are actually many. For example, there was a salary increase, and the prices of fuel and scrub brushes rose, among other things. Those brushes are extremely important in our regions.

The costs of all components have risen because competition among suppliers in the region isn't very strong.

[*English*]

Ms. Leslyn Lewis: Thank you.

Has the carbon tax affected your business?

[*Translation*]

Mr. Bruno Paradis: Before discussing the carbon tax, you have to discuss the various governments' long-term vision of how the regions will be developed. That's what matters most in a region like ours. All governments often adopt shortsighted policies.

If we want to inhabit the various lands dynamically, we have to have a long-term policy and vision. That's what I think we need most, before considering introducing taxes or programs.

Ms. Leslyn Lewis: I see.

You mentioned the fact that teachers are refusing to teach in the regions and that other professionals reject the idea of going there to offer their services.

Do you know why professionals are refusing to go into those regions?

Mr. Bruno Paradis: It's because they don't want to drive. It's a long trip. Since they receive offers of employment from everywhere, they simply choose other regions.

People used to travel to the regions by airplane. It was like going on a vacation. They came to enjoy the St. Lawrence River. Today, when they're asked to drive for seven hours to get to the region they simply refuse to provide services or courses, or even medical care. Consequently, patients have to be transported from the region to the major centres. Ultimately, those trips are very expensive. We have fewer services in the region as a result.

• (1700)

[English]

Ms. Leslyn Lewis: Thank you.

Ms. Wright, you mentioned the impossibility of keeping up with regulations over the past four years.

Can you expand on this and give some examples of how these regulations are impacting your business?

Ms. Susan Wright: Thank you for that. The elephant in the room is the flight and duty regulations.

In order to implement the flight and duty regulations, we had to employ more people to manage the hours for the pilots and we had to hire more crew schedulers. We had to have people constantly auditing because of the incredible intricacy of these flight and duty regulations. They are night-and-day different from the ones that we previously had.

The number of things we have to track is just so much more cumbersome. We lost 30% of every pilot's hours, so we had to hire more people, which just increases the cost of everything along down the line, like training two pilots on a plane instead of one. There's just such a huge economic impact of these regulations to us.

The other regulations that I was talking about are mainly just administrative resources for legal services, for training all of our staff members and all of the development of the manuals. We're talking about \$50,000 sometimes to create a manual. There are lot of regulations that come out, and it's all just happening so fast. I've been in this company for 15 years. It's very fast.

My message is that those people who are developing these manuals and implementing these regulations need to also be focused on providing low-cost options to our consumers and finding a way to make travel better.

Ms. Leslyn Lewis: Do you have any idea of what those low-cost options would be? What could be reduced to facilitate more optimization of your business?

Ms. Susan Wright: If the goal is to offer competition and to have competition at lower prices in a region like ours, where there has historically only been enough demand for one company, I believe the best thing you can do is support those operators with prop-

er infrastructure and proper amenities so that they can flourish and grow.

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

Thank you, Dr. Lewis.

Finally, for this round, we'll go to Mr. Badawey.

Mr. Badawey, you have five minutes, sir.

Mr. Vance Badawey (Niagara Centre, Lib.): Mr. Chair, I want to offer clarification with respect to some comments that were made by Ms. Wright with respect to smaller operators.

The fact of the matter is that operators have more flexibility on APPR and accessibility, even when we have regulations on flight and duty time. The regulations on flight time for pilots essentially give them a buffer to comply.

Regarding the flight time for pilots, they comply with any other airline because it's about safety, Mr. Chairman. That's what it all boils down to.

I guess it's somewhat subjective. At the same time, there has to be some clarity and some context in terms of the comments that were made.

I also want to add, Mr. Chairman, that to understand the feedback from northern and smaller operators, Transport Canada, as some may know, launched an initial consultation back in May of 2024. We are currently assessing that feedback. Once again, Mr. Chairman, safety will always be a top priority.

I wanted to make that clarification as well as give that information. By all means, any member of the panel that may want to give further comment, feel free.

I really want to draw down, Mr. Chairman, on the business. It's ironic, because I did have a meeting today with the Kelowna International Airport, and some of this is what we were talking about, with respect to the business of the smaller airports, strategic plans, priorities, action plans, and ultimately the opportunity for further revenue to be generated, apart from just the revenue generated from the airport operation itself. Some of that revenue is somewhat limited because of the regulations that TC puts on the smaller airports, which is what I want to drill down on.

As I've stated in the past, supply chains deal with goods but also with people. Supply chains depend on the capacity that is allowed and/or invested in the smaller airports. A lot of it is multimodal in fashion—railroad, air and water—but in this case, with air, we have to make more mechanisms available to them for more revenue generation.

First, what is impeding the airports with respect to regulations that could otherwise, if opened wider, encourage more business and therefore revenue generation on the lands and/or within the airports' business plan? Second, which regulations, specifically, might be preventing that?

I'm going to start off with Mr. Paradis because he started talking about some of those business opportunities that might be available in his area.

• (1705)

[Translation]

Mr. Bruno Paradis: I'll try to answer that question. I admit I didn't completely understand it, because English isn't my mother tongue.

We were talking about what might limit or stifle business opportunities. Here's an example.

Earlier we discussed the rules pertaining to the number of flight hours. For example, let's take a flight that departs from Montreal, stops first in Mont-Joli and then continues on to Gaspé. The crew can't then return the plane to Montreal. So there has to be a crew change, which really has a significant impact because an additional crew has to be added for the return trip. Consequently, it's impossible for that flight to be competitive.

We also said that regulations would have to be based on the size of the businesses. I think we need to think about that because, yes, small carriers are subject to the same rules as the big ones, but the nature of their day-to-day operations is completely different.

The other rules in place don't have the same impact. Some safety rules are normal. It's the rules pertaining to the maximum number of pilot flight hours that have really affected us recently.

[English]

Mr. Vance Badawey: Are there further comments, Mr. Chairman, from other members of the panel?

The Chair: Are there any others who would like to respond to that question?

Mr. Vance Badawey: There are none. Okay.

With respect to what I asked earlier about the feedback that Transport Canada was receiving from northern and smaller operators back in May 2024, were there any comments on some of that feedback that members of the panel would like to provide to us?

I want to say this. When we have these studies and consultations with members of the industry, it's not the answers to us that matter; it's the answers to the analysts that matter, because the analysts will take those and ultimately make them part of the final report, and of course, from there, there will be recommendations to the minister.

Therefore, to those who are on the panel, are there any other comments that you want to make on the questions that I've asked?

With none, I'm moving on. My time's up. Thank you.

The Chair: I have a quick question to the members. Do I have approval to ask one simple question to the witnesses?

Some hon. members: Agreed.

Mr. Dan Muys: Yes, of course, Chair.

The Chair: Thank you very much, members. I appreciate it.

The question is for Mr. Paradis and Ms. Wright.

We had a previous witness who spoke to the benefits of installing aluminum runways in the north and who had given us the pros and cons of installing aluminum runways in the north versus paving. I'm wondering what your thoughts are on whether this is something that should be looked into more and whether it is something that should be perhaps considered as support for northern and remote runways.

Perhaps I'll start with you, Mr. Paradis.

[Translation]

Mr. Bruno Paradis: Are we talking about gravel runways?

The Chair: Yes, we're talking about gravel on aluminum strips. What do you think about that?

Mr. Bruno Paradis: I don't know the field. We have beautiful asphalt runways at our airport, but they require a lot of work, such as brushing and sweeping, to prevent ice from forming.

I think Ms. Wright can give you a better answer to your question because I don't have any expertise regarding other runway types.

The Chair: Thank you.

Ms. Wright, the floor is yours.

[English]

Ms. Susan Wright: Yes, that's been something that has been floating around for a very long time. I think, honestly, that any alternative to gravel would be welcomed in terms of finding some way to be able to operate on anything but gravel. I think the gravel is the worst.

The Chair: We'll end on that note.

On behalf of all members of the committee, I want to thank you all for your patience as well as for your testimony for this very important study.

With that, I'm going to suspend for two minutes, colleagues, while the members of the audiovisual team set us up for our next panel.

This meeting is suspended.

• (1705)

(Pause)

• (1710)

The Chair: I call this meeting back to order. We'll begin with our second round of witnesses.

• (1715)

[Translation]

I'm going to turn the floor over to the representatives of the Fédération des chambres de commerce du Québec.

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

Mr. Philippe Noël (Vice-President, Public and Economic Affairs, Fédération des chambres de commerce du Québec): Thank you very much.

Good afternoon.

I am Philippe Noël, vice-president for Public and Economic Affairs at the Fédération des chambres de commerce du Québec, the FCCQ. With me today is my colleague Laurent Corbeil, who is our adviser, public and economic affairs, and is responsible for transport and logistics-related issues.

Through its 120 chambers of commerce and more than 1,000 members, the FCCQ represents more than 45,000 businesses operating in all sectors of the economy across Quebec.

We are the largest network of business and business people in Quebec. We are also both a federation of chambers of commerce and the chamber of commerce of Quebec. Our organization is also a member of the Quebec Ministry of Transport's action group to restore regional air services.

The FCCQ believes that all the orders of government have a responsibility with respect to land use. To exercise that responsibility, it is essential that they make the regions as accessible as possible. Air transportation is in many instances the most efficient option for transporting people, particularly in Quebec as a result of its immense size.

The FCCQ feels that access to regional air transportation is essential in enhancing the vitality of our regions and promoting their economic development. That access connects them to global destinations through international airports such as those in Montreal and Quebec City.

We believe that governments would do well to adjust their vision of regional air links and regional airports by viewing them more as economic development tools than as costs.

In a context in which regional air transportation is a major concern, particularly in Quebec's regions, the FCCQ wishes to urge governments to modernize regional airports, which would thus promote access to our regions and foster the development of promising and wealth-generating projects for all Quebecers. It is essential that we adapt and innovate so we can face increasingly stiff global competition, and these investments are necessary.

Airport infrastructure is essential to economic development in remote regions. It is also important, even essential, infrastructure in certain communities for both passenger transportation and the transport of goods by air cargo. Which is why it is important for businesses and communities to have access to frequent commercial air links for both delivering goods and transporting business people. These links are also an essential form of infrastructure for certain public services such as forest fire fighting and emergency health care transportation, not to mention the development of projects in resource regions requiring air shuttle service for mining operations, for example.

Many local and regional airports need to be modernized and developed. It should be borne in mind that regional airport authorities don't have the financial leeway to improve their services. Some chambers of commerce have suggested that government infrastruc-

ture investments should be at least equal to those made by intermunicipal airport management boards, which is not the case. Other infrastructure needs require even more funding, both to maintain runways and to improve air terminals, among other things.

The current capacity of some infrastructure actually creates occasional and seasonal limits on air service in certain regions. Runways and equipment may need repair, runways may need to be extended, and so on. These improvements could be an incentive to extend air links and thus foster the idea of a competitive market. In other cases, airport infrastructure modernization is nothing more or less than a sensitive issue in generating economic impacts in a specific region and in being able to provide citizens with emergency services.

That's the case of the Magdalene Islands airport, in particular. Since its runway is too short, cargo aircraft can't land there, which prevents Magdalen Island lobster from being exported by air. The same is true of the new emergency transport aircraft, which require a longer runway than is currently available. What's more, given the increasingly extreme weather conditions, extending the landing strip would help lower the number of cancelled flights. We have tried to make the federal government aware of this basic expectation for Magdalen Islanders, but in vain.

Businesses must be able to share their expertise and establish contacts. The obligation to spend several nights outside forces certain individuals to use another mode of transport than regional air services, which causes a loss of productivity and prevents businesses from expanding and growing when developing their markets.

Thank you for your attention and for taking our comments into consideration.

We will now be pleased to answer your questions.

● (1720)

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

[English]

Colleagues, as discussed, I think we should prioritize the presence right now of the Fédération des chambres de commerce representatives to ensure that we can ask them questions.

Mr. Mayor—Mr. Spence—if you'll permit us, we would like to first gear our line of questioning to the two representatives from the Fédération des chambres de commerce, and then in about 12 minutes, we'll be able to focus on you, sir, to allow you to give your opening remarks and then have our line of questioning directed to you.

Does that work for you, Mr. Mayor? I see a thumbs-up. Okay.

[Translation]

We will begin with Mr. Muys.

[English]

Mr. Muys, the floor is yours. You have three minutes, sir.

Mr. Dan Muys: Thank you, Mr. Chair.

I'm glad we're able to ask questions of Mr. Noël and Mr. Corbeil.

You articulated well some examples of the economic opportunities that exist, particularly in resource regions throughout Quebec. I also think that this has been the case over the course of this study as we looked at northern and other areas of the country. There are lots of opportunities.

One of the concerns we articulated is that there are a lot of impediments to the essential air service we need, not just to move workers and people but also to service those regions, which are going to be important to our current and future economic opportunities. There are taxes, fees and red tape in northern regions, as we heard from the previous witness from the airline.

I want to know if you could add a bit more to that, because it is important that we look at ways the federal government can invest in infrastructure and remove some of the impediments so that those economic opportunities can be seized.

[Translation]

Mr. Philippe Noël: I'll speak first and then let my colleague Mr. Corbeil express his opinion.

With regard to impediments, pilot availability is obviously a factor, apart from infrastructure, that very often comes up in comments. Groups interested in regional air transportation discuss how the federal government could make regulations to reduce delays in obtaining pilot licences and permits. The authorized number of hours should also be increased, without compromising safety.

This is currently a significant limit on carriers' capacity to provide regular and frequent connections. The business community isn't always convinced that it's appropriate to limit the authorized number of flying hours to that degree. It's thinking is that there could be a little more flexibility. There should definitely be a limit to ensure safety, but it could be more consistent with the situation and supply of pilots.

We've also discussed the possibility of providing assistance in the form of educational funding. It's very expensive for apprentice pilots to acquire a licence.

We think the Quebec government should discuss the issue with its federal counterparts. At the very least, you should consider amending the regulations to address the present pilot shortage.

That's one of the problems.

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

Mr. Lauzon, the floor is now yours for three minutes.

Mr. Stéphane Lauzon (Argenteuil—La Petite-Nation, Lib.): Thank you, Mr. Chair.

Thanks to the representatives of the Fédération des chambres de commerce du Québec for their remarks.

Gentlemen, my question mainly concerns the way you deal with all this. You briefly discussed the economy and the key role that small airports play.

What's your connection with the small chambers of commerce or regions that are under-represented by chambers of commerce?

Where do you stand on the issue of small airports? I simply want to understand; this isn't a gotcha question.

Would you please give me a brief explanation of your role in this context?

Mr. Philippe Noël: That's an entirely appropriate question.

Our organization, the Fédération des chambres de commerce, represents 120 chambers of commerce located across Quebec. We frequently discuss issues with their representatives, and the chambers of commerce often come and tell us what's happening on the ground. We take note of all those comments, which come from all Quebec regions, and there is a genuine consensus on regional air transportation: The present system doesn't work.

Since that finding was revealing for a chamber of commerce like ours, we decided to conduct our own inquiry. It proved to be an ideological feat when we found that the free market doesn't work and that we would need a regulated yet competitive market to leave room for private carriers.

Although we usually favour the free market, in this instance, the system doesn't work. It has reached its limits. Which is why we supported the tendering system to assign airlines that would provide air links for regional air transportation across Quebec. The objective is to have frequent, regular and modestly priced air links without compromising carrier profitability, as far as possible.

Our position stems in particular from discussions we've had with the chambers of commerce. We also considered regional air transportation concerns and expectations, which we have taken note of.

• (1725)

Mr. Stéphane Lauzon: I'll be brief because I don't have much speaking time.

Some witnesses mentioned that one of the problems was the fact that airports that had belonged to the federal government were transferred to the private sector.

Is it still your view that one of the best things to do would be to support the private sector and find solutions to make the airports profitable and thus provide better service, especially to the businesses you represent?

Mr. Philippe Noël: I really want to give my colleague a chance to answer you.

Mr. Laurent Corbeil (Adviser, Public and Economic Affairs, Fédération des chambres de commerce du Québec): We think the federal government has a significant responsibility here, as do all levels of government. They can get more financially involved in improving air transportation infrastructure and services. We know that port authorities have a lot of financial charges that they ultimately pass on to the carrier, which in turn passes them on to the user. In the end, that puts a heavy burden on users.

We believe that several solutions are possible. My colleague discussed them earlier, particularly as regards the pilot shortage. We also discussed landing charges and costs. There are solutions to these problems. For example, an aircraft could land at numerous airports to make its operations profitable. We also have these kinds of issues with labour. We feel we can provide support.

Mr. Stéphane Lauzon: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Corbeil and Mr. Lauzon.

Mr. Barsalou-Duval, the floor is yours for three minutes.

Mr. Xavier Barsalou-Duval: Thank you, Mr. Chair.

Welcome to the witnesses.

Mr. Noël, you said in your opening remarks that you sit on the regional air transportation working group that the Quebec government has established. We also heard from Daniel Côté, who sits on that committee on behalf of UMQ, I believe. He told us he was disappointed that the federal government, which was invited to sit on the committee, wasn't present. I was wondering if you, representing the FCCQ, would also have liked to see the federal government at the table.

Mr. Philippe Noël: Yes, we would have liked to see that. I think the federal government's presence would have been significant because of its involvement in air transportation issues.

Like Danielle Côté, from UMQ, and other economic actors, we recommend the tendering system for Quebec regional air links. This doesn't concern international air links. We're relying on a model that has proved its worth in the United States and Australia. We want there to be exclusive connections for carriers to specific destinations and for the government to offset losses. The Quebec government isn't solely responsible for that. We think the federal government should be responsible as well.

These working groups are also concerned with federal regulations and regulatory amendments, particularly with regard to pilots, as I previously mentioned. It would be a good idea for the federal government to be involved.

Mr. Xavier Barsalou-Duval: Thank you.

Our speaking time is limited. Consequently, I would like to suggest, if you have the opportunity, that you submit a brief to us that includes a list of recommendations that you would like to see implemented. That could round out your testimony.

That being said, in addition to the management boards issue, you also discussed capital investment. Many witnesses have mentioned that ACAP is slow to act, even inadequate. Other witnesses also

mentioned the fact that the federal government could commit to reinvesting the money it charges for airport rents.

What is the FCCQ's position on the subject?

● (1730)

Mr. Philippe Noël: As regards airport rents, we have historically said that costs are indeed quite high. That prevented investment in modernizing airport infrastructure and ensuring that assets were maintained. We wanted to see lower rents charged by the federal government for that infrastructure.

This position stems from the fact that there were needs regarding the maintenance and development of certain airports. Sometimes costs are simply passed on to carriers and also directly to the clientele. We thought that, in the present circumstances and given the asset maintenance needs, it would be wiser to lower airport rents. That would make it possible for them to invest in their own development and in maintaining their assets.

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

Thank you, Mr. Barsalou-Duval

Thanks as well to Mr. Corbeil and Mr. Noël for being with us today. I also want to thank them for their testimony.

[English]

You can log off now.

Colleagues, we can focus our attention on the mayor of the Town of Churchill, Mr. Michael Spence.

Mr. Michael Spence, on behalf of all members—

Ms. Lori Idlout: I have a point of order.

The Chair: You're right, Ms. Idlout. I completely neglected to give you the opportunity to ask questions of the chamber of commerce, and I want to apologize sincerely for doing that. I will make sure that you are given additional time to ask questions of Mr. Spence.

Please accept my sincere apologies. That's the first time that has ever happened to me on this committee.

Mr. Philip Lawrence: I would give UC to allow Ms. Idlout to go first.

The Chair: Perfect.

Mr. Spence, I want to thank you for your patience. I'm going to give you five minutes, sir, for your opening remarks, should you choose to deliver them. Following that, as it has been proposed by the committee, we will allow Ms. Idlout to start.

Once again, we apologize.

Mr. Mayor, the floor is yours.

Mr. Michael Spence (Mayor, Town of Churchill): Thank you for allowing me the opportunity to be a part of this very important discussion.

For northern communities like Churchill, air transportation is a critical lifeline. It's critical for our medical travel, food security, tourism and economic development. In our case, the issue with air travel hasn't gotten better in the past while.

We are somewhat unique compared to other communities, in that we have significant infrastructure. Our airport was originally built by the military as part of the Fort Churchill military installation. Our airport is probably one of the longest in northern Canada. It's a 9,195-foot asphalt runway capable of handling any large aircraft. Today it's supposed to serve as a public airport for scientific research, ecotourism, medical transportation, cargo and freight resupply, along with travel between Churchill and Winnipeg.

However, this critical piece of infrastructure is being underutilized. It's leaving Churchill underserved by air for both passengers and cargo.

Churchill, as we know, is a world-class destination. It is one of the furthest-north airports connected by land to Canada's northern territories. This substandard service constrains economic growth and stunts opportunities in Canada and Churchill for northern Manitoba's indigenous and northern communities.

Airlines do not properly consider economic and community impact, especially to northern indigenous communities. In the past, Churchill served as a critical regional hub connecting the region to Winnipeg and Nunavut.

In fact, I want to take an opportunity on this point, because it's deeply important, especially after the Truth and Reconciliation Day yesterday across the country.

Churchill for many centuries was connected with our neighbours to the north. In the Kivalliq region of Nunavut, the link between my home community and Kivalliq is one of major cultural importance, bringing together families and generations of people who have worked together, lived together and looked out for one another. This traditional linkage between our communities has now been effectively severed by air travel schedules that don't factor in these kinds of traditional community linkages. As a result, historical connections with traditional cultures and trade and the land have been effectively severed.

Airport and air travel planning doesn't line up with community objectives to serve the communities' interests. This is a major concern for many people in Churchill and the north. It is an issue that factors into air travel decisions that are subject to a monopoly. Communities are often left out of airport planning. For example, often government tenders don't work well with regional and community initiatives and priorities. Tenders for cargo, medical transportation and passenger service aren't aligned with or meeting community needs.

Churchill, as you know, is an international tourism destination. Destination Canada is marketing Churchill to the world as the best place to look into the eyes of a wild bear, and it's also the beluga whale capital of the world during the summer. There is no better

place to kayak with thousands of beluga whales, yet tourism operators are sometimes forced to hire private 737 jet service and ATR 72 and ATR 42 passenger aircraft for periods of the year. This creates further division in the community, as at times it's easier to get tourists into and out of the community than for local folks to book a flight to visit their grandchildren in the south.

The bottom line is that it's embarrassing to talk about our airline service, and something has to change.

• (1735)

As you folks are probably aware, the redevelopment of the port of Churchill and the hard work we've been doing to revive the port and the Hudson Bay Railway are finally fulfilling the promise of Canada's Arctic trade corridor. The ownership model behind this is the Arctic Gateway Group, which is made up of 41 indigenous and Bayline communities, including Churchill. This means it is a locally owned infrastructure.

Our indigenous and northern communities are a driving force behind the revitalization of the port and railway. We wouldn't be here today if we weren't doing it collectively, together. It is important for the economic activities in the north. It also helps Canada make a stronger assertion of Arctic sovereignty. All of this is possible through local leaders coming together. We took these assets back, and, together with the Province of Manitoba and the federal government, we're developing these for the benefit of communities.

When it comes to air travel, we want to be part of the solution, but communities can't solve these issues on their own. The topic of air travel being competitive in northern and rural communities is critically important. Our communities need better service. We need government and other partners to help make this happen. There are no simple solutions, but the status quo is not the answer. We need to keep these assets strong and continue to maximize benefits for our communities.

Another suggestion is encouraging more airline competition in the north by removing barriers to entry, monitoring predatory behaviours and looking for ways to provide financial support for local indigenous-owned start-ups. Local owners can respond better to local needs in tourism, as well as scientific, cultural and family needs. We can all ensure northern communities are adequately served by requiring airlines to provide daily or, at minimum, five-day-a-week service. We also need to limit price gouging, which is common.

We need to look at models that exist in other parts of the world. For instance, in the U.S. or Europe, you'll see essential air service subsidies for required service. These kinds of subsidies don't exist in Canada, but they can help make sure that communities such as Churchill and others are better served and easier to access. These types of service agreements can be tied to minimum service agreements.

In conclusion, I would like to emphasize the critical importance of air travel for northern communities in Churchill.

● (1740)

The Chair: Thank you very much, Mr. Mayor, for those opening remarks.

We'll begin our line of questioning today, as promised, with Ms. Idlout.

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

Ms. Lori Idlout: Thank you so much.

I'm not too sure if the other witnesses are still here, but I wonder if I could ask my questions and have them respond with a written response at a later date.

The Chair: Yes, Ms. Idlout. I was going to mention this after the meeting.

I've spoken about it with the clerk, and we would very much like for you to submit your questions so that we can pass those along to the witnesses. I will personally ensure that you get the response you're looking for.

Ms. Lori Idlout: Excellent.

Knowing that they are with the chambers of commerce in Quebec, I want to ask them whether there are specific needs that are not being met in the indigenous communities in northern Quebec. I know, for example, that there are 14 Inuit communities in Nunavik and, I believe, about 10 first nations communities. I hope we can get, from the chambers of commerce, some sense of what the needs are and whether they could make recommendations so that we can understand what the needs are in those indigenous communities.

Michael Spence, thank you so much for joining us today and sharing some of your experiences as the mayor of the smaller remote community of Churchill. That connection you talked about with Qikiqtaaluk in my riding of Nunavut is absolutely true. My grandmother, actually, is buried in Churchill. That's how close our connections were at the time, so I understand what you're saying about that.

I want to ask you this: Knowing that Churchill only gets Calm Air air service, what is the impact of Churchill not having enough competition? What kinds of impacts do you see on the economy? What kinds of benefits could you see happening if there were more competition?

Mr. Michael Spence: Naturally, the challenge that we face today is the fact that we only get two flights per week during the non-traditional tourism season, such as October and November. It creates a lot of issues in terms of medical travel.

For instance, if I went to the doctor on Monday and got my blood work done on Monday—or Tuesday, for that matter—in some cases it does not make its way to Winnipeg until Friday. However, also understand that the Churchill Health Centre has a contract with a smaller air service carrier to move some of its patients and some of its health professionals to Winnipeg, as well as some of the blood work that's being done, but there are times when it's really stretched.

What's happened is that it has really affected the economy. When you only have two flights per week, it really strains the economy on the accommodation sector, the services, the people wanting to fly in and out, and the tourism industry, for that matter, that is not able to fulfill its arrangements for bookings. Therefore, it becomes really challenging. I think it really puts us back as a community, especially as a tourism destination and with people who want to travel out.

For instance, I will also say that if I am to travel on short notice to Winnipeg, the return air ticket is \$2,400, and for some people, that is unacceptable. With regard to the whole aspect of generating economic benefits to the community, it is really critical that we have responsible air service at least five times per week.

● (1745)

Ms. Lori Idlout: Thank you.

I believe that's my time for this round.

The Chair: Yes, it is, Ms. Idlout. Thank you so much.

Next we'll go to Mr. Vis.

Mr. Vis, the floor is yours. You have five minutes, sir.

Mr. Brad Vis: Thank you to the witnesses.

I guess Mr. Spence is still online, so thank you, Mr. Spence, for being with us today.

In an article I was reading recently in preparation for this meeting, you talked about the need to resupply the port of Churchill as being a critical step to bringing economic vitality back to northern Manitoba. In fact, I know my leader, Pierre Poilievre, has talked about the need to reignite the ability of the port of Churchill for future exports of fossil fuels, liquid natural gas and agricultural commodities.

You have been mayor for a long time. What relationship does the port have with the airport? What could we look at strategically from a national perspective to both bring economic development to your region and empower local first nations to have a big role in that?

Mr. Michael Spence: One of the things we did, as I mentioned, and as I think you folks are aware, was come together as communities affected by the lack of responsible ownership of the port and rail line. That crumbled, and we took the initiative to basically put it back on track. By owning these structures, we get to see that we are investing in them. We own them. They are our lifeline.

As for other opportunities, working with the airport is critically important. As a port community—if I may use that as an example, because you touched on it—you need to have reliable, responsible, daily service to that economic pillar that really paves the way. We have to make sure that we're firing on all cylinders. We have to make sure that we're adequate in providing the services the world would like to see.

The other thing that makes a lot of sense in terms of focusing on the greater growth of a region is that we have a huge runway. As I mentioned, it's 9,200 feet long. It's owned and maintained by the Government of Canada. It's the only one in this region. The fact of the matter is that we need to make sure that we're investing in critical infrastructure so that products can come in to service the communities north of us and benefit them.

What we need is some infrastructure at the airport so that you can bring your product in by rail and then you it to Nunavut and the Arctic. This can benefit Nutrition North and the people who live there by giving them responsible price points on food as a commodity.

Mr. Brad Vis: That's very insightful.

What recommendations would you make for this committee to consider with respect to getting the airport in a position to help the rest of northern Canada, but also maintain Canada's strategic interests in the Arctic region?

Mr. Michael Spence: Every critical piece has to happen. There's the investment at the airport. Continue with the investment there. Make sure that's done.

In terms of Arctic sovereignty, we've talked about the possibility, going back in time, of being an alternate port for Arctic sovereignty. That never happened, although there have been exercises in Canada's north with Operation Nanook.

There's a lot more we can do by helping investment in the port, for instance. We, as an ownership group, are responsible for investing in that port—

• (1750)

Mr. Brad Vis: I'm running out of time, sir.

The port, right now, is indigenous-owned. Is that correct?

Mr. Michael Spence: That's right.

Mr. Brad Vis: Is there any other port in Canada that is indigenous-owned?

Mr. Michael Spence: No, there isn't. It's the only model.

Mr. Brad Vis: That's incredible, and I think that sets a good standard for other pieces of critical infrastructure.

If we were able to export liquid natural gas and other agricultural commodities out of the port, what would that do for local indigenous people?

Mr. Michael Spence: It's all about the opportunity to prosper. It's all about the opportunity to bring a better life to everybody within the region, including the far north and Nunavut.

How we do that? It's something we have to work toward, and working with government is critical.

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

Thank you, Mr. Vis.

Finally, for today, we'll turn the floor over to Mr. Iacono.

[*Translation*]

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

[*English*]

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

Mr. Mayor, in the town of Churchill, when was there a decrease in exportation? When did this come about?

Mr. Michael Spence: I'm sorry. I didn't hear all of that.

Mr. Angelo Iacono: In the town of Churchill, when was there a decrease in operations?

Mr. Michael Spence: It really goes back to the former ownership of the rail and the port. That would have been in 2015, 2016 and 2014. The lack of investment in the rail and the port really knocked the economy and community down.

Mr. Angelo Iacono: What happened prior to 2015?

Mr. Michael Spence: What happened prior to 2015 was that we were getting grain and movements of commodities through the port of Churchill. Then the previous ownership neglected to reinvest in to the rail line. We had a major flood. Basically, it was a lack of reinvestment into the infrastructure, and we lost 25 years of—

Mr. Angelo Iacono: I'm sorry to interrupt you. It was thus shut down. Is that right?

Mr. Michael Spence: It was shut down because of the fact that there was a lack of investment on the rail side, and on the rail side, the line had crumbled. It was a lack of investment.

Mr. Angelo Iacono: How is the tourism industry involved in promoting the town of Churchill?

Mr. Michael Spence: Tourism is one of the top pillars, and it continues to be a top pillar in terms of driving the economy, but it's only one. Tourism cannot pay the full scale of operating the community, for instance.

The airport is critically important in making sure that we continue to get international travellers into the community. The port on the one hand and the rail line on the other hand are critical, and they need to work alongside tourism to balance an effective community.

Mr. Angelo Iacono: Thank you. I think my time is up.

[*Translation*]

The Chair: Thank you, Mr. Iacono.

[*English*]

Thank you, Mr. Mayor.

Before we conclude for today, I just want to once again reach out to Ms. Ildout to see if you have any additional questions you'd like to ask Mr. Mayor.

Ms. Lori Idlout: *Qujannamiik.*

Just very quickly, could you maybe describe for us the effect it has on your community when Calm Air makes decisions about changes to pricing and scheduling? What would you do to help make sure that those kinds of changes they might make would have a less negative impact on Churchill?

Mr. Michael Spence: I think what's critically important here is the fact that.... The whole aspect of looking at subsidies for airlines may be one model. However, I think the fact of the matter is that, collectively, we need to work together—work with an airline and work with the regulators to make sure the service we're getting is worth what's being charged.

It's a collection of coming together and making sure that collectively we can carry on with a greater future.

• (1755)

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

Thank you, Mr. Mayor. We very much appreciate your time today and your testimony contributing to this very important study.

With that, colleagues, this meeting is adjourned.

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