

Minister of Transport



Ministre des Transports

Ottawa, Canada K1A 0N5

The Honourable Judy A. Sgro
Chair
Standing Committee on Transport, Infrastructure and Communities
House of Commons
Ottawa ON K1A 0A6

Dear Colleague,

On behalf of the Government of Canada, I would like to thank the Standing Committee on Transport, Infrastructure and Communities for its Report entitled "Supporting Canada's Flight Schools".

The Government commends the members of the Committee, and the witnesses who appeared before it, for their insight and commitment toward mitigating the challenges facing flight schools in Canada. This is a relatively new area that Transport Canada has begun to explore, and the critical evidence outlined in the Report will be valuable to support policy development in this area.

The Government Response is the product of a collaborative effort among implicated federal departments and agencies, including Transport Canada, Employment and Social Development Canada, Indigenous Services Canada, Finance Canada, the Department of National Defence and the Canadian Armed Forces, Veterans Affairs Canada, Canadian Northern Economic Development Agency, Immigration, Refugees and Citizenship Canada, and Women and Gender Equality Canada.

The Government supports the majority of the Report's recommendations, which are well aligned with initiatives currently being advanced or considered by Transport Canada and other government departments.

Please find enclosed a copy of the Government Response to the recommendations of the Report.

Yours sincerely,

A handwritten signature in blue ink that reads "Marc Garneau".

The Honourable Marc Garneau, P.C., M.P.
Minister of Transport

Enclosure

Canada

**GOVERNMENT RESPONSE TO THE 29TH REPORT OF THE STANDING COMMITTEE ON
TRANSPORT, INFRASTRUCTURE AND COMMUNITIES, ENTITLED: SUPPORTING CANADA'S
FLIGHT SCHOOLS**

The Government of Canada is pleased to respond to the 29th Report of the Standing Committee on Transport, Infrastructure and Communities (the Committee), entitled: Supporting Canada's Flight Schools (the Report).

The Government of Canada would like to thank members of the Committee for preparing the Report and providing recommendations on this important issue. The Government also extends its gratitude to the many individuals who provided testimony and input to the Committee.

The purpose of the Government Response (the Response) is to respond to the recommendations outlined in the Report and highlight the work the Government is undertaking to mitigate these challenges to help address the labour market shortage.

The aviation sector is a critical part of Canada's economic and social engine; it contributes over \$35 billion in Gross Domestic Product, generates billions of dollars in federal and provincial taxes, and employs approximately 140,000 people (<https://aviationbenefits.org/economic-growth/value-to-the-economy>). However, according to the Canadian Council for Aviation and Aerospace's (CCAA) Labour Market Information (LMI) 2018 Report entitled "Aviation and Aerospace Industries", the aviation sector is projecting a significant shortage of pilots and other professions, and it is estimated that Canada will need to employ 55,000 workers by 2025, including 7,300 pilots. In order to address the shortages by 2025, an additional 3,000 pilots over and above the amounts currently graduating must enter the profession.

The shortage of pilots and other critical skilled labour could disproportionately affect Northern, remote and Indigenous communities, many of which rely on air transportation via small regional carriers for year-round travel, medical interventions and basic food requirements, due to potential air service shutdowns at smaller regional airports. Without sufficient pilots for the regional carriers, the health, safety, connectivity and economic security of these communities could be compromised.

The reasons behind the shortage are multi-pronged, and include high training costs, low entry-level wages and aging infrastructure. A lack of flight instructors limit the number of students flight training institutions can accept. Social, cultural and economic barriers may dissuade women and Indigenous Peoples from entering the aviation sector. Today, women make up only 7% of pilots, while Indigenous Peoples make up only 3% of the aviation workforce. Action to increase the participation rates of these underrepresented groups may help to address the aviation labour shortage, including in Northern, remote and Indigenous communities. The Government has provided funding to Elevate Aviation and the CCAA to undertake research to better understand the barriers underrepresented groups face when pursuing a career in aviation and, particularly, to becoming a pilot.

As the regulator of the aviation industry, as well as with respect to its role in accrediting training institutions and their students, the Government of Canada has an interest in how the shortage is addressed. However, the Government of Canada cannot act alone, and is working with partners to support efforts in this area.

With the above in mind, the Government has reviewed the Report carefully and has considered its recommendations, which are of great significance to Canadians. The Government will address the recommendations presented in the Report under the following four themes: 1) Policy Development and Outreach; 2) Regulatory Oversight and Modernization; 3) Support to Flight Schools; and 4) Support to Students.

POLICY DEVELOPMENT AND OUTREACH (Recommendations 1, 2 and 3)

The Government accepts the Report's finding that the federal government could play an active role in addressing the aviation labour shortage through a consistent and targeted approach that encourages growth in the industry and includes increasing outreach and awareness efforts to promote aviation careers. The Government has recently undertaken initial steps in pursuit of this goal.

For example, in October 2018, the Government hosted the Aviation Labour Shortage Forum, bringing together industry leaders and partners to exchange knowledge on the issues at hand and identify potential solutions to the gaps in the availability of skilled workers. Transport Canada continues to lead an Interdepartmental Working Group and engage an External Advisory Committee with a view to better understanding the barriers and potential solutions regarding labour shortages, including regulatory and policy reform. As the aviation labour shortage in Canada is part of a global phenomenon, the Government participates in the International Civil Aviation Organization's (ICAO) Next Generation of Aviation Professionals Task Force and continues to collaborate with the Asia-Pacific Economic Cooperation's Women in Transportation Working Group to better understand best practices to address the issues facing the aviation industry. The Government also supports increased awareness through events such as the Canadian Aviation and Space Museum's Career Exploration Fair and the provision of grants to organizations such as Alkan Air Flight Academy.

In addition, the Government recognizes the importance of an inclusive workforce and supports initiatives that identify and break down systemic barriers to labour market participation in Canada. This includes advancing women's participation in areas where they are currently underrepresented. For example, the Government granted \$426,410 to Elevate Aviation under the Women's Program to undertake a project identifying barriers women face when trying to enter the aviation field, including to become a pilot. The Government also granted \$3 million to the CCAA to undertake a labour market information study, which will include an analysis of Indigenous and gender representation in the domestic and global aviation industry. This will culminate in an action plan to train and employ underrepresented groups in this field.

To help promote new careers for veterans, the Government's Transition Group supports military members with their transition to post-service employment. Members and veterans have access to seminars, career transition workshops and online tools designed to assist in determining their areas and industries of employment interest. Certain Canadian Armed Forces occupations and skillsets directly correlate with the aviation industry, including linking military pilots with civilian positions upon retirement or discharge.

Finally, while the Government recognizes the particular difficulty that flight schools face today when trying to recruit and retain flight instructors, the majority of federal programs are general in nature and do not specifically apply to supporting flight schools. For example, the Student Work Program is implemented by provinces and territories and gives post-secondary students in science, technology, engineering, math and business programs across Canada paid work experience related to their field of study. However, the Government will consider opportunities to work with industry, flight training institutions, provinces and territories to explore opportunities to better support flight training schools.

REGULATORY OVERSIGHT AND MODERNIZATION (Recommendations 5, 6, 7, 8 and 13)

The Government accepts that modernizing Canada's current pilot training requirements and regulatory framework for training may help to develop the kind of nimble and proactive regime that would target the skills and employment required to work in today's aviation sector. In order to promote safety, the Canadian air transportation oversight regime uses a risk-based approach to verify that industry complies with aviation-related regulatory frameworks through compliance and enforcement activities. These include planned and reactive inspections; certification of people, products and organizations; taking appropriate action when a new or increased risk or problem related to operator safety performance is identified; and helping to ensure that enforcement actions are rigorous and consistent across operators and regions, including Northern communities, through the national Oversight Advisory Board. The Government regularly reviews training, and has taken steps to adopt innovations and allow for more modern approaches, which will not only improve training but may help to address the labour shortage.

For example, the Government is working to modernize its current training regime by exploring the potential introduction of Approved Training Organizations (ATOs) for the delivery of pilot flight training programs within Canada. The implementation of ATOs could set the appropriate balance between modern and traditional flight training learning methods being applied to achieve flight training objectives. The Government may further explore the potential introduction of competency-based training as part of this initiative.

Technology in the area of aviation is evolving rapidly, and the Government, as regulator and enforcer, has a considerable role to play in promoting its safe adoption. In light of this, the Government has reviewed the Canadian Aviation Regulations with a view to including the use of emerging technologies and best practices in flight training. Modern and flexible approaches to flight training may also help to address the aviation labour shortage. At the same time, the

Government currently has regulations and standards in place with respect to the use of modern flight training devices, such as simulators, and continuously reviews any new flight training technology, including amending flight training regulations for their use where appropriate.

Advancements in technology have greatly enhanced the quality of simulators. Simulators play an important role in providing basic pilot training and have the ability to simulate abnormal flying conditions and weather patterns without comprising safety to person or property. Simulator training is recognized internationally and allows pilots to practice situations that cannot be done safely in an aircraft. The multi-crew pilot licence, established in Canada in 2006 based on guidance from ICAO and similar to practices in Europe and Asia, allows pilots to go straight from simulator training to acting as co-pilots. The Government also supported the introduction of the Redbird Flight Simulator, which is used by many flight training schools in lieu of aircraft training. All simulators and flight training devices must meet the Government's standards and, once approved, companies are issued a certificate by the department allowing them to use the device for training and/or testing depending on the qualifications requested. As a result, students can apply their training hours spent in the simulator towards their pilot licence. The Government's main role was to work with the schools and the manufacturer to ensure that these new and unique devices met the appropriate standard and were issued the appropriate certificates. The use of simulators has the potential to reduce the costs of pilot training for all students, including women and Indigenous Peoples.

As part of its commitment to reduce the carbon footprint and the climate impact of aviation, the Government supports initiatives that explore the use of alternative biofuels, also known as sustainable aviation fuels. For a number of years, the Government of Canada has been working with the United States Department of Transportation's Federal Aviation Administration and the National Research Council of Canada to develop the appropriate infrastructure and procedures to test unleaded replacements for aviation gasoline. This work will be furthered by accelerating the availability of sustainable aviation fuel (SAF) in Canada. The Impact Canada "Sky's the Limit" Challenge, announced on August 17, 2018, is accelerating breakthrough innovations to significantly reduce greenhouse gas emissions and production costs for SAF. In conjunction with the Challenge, the Government of Canada announced that it is exploring opportunities to purchase SAF for future use in federal aviation fleets. This Challenge is part of the government-wide Impact Canada Initiative, which provides a vehicle to pilot innovative policy and program approaches. This work may also be beneficial to the flight training industry.

Finally, while the Government accepts in principle the recommendation to review existing requirements for third party training of flight instructors, it currently does not have any programs that respond to this issue. For example, the new Workforce Development Agreements provide funding to provinces and territories to provide employment assistance and skills training with the flexibility to respond to the diverse needs of their respective clients. Under these agreements, provinces and territories have the responsibility and flexibility to design and deliver employment and skills training programming that broadly meets the needs of their local labour markets. However, the Government may work with partners in the future to determine how best to address this issue.

SUPPORT TO FLIGHT SCHOOLS (Recommendations 4, 9 and 10)

The Government accepts in principle the recommendations with regard to supporting flight schools through financial incentives to help offset capital and operational costs in order to increase the capacity of existing and new flight training institutions. It also recognizes the importance of focusing on Northern and remote flight schools, and has a number of programs underway to help address these concerns. The Government will continue its current efforts to identify appropriate avenues and federal contributions in this area.

The Accelerated Investment Incentive is a key example of a program that can assist with the high capital costs associated with the establishment, operation and expansion of flight schools. In order to provide support to all businesses making new capital investments, the Government introduced the Accelerated Investment Incentive as part of the Fall 2018 Economic Statement, whereby new capital investments will generally be eligible for a first-year deduction for depreciation equal to up to three times the amount that would otherwise apply in the year an asset is put in use. Tripling the current first-year rate will allow businesses to recover the initial cost of their investment more quickly, thereby reducing overall risk and making it more attractive to make capital investments. This program may encourage investment in new pilot schools in the North.

Through its contribution programming, the Government may be able to help support flight schools in the territories with their capital costs, supplies and curriculum development. An important step in this direction occurred in 2017-18 when, as part of the Aviation Management Diploma Program, the Government of Canada, the Yukon Government and Alkan Air invested in a new flight training simulator, which is the first of its kind in Canada's North. This innovative program allows students to complete flight training at Alkan Air while also taking business courses at Yukon College. Regional airlines also have the opportunity to use the flight training simulator for staff training, professional development and skills upgrading, which offers significant time and cost savings to local operators and students.

Moreover, the existing Northern Residents Deduction provides tax relief to Northern communities, which is intended to assist in drawing skilled labour to Northern and isolated communities. The residents of prescribed zones of Northern Canada can claim a per-day deduction to offset tax liabilities as well as a deduction for travel benefits. This program could incentivize existing pilots to move to the North, thus helping to address the unique challenges faced by Northern, remote and Indigenous communities as a result of the aviation labour shortage.

SUPPORT TO STUDENTS (Recommendations 11 and 12)

The Government accepts its role in helping to offset the high costs of flight training. Currently, Canadians who want to become commercial pilots can take different routes to meet the requirements of ground school (in-class) training and the compulsory 200 flight hours, including: a self-paced approach; commercial pilot training programs provided by Transport

Canada-accredited Flight Training Units (FTUs); or completion of a university or college aviation program that partners with pilot training provided by FTUs.

Access to Canada Student Loans Program (CSLP) loans and grants is available to students undertaking instruction/training that leads to a degree, certificate or diploma at a designated post-secondary institution, due to the program's regulated eligibility requirements. Pilots in training can access CSLP supports for eligible aviation college and university programs. However, a number of other flight schools are not eligible because they are not linked to a designated post-secondary institution, or because the training they offer does not meet the eligibility criteria for CSLP. Some provinces and territories also offer student financial assistance for flight training, such as Alberta.

One of Employment and Social Development Canada's (ESDC) tools to support sectors with workforce development issues is the Sectoral Initiatives Program (SIP), a grants-and-contributions program with the objective of addressing current and future skills shortages. There are currently two SIP projects underway with the CCAA, targeting the needs of the aviation industry and its labour market issues. These projects will deliver updated labour market information and forecasts to provide industry stakeholders with the data and tools they need to identify and develop strategies to address current and future workforce needs. They will also modernize the existing national occupational standards, skills evaluation and certification system to facilitate the recruitment of new aviation workers from compatible industries. Transport Canada will continue to work with ESDC to explore potential opportunities to address the aviation sector labour shortage.

There are also programs designed to increase the participation of underrepresented groups in the field, including Indigenous Peoples, veterans and immigrants. In terms of increasing the inclusivity of Indigenous Peoples in the aviation industry, the Post-Secondary Student Support Program aims to improve the employability of First Nations and eligible Inuit students by providing them with funding to access education and skills development opportunities at the post-secondary level. Under the terms of this program, eligible educational institutions are degree, diploma, and certificate granting institutions which are recognized by a province or territory and include educational institutions affiliated with delivering accredited post-secondary programs by arrangement with a post-secondary institution.

With regards to veterans, the Government's Education and Training Benefit is an existing initiative that provides funding to veterans who have met the eligibility criteria and covers flight training for the purposes of employment. The Veterans Transition Group is a new program launched in 2018 that focusses on connecting retiring and discharged military personnel with private sector employment, which includes connecting those with aviation-related skills with civilian aviation careers. The Government is currently looking into compiling statistics on funding requests made for aviation-related education in order to generate an idea of how many veterans are pursuing careers in the civilian aviation industry.

Every year, Canada's immigration programs result in admissions of international pilots, many of whom were trained at Canadian flight schools as international students. The Government is committed to encouraging ways for students to stay in Canada once they graduate. For example, under the Post-Graduation Work Permit Program, international student graduates can stay and work in Canada, acquiring valuable Canadian work experience towards meeting the requirements of one of Canada's immigration programs. With this program, graduates of Canadian flight schools may qualify for a work permit in Canada for up to three years if they meet the eligibility conditions of the program and if they have either:

- Completed a flight training course at an eligible Canadian training school and have obtained a Canadian commercial pilot's licence; or
- Obtained, or be in the process of obtaining, an instructor's rating and have received an offer of employment as a flight instructor from an eligible flight training school.

Graduates who are working in Canada and who wish to become permanent residents have a pathway through the Canadian Experience Class if they have at least one year of Canadian work experience and have proficiency in either English or French. Express Entry allows individuals with a recognized Canadian education credential, including those who have graduated from a Canadian flight school, to receive points, thus increasing their chances of receiving an invitation to apply for permanent residence.

In addition to these federal initiatives, pilots with a recognized Canadian education credential may be eligible for provincial or territorial immigration programs. These programs provide provinces and territories with the ability to select immigrants who address regional needs.