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Chair: Mr. Vance Badawey



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• (1535)

[English]

The Chair (Mr. Vance Badawey (Niagara Centre, Lib.)):
Good afternoon, everyone.

Welcome to meeting number 14 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

Today's meeting is taking place in a hybrid format, pursuant to the House order of January 25, 2021. The proceedings will be made available via the House of Commons website. So you are aware, the webcast will always show the person speaking rather than the entirety of the committee.

To ensure an orderly meeting, I would like to outline a few rules to follow.

Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. You have the choice, at the bottom of your screen, of floor, English or French.

For members participating in person, proceed as you usually would when the whole committee is meeting in person in the committee room. Keep in mind that directives from the Board of Internal Economy regarding masking and health protocols are in effect.

Before speaking, please wait until I recognize you by name. If you are on the video conference, please click on the microphone icon to unmute yourself. For those in the room, your microphone will be controlled as normal by the proceedings and verification officer.

As a reminder, all comments by members and witnesses should be addressed through the chair.

When you are not speaking, your mike should be on mute. With regard to a speakers list, the committee clerk and I will do the best we can to maintain the order of speaking for all members, whether they are participating virtually or in person.

Pursuant to Standing Order 108(2), the committee is meeting today to continue its study on the impact of COVID-19 on the aviation sector.

Now I would like to welcome our witnesses.

From the Canadian International Freight Forwarders Association, we have Bruce Rodgers, executive director, as well as Julia Kuzeljevich, public affairs manager. From Downsview Aerospace Innovation and Research, we have Samantha Anderton, executive direc-

tor; and Andrew Petrou, chairman of the board. From the Greater Toronto Airports Authority, we have Ian Clarke, chief financial officer; and Hillary Marshall, vice-president, stakeholder relations and communications.

From Nav Canada, we have Ray Bohn, president and chief executive officer; and Jonathan Bagg, director, stakeholder and industry relations. From Pascan, we have Julian Roberts, president and chief executive officer; and Yani Gagnon, vice-president and chief financial officer. Finally, from Porter Airlines, we have Robert Deluce, executive chairman.

Welcome to all of you.

To members of the committee, welcome to you, as well.

We'll start with our witnesses, for five minutes each. We'll start with the Canadian International Freight Forwarders Association.

Mr. Rodgers and Ms. Kuzeljevich, you have the floor.

Mr. Bruce Rodgers (Executive Director, Canadian International Freight Forwarders Association): Thank you, Mr. Chair.

Dear members of the Standing Committee on Transport, Infrastructure and Communities, we thank you for the invitation to appear today and for the opportunity to present our statement.

I provided a brief description of our organization with our briefing notes yesterday, and I assume that the committee would prefer that I move directly to our statement and the question period.

Our industry is experiencing the biggest change in aviation in our lifetime, perhaps since deregulation. The dramatic drop in demand for passenger air transport due to the COVID-19 pandemic and containment measures cut capacity even deeper, as approximately half global air cargo was carried in the belly hold of passenger aircraft.

At this point, there is great uncertainty as to how changes will shake out in the long term, although we are conscious of the fact that the aviation sector will experience severe long-term disruptions and perhaps ever-changing consequences.

Canada is recognized globally as a strong, stable and reliable trading nation, and one of the best places in the world to invest and start a business. The availability and security around cargo capacity in the air sector assist in providing trade and economic prosperity.

We come today to this committee on behalf of our freight forwarding members, concerned with the following current trends facing the aviation industry relating to the movement of cargo: one, the elimination of cargo capacity in passenger jet belly holds and the recent elimination of certain large aircraft types from route circulation, which has led to significantly increased costs and the addition of ad hoc charter flights; two, network changes and reduced schedules will affect the smaller and/or remote centres, which will be disadvantaged; and three, additionally, supply chain hand-offs for dangerous goods, ground handling services, and additional fees and surcharges to recoup business losses at airport facilities and/or by carriers.

We understand that the first item on the agenda will be relating to the impact of the Air Transat sale on the aviation sector. This is of little consequence to our freight forwarding members, as a carrier traditionally has little capacity for cargo movements. But we look forward to the other items on the agenda.

We would like to thank the committee for recognizing this as an area of rapid and nerve-racking change and challenges. We respect the committee's involvement in following the developments closely and anticipate the recommendations of policy changes as they become necessary.

Thank you very much for the opportunity.

The Chair: Thank you.

Were we going to have a second speaker on behalf of your organization, or are you good to go?

Mr. Bruce Rodgers: I think we're good to go, at this point. Thank you very much.

The Chair: Thank you.

We'll now move to the Greater Toronto Airports Authority.

Mr. Clarke and Ms. Marshall, the floor is yours for five minutes.

• (1540)

Ms. Hillary Marshall (Vice-President, Stakeholder Relations and Communications, Greater Toronto Airports Authority): Good afternoon, everyone. On behalf of the GTAA, my colleague Ian and I are happy to be here to present to you today.

I guess I can start by saying this on behalf of the entire aviation industry—some of whom are represented here—and possibly everyone in Canada: COVID sucks. While it certainly feels like a race to the bottom with other hard-hit industries, in spite of these efforts to push through and do everything we can to survive these toughest times, the pain is particularly acute at Canadian airports, notably Toronto Pearson.

As you know, Toronto Pearson is Canada's largest airport. In 2019, we welcomed over 50 million passengers. The airport is the anchor employer in the second-largest employment zone in the country, which contains 300,000 jobs. It feels like we see daily headlines about job cuts related to Toronto Pearson—from front-line security screening jobs, 500 of which were just cut two weeks ago, to advanced roles like air traffic controllers and engineering, or construction roles tied to the massive capital projects that were under way at Pearson.

We represent a vast ecosystem of what were once stable airport jobs that have now been decimated by the impacts of COVID on our sector. Pre-COVID, more than 400 companies operated on the grounds of Toronto Pearson. As well, 68% of our employees resided in Toronto and Peel region, as many of the local MPs represented here would know. These jobs and economic benefits aren't tied to just the area around Pearson. Pre-COVID, the airport contributed 6% of the province's GDP.

We are proud of the role airport workers played in bringing Canadians home at the beginning of the pandemic. Likewise, we are proud of the role we played in ensuring that supply chains remained open for vital cargo like personal protective equipment and vaccines.

Last week, the Prime Minister announced mandatory COVID-19 testing for all international travellers coming into Canada. This is a welcome requirement and it's one that the GTAA and other stakeholders have been recommending in terms of mandatory testing for some time. Arrivals testing began at Pearson on January 6 and was made mandatory by the Province of Ontario for any international travellers remaining in Ontario past this Monday. Studies show that arrivals testing quickly identifies asymptomatic positive travellers and allows them to be referred to public health for proper management. We support a science-based approach with clear standards on testing that can be implemented by Canadian airports. Last June, we moved quickly to introduce our own healthy airport program.

As you know, the aviation sector has been devastated by the impacts of the pandemic, as have many other sectors. At the airport, we have seen a reduction of jobs by approximately 68%. Over and above well-publicized airline layoffs, we've seen, as I mentioned, front-line jobs being reduced. In recent months, Toronto Pearson is experiencing a general decline in passenger numbers in the range of 85% to 90% compared with 2019. With the new restrictions implemented and announced last week, we expect those numbers to be further reduced.

In the third quarter of 2020, our passenger traffic was down 88% from the same period in 2019. Revenues were reduced by 63%. We made the difficult decision in July to reduce our workforce by 27%, eliminating some 500 roles. We also dramatically decreased operating and capital expenditures.

We have borrowed heavily and taken the unprecedented step of asking our bondholders to relieve us from our debt covenants for 2020 and 2021. We have shuttered basically 45% of Toronto Pearson. Unfortunately, the worst doesn't appear to be over. The year has begun with significant additional challenges. These include the emergence of new variants, continued and stringent travel restrictions, stay-at-home orders and general confusion related to testing requirements.

The Chair: You have one minute, Ms. Marshall.

Ms. Hillary Marshall: I guess what I want to say in particular is that, for many months, we've been asking the federal government to waive rent for 2020 and 2021. The government waived rent for 2020 and has offered a deferral for 2021.

In the interest of getting through this very difficult period, we would ask that a waiver be implemented instead. We have asked that of the government. It reduces our expenses at a time when revenue is seriously impacted. We're urging the government to revisit this decision and provide a rent waiver instead of just a deferral.

Thanks very much for your attention.

The Chair: Thank you, Ms. Marshall. Well done.

We're now going to move on to Pascan Inc. We're going to ask Julian Roberts, as well as Yani Gagnon, to speak.

You have five minutes. The floor is all yours.

• (1545)

[Translation]

Mr. Yani Gagnon (Vice-President and Chief Financial Officer, Pascan inc.): Good afternoon.

My name is Yani Gagnon, and I am the co-owner of Pascan Aviation. During this presentation, we will share with you the challenges that are unique to regional air transportation. My business partner, Julian Roberts, who is here today, and I would then be happy to answer your questions.

Here is an overview of our company, Pascan Aviation. We are not promoters, but rather certified operators. Our business is fully Canadian-owned, and it is set up in Quebec. We have been operating it for 20 years. Our mission is to connect regions to one another and to large urban centres. We have more than 130 employees and currently offer flights across eastern Quebec and Labrador by serving 10 airports daily.

We have an aircraft fleet consisting of seven 19-seat BAe Jetstream 32s and four 34-seat Saab 340Bs. We will also have an opportunity to acquire another three to six Saab 340Bs in 2021.

We have a proven track record in terms of safety and compliance with Transport Canada. We have not had an accident since the beginning of our operations.

Before the pandemic, we were completing about 80 flight segments a day and transporting over 5,000 passengers a month. However, those figures have dropped by 35%.

We ensure the delivery of essential goods to the regions. We cover postal, medical and commercial needs. We have taken over for Air Canada in a number of regions, especially when it comes to

medical needs. We also transport patients and medical staff to the Îles-de-la-Madeleine, Gaspé and Fermont hospitals.

The impact of COVID-19 on air transportation is a global disaster that has led to significant reductions in passenger volume and to dropped air connections, as well as to spiralling operating costs. The industry as a whole must reinvent itself. That will certainly require some time, but the status quo is no longer possible. Most specifically for us, small carriers, COVID-19 has magnified the vulnerabilities of regional air transportation, which existed before the pandemic.

The main purpose of regional air transportation is to serve small communities that are far from major centres. Most of those communities have a population of 25,000 or less, and an air link is a matter of economic survival for them. Therefore, regional air transportation is characterized by low passenger volumes.

Some stakeholders are saying that passenger volume reflects a direct correlation between ticket price and service offering. However, there are limits to that correlation. There are actually market pockets for which we could not generate more volume, even if we were to lower prices by 50% and add 50-seat aircraft. Some markets essentially reflect worker movements, especially in the mining sector.

Our operating cost structure is very high. All sorts of taxes and fees, for which the air carrier is only a collecting agent, account for between 35% and 40% of a ticket's cost. The constant increase in operating costs is also unfortunate. Last fall, for example, Nav Canada increased its fees by 30% unilaterally.

Many people are making the following comparison. They are saying that a plane ticket from Montreal to Sept-Îles costs more than a ticket from Montreal to Paris. Unfortunately, apples are being compared to oranges in this case. On international flights, large aircraft for 300 passengers and up have first class and business class seats that are sold at a high price. We are talking about \$3,000 to \$7,000 for a return ticket, which covers the total cost of the flight. The rest of the seats account for profit. The regional market is not large enough to support aircraft of that size. What is more, no one will buy a first-class ticket for a flight from Montreal to Sept-Îles.

For air carriers, the commercial risk is tremendous, as operating costs are almost predominantly imposed just before takeoff, regardless of the number of passengers on board. It is clear that various levels of government assuming some of the airport fees could lead to lower ticket prices.

Safety management and compliance with Transport Canada's regulations are critical in aviation. This is also very costly, especially for small airlines like Pascan Aviation. Safety management must be part of the carrier's DNA, and it is not something that is gained overnight. It requires years of experience and safety audits over the years.

[English]

The Chair: You have one minute, Mr. Gagnon.

[Translation]

Mr. Yani Gagnon: Another repercussion of the pandemic is that the largest air carriers have given up on a number of regional destinations they deemed non-profitable or non-strategic. Air Canada even announced its permanent withdrawal in some regions—for example, in Sydney and in Gaspé—owing to low passenger volumes. We need our national air carrier, Air Canada, and its international position has to be improved. However, the government must avoid the constant trap of subsidizing large air carriers to force them to return to the regions and compete unfairly with small carriers. We can serve the majority of regional markets. We don't think of us as Air Canada's competitors. However, we do provide a complementary service.

For instance, Air Canada tends to focus on direct flights, while Pascan provides more options in terms of non-direct flights.

• (1550)

[English]

The Chair: Thank you, Mr. Gagnon.

We are now going to move on to Porter Airlines.

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

Mr. Robert Deluce (Executive Chairman, Porter Airlines Inc.): Good afternoon, Mr. Chairman and members of the committee.

Thank you for the invitation to speak on behalf of Porter Airlines and our 1,500 team members.

I will begin by offering a brief overview of Porter's business, which started in 2006 from Billy Bishop Toronto City Airport as part of an effort to revitalize this transportation asset for the city and country. I'm pleased to say that this has been largely successful, with Porter serving some 22 destinations in Canada and the U.S. as of the beginning of 2020, while operating a fleet of 29 made-in-Canada De Havilland Dash 8-400 aircraft.

As a smaller carrier, Porter contributes greatly to competition on the regional routes it serves. Historically, base airfare prices decrease by approximately 60% or more when Porter enters a market, many of those previously having been served by only one airline. This has been true as Porter started service across Ontario, Quebec and Atlantic Canada, with benefits accruing even to the busiest routes, such as Montreal-Toronto and Ottawa-Toronto.

At the outset of the COVID-19 pandemic, Porter determined that it was in the best interests of our team members, passengers and public health efforts to temporarily suspend operations. While we never imagined at the time that this would be the case, our planes are grounded today and will be for more than a year before opera-

tions restart. Currently, we are hopeful that some flights can resume in the first half of 2021, subject to the course of the pandemic and evolving travel restrictions.

Porter has maintained its temporary service suspension longer than other airlines that made similar decisions. While some carriers had low levels of traffic, allowing them to continue operating certain longer-haul flights and maintain minimal levels of service for the country, Porter has been acutely affected because of its regional network, downtown Toronto hub, business traffic focus and exposure to U.S. markets.

The committee has heard how devastating the pandemic has been for airlines, so I will not repeat this information during my statement. I will only emphasize the trauma this situation has caused for so many people in the wider travel industry, from those involved with hotels, attractions and restaurants to travel agencies, airports and taxi drivers. This, of course, includes approximately 90% of Porter team members on temporary layoff.

We want nothing more than an opportunity to begin recalling these workers so they can contribute to rebuilding our business and the wider economy. In this context, government financial assistance is genuinely welcome by airlines and other travel businesses. Ensuring that airlines like Porter, and others that are much smaller, are in a position to contribute to economic recovery, sustain regional connections and provide competition is a benefit to the entire country.

At the same time, we understand that assistance is not a blank cheque. Porter is open to considering conditions being attached to any money made available to airlines by the government, including a more comprehensive approach to passenger refunds. While the government has reasonably tried to balance the interests of passengers and airlines when it comes to refunds, the strain on everyone has become greater as the pandemic drags on. In Porter's case, we estimate that additional refunds not already provided to our passengers amount to a fraction of 1% of what is outstanding among all airlines in Canada.

The timing of government assistance potentially becoming available at this stage of the crisis may ultimately prove to be beneficial as a means of boosting service levels and economic growth, just as we hope to see vaccines lead to diminishing restrictions on mobility this spring and summer. Smaller markets stand to benefit most immediately from this, with the possibility of routes being re-established and competitive alternatives returning. As this develops, we believe that there is also value in expanding the use of rapid testing at airports as part of a coordinated and comprehensive effort to promote safe travel and facilitate the reopening of the economy and borders.

Porter's overarching interest regarding potential government assistance is that it be considered equitably. It is crucial that smaller airlines not be disadvantaged at the expense of supporting others with larger interests.

• (1555)

Thank you for your invitation to speak. I would be pleased to expand on any topic mentioned or otherwise of interest to you during the question period.

The Chair: Mr. Deluce, you get the prize today because you were absolutely bang on five minutes. Well done.

I'll now move on to Downsview Aerospace Innovation and Research, DAIR.

We have Ms. Samantha Anderton, as well as Andrew Petrou.

Folks, you have the floor for five minutes.

Mr. Andrew Petrou (Chairman of the Board, Downsview Aerospace Innovation and Research): Good afternoon, Mr. Chair and members of the committee.

Downsview Aerospace Innovation and Research, also known as DAIR, is a consortium of industry and academic partners working in highly collaborative ways to enable cutting-edge R and D, workforce training and education, and entrepreneurial support for start-ups and SMEs. Together, we are establishing a global aerospace innovation hub for Canada at Downsview Park in Toronto, also the location of the production of the Dash 8-400.

Aerospace is a key sector for Ontario. More than \$500 million of the total \$1.4 billion that Canada spends on R and D annually is spent in Ontario. More than 200 aerospace firms are responsible for over 44,000 direct and indirect jobs.

We're here today because Canadian aerospace is at a critical juncture.

Prior to the devastating impact of the COVID-19 pandemic, the Canadian aerospace sector had already fallen from fifth place in the world to seventh. As you heard last week from the AIAC, significant challenges from the pandemic are threatening to further exacerbate this trend. Canada is currently losing its highly skilled workforce and homegrown expertise in aerospace to other countries around the world which are heavily investing in this sector.

With aerospace and aviation companies having to make very tough financial decisions, we are anticipating a decrease in essential research and technology spending. Unfortunately, this can and will stagnate the promising work being led by industry and academic partners to pivot and transform this sector, but we don't have to let this happen.

Ms. Samantha Anderton (Executive Director, Downsview Aerospace Innovation and Research): We believe Canada needs to have a top-down approach to support commercial airlines. This would mean that support would flow to original equipment manufacturers, OEMs, and down the full supply chain, including those companies focused on aircraft maintenance. But, make no mistake, this is only part of the solution.

We also need a bottom-up aerospace framework to foster innovation and collaboration at the SME level. This would spur novel, sustainable technologies in green tech and advanced manufacturing.

Supporting a dynamic, collaborative aerospace innovation ecosystem such as the one we are developing at DAIR would be valuable to all stakeholders. For example, DAIR was able to rapidly respond to support COVID-19 research by working on a project to study how to reduce passenger exposure to the virus. By leveraging our access to an extensive expertise pool, as well as our established relationships with industry and academia, we were able to accelerate funding applications and reduce wait times to initiate and advance this key research. That's the power of collaboration.

Collaboration also helps SMEs to grow by mobilizing their talent and expertise through facilitating knowledge transfer between smaller enterprises and the larger stakeholders such as tier ones and OEMs. SMEs have so much untapped knowledge in key disruptive technologies such as eVTOL, hybrid-electric propulsion and UAVs.

We can seize this chance to differentiate ourselves as Canadians if we focus our energy on these novel technologies now. We can also leverage the similarities the Canadian aerospace sector has with other industries, such as the automotive industry, when it comes to artificial intelligence, machine learning, the Internet of things, advanced manufacturing, and big data.

More incentives have to be created to encourage working together rather than in silos. This will benefit all of Canada. Strengthening investments in R and D now would not only offer long-term benefits, but it would also provide the ability to pivot out of the COVID pandemic to emerge a stronger, more resilient aerospace sector. This will have tangible results in all levels of our industry, from airlines to OEMs and SMEs across Canada.

• (1600)

The Chair: You have one minute, folks.

Mr. Andrew Petrou: Lastly, we want to draw your attention to the short- and long-term need to work together to cultivate a highly skilled workforce in aerospace. Organizations such as DAIR can support the government in engaging our students, starting from the ground up. This is required from elementary school students all the way up to those needing mid-career training through rescaling and upscaling opportunities.

Promoting science and technology to help facilitate a wide exposure to STEM opportunities will help grow a valuable culture of innovation. This will facilitate key populations, including marginalized communities, to gain exposure to an industry that offers rewarding, high-quality careers.

In closing, if we act now, Canada can protect and support its global leadership in advanced manufacturing, skills training, and research and development. This is about supporting Canadians. It's about the people and securing Canada's position as a global leader in aerospace.

Thank you, Mr. Chair.

The Chair: Thank you, and well done to both of you.

We're now going to move on to our final presentation, to witness Mr. Ray Bohn, president and chief executive officer of Nav Canada; and Mr. Jonathan Bagg, director, stakeholder and industry relations, also from Nav Canada.

Gentlemen, welcome. You have the floor for five minutes.

Mr. Ray Bohn (President and Chief Executive Officer, Nav Canada): Thank you, Mr. Chair.

Good afternoon, everyone.

I am Raymond Bohn, president and chief executive officer of Nav Canada. I am joined today by Jonathan Bagg, director of stakeholder and industry relations. I would like to start by thanking the chair, vice-chairs and members of the Standing Committee on Transport, Infrastructure and Communities for the opportunity to appear this afternoon.

As the country's private not-for-profit provider of air navigation services, Nav Canada is responsible for the safe and efficient movement of aircraft in all Canadian-controlled airspace. Nav Canada's mandate is achieved primarily through the delivery of air traffic control and flight information services; the maintenance, update and publishing of aeronautical information products; the reliable provision of communications, navigation and surveillance infrastructure; and the 24-7 availability of advanced air traffic management systems, many of which we develop right here in Canada and export around the world.

We are responsible for more than 18 million square kilometres of airspace from coast to coast to coast, reaching halfway across the North Atlantic, what is usually the busiest oceanic airspace in the world. Thanks to the work of our more than 4,400 dedicated employees, operating out of more than 100 operational facilities throughout the country, Canada boasts one of the best air traffic management safety records in the world.

It should come as no surprise to members of this committee that Nav Canada has not been immune to the severe impacts that COVID-19 has had on our industry. As traffic levels have declined domestically and globally, so too have our revenues, which are based on service charges paid by our customers—the airlines and aircraft operators who utilize our services.

For the first quarter of our current fiscal year, which ran from September to November 2020, weighted charging units, which are a measure that reflects the number of flights, aircraft size and dis-

tance flown in Canadian airspace, decreased by 58.8% compared to the previous year. Our net loss for last fiscal year totalled \$348 million. We anticipate a loss of \$295 million for the current fiscal year, though I should note that this is based on forecasts made prior to the travel restrictions announced Friday.

Nav Canada took action early in the pandemic to significantly reduce operating costs and capital spending while continuing to ensure that essential air navigation services remained available to support our customers and their critical operations.

We had to make the difficult decision to increase service charges for our fiscal year 2021 after exhausting all available options. In doing so, we worked to minimize the impact of a rate change by using our debt capacity and our liquidity to support our customers by deferring payment of the increase, interest-free, over a five-year period.

Like many in the industry, Nav Canada had to make the very difficult decision to reduce the size of its workforce, eliminating more than 720 positions or 14% of our pre-COVID workforce through implementation of a voluntary retirement program, followed by involuntary reductions in staffing of temporary and permanent positions, impacting all areas of our business.

Nav Canada recently launched numerous aeronautical studies to safely streamline operations at airport locations where we provide air traffic services. While our studies are still under way, it is important to note that any change to our level of service will be made only after careful assessment of all safety factors, and following concurrence with our safety regulator, Transport Canada.

From the outset of the pandemic, all of our decisions have been made with a view to preserving the integrity of the air navigation system and ensuring aircraft safety operations now and well into the future.

A consistent theme we have heard from our stakeholders is the desire for co-operation with the federal government on solutions that will not only help the industry weather and recover from the current crisis, but also position the industry to build a pathway to future economic growth.

We believe that the federal government is well positioned to take account of this broad and complex situation and to deliver a balanced set of supports that can help enable the economic potential of the industry.

• (1605)

The Chair: You have one minute, Mr. Bohn.

Mr. Ray Bohn: There is no doubt that the aviation sector will continue to contribute significantly to the fabric of our nation, connecting Canadians to each other and the world, and fuelling our economy. At the same time, we must recognize that industry forecasts indicate that a return to 2019 air traffic levels will likely take several years to achieve.

Industry and government must work in lockstep now more than ever to take action on future risks and to drive solutions to the current public health and financial crises. In this context, Nav Canada appreciates the opportunity to be a part of the dialogue as this committee undertakes its study on the impacts of COVID-19 on the transportation sector.

Thank you, Mr. Chair. I welcome questions from members of the committee.

The Chair: Thank you, Mr. Bohn. That was well done.

We're now going to move on to our first round of questions. We'll first have Mrs. Kusie for the CPC, followed by Mr. Sidhu for the Liberal Party, followed by Mr. Barsalou-Duval for the Bloc, and then Mr. Masse for the NDP.

You'll have six minutes each.

Mrs. Kusie, you have the floor.

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): Thank you, Mr. Chair.

I'm going to start by presenting the motion that I gave notice of. I think it's very timely, as much as we have these witnesses here today, all of whom I'm very grateful to. I met with many of them.

[Translation]

I thank the witnesses.

[English]

I just feel that this really is a project critical to the national interest, and as such, I will present this motion here at this time. As you read when it was put on notice, the motion itself is:

That pursuant to Standing Order 108(2) the Standing Committee on Transport, Infrastructure and Communities study the cancellation of the Keystone XL pipeline; that this study focus on (a) the devastating loss of jobs and investment across Canada in all sectors that supply the energy sector, (b) the environmental impact of the United States purchasing foreign oil from nations with terrible environmental records, and (c) the impact the cancellation of this project will have on Canada's economic recovery from COVID-19; that the committee invite relevant witnesses, including representatives of industries and workers affected, as well as the Minister of Foreign Affairs, the Minister of Natural Resources, the Minister of International Trade and the Minister of Environment and Climate Change; that the Ministers appear separately for not less than two hours each; that these meetings be televised; that six meetings be allocated for this study; and that following this study a report with recommendations be presented to the House of Commons.

Mr. Chair, I really think that if we think about what this committee is about, it's about transportation, infrastructure and communities. I will say that this incredible project.... As the former Canadian consul to Dallas, Texas from 2010 until 2013, I advocated hard for this project in the Obama environment. Therefore, with a change in administration for our neighbours to the south, I was hopeful that finally this project's time would come.

Unfortunately, the hemming and hawing of this government and an eventual change in administration to the south led to its demise, with the result of at least tens of thousands of jobs.... Eleven thousand was the last number I saw, but it's far beyond that. It's tens of thousands if you add everyone implicated.

Really, it is about pipelines being forms of transportation and critical infrastructure to our nation. It's certainly about not only the communities that will be provided with good jobs as a result of this project, but also those that the pipeline will service, those it will bring good Canadian fuel to.

I would add finally, Mr. Chair, that this is more critical this week than ever before, as we see the demise of Line 5—again, at the hands of our neighbours to the south. If only we had advocated for energy when we had the opportunity.... This is something that this government continues to fail to do.

With all of that, Mr. Chair, thank you for your patience as I present this. I lay this at the feet of the committee with the hope that this committee will recognize the importance of this project and what its cancellation means, and with the hope that we can study this as a committee for the benefit of each and every Canadian across this country.

Thank you, Mr. Chair.

• (1610)

The Chair: Thank you, Mrs. Kusie.

I do have questions and hands up.

We have Mr. Bittle, Mr. Rogers and Ms. Jaczek.

Mr. Bittle, you have the floor.

Mr. Chris Bittle (St. Catharines, Lib.): Thank you so much, Mr. Chair.

I'd actually like to start with a point of order. I didn't want to interrupt Mrs. Kusie. I do have some comments afterwards, if that's okay, Mr. Chair.

My point of order raises whether this is even within our mandate as a committee. It seems like a copy and paste from the natural resources committee or the environment committee. It doesn't even mention the ministers of transport and infrastructure, or even discuss it in any remote way in terms of how this reflects back to transportation.

That's my first point: whether this is even within our mandate as a committee.

The Chair: Thank you, Mr. Bittle.

For lack of a better word, the definition of mandate with respect to this motion, I think it is, to some extent.... I don't think it's to the full extent, as it is more appropriate in other committees, but to some extent it is, as we do touch on infrastructure, communities, and of course, literally, transport, so it will be allowed to stand, and therefore debated and voted upon.

Mr. Bittle, do you want the floor?

Mr. Chris Bittle: Yes, please.

I'd like to express my disappointment—and my apologies to the witnesses as well—because I did receive a notice of meeting for the next meeting, and there is committee business scheduled. We have an hour of committee business at the next meeting, and we're using this time to discuss this motion. I'd like to hear from the Bloc and the NDP in terms of how they'd like to proceed.

I don't think this is the right committee for this job. The Conservative Party said—and we agreed, and so did the Bloc and the NDP, I don't want to take away anything from them—that a study of the air sector during COVID-19 was the most pressing issue that we could discuss. This debate is taking away from that time, and we have a motion that doesn't mention transportation, does not discuss the issues with respect to transportation and infrastructure.

In speaking with my colleagues on natural resources, it's just a copy-and-paste from that committee. We've taken out one line from natural resources to insert “the Standing Committee on Transport, Infrastructure and Communities”.

I won't go on too much longer. I would like to hear from the Bloc and the NDP in terms of where they'd like to go. Hopefully, we can move this forward as quickly as possible and hear from the witnesses. I would like to hear from them, because the air sector and COVID-19 are pressing issues.

The Chair: Thank you, Mr. Bittle.

I'm now going to move on to Mr. Rogers, then I have Mr. Masse, Mr. Barsalou-Duval and Mr. Bachrach.

Mr. Rogers, the floor is yours.

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

I have a very simple comment. Mr. Bittle covered all the key points that I was thinking about. This is not an ideal moment with all these witnesses sitting here waiting for us to be able to ask questions after their presentations. We do have committee business scheduled for Thursday, so I'm not sure why we're even talking about this today.

The Chair: Thank you, Mr. Rogers.

Mr. Masse, go ahead.

Mr. Brian Masse (Windsor West, NDP): Mr. Bachrach will speak for us.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): I appreciate the reasons that Mrs. Kusie wishes to have our committee look at this, but I tend to agree with Mr. Bittle.

I did pull up the mandate of the transportation, infrastructure and communities committee on the House of Commons website. I don't see very much relevance there. It speaks specifically to “federal programs and policies for air, rail, road and marine transportation”, “federal infrastructure funding such as the Gas Tax Fund and Investing in Canada Plan Bilateral Agreements”, and Crown corporations.

It doesn't speak to pipelines. There's probably another committee that would be better suited to investigating these matters. With all respect to my colleague, I'll be voting against the motion.

• (1615)

The Chair: Thank you, Mr. Bachrach.

Mr. Barsalou-Duval, please go ahead.

[Translation]

Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): I will take a few seconds, since I have been called up.

I just want to say that it would be preferable for this topic to be discussed in the appropriate committee. As far as I know, this is a matter of foreign affairs. According to my understanding, there is apparently a blockade in the United States.

It would be important for us to maximize the time we have to discuss today's topic. Witnesses are here, and I would not want to take time away from them.

[English]

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

Are there any further questions or comments?

We'll move to the vote, Mr. Clerk.

The Clerk of the Committee (Mr. Michael MacPherson): The question is on the motion of Mrs. Kusie with regard to Keystone XL.

(Motion negatived: nays 7; yeas 4)

The Chair: Thank you, Mr. Clerk.

Thank you, members. We'll now move on.

Mrs. Kusie, you have the floor.

Mrs. Stephanie Kusie: Thank you to the chair and to the clerk for allowing that to come forward.

[Translation]

I apologize to the witnesses who are here today.

[English]

I'll start with Porter Airlines, please, because I have had very interesting conversations with you before, Mr. Deluce.

Previously, the opinion of your airline, in my conversations with you, has been different from that of the other major airlines—and I will include you as a major airline—in that the other airlines were advocating strongly, in a sense, to have things such as rapid testing implemented on arrival, and it really seemed as though for several months you accepted the position of the government, as you saw, that this is just a brief period of time to get through, when really, we're seeing now that it's not. It's being extended indefinitely into the future, even beyond the vaccine, as we're hearing this week.

I'm wondering how your ideas and strategy have changed, given that something that should have been finite with the tools that are available to us and that were available to this government—rapid testing, testing on arrival, and vaccines, which, as we all know, are being so poorly distributed by this government. How has this changed, given the complete uncertainty and the uncertainty as to when this will pass in terms of a return to normal, frankly, for Canadians in the airline sector, as well?

Mr. Robert Deluce: That's a very good question.

None of us could have predicted back in March, when things came to a fairly rapid halt, just how long it would take to play out, and none of us could have imagined we'd be sitting here today talking about still not being back to any level of normal activity for months and in fact years. There was no way of knowing just what the right approach was.

We were supportive of some of the measures being taken. We thought a bit naively that suspending service until June was prudent. A lot of others only suspended for a few weeks. We thought June would leave time for things to sort out, and we'll remain ready and able, and we are in that position today where we are prepared to come back once the proper health conditions are in place and once those travel restrictions are removed.

We've always been a supporter of rapid testing. I think increasingly, as that is now coming into use more on a pilot project basis in both Calgary and Toronto, it's been proven, as it has been in other jurisdictions, to be an effective way of getting some activity going in terms of removing some of those restrictions that in fact cause some dampening of travel in the first place. I think as the vaccine is disseminated and as rapid testing is deployed, that will be very positive, and we support that.

● (1620)

The Chair: Mrs. Kusie, go ahead.

Mrs. Stephanie Kusie: Thank you, Chair.

Ms. Marshall, first of all, I would like to congratulate you on being the only other parent I've ever seen to complete the Lego Death Star with their family. I proudly include myself with you, so congratulations on that.

Ms. Hillary Marshall: Thanks to COVID, of course.

Mrs. Stephanie Kusie: Yes, thanks to COVID, exactly. I could go on about the Batwing. It's very impressive indeed.

I wanted to talk to you about what we're seeing this week with American airlines—and I don't mean the brand, I mean American air carriers—still being able to carry Canadians to sun destinations when Canadian carriers have been.... The minister said “voluntarily” in question period, which in my opinion is not accurate. I think they were told or given or promised something, as they have been for several months now.

We've seen leakage before with Canadians going to, say, Buffalo or Washington to get flights overseas, but we're seeing a new level here of unfairness and complete disregard in the government's position in regard to Canadian carriers' loss of market share. Can you comment on that, please?

Ms. Hillary Marshall: I guess I'll start off by saying that COVID has created an incredibly difficult situation as we're all trying to balance our business interests with the need to protect public health. From that perspective, I can understand why decisions are being made.

These aren't decisions that are made by the airport, but of course transporter traffic is important to our airport. We are a global hub, and we are the fourth- or fifth-highest point of entry into the United States internationally.

We have to be mindful that we're going to recover eventually and that we need to protect our competitiveness, so we need to keep our minds open to what routes—albeit protecting public health—are going to allow us to get back to recovery and to be competitive with those U.S. airports.

The Chair: Thank you, Ms. Marshall and Mrs. Kusie.

Mrs. Stephanie Kusie: Thank you, Chair.

The Chair: We're now going to move on to Mr. Sidhu.

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

Mr. Maninder Sidhu (Brampton East, Lib.): Thank you, Mr. Chair, and thank you to all of the witnesses for being here with us today.

My first question is for you, Ms. Marshall. You mentioned that in 2019 you welcomed 50 million passengers at Pearson airport and you noted the job losses in various industries connected with Pearson airport. I know that this includes many taxi and limo drivers, and many security, maintenance and other positions.

I've heard from so many in my riding. Many are understandably very concerned. However, I'd also like to note that many remain optimistic that things will turn around in due time.

Ms. Marshall, how long do you anticipate it will take for demand to recover to pre-pandemic levels once the Canadian population has largely been vaccinated?

Ms. Hillary Marshall: Number one, Bob Deluce is here, and he's a fantastic spokesperson for the industry, so more questions for Bob....

Number two, our industry is saying that it could take as long as three to four years to recover and to return to 2019 levels. That was our last forecast, but with these additional challenges that have been presented to our sector, it could be longer. We could be looking at five to seven years.

There is no doubt in my mind that the implications are these. The recovery is taking longer, and airports and air carriers and other participants in our sector are facing incredible challenges financially. The investments that we would be making to maintain competitiveness with other global players we are not able to make right now. We have deferred capital investments at the airport—\$245 million to \$265 million in 2020—and those were investments that were being made in projects that were important to the growth and expansion that kept Toronto Pearson among the top global hub airports in the world.

A global hub airport attracts jobs. It attracts global headquarters. It attracts investment, and it attracts tourism, so don't forget about investing in our future competitiveness. That's what we're asking of you. While we keep in mind the need to protect public health, don't let us fall behind.

● (1625)

Mr. Maninder Sidhu: Thank you, Ms. Marshall.

Mr. Deluce, to my understanding, pilots need to fly a certain number of hours per year to maintain their certification. What might be contemplated to keep the skills of your furloughed pilots up to date during this crisis?

Mr. Robert Deluce: Well, certainly in the initial stages it wasn't going to be a problem, because we were intending to start on June 1, but as it's gone longer, that has become more of a consideration. It's necessary to probably phase flying back in when it does resume, in order to get everyone back up and running.

We are maintaining management and some check pilots and training captains in a state of proficiency, and of course we're well structured to bring on others and get them back and trained up with simulator and line indoctrination as required when that event occurs, but there's no point in doing it until you can see your way clear.

Also, now that it requires such a massive training exercise, it's not like you can bring back 100% of your fleet on day one, even if it did turn—it's unlikely to—in that manner. Even if there was a greater demand all of a sudden, it would take some time to phase in, and we're sort of structured and set for that. I don't think that spending money training people is very useful until you see a light at the end of the tunnel. Some kind of minimal flying program with charter work has been useful.

On our part, I think we're doing all the right things just to make sure we're set and have the right people to train on simulator who are ready to do the line indoctrination and whatnot. I think on our part we're set to resume pretty rapidly once we have a green light in terms of the pandemic being under control and, of course, there being a reduction of travel restrictions, which will allow people to start flying comfortably again.

Mr. Maninder Sidhu: Thank you for that, Mr. Deluce.

You mentioned that a significant portion of your workforce is furloughed. Roughly, how many of your employees are furloughed at home and receiving the wage subsidy?

Mr. Robert Deluce: About 90% of the 1,500 team members are on temporary layoff. The majority of those would be initially on

CEWS, and now reverting to either EI or CERB, whichever is most appropriate and applicable to their particular situation.

The 10% who are working are being partially compensated through the existing program and through Porter. To the extent that they are working full time, they are being paid full time—those who, in fact, are working and providing the continuity.

That's a rough number; 90% of our workforce is currently on temporary layoff.

The Chair: Do you have a quick question, Mr. Sidhu?

Mr. Maninder Sidhu: Yes, please, Mr. Chair.

Mr. Rodgers, what do you think has changed about your industry in a lasting way as a result of the pandemic? Just answer quickly because I think I'm running out of time.

Mr. Bruce Rodgers: What has changed significantly is the adaptability of the freight forwarders and how they have been able to move cargo in and out of the country. The charter operators working with the Canadian airlines on the conversion of passenger flights to cargo flights to move them in and out of the country has been very successful overall.

The biggest concern we have, though, is the pricing. Previously, because the cargo was moving in the belly holds of passenger aircraft, it was being partially subsidized by the passengers. Now that it's moving on all-cargo flights, the cargo has to pay for itself. As a result, that is having a significant increase in costs overall, which basically get rolled down to the actual consumer.

● (1630)

The Chair: Thank you, Mr. Rodgers.

We're now going to move on to Mr. Barsalou-Duval for the Bloc.

Mr. Barsalou-Duval, you have the floor for six minutes.

[Translation]

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

My first question is for the Nav Canada representatives.

Before you unilaterally imposed a 30% fee increase on air carriers in the middle of a pandemic, you asked the government for financial assistance. I would like to know what the government's response was.

[English]

Mr. Ray Bohn: We've had multiple communications with the prior minister, and maintain open lines of communications with the deputy minister and the minister's office. Certainly, in those conversations we continue to look for government aid. At this point in time, as you're aware, we have not been provided with financial support.

We are looking to seek financial support from the government going forward, but to date to no avail.

[Translation]

Mr. Xavier Barsalou-Duval: Thank you.

Airlines were in serious trouble because of the pandemic. Could there be a worse time to impose a 30% fee increase on them?

[English]

Mr. Ray Bohn: Certainly we understand that the rate increase was difficult, but it was a necessary decision. We exhausted all our options prior to increasing service charges, including assessing the CEWS program and achieving significant reductions with respect to capital and operating costs.

This increase, in fact, could have been much higher prior to the reductions we imposed. Unfortunately, we certainly understand and are acutely aware that our customers are facing their own challenges. We worked through to minimize the impact of a rate change as much as possible by using our debt capacity and our liquidity to support our customers. I will note that in doing so we were deferring payment of the increase, interest-free, over a five-year period, as I mentioned in my opening remarks.

[Translation]

Mr. Xavier Barsalou-Duval: Thank you.

On September 22, Nav Canada announced that it would carry out studies to assess the service levels required in many towers in Quebec, including those in Saint-Jean, Sept-Îles, Kuujuaupik, Blanc-Sablon and Natashquan. Moreover, Nav Canada has been threatening to shut down the Rouyn-Noranda tower for years.

What we are hearing on our end is that Nav Canada does not intend to assess the level of service required, but to close the towers. Even with the studies not yet completed, it seems that the operators of all the towers currently under review have received layoff notices. However, you need ministerial authorization to do that.

Why are you breaking your own rules by making major decisions that could compromise safety and damn Quebec's regions before ministerial authorization has even been granted?

[English]

Mr. Ray Bohn: Thank you for your question. There are a number of points I would like to clarify.

Certainly, our level of service studies or aeronautical studies have not yet been determined. It's a process that evaluates whether alternate service levels are appropriate. We will be making recommendations, following our stakeholder consultations, that we believe are thorough and safety-focused. As I said, no recommendations have been made to date.

You bring up the point that letters of layoff were issued to air traffic controllers. I want to clarify that as well. These were letters of vulnerability, indicating that their jobs potentially could be at risk, depending on the outcome of these studies. In no way have these individuals been laid off at this time. They are still very much attached to a paycheque. They still very much continue to do the hard work that they've been doing within the communities that you mentioned, and beyond. They will continue to do so until such time as the aeronautical studies are completed and submitted to Transport Canada.

I wanted to make sure that the committee was fully aware that these employees were declared vulnerable and have not been laid off.

• (1635)

[Translation]

Mr. Xavier Barsalou-Duval: Thank you.

You will understand that I am a bit surprised by your comments. We are told that controllers know they are to be laid off, but they must continue to do their job knowing that they will lose it in a few months. The decision has not yet been made, but they are all being laid off, and all control towers in Quebec are being closed. You will understand that we are very worried.

However, although you have increased your fees by 30% and are cutting hundreds of positions, which could jeopardize transportation safety in the country, according to what air controllers have told us, you have apparently put millions of dollars into bonuses and severance benefits for the members of your senior management.

Can you tell us how much money has been given to them over the past year?

[English]

Mr. Ray Bohn: First, I will comment again on these letters.

These notice letters are required by conventions of the collective agreement. Once the letters are issued, they trigger certain rights, in fact, that employees have within that agreement. That includes giving them access to other positions at other locations, in the event that the aeronautical study were to change the level of service and they were impacted.

With respect to management bonuses, I want to put this into the broader context. I think it's important for the committee to understand that management has been reduced by 20%. We have 20% fewer managers than prior to the pandemic. In addition to receiving these reduced bonuses that you referred to.... I do want to highlight that they have been significantly reduced from prior years. This is following management salary reductions and significant changes to the management pension plan on a go-forward basis.

Management employees have been significantly impacted with respect to their numbers, and they have also been impacted in terms of their total compensation package, in a fairly significant way.

The Chair: Thank you, Mr. Bohn. Thank you, Mr. Barsalou-Duval.

We're now going to move on to the NDP.

Mr. Masse, you have the floor for six minutes. By the way, Brian, it's great to have you out today. It's always a pleasure.

The floor is all yours.

Mr. Brian Masse: Thank you, Mr. Chair.

I know you'll have some interest in my first question because it involves the Cleveland airspace and the Windsor Tower being under study.

Mr. Bohn, have you contacted the FAA, and when did that take place, with regard to our U.S.-shared space in Detroit and the Cleveland centre space that we occupy together?

Mr. Ray Bohn: I'm going to ask my colleague to respond to that question. He has been directly involved in this initiative.

Mr. Jonathan Bagg (Director, Stakeholder and Industry Relations, Nav Canada): Yes, Mr. Masse. I can confirm that we've had multiple exchanges with the FAA, and we have some meetings planned. We have been engaging with the FAA from a number of locations—Cleveland, Detroit, as well as their international coordination office. We are engaging actively with the FAA.

The Chair: Mr. Bagg, go ahead.

Mr. Brian Masse: Will that information be made public?

Mr. Jonathan Bagg: In the conduct of an aeronautical study, we do have to assess all of the issues that are raised. Certainly, we are well aware that—

Mr. Brian Masse: I just want to know if your correspondence with the FAA is going to be made public.

Mr. Jonathan Bagg: The assessment of the issues will be included in our submission to Transport Canada.

Mr. Brian Masse: Okay, so the answer is no. We'll have to do an ATIP for your assessment of the information, if we want. I can do that with my American colleagues, I suppose, on the U.S. side.

There were two studies previous to that, and they proved the airspace was too dangerous to remove supports from the control tower. What do you think is different now that the traffic has tripled and become more complicated, with the U.S. military also using the airspace?

Mr. Jonathan Bagg: The last completed study for Windsor was in 1998, so more than two decades ago. That's quite a while ago. There are certainly some things that are similar, like the fact that there's complex airspace in the vicinity, but we've also seen things change, the tools that our staff use, certainly the prevalence of GNSS navigation and GPS availability.

We are taking a good look at whether there is a possibility for a change in service. No determination has been made, but we will be taking into account all of the related factors.

Mr. Brian Masse: In his testimony, Mr. Bohn noted that you've eliminated 720 positions. Does that have any impact whatsoever on your study? When those positions were eliminated, obviously that affected your organization. How does that affect the studies that are

taking place and your capabilities to evaluate things in the current context, especially since you've asked for government support to maintain your staffing component, but were denied that by the government? How does that affect the studies?

● (1640)

Mr. Jonathan Bagg: We've maintained our full capability to undertake the studies. The level-of-service team, as it's called, has a very broad base of knowledge, including folks with backgrounds in air traffic control, flight operations, aeronautical information management. We have the full capability to conduct a thorough, quality study, which will be vetted by Transport Canada as well.

Mr. Brian Masse: Mr. Bohn, with regard to the current staffing levels, you're right—you actually can issue the letters if you want to, which you did exercise. It's not a gift to the employees to exercise that. That could be done later on. You can jettison them more quickly rather than later if you want to.

There was already a shortage in Canada for air traffic controllers, and keeping them in Canada will be a challenge. What's the plan with regard to that? Was there actually a shortage prior to this situation? I am worried about a brain drain, so to speak, from controllers losing confidence in having a job in Canada for the long term.

Mr. Ray Bohn: Certainly before the pandemic, our staffing levels were at 98% of requirement. That being said, certainly that differs from one site to another, so there were some sites that were short-staffed prior to the pandemic. As we plan not only our level of service but any other reductions within the workforce on the operational side, we look well through the recovery at what we anticipate traffic will look like beyond, to ensure that we will have adequate staffing to provide the service that Canadians and our customers have grown accustomed to. This is extremely important.

I think it's very important to make the point that we are not looking at numbers related to COVID traffic, but, rather, making our plans around where we anticipate traffic will be well into the future. As you heard earlier—

Mr. Brian Masse: Mr. Bohn, sorry, I know I'm running out of time.

For the record, I think it's important for leadership.... Did you receive a bonus with regard to what has taken place with the \$7 million? Were you part of the management system that received a bonus during this time?

Mr. Ray Bohn: I did receive a bonus. There was no corporate bonus for executives from March 1, the date of the pandemic, for the balance of the fiscal year. The amounts payable were with respect to the pre-pandemic period.

Mr. Brian Masse: Do you not agree that it might be difficult for some to accept that there were \$7 million of bonuses to hundreds of managers at a time when people are losing their jobs and their livelihoods? Didn't it worry you, about the message that sends to the rest of Canada?

Mr. Ray Bohn: Any decisions that we made with respect to workforce adjustment were difficult decisions, undoubtedly, but, as I mentioned earlier, all management has received significant reductions to not only their pay, but also their pension as a result.

Mr. Brian Masse: They still have a job and other people don't, and I think that's one of the challenges. When the government looks to support Nav Canada, if there's a decision, wouldn't you think that maybe bonuses shouldn't be part of that? Would you guarantee or commit today that if there is going to be support from the federal government, none of that money will go to bonuses?

Mr. Ray Bohn: We will look at our compensation policies and ensure that we make appropriate decisions in order to retain and attract people to the organization and do what is best in the context.

The Chair: Thank you, Mr. Bohn.

Thank you, Mr. Masse.

Mr. Brian Masse: Thank you, Mr. Chair.

The Chair: We're now going to move on to the second round. First up is Mr. Shipley from the Conservative Party for five minutes, then Ms. Jaczek from the Liberal Party for five minutes, Mr. Barsalou-Duval from the Bloc for two and a half minutes, and I assume Mr. Masse again for two and a half minutes.

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

Mr. Doug Shipley (Barrie—Springwater—Oro-Medonte, CPC): Thank you, Mr. Chair.

Thank you to all the witnesses for appearing today. Your time is much appreciated.

My first question is going to be for Ms. Marshall.

Ms. Marshall, you mentioned that Pearson is down about 85%. I'm hoping that I can get some more information. Does your group or organization have any access to other large airports outside of Canada—meaning perhaps in London, New York or L.A.? Is their percentage of passengers down? I'm just trying to get a comparison as to what's going on in the world compared to what's going on in Canada or your location at Pearson.

• (1645)

Ms. Hillary Marshall: I can speak to some of the travel impacts we've seen in other jurisdictions. It is very fluid. Countries have introduced different travel restrictions. For example, we know that some airports in the United States, in key hubs, were only down as much as 50% to 70%. We know that in other jurisdictions there hasn't been a great propensity to travel.

However, we are down significantly. We spent the first period of time down more than 90%, year over year, in certain months. It continues to be a significant challenge for us to get a footing. As we deal with ongoing travel restrictions and changes and screening requirements, we're going to continue to see changes and impacts on our passenger numbers.

I'm looking at my colleague, Ian, in case he has any additional information.

Mr. Ian Clarke (Chief Financial Officer, Greater Toronto Airports Authority): Yes, we're still hurting—greater than 85%. This year, we're forecasting probably lower passenger volumes than in 2020. In an age where we're not getting government rent relief or the waiver, it doesn't make sense when we're going to be worse off than 2020.

Mr. Doug Shipley: Thank you for that answer. That's interesting to hear.

We'll use Pearson, because that's where you are. It's 85% to 95% down, and perhaps even more this year. You're saying that some other regions are only down 50%. Obviously being down at all is detrimental to the industry. It's going to create job loss.

What would you say is the number one factor as to why we're down so much more? Is it because of a lack of rapid testing? Is it because of the lack of tougher rules in other jurisdictions? Would you put it down to one or two main reasons for that differential?

Mr. Ian Clarke: It's the conservative nature of Canadians. We've heard about the flight shaming. The regulatory changes were confusing to a lot of passengers. It is challenging. What we have to do is to rebuild passenger confidence and say that they're going to be safe and assure them that they can get back into the country.

We're battling a number of uphill challenges as well as the health of our airports and the economy, as well as the airlines. We're in for a long road. We need to work with government to come up with solutions that can rebuild this business together, thinking about innovation and investment in the right areas to get back the passengers.

Mr. Doug Shipley: Thank you for that.

I'm shocked at what was mentioned earlier today. We're all hopeful that this comes to an end as soon as possible. We need to get our economy back rolling. We need to get people back working. Earlier it was stated that these implications could last for three to four years, and then it was changed to perhaps five to seven years. That is obviously a long way out in your industry, which creates a tremendous number of jobs across the country. We need to get that turnaround as quickly as we can. Five to seven years is just unbelievable.

Mr. Clarke or Ms. Marshall, with the new rules that are being put out now for international travellers, perhaps you could tell me how involved Pearson is with helping to set up those rules. How much information do you have so far?

I'm getting people calling our office daily. We're only 45 minutes up the road from Pearson. Are you aware yet of what's going to happen when someone comes back from international travel? Have the hotels been picked? Are they going to have any choice in anything? Are you involved yet in any of these choices?

I was asked one question by a resident who is currently away. This may seem frivolous, but it's a small thing and it's important to them. They're away right now with their two dogs. They said that when they come back, if they have to quarantine in a hotel for three days, will it be a hotel where they can take their dogs? They're part of their family.

How much planning has gone into it so far, and are you prepared for these new regulations?

Ms. Hillary Marshall: If you go back to your question about the impacts on passenger numbers, passenger confidence and passenger confusion contributes to lower passenger numbers. That is not to say it is not important for all Canadians to respect our efforts to battle COVID. We believe they should. We believe in a clear consistent approach to a testing framework, which we have called for, for many months now, together with the air carriers and others in the industry. We have been asking for a clear approach to testing frameworks for the better part of eight or nine months. That will provide passengers more confidence, a better understanding of how and when they can travel safely, and it will eventually allow for a reopening of safe travel. It has to be part of the go forward strategy.

These are not measures that airports decide upon. However, we do partner and lead in research. We led the way on research on aviation and the impacts of air travel in relation to the transmission of COVID. We partnered on that with McMaster HealthLabs. We have partnered with the Province of Ontario on the arrivals testing pilot program. We are about to launch a voluntary departures testing program with the National Research Council, for both passengers as well as airport workers.

Airports and air carriers, particularly airports, are doing everything they can to help lead the way toward a clear approach to testing, both on departures and arrivals, and we want to partner with government at the federal level to establish a clear framework going forward.

• (1650)

The Chair: We're now going to Ms. Jaczek, from the Liberal Party, for five minutes.

Ms. Helena Jaczek (Markham—Stouffville, Lib.): Thank you, Chair, and thank you to all our witnesses. You've demonstrated, yet again, how complex the aviation sector really is.

My first question is for Mr. Gagnon.

We heard a number of interesting suggestions through the course of the study. I was intrigued by one that came to us from Air North. They were suggesting it might be a good idea to re-regulate the sector on a temporary basis as a way to get through the crisis. In their case, they were saying that by keeping other carriers out of Yukon, they, in fact, could survive without needing any additional subsidies. In other words, they were suggesting a regional monopoly for certain companies in order to guarantee a more predictable level of

revenue. Of course, that would limit competitive pressure, but they, in fact, could survive.

Do you have any thoughts on the subject?

Mr. Yani Gagnon: Thank you for the question. I will yield the floor to my colleague, Mr. Roberts, on this matter.

Mr. Julian Roberts (President and Chief Executive Officer, Pascan inc.): It will all depend on the demographic of regional aviation and operators and where we're flying in Canada. If you take Pascan, for example, we fly in eastern Canada and Quebec. We fly in 10 different regions in Quebec and Labrador. Usually, at any given time, we're about six regional operators that operate in Quebec. It's highly competitive. People don't seem to think it's really competitive here, but it really is. The fact that a province or a territory could go down to just one competitor means there's definitely a way to make your case for survival.

Just to give you an example, Air Canada pulled out of certain regions in Quebec this summer. We're a small company. We're an operator with 150 employees. We love this business. We've built it from the ground up and are really passionate about what we do. When we saw Air Canada pull out, even in a pandemic, we were able to turn a profit. For us, it was amazing. Is the idea crazy? I don't think it's crazy at all. It's totally possible, but it depends....

In British Columbia, how are Pacific Coastal or Central Mountain Air going to feel? Then, in Manitoba, you have Transwest, West Wind and Calm Air. You have Summit here in the east, or you have Pascan, Air Liaison, Provincial Airlines and Air Canada Jazz, and the list just goes on and on.

Today, we're all fighting for our lives. Honestly, it is terrible, and it's really hard for me to be on this call today, I'll tell you, from what I'm hearing. All of my employees are cut. Nobody has had a raise. Nobody has had a bonus. Nobody has had anything. We've been fighting this thing out. We're shipping essential goods to regions: medicine, antibiotics, food. I'm just losing my.... I'm sorry, guys. I get a bit pumped up here.

It's really difficult. We're in this position today. None of us expected it. Yani and I went out and bought this company. We're totally passionate. We believe in aviation. We thought we could help regional communities in the province of Quebec and in eastern Canada, and we have. We've been fortunate that the Quebec government is there. They've labelled us an essential operator, so we have had some help from the provincial government in Quebec. Thank God for that. If it wasn't for that, all the big carriers in Quebec, I think, would have been pretty much over and done with today.

If you have the opportunity to be alone, hallelujah. Lucky you, because you'll definitely make a go at it. If you're in a competitive market like we are and like in some other places.... Mr. Deluce obviously has lots of competition. It's not easy for a company like Porter. He came up as an underdog as well.

I don't know if I answered your question.

● (1655)

Ms. Helena Jaczek: Yes, and I think you have also pointed out the complexity of differences across the country. Obviously we have a huge country and there are so many factors to think about. We understand your frustration and the anxiety of all the employees because of everything we've heard.

Trying to be a little more positive, Ms. Marshall, obviously you're down to a bare-bones existence at the GTAA. Is there some opportunity to rethink business models at the airport? As you recover, and we know you will, are there some opportunities to rethink how you conduct your business at the airport?

Ms. Hillary Marshall: We have a new CEO at Toronto Pearson. Some of you have had the opportunity to meet with Deborah Flint. She came to us from LAX. Deborah never stops thinking about how we can pivot and innovate towards a better future, and how our industry needs to change.

One thing she wanted to look at and understand better as someone coming into the Canadian airport sector was what some of the underlying frameworks are for our governance model, including some aspects of ground leases at airports. One of the challenges, and I'm sure Ian will speak to this, is the need to return airports such as Pearson back to the government with no debt and in world-class condition. That's a challenge.

Secondly, we have a requirement to pay 12% of our gross revenues to the government in the form of ground rent each year. If I look back to 2019, that was about \$170 million. That creates some challenges in terms of our flexibility to be as innovative as we want in new revenue generation opportunities, but that hasn't stopped us from trying to do that.

I'll turn it over to Ian to give you some perspective on how his team, the commercial team and the strategy team are thinking about new approaches to commercial opportunities.

The Chair: Mr. Clarke, you're going to have to take some time from a future question to answer that.

Ms. Hillary Marshall: Come on....

The Chair: Ms. Marshall, I'm sorry. Ms. Jaczek's time is up.

We'll now move on to Mr. Barsalou-Duval.

Mr. Barsalou-Duval, you have the floor for two and a half minutes.

[Translation]

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

My question is for Mr. Gagnon, from Pascan.

Earlier, your colleague, Mr. Roberts, pointed out that if Pascan and other regional air carriers of Quebec are still alive today, it is thanks to assistance from the Government of Quebec. The federal government's inaction and lack of assistance have often been bemoaned, but the Government of Quebec has helped that sector.

The federal government plans to provide assistance to major air carriers, with two conditions attached: plane ticket refunds, which are a good thing, and the return of major air carriers to the regions.

How does a regional carrier like Pascan view the fact that, thanks to federal money, Air Canada will once again start covering connections you are already providing? What could be the impact of that return to regional service? If I have understood correctly, Air Canada does not serve all the locations you cover.

● (1700)

Mr. Yani Gagnon: Thank you for your question.

Subsidizing Air Canada or other major air carriers, which will compete on regional markets, makes zero sense. Efforts should instead focus on forcing major air carriers to refund plane tickets purchased before the pandemic. The government is holding out a carrot to them by giving them money so that they would once again serve the regions, even though Pascan and regional air carriers across Canada have taken over. We can provide that service.

The only reason major air carriers like Air Canada are investing as massively in regional transportation is that they will pick up 30%, 35% or even 40% of the regional volume to provide international or interprovincial connections. We are already present at large international airports, including the Quebec City airport. We have the necessary authorizations to provide regular flights at the Montreal international airport. We are not currently doing that owing to a lack of demand and volume, but absolutely nothing prevents us from doing it and offering connections to passengers.

If the federal government continues to insist on subsidizing large air carriers for regional service, there will be serious repercussions for small regional carriers like Pascan.

[English]

The Chair: Thank you, Mr. Gagnon.

Thank you, Mr. Barsalou-Duval.

We'll now move on to Mr. Bachrach.

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

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

Thank you to all of our witnesses for their presentations today.

My first question is for Mr. Bohn, picking up where some of my colleagues left off.

The pandemic has obviously resulted in a huge drop in revenue for Nav Canada. We've talked a little bit about your conversations with the government, but I don't think that we've heard the magnitude of financial assistance that would allow Nav Canada to avoid the cuts that are being looked at currently.

We have heard from the union that represents workers at Nav Canada on this topic, but could you speak about the kind of financial support that would be required to avoid these cuts that are being proposed?

Mr. Ray Bohn: First off, I want to briefly mention that in terms of the level-of-service initiatives that we're currently looking at, we would continue to look at those level-of-service initiatives regardless of government support.

This is part of our normal process to look at what is appropriate in the context. We've looked at the traffic levels prior to the pandemic and at what they will be through the recovery and beyond, and we want to establish the appropriate levels of service. Therefore, we would continue, irrespective of any financial assistance from the government, with respect to those aeronautical studies.

I also will point out, though, in answer to your question, that it really depends on how long the public health crisis continues. However, as I mentioned in my opening remarks, between our last fiscal year and our current fiscal year, we are about \$650 million short. That doesn't include what we anticipate will be a further erosion in the short term of air travel, and it certainly pushes out the recovery beyond when we would have anticipated that it would be.

Mr. Taylor Bachrach: Thanks, Mr. Bohn.

My other question is around the criteria that Nav Canada has used to select the towers that are currently under review, like Gander and Windsor. These represent significantly busy and strategically important airspaces.

Could you speak to the criteria by which Nav Canada created the list of locations to be reviewed?

Mr. Ray Bohn: Our policy on the delivery of air navigation services provides us with guidance on what services are typically provided based on traffic levels. We continuously monitor these traffic levels and work with regional management to determine whether or not a study should be undertaken. Predominantly, as I said, it's based on traffic levels.

I want to point out again that these traffic levels are not COVID traffic levels, but rather what we were seeing leading into the pandemic.

• (1705)

The Chair: Thank you, Mr. Bohn.

Thank you, Mr. Bachrach.

We're now going to move on to Mr. Soroka.

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

Mr. Gerald Soroka (Yellowhead, CPC): Thank you, Mr. Chair, and thank you to all the witnesses for coming today.

My first question is for Ms. Anderton and Mr. Petrou.

Your business is closely tied to the success of the aviation industry as a whole. For months now, the Liberals have promised a plan to help the aviation sector and still nothing has come forward. How confident are you that their plan will help the industry get back on track?

Ms. Samantha Anderton: I'm going to let my colleague, Mr. Petrou, take over that question.

Mr. Andrew Petrou: At this point we are focusing our efforts with the current government on our research initiatives and our immediate re-skilling. We're pushing for that funding to come forward and to be activated at a quick rate.

We are hoping that it is successful. We are getting uptake, but time will tell how successful that will be.

Mr. Gerald Soroka: Mr. Deluce, that's quite an interesting concept you guys have had for the last number of months—being completely shut down. Are you concerned about having staff coming back or retaining staff?

Mr. Robert Deluce: That's always a concern with any company that is in an extended period of suspension. We have been focusing a lot of attention on our team members, their health and well-being, and their suitability for coming back and resuming service at the appropriate time. That's really of utmost importance to us.

We think we have a fairly supportive group. They have been very instrumental in how successful we have been to date. We will depend on them greatly once we're in a position to resume service. I think we're doing all the right things, but we are somewhat constrained in our ability to do so because our revenue stream today is basically near zero. The expense levels, obviously, continue even though we have scaled them back somewhat.

Mr. Gerald Soroka: Mr. Deluce, because of what you've been doing while the main airlines have still been competing—and in a highly competitive market—how do you think you're going to be able to compete with the big companies coming out of this pandemic?

Mr. Robert Deluce: We competed with them prior to the pandemic against fairly significant odds. We made the decision back in March to suspend service, to take care of our team members and to do the best we could to support the health initiatives that were launched to fight the virus.

In the meantime, we've remained ready in terms of aircraft being refurbished and having a certain number of team members ready. We've painted airplanes. We revised and refined many of our things. We've used the period as constructively as we could to make sure that when the time was right we could launch forward on good solid footing with the intention of being as fully back in service as possible in the shortest period of time.

Mr. Gerald Soroka: Mr. Chair, do I still have some time?

The Chair: You have one minute.

Mr. Gerald Soroka: On your freight, Mr. Rodgers, you said that about half your freight isn't coming into the country anymore and that prices have gone up substantially. Because of the high cost, how much longer do you think that's sustainable? Or is it that people need it and they're going to just keep paying for it?

• (1710)

Mr. Bruce Rodgers: Just to clarify, 50% of the cargo moves in the belly holds of passenger aircraft. Once the passenger aircraft went down by significant degrees, people reverted to charter aircraft. Freight is still moving. Cargo is still moving. They're moving in charter aircraft right now, at significantly higher prices, as I mentioned. That will continue for emergency parts.

We've seen a significant portion of the commerce go off air and into oceans, moving over to the marine sector versus aviation. That is a significant change that has occurred over this period of time, but emergency parts, products and services will continue to fly in the air through the charter aircraft if belly capacity is unavailable.

The Chair: Thank you, Mr. Rodgers and Mr. Soroka.

We now move on to Mr. Rogers.

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

Mr. Churence Rogers: Thank you, Chair.

Thank you to all of the witnesses who are with us today and for all of the information you've provided about the challenges you're facing.

My first question is for Nav Canada. Gander, being in the centre of the international flights, of course, for eastern Canada, was the crown jewel of Nav Canada on 9/11 when all the aircraft landed at Gander. The town and the people are wondering about the long-term plans for the Gander operations, given that there have been some references to proposed layoffs because of financial challenges.

People are concerned about jobs, of course, and whether or not, after the pandemic is done—hopefully in the not-too-distant future—these people, with the experience they have, will be recalled and brought back to the air navigation centre in Gander.

Mr. Ray Bohn: We certainly understand the importance of good jobs in small communities like Gander and the role that Nav Canada plays in the local economy. I want to highlight that the changes to our workforce in Gander were made only after careful consideration of the operational requirements, both currently and, more importantly, in the future.

We continue to assess our requirements as we move forward, both positively and negatively. Certainly, if traffic rebounds at a greater rate than we're anticipating, we will be most interested in continuing employment with our employees at Gander. I think it's fair to say that they've made a significant contribution to the organization.

We're hoping that things will improve beyond our estimates, but to date, all of our work has been done based on where we expect traffic to go in the future.

Mr. Churence Rogers: Thank you so much.

For Mr. Deluce and Mr. Roberts, I'm talking about restoring regional routes. I have just a couple of quick questions around that.

From your perspectives, what will it take to restore lost connectivity after the pandemic? After the pandemic subsides, how feasi-

ble do you think it will be to restore all of the regional routes we lost? What kinds of timelines do you envision for that to happen?

The Chair: We'll start off with Mr. Deluce and then go to Mr. Roberts.

Mr. Robert Deluce: Well, I think we've always viewed the regional routes in the smaller communities as the ones that really are the most vulnerable in a situation like this, because of the thinner traffic, and we also believe that the communities need and deserve the airlines. The airlines deserve and need a level of support that would allow them to ensure that there's some resumption of service, as quickly as possible, to those regional destinations. That's certainly our position.

That's why I think the move to look more specifically at an industry-specific support mechanism is so important. I think the fact is that it looks like it's now playing out in some form, and I think that, working together, there is every opportunity for communities, airports, airlines and government to focus in on how best to resume service in some of the smaller regional communities that so much require that service.

The Chair: Thank you, Mr. Deluce.

Mr. Roberts, do you want to comment?

Mr. Julian Roberts: Yes.

We have a good opportunity to rebuild the regional markets pretty quickly. The way we've done it is that we've really diversified our business by not just offering passenger service but adding cargo into our aircraft. We have other types of services. We do contracts with hospitals and with mining companies. We support fly-in and fly-out, so markets in Quebec and eastern Canada.

Last summer, we were in the middle of a pandemic. There was the Atlantic bubble. There was a bit of a bubble here in Quebec. We saw an enormous increase in local tourism. I think if we had some initiatives that we could put behind local tourism to push people out to the regions.... We always put a lot of dependency on the regions. Well, the regions are small; they're this and they're that. You know, I'm from a small region with a population of 300. We need to centre a little bit more on the bigger populations, bringing them to see our Canadian beauties: Stephenville, Deer Lake, Sydney, Charlottetown, Gaspé, Les Îles de la Madeleine—these places are phenomenal—Sept-Îles, Port-Cartier. If we could develop some tourism incentives to bring people from the bigger city centres to the regions and turn the problem around a bit.... The traffic is just one way, and we're putting it all on the people in the regions. Let's use some of the population push that we have.

• (1715)

The Chair: Thank you, Mr. Roberts.

Thank you, Mr. Rogers.

We're now going to move on to Mr. Kram for five minutes.

Mr. Kram, you have the floor.

Mr. Michael Kram (Regina—Wascana, CPC): Thank you, Mr. Chair.

My questions are for the witnesses from Nav Canada, and they're concerning the closure of air traffic control towers.

Last Thursday, Doug Best testified at the committee. He's the president and CEO of the Canadian Air Traffic Control Association. He said, "Nav Canada management received bonuses in December worth approximately \$7 million and unionized members got layoff notices."

Could the witnesses from Nav Canada explain? If the federal government gave Nav Canada a \$7-million grant tomorrow, how many air traffic control towers on your closure list could have been kept open?

The Chair: Mr. Bohn, go ahead.

Mr. Ray Bohn: I just want to highlight again that management employees, I think, were the hardest hit in terms of our workforce adjustment and definitely in terms of their compensation, both from a salary perspective and, as I mentioned earlier, a pension perspective.

In terms of how many facilities we would keep open based on any government grant, we would have to evaluate that. Again, we're looking at transforming an industry. Therefore, we are having to transform the services that we offer, based not on what we see today but on what we anticipate we're going to see well into the future. That's how our decisions will be made.

Mr. Michael Kram: Okay. When I talk with the representatives from the Regina Airport Authority, the last thing on their minds is Nav Canada bonuses. What's at the top of their minds is public safety, future growth after the pandemic is over, and keeping the lights on in the meantime.

How does Nav Canada plan to ramp up to pre-pandemic levels if seven of its air traffic control towers have been closed down?

Mr. Ray Bohn: The decisions that we're making with respect to air traffic control towers are based on air traffic that we saw prior to the pandemic and that we anticipate we will see post-pandemic. Those changes are not being made based on where we're at today in terms of air traffic levels, so we will continue to provide the appropriate level of service, always keeping safety at the forefront and in mind for all the decisions that we make.

Mr. Michael Kram: Before the pandemic, in 2019, were air traffic controllers regularly required to work overtime?

Mr. Ray Bohn: Yes, air traffic controllers would have worked overtime, or many of them would have worked overtime. Overtime is used as a way to balance supply and demand with respect to our services, given that we're a 24-7 operation. We have used overtime to deal with staff shortages in some locations. However, even in locations where we're fully staffed, we will use overtime to balance that supply and demand.

Mr. Michael Kram: If Nav Canada was having its controllers work overtime before the pandemic, are these levels of overtime sustainable post-pandemic, or is Nav Canada just expecting dramatically reduced levels of air travel for the foreseeable future?

• (1720)

Mr. Ray Bohn: We are certainly expecting significant reductions in air travel in the foreseeable future. However, all our plans...including looking at what would be the optimal mix of overtime and regular pay is factored into how we determine our staffing levels going forward, to ensure that we have an extremely safe operation, as we have delivered historically to the Canadian public and our customers.

None of that will change, but the environment has changed. We have to respond to that environment and ensure that we're providing the appropriate level of service based on where we expect demand to be.

Mr. Michael Kram: I believe you said in your opening statement that it would take six to seven years to return to pre-pandemic levels.

What modelling did you use to come to that conclusion?

Mr. Ray Bohn: I believe it was Ms. Marshall who made that comment about six to seven years.

I will say that our current forecast—although we're reviewing it in light of recent government announcements—is that we would not see traffic return to 2019 levels until 2023-24. However, that is likely to be pushed out, similar to what Ms. Marshall said earlier.

The Chair: Thank you, Mr. Bohn. Thank you, Mr. Kram.

We're now going to move on to Mr. El-Khoury.

Mr. El-Khoury, you have the floor for five minutes.

[Translation]

Mr. Fayçal El-Khoury (Laval—Les Îles, Lib.): Thank you, Mr. Chair.

I welcome our witnesses.

My first question is for Mr. Deluce.

Mr. Deluce, we have heard that travel agencies lost their commissions after flights were cancelled. Those are often small businesses that cannot survive without those commissions.

What are your thoughts on their situation?

[English]

Mr. Robert Deluce: I appreciate the question.

Certainly it's something that is under discussion and consideration. I think the normal practice being that when refunds are given, agencies in fact relinquish their associated commissions, it's also very much recognized that those agencies have probably had to do a lot of extra work during these last number of months, most of which was not compensated for. That was all in an effort to handle and deal with innumerable changes and alterations to the ever-changing environment that airlines and airports and passengers have found themselves in.

It's one of those things where everyone is suffering. That includes airports and Nav Canada. It includes airlines. It certainly includes travel agencies, hotels and others.

Our own view is that I think some consideration needs to be given to the agencies that have worked so diligently to keep things moving and adjusted while passengers were subjected to numerous alterations to their flight schedules.

I can't speak for them or make any decisions there, but I certainly feel for them and appreciate the predicament they're in.

[Translation]

Mr. Fayçal El-Khoury: I am still addressing myself to Mr. Deluce.

We know that the federal government announced financial assistance by imposing conditions related to a number of issues. The first condition is refunding clients whose flights were cancelled. The second condition concerns the protection of regional routes and connectivity. The third condition aims to honour contracts with Canadian aerospace companies. The last condition has to do with the collection of travel agencies' commissions, which has also become an issue.

Could you tell us what issues are the most problematic for airlines and provide some details please?

• (1725)

[English]

Mr. Robert Deluce: It's a complex question, and I'm not sure I fully understand what the question is.

I can tell you that, in our particular instance, particularly as it relates to refunds, we've taken our guidance largely from CTA. At the same time, we've gone above and beyond that guidance in certain circumstances where we examined the particular situation and we felt that there was a particular strain or situation that required more consideration for the particular passenger situation. In many instances, that resulted in going far beyond what the guidelines said.

The other thing I would say in our particular situation is that we're not long haul, so our fares aren't high; we're competitive. Generally, we have a very small percentage, much less than 1%, of the total outstanding refunds that will eventually have to flow back to customers either by way of credit shells that are used or otherwise refunded.

The amount we're looking at is significant. Whatever happens, it all has to be looked at in the context of what level of compensation or what level of assistance—I guess that's a better word—for a healthy restart is there in that package and how that fits in dealing

with the refunds that properly need to go back and be used by passengers at some point.

The Chair: Thank you, Mr. Deluce.

Mr. Robert Deluce: I'm not sure I hit your question.

Mr. Fayçal El-Khoury: Not very clearly.

Mr. Robert Deluce: I didn't get the full translation.

The Chair: Thank you, Mr. Deluce, and thank you, Mr. El-Khoury.

We're now going to move on to Mr. Barsalou-Duval for two and a half minutes.

[Translation]

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

I would like to put more questions to Mr. Gagnon.

In its latest economic update, the federal government announced that it was working on implementing an assistance program for regional air transportation. In parallel, the Government of Quebec, with François Bonnardel, as well as the Union des municipalités du Québec and a consultation group are developing their own regional air transportation policy for Quebec.

Before a new federal policy is implemented, do you think it would be important to find out what Quebec will implement and to ensure that this policy will be in line with that?

Mr. Yani Gagnon: Thank you for your question.

It does seem that many people have both hands in the cookie jar. The danger we face lies in counterproductive policies. So it is important for people to talk to each other and to have a good understanding of problems. It is also very important for all stakeholders to be heard.

Since the debate began, I have been hearing that the federal government is working on an assistance program focused mainly on the major air carriers. We were not part of those discussions. We have spoken to various individuals, from different levels of government, to let them know what the perspective of regional air carriers is and what role Pascan could play in Quebec, but also outside Quebec, since we are eligible for other markets, such as the Maritimes or even some of Ontario's regional markets.

However, we were not asked about how relevant we thought those initiatives are. So if government representatives want to hear our opinion on this, we would be happy to participate in those discussions.

Mr. Xavier Barsalou-Duval: Regarding everything that has been discussed with Nav Canada, such as fee increases and bonus payments, as an air carrier that must pay for Nav Canada's operating costs, how are you coping with this situation?

• (1730)

Mr. Yani Gagnon: I don't mean to put the spotlight on Nav Canada, but I would tell you that, generally speaking, it's always sort of the same tune.

All stakeholders increase rates every year, assuming that air carriers will be able to pass them on to passengers, even though that is completely impossible.

Large air carriers are participating in regional markets. In Quebec, one notable example is Air Canada, whose price policy is pretty weak. As I said in my statement, all kinds of tax and fee increases account for about 35% to 40%, which is huge.

If there are constant increases, but the air carrier's ability to pass the bill on to passengers is virtually non-existent, small carriers will be bled completely dry.

[English]

The Chair: Thank you, Mr. Gagnon.

Thank you, Mr. Barsalou-Duval.

We're now going to move to Mr. Bachrach for two and a half minutes.

Mr. Bachrach, the floor is yours.

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

I have a couple of questions for Mr. Deluce regarding passenger refunds.

First, all of Porter's current service tariffs specify that in the case of cancellations that are controllable for safety, including for cancellations due to COVID-19 risk, customers should be able to request a refund. Are they currently able to do so?

Mr. Robert Deluce: What I can tell you is that we've abided by the guidelines that were set out for us. In addition to that, in many instances we've exceeded those guidelines.

We're not finding it to be a bottleneck. I think when there are extenuating circumstances, we're examining those situations, and

that's probably where we ultimately do end up exceeding the guidelines.

To go back to the specific question, I believe we're not only abiding by but exceeding what has been set out.

Mr. Taylor Bachrach: Following up on that, Mr. Deluce, there were two CTA rulings, which I'm sure you're familiar with, from 2013 and 2014, both filed with the Federal Court per subsection 33(1) of the Canada Transportation Act. They found that it's unreasonable to deny refunds even when the cancellations are uncontrollable.

Do you feel that your current cancellations are consistent with these two rulings?

Mr. Robert Deluce: Yes, I do think they are consistent. I think there are always factors that need to be taken into consideration. I think it's reasonable for airlines to provide travel vouchers and to make those vouchers extremely flexible, to make sure they continue to be adapted so the individuals do have access to them and when they do have an opportunity to fly they are able to do so, or to move those vouchers to whoever will be in a position to fly.

I think in our particular instance we're exceeding anything that was set out or that was considered reasonable.

The Chair: Thank you, Mr. Deluce.

Thank you, Mr. Bachrach.

To all witnesses, I want to express my sincere appreciation on behalf of all members as well as those who participated in today's meeting. I am sure all of the information you provided to us today will, in fact, help populate the report that the analysts will come back with, and members will deliberate to then bring a report to the House within due time.

Once again, I thank you for your time today.

Members, I thank you for your time today. It was a wonderful meeting. We will see you at our next meeting, on Thursday.

Have a great evening.

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