

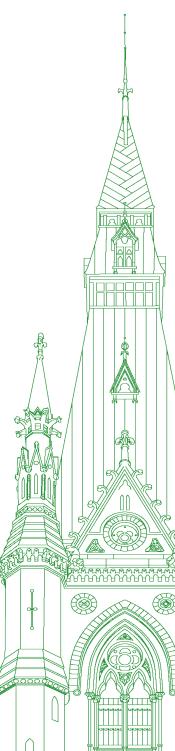
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Standing Committee on Transport, Infrastructure and Communities

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Chair: Mr. Peter Schiefke

Standing Committee on Transport, Infrastructure and Communities

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• (1550)

[Translation]

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

Welcome to meeting No. 21 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

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

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

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

[English]

I'd like to make a few comments for the benefit of witnesses and members. Please wait until I recognize you by name before speaking. To those participating by video conference, click on the microphone icon to activate your microphone, and please mute yourself when you are not speaking.

With regard to interpretation, for those joining on Zoom, you have the choice, at the bottom of your screen, to choose either floor, English or French audio. To those in the room, you can use the earpiece and select the desired channel.

As a reminder, all comments should be addressed through the chair.

For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can. We appreciate your patience and understanding in this regard.

Appearing before the committee, for the first half of today's meeting, are Monsieur David Rheault, vice-president, government and community relations for Air Canada; Mr. Howard Liebman, senior director, government and community affairs for Air Transat; Madame Suzanne Acton-Gervais, interim president and chief executive officer of the National Airlines Council of Canada; and Andy Gibbons, director, government relations and regulatory affairs for WestJet Airlines Limited.

Witnesses, on behalf of the committee, I'd like to welcome you to our committee today and thank you in advance for your testimony.

We will now begin the opening remarks with the National Airlines Council of Canada.

You have five minutes, and the floor is yours.

[Translation]

Ms. Suzanne Acton-Gervais (Interim President and Chief Executive Officer, National Airlines Council of Canada): Good morning, members of the committee, and thank you for the invitation

My name is Suzanne Acton-Gervais. With me today are some members of the National Airlines Council of Canada's executive committee and board of directors: Mr. David Rheault, vice-president, Government and Community Relations, Air Canada; Mr. Howard Liebman, senior director, Government and Community Affairs, Air Transat; and Mr. Andy Gibbons, vice-president, Government and Regulatory Affairs, WestJet.

The National Airlines Council of Canada is an association of Canada's four largest passenger airlines: Air Canada, WestJet, Air Transat and Jazz Aviation.

As airlines, we operationalize and implement policies on behalf of the federal government.

Prior to the pandemic, the council members collectively carried more than 80 million passengers per year. Airports were experiencing unprecedented growth and passenger volumes. Canadians were better connected to each other and to the world than ever before.

• (1555)

[English]

Few industries have been as impacted by the pandemic as Canada's airlines and their workers. We were the first hit, the hardest hit and the last to recover. In order to recover, airlines must be competitive in a global context.

Our members serve over 302 destinations across the world. However, Canada's legacy public health restrictions, many of which remain in place exclusively for travel, set us apart from a growing list of over 50 countries that have removed barriers to travel altogether. Since the outset of the pandemic, airlines have worked to protect employee and passenger health. Our most valuable asset will always be our people, and the airline sector needs more workers to support the return to travel. However, we rely on the Government of Canada to process credentials for airline workers and travellers at a speed that keeps pace with Canadian travellers' needs and our member airlines' operations. Transport Canada, the Canada Border Services Agency, the Canadian Air Transport Security Authority, Service Canada, airports and Nav Canada all need to be properly resourced to ensure that travel and tourism can resume to prepandemic levels.

Travellers need confidence that their journey can be predictable, timely and enjoyable, with clear service standards. Recent reports of backlogs at airports and excessive wait times are concerning, and must be immediately addressed and rectified by the federal government.

We are meeting today during tourism week in Canada. We welcome the supportive statements made by the Prime Minister, the Minister of Tourism and others. However, I would say to them that one of the most important actions they can take right now to support Canadian tourism is to address the untenable situation at our airports.

Before I conclude, I would note that Canada's airlines are customers of Canadian airports and of Nav Canada. In Canada, it is well documented that high taxes and fees imposed on Canadian airlines and travellers create a competitive disadvantage for Canada's aviation industry versus other jurisdictions. These include airport rents, air traveller security charges, airport improvement fees, Nav Canada navigation fees and city taxes, among others. The pandemic highlighted flaws in Canada's user-pay model and exacerbated this competitive disadvantage.

Facing fewer travellers during the pandemic, a number of institutions increased their fees to compensate. When combined, these fees hamstring the aviation sector and associated local economic benefits. The federal government could take the immediate step of reviewing all third party fees and charges and consider reinvesting these amounts back into the airports.

[Translation]

With the continued cooperation of the federal government, Canada's airlines will contribute to a return to the connected lifestyle that matters to all of us. We need to connect people to each other and Canada to the world to keep our economy moving.

Thank you.

We look forward to your questions.

The Chair: Thank you very much, Ms. Acton-Gervais.

Mr. Dowdall will begin today's questioning.

You have the floor for six minutes.

[English]

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

I want to take this opportunity to thank all of our witnesses here for their testimony. I think this is a pretty important study that we're doing to look at reducing red tape.

My first questions are going to be for Mr. Gibbons. On February 15, WestJet released a statement saying:

The WestJet Group will continue to advocate, based on science and data, for the removal of all measures impacting fully-vaccinated air travellers.

Can you tell me if WestJet presently believes that the government is following science and data in its continued enforcement of measures aimed at unvaccinated and vaccinated Canadians?

Mr. Andy Gibbons (Vice-President, Government and Regulatory Affairs, WestJet Airlines Ltd.): Good afternoon, and thank you very much for having me today. It's great to have these discussions.

Your question was whether our company believes the government is following science.

Mr. Terry Dowdall: That's correct. That was stated on February 15.

Mr. Andy Gibbons: There's been a big debate about this. I think that's why, for many months, we've encouraged the government to table the public health advice it received from Dr. Tam and others, because our greatest lament during COVID is the unfortunate politicization of travel. We don't blame anyone for this, but I think everyone in this room knows that politicized travel has been a highly charged issue. That has been very unfortunate.

We need to depoliticize it. We need to deconstruct it a bit and make sure every Canadian, every parliamentarian, every stakeholder and every employer has that information, so that it can be crystal clear what is public health advice and a public health directive and what is not. That's been a request since day one.

● (1600)

Mr. Terry Dowdall: Okay, so then on May 31, WestJet CEO Alexis von Hoensbroech tweeted the following:

Vaccine mandate for air travellers and employees needs to be dropped. As vaccines are not preventing the spreading of the virus since #omicron, there is no more logic to maintain it. This will also relax some of the operational challenges at the airports

Is this now the official position of WestJet?

Mr. Andy Gibbons: It is the position of WestJet. I can confirm that. As it relates to operational matters, which is what we're talking about today—the red tape, backlogs, and what's happening at our airports across the country—the CBSA and CATSA and the minister have all said that labour shortages are one of the major issues for the backlogs. We don't have a number, but there are potentially hundreds and hundreds of CATSA screeners who are unemployed as a result of the vaccine mandate.

The question we have, rightfully and legitimately, for the government is this: Can those individuals come back to work and help with this situation? We think the answer should be "yes".

Mr. Terry Dowdall: As a follow-up to that, it almost seems like it's not science but political science; I guess that's what you're saying.

Approximately how many employees lost their jobs at WestJet during the pandemic?

Mr. Andy Gibbons: We've been public about this. Over 300 employees lost their jobs because of the mandate.

Mr. Terry Dowdall: Were those 300 directly linked to the mandate?

Mr. Andy Gibbons: That's correct.

Mr. Terry Dowdall: Okay. How many cases of any of the variants of COVID-19 have been traced to a trip on one of your aircraft?

Mr. Andy Gibbons: None that we are aware of, but I believe Dr. Tam has been very public about transmissibility rates on aircraft. That's one of the major issues we have, Mr. Dowdall. Suzanne mentioned in her opening remarks the discrepancy between how an air traveller is treated and how every other consumer activity in Canada is treated. There's no random testing at Rogers Centre. There's no random testing at the grocery store. There's no random testing anywhere in Canadian society except in aviation, and our safety record is exemplary. We're just asking legitimate questions.

At the same time, I always have to say that we are an exceptional partner to the government. We implement their programs. We work with their public health agency. We work with Transport Canada. This is not a fractious relationship. It's a very strong partnership, but there are irritants, very clearly.

Mr. Terry Dowdall: I have one more question. Do you think the ongoing pandemic regulations in Canada are putting WestJet at a disadvantage versus other carriers outside of Canada?

Mr. Andy Gibbons: I think we can have lots of conversations about competitiveness. I think everyone, from the minister to every parliamentarian from every party, agrees that the challenge before us is that we need to have a more seamless recovery. People will be discouraged from booking if they think their family and their children have to wait on the tarmac for two hours just to get into a customs hall. Business travellers may not go to that conference in Toronto or Vancouver or Regina, because they're concerned about the wait.

We really need to address those. I think everyone wants the same thing. Everyone has to pitch in here and really address these issues.

Mr. Terry Dowdall: Thank you.

Mr. Rheault, I have a question for you as well. When you testified at this committee on February 4, 2021, you said, "Air Canada is a strong proponent of a science-based, data-driven reopening of our borders. It can be done safely." Do you believe the continued government-imposed airport testing and mandates are science-based and data-driven at this time?

[Translation]

Mr. David Rheault (Vice-President, Government and Community Relations, Air Canada):

We have always been in favour of implementing measures that are based on science and data to enable the return and recovery of air transport.

Obviously, as my colleague mentioned, another important aspect is that there should be consistency between the measures applicable to air transport and those applicable to other sectors. The state of emergency has been lifted in all Canadian provinces and economic activities are no longer subject to health restrictions. So we think the policies, restrictions, and health measures that currently apply to air travel should be reviewed to ensure that they are consistent not only with what is happening elsewhere in the Canadian economy, but also with the measures in place in other countries.

(1605)

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

[English]

Thank you very much, Mr. Dowdall.

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

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Mr. Chair, and I want to thank the witnesses for being here today.

I'll preface my questions by saying that, for the most part, when we're embarking on a study like this.... Not to be political, but taking in some of the comments made and positions already taken, I want to concentrate on the irritants. Of course, with that said, I also want to concentrate on the challenges with respect to delays, some of the barriers already mentioned—why those barriers are in place—and implications.

For example, we heard in the past that the spread of COVID-19 among passengers, employees and supply chains resulted in some cancellations and delays in the airline industry. How do we deal with that? How do we ensure that airlines can participate in our travel economy in a seamless manner? How do we get people to move around comfortably?

I have a couple of questions. I'll concentrate these questions on Ms. Acton-Gervais's responsibility on behalf of many of the airlines.

First, I understand that part of the problem relates to traveller behaviour. Specifically, people used to plan their travel months ahead of time, but now wait much later to reserve their tickets. Ms. Acton-Gervais, have you observed this, in particular? That's the first question. The second question is, do you have any data you can share with the committee about this particular issue?

Ms. Suzanne Acton-Gervais: Canadians are eager to travel and the world is eager to come to Canada. This is good news. The announcement made by the Canadian government on April 1, dropping the requirement for predeparture testing to enter Canada.... There was definitely a direct link between this alleviation and the increase in bookings. Nevertheless, in our view, as I said, more needs to be done. The phenomenon of people waiting until the last minute to book travel is based on the lack of predictability and consistency. If we were able to address some of this, it would help instill further confidence in travellers.

When it comes to data, I would be happy to take your question under consideration and follow up with you after the committee.

Mr. Vance Badawey: I appreciate your taking that under consideration. I would actually expect it to be followed up on. That way, we can act on it...with the recommendations we're going to present to the minister and, therefore, the decisions the minister will make, to some extent, on your behalf.

My next question is about tracking. There have been comments made about science. Of course, we would expect the health department, as well as Ms. Tam, to make their thoughts and their recommendations known, based on science. That's their job. The comments made by people, politicians, industry leaders.... To some extent, I would be very curious about what science they are bringing forward as a basis for those comments.

My next question goes to that. How does the industry track the issue internationally? Is there one organization that compiles information about airport delays? Are there consistent metrics used to measure performance, etc.? Can you touch on that?

Ms. Suzanne Acton-Gervais: The International Air Transport Association is the airline trade association that represents the world's airlines—over 290 airlines globally. It tracks this information.

From the perspective of tracking and public health, we are not public health experts, of course. We are aviation experts. However, what we can say is that approximately 1% of COVID importation at the air border has been attributed to air travel. This was the catalyst for some of the decision-making on April 1 about removing the predeparture testing.

Mr. Vance Badawey: Thank you for that. To some extent, it proves that what's been put in place has been working.

My last question, Ms. Acton-Gervais, is with respect to, in a broader sense, how the airlines survived the pandemic. I know it's been a challenging time. There's no question. However, you're here and they're here. Can you give me some comments? I'm asking this question not just about what is happening today but what may happen in the future and how we could react better in the future.

How did the airlines get past the pandemic? How do you look at yourselves, moving forward? What more can we do to help you move forward?

• (1610)

Ms. Suzanne Acton-Gervais: The pandemic has been hard on everybody, with no exceptions. It has been particularly hard on Canada's airlines and their workers. The pandemic has exposed vul-

nerabilities and shortcomings in how the industry is funded. We have a unique opportunity, coming out of the pandemic, to address these issues and improve the viability of the industry as a whole.

The federal government could take immediate steps by reviewing all third party fees and charges and consider reinvesting these back into airports. Further to that, I could add that we need a path and a plan as we go through the ebbs and flows of the pandemic and the possible new variants.

We are eager to continue to work with the Government of Canada to ensure the ongoing operations of our airlines and, of course, the larger travel and tourism industry as a whole.

Mr. Vance Badawey: That's wonderful.

Thank you, Mr. Chairman.

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

[Translation]

The next speaker is Mr. Barsalou-Duval.

You have the floor for six minutes.

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

It is my turn to thank the witnesses for their presence. We are very grateful to them.

My first question will be for Mr. Liebman, from Air Transat.

We recently learned that Air Transat has partnered with Pascan Aviation to facilitate connections to international destinations from regional airports. Some might say that this arrangement is a winwin situation, where one carrier benefits from the other carrier's traffic. This is a type of arrangement that can be seen in other areas as well. What is interesting in this case is that we are talking about regional air transport.

Mr. Liebman, do you think there will be more associations like this in the future? Do you think that if there were agreements of this type throughout Quebec and Canada, it would allow for a better coexistence of large companies and small carriers?

Mr. Howard Liebman (Senior Director, Government and Community Affairs, Air Transat): Thank you for the question.

Thank you also for the invitation to appear before the committee.

The answer to your question is yes. We're very proud of this agreement and we anticipate that there will be others. It's very encouraging to travellers, because it greatly facilitates the customer's experience. That's why we've introduced code-sharing with Pascan Aviation. It's a two-way street: the goal is to bring more international visitors to the regions and to give our customers from all regions easier and more affordable access to Air Transat's international network.

Mr. Xavier Barsalou-Duval: Air Transat does not offer regional transportation, but, indirectly, regional transportation could benefit from policies of this kind.

How could the government facilitate the implementation of similar agreements?

Mr. Howard Liebman: I would direct the question to my colleagues who are in regional transportation.

Having said that, Air Transat certainly supports any policy initiative to encourage regional tourism. Canada has a lot to offer, and regional tourism is an important economic driver in almost every region. Such initiatives are therefore welcome.

Mr. Xavier Barsalou-Duval: Would anyone else like to add anything?

Mr. David Rheault: In terms of regional transportation, what's important to know when you talk about competitiveness and the costs imposed on the industry is that the volumes are smaller in regional markets, so the impact of higher costs is felt more.

As part of its study on how to reduce costs to the industry, the committee should look at all the costs in the ecosystem, whether it is the rents that the government charges airports, the taxes that airports have to pay to municipalities that have no equivalent in the United States, or the impact of the pandemic on navigation fees. Obviously, all these costs are reflected in the costs of transportation. In the smaller regional markets, the impact is greater because there are fewer customers to absorb these increases.

• (1615)

Mr. Xavier Barsalou-Duval: Mr. Gibbons, I'll give you the opportunity to respond as well. I was basically talking about interline agreements, but perhaps you would like to add to what has been said so far.

[English]

Mr. Andy Gibbons: I have a few comments.

[Translation]

Allow me to respond in my own language.

[English]

On regional travel, we've signed many interline agreements and co-chair agreements and have been innovative. We didn't need the government to encourage us in this direction. There was a market that we wanted to serve.

A great example of that is in western Canada, where we partnered with Pacific Coastal, a smaller British Columbia-based airline. We jointly share the operations of C-32 aircraft so we can bring service to places like Medicine Hat, Lethbridge, Lloydminster, etc., many communities that had never had any competition. Out east, we have a full interline agreement with PAL.

Coming out of the pandemic—and Monsieur Rheault touched on this—it's become increasingly clear that regional travel is how these communities across Canada stay connected to each other in the world. However, the way that the government treats air travel under the user-pay model is very different from other modes of transportation.

If you look at a province like Newfoundland and Labrador.... The federal government currently subsidizes rail passengers—I have nothing against rail—from Montreal to Moncton, to the tune of hundreds of dollars each.

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): We don't have railways.

Mr. Andy Gibbons: Mr. Rogers said it; he does not have rail-ways.

We need to look at intermodal equity. If you're looking at recommendations on how regional travel and transportation can come to life and be more cost competitive, I would say take a very close look at how the federal government treats different modes of transport in terms of taxation, and how it treats the air traveller—not the airlines, but the air traveller. There might be some policy answers there.

[Translation]

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

Mr. Liebman, I will continue with you.

Of course, other companies than yours have been hard hit by the pandemic, but, as we know, there has been a lot of talk about Air Transat in recent years. Despite all the current difficulties, the travel industry is doing better.

What measures could the government put in place to allow your company in particular to do better going forward?

Mr. Howard Liebman: Thank you for the question.

I want to point out to everyone that Air Transat was closed twice during the pandemic, for a total of 10 months. This winter, we were also affected by the omicron variant. So the impact has been great. Our industry was among the first to be affected by this crisis and is among the last to emerge.

I would humbly suggest that the study this committee is undertaking is perhaps an opportunity to review the whole issue of fees and taxes in the system, taking into account our sector's contribution to the Canadian economy and its competitiveness internationally, compared to the situation in other countries.

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

Thank you very much, Mr. Barsalou-Duval.

[English]

Next we have Mr. Bachrach.

Mr. Bachrach, the floor is yours, and you have six minutes.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Thank you very much, Mr. Chair, and thank you to our witnesses for being here today.

I will ask for my colleagues' forbearance while I ask some questions that are very specific to northwest B.C., but I imagine they would apply also in other areas of Canada.

In the region I represent, there's a vast discrepancy in the price air passengers pay for flights to the same hub airport. For instance, I had my staff look at the cost of flying in the first week of July, from Terrace to Vancouver, from Smithers to Vancouver and from Prince Rupert to Vancouver. The lowest fare each day to fly from Terrace to Vancouver averaged \$198. From Smithers to Vancouver, it was \$302, and from Prince Rupert, it was \$443. These are the same airplanes, approximately the same distance and yet a dramatically different cost. This is something that has a profound impact on communities that are facing unaffordable airfares.

Ms. Acton-Gervais or Mr. Rheault, I'm curious as to whether you could explain why it costs over double to fly out of Prince Rupert and half as much again to fly out of Smithers.

(1620)

Ms. Suzanne Acton-Gervais: High taxes and fees imposed on airlines and travellers create a competitive disadvantage for our aviation industry. Facing fewer travellers during the pandemic, a number of institutions have increased their fees to compensate. The federal costs that airlines absorb, such as airport rents, air traveller security charges, airport improvement fees, Nav Canada fees, city taxes and federal taxes, all play a role in why costs are so high.

There's also the landscape of our country being so vast, and our population being smaller than in other foreign jurisdictions, for example.

Mr. Taylor Bachrach: I have very little time, so I'm going to ask Mr. Rheault if he understands the geography and can speak to the specific situation, because I don't think it's the taxes and fees in those different communities. They are very similar airports.

Perhaps, Mr. Rheault, you wouldn't mind commenting, because Air Canada is the primary carrier that we're concerned with. That would be appreciated.

Mr. David Rheault: It's difficult for me to comment on the average price. The price always depends on the market. It depends on offer and on demand. It also depends on the number of seats available on the aircraft and at what time they are booked.

I'd be pleased to follow up with your office and discuss if there are particular issues regarding your riding.

Mr. Taylor Bachrach: In my previous role, I met with you several times—or rather, I met with your company to talk about this specific issue. Terrace is the only community where WestJet is a major competitor for Air Canada. Is the lack of competition what is allowing Air Canada to charge prices that are half as much again and twice as much out of Smithers and Prince Rupert respectively?

[Translation]

Mr. David Rheault: I would say that air transport is a very competitive market in Canada. Prices in the different markets depend on different realities.

As Ms. Acton-Gervais said, it's important to understand that the industry is emerging from a very difficult period. We must therefore take into consideration the issue of the resumption of demand.

[English]

Mr. Taylor Bachrach: Mr. Rheault, this has been a problem for five or 10 years. It has been the same issue facing these communities. I met with Air Canada several years ago and was told that because WestJet had entered the Terrace market it had driven down prices, and it was going to be a very temporary situation because there was no way that WestJet was going to be able to sustain those prices.

That was years ago, and still the price is twice as much to fly out of Prince Rupert and half again as much out of Smithers. Why, when you're flying the same airplanes and flying the same distance, are customers in some communities paying so much more? It can't possibly be fair.

[Translation]

Mr. David Rheault: I can't respond to comments made at a meeting held several years ago and that I didn't attend. I can't comment on that, but I could check with my colleagues.

As I said, each price in the different markets depends on the different realities of each market.

[English]

Mr. Taylor Bachrach: Okay. Perhaps shifting back to Ms. Acton-Gervais, there has been some talk here about the vaccine mandates. I know that people are asking a lot of questions, particularly about the domestic air travel mandate. I understand the government being a bit evasive when the questions are coming from the opposition, but in your industry, you're a major stakeholder, and you clearly have conversations—honest, heart-to-heart conversations—with the government about your industry. You've said that this particular mandate is a concern for you. Has the government explained to you why this is still in place? Has it talked to you about the mechanism it sees affecting pandemic outcomes?

I don't know if that's a clear question.

Ms. Suzanne Acton-Gervais: This has not been discussed directly with the National Airlines Council of Canada. We have not been presented with a direct mechanism. We believe that it is time for the federal mandate to be reviewed. To our knowledge, Canada is currently the only country with a domestic vaccine mandate.

Mr. Taylor Bachrach: Thank you for the answer.

Mr. Gibbons, do you want to comment on the same thing?

• (1625)

Mr. Andy Gibbons: Do I? No. I don't want to comment on what is or is not motivating the government. I think everyone wants a safe recovery. We're all partners in public health. The Prime Minister has singled out airlines for their work in curbing the spread of COVID, so I don't think there's any divide there.

I think it goes back to our observation: Is there anything that your constituents cannot currently do in your community based on their vaccination status? I don't think there is anything, except boarding a WestJet aircraft and the tariffs for our very low fares—

Mr. Taylor Bachrach: Sure-

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

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

Mr. Matt Jeneroux (Edmonton Riverbend, CPC): Thank you, Mr. Chair. It's good to see you again.

I thank everybody for taking the time to be here today.

I have three questions that I'd love to get answers to. For the first one, I'm hoping for just a quick yes or no answer.

Maybe I'll start with Mr. Gibbons.

Is it the opinion of your organization that the removing of the legacy pandemic policies—the onsite mandatory random testing, the duplicate questions at customs and, of course, the removal of the vaccine mandate—will improve operational challenges?

Mr. Andy Gibbons: Yes.

Mr. Matt Jeneroux: I'll go to Mr. Rheault with the same question.

Do you believe that will improve operational challenges?

[Translation]

Mr. David Rheault: Yes.

[English]

Mr. Matt Jeneroux: Mr. Liebman, will that improve operational challenges?

Mr. Howard Liebman: I think you'll hear an industry position emerging.

Mr. Matt Jeneroux: Perfect.

I was going to go our fourth witness. I assume she'll have the same opinion, but I'll give her the floor just to do that, as well, if she is so inclined.

Ms. Suzanne Acton-Gervais: Regarding primary areas of federal policy, we would recommend revisiting ArriveCAN, user-pay models, processing credentials for staffing, and legacy pandemic travel restrictions. All of these would help alleviate congestion at airports.

Mr. Matt Jeneroux: That's great. Thank you. That's clear from our witnesses here.

Every single airline and the industry present is calling for the removal of on-site mandatory random testing, duplicate questions at customs, and, again, the vaccine mandate.

I want to turn to Mr. Gibbons for my second question. I'll begin with you, and if anybody would like to weigh in, please do. You mentioned, in response to one of the questions, that it would be helpful for every stakeholder to have information on the science being used to make these mandates or these decisions.

Have you been presented with this information by the government?

Mr. Andy Gibbons: The data we've been presented by the government is the aggregate public data about the general COVID situation that we're in, the state of the pandemic, and the number of cases and hospitalizations.

The Public Health Agency, Mr. Jeneroux, throughout the pandemic, has had the percentage of inbound travellers who have tested positive for COVID, so there has been some public data that everyone has shared.

Our requests are more around the precise policies that we see, and what the precise benefits are to the overall COVID equation. I'll use the example of the omicron mandates that were put in place. We wanted to better understand what exactly these measures were going to prevent or not, with specificity for the airline sector.

It's more about precisely understanding the recommendations that were made by public health officials and how the government was informed in terms of these decisions, so we can take away questions like this at committee and take away discussions about who's with science and who's not. We have to move past that and talk very strictly and purely about—

Mr. Matt Jeneroux: Is there no additional science, then, that you have been privy to that isn't public right now? That is the meat of my question.

Mr. Andy Gibbons: We have a great relationship with the government. There are many discussions about science and metrics. Primarily, it has been what is in the public domain for everyone to see and understand. In that respect, there has been general aggregate information available.

Mr. Matt Jeneroux: I'll probably stick with you, Mr. Gibbons. I'm going to ask you one quick question that I think is a bit outside of the mandate of questions we've been focusing on.

Is it correct that airlines are the only entity that have obligations to take care of travellers and ensure they're informed and cared for?

• (1630)

Mr. Andy Gibbons: That is a good question. I believe some of this came up at committee the other day, because someone asked the minister about standards of care. That's one of the issues that's coming to light here, with these delays.

Just to give you an example, Mr. Jeneroux, there are some evenings in Toronto where 700 of our guests have to be reaccommodated onto other flights. Oftentimes, we will have almost half a dozen flights on which families are prevented from leaving the airplane just to enter the customs hall.

In our industry, we have a very strict regulatory environment, as we should as a federally regulated company. When it comes to something like a tarmac delay, we have obligations that at 30 minutes you have to do this and at 60 minutes you have to do that. You have to make sure water is there; you have to make sure that communications to the guests are clear, that you're communicating why the delay is happening and what they're entitled to and not entitled to.

As part of this, in terms of improving the overall system and traveller experience, we are observing that for every touchpoint for the traveller in Canadian society, airlines are seemingly the only ones with service standard obligations and regulatory requirements that need to be met.

I think it's an open-

The Chair: Thank you very much, Mr. Gibbons, and thank you very much, Mr. Jeneroux.

Next, we have Mr. Iacono, for five minutes.

[Translation]

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

I'd like to thank the witnesses for being with us today.

Ms. Acton-Gervais, I understand that the Canadian Air Transport Security Authority, or CATSA, is having trouble rehiring all of its screening officers, because some of them have been hired as baggage handlers or for other types of jobs at the airport.

I also assume that these employees are vaccinated, right?

Ms. Suzanne Acton-Gervais: There is a mandate for employees, so I would think that's correct.

Mr. Angelo Iacono: Can you tell us if they were recruited for other types of jobs? That's the question.

Ms. Suzanne Acton-Gervais: I can't confirm that.

Mr. Angelo Iacono: Could you provide this answer later?

Ms. Suzanne Acton-Gervais: Yes, we can do that.

Mr. Angelo Iacono: What is contributing to the delays we're seeing at airports?

Ms. Suzanne Acton-Gervais: Right now, because of the health measures that are in place at airports, passengers have to stay on board the aircraft longer when they arrive at their destination. That certainly contributes to delays. It is also very difficult for the employees, because they have to deal with passengers' frustrations.

Delays are also due to a lack of staff at border services. It is estimated that before the pandemic, the screening process took 30 seconds per passenger, whereas it now takes five times that, from two to two and a half minutes.

As the interim president of the National Airlines Council of Canada mentioned, about 50,000 passengers arrive in Toronto every day, for example, and that number is expected to increase significantly this summer.

Mr. Angelo Iacono: What percentage of your members are vaccinated, or rather, how many are unvaccinated?

Ms. Suzanne Acton-Gervais: I don't have the answer to your question. I don't have that data. Maybe it would be a—

Mr. Angelo Iacono: Excuse me, but I heard earlier that it was the fact that employees were not vaccinated that prevented you from offering the service.

So my question is this: what is the number of unvaccinated employees, so that it would affect your work and would have an effect on the employee shortage?

Ms. Suzanne Acton-Gervais: I'm not sure I understand the question. Are you asking me how many unvaccinated employees there are within border services and CATSA, or in the airline industry?

Mr. Angelo Iacono: Both.

Ms. Suzanne Acton-Gervais: I believe that in terms of CATSA and border services, that question should instead be directed to government agencies.

For our part, that would be a question for the other witnesses here

That said, we know that about 10% of the Canadian population is unvaccinated. Similarly, we can estimate that approximately 10% of our employees are unvaccinated.

Mr. Angelo Iacono: How can we track the issue of delays internationally? Is there an organization that compiles information on airport delays?

Ms. Suzanne Acton-Gervais: Yes. I mentioned the International Air Transport Association earlier. It's an association that represents airlines around the world, with over 290 members, and is headquartered in Montreal. This organization is compiling delays worldwide.

• (1635)

Mr. Angelo Iacono: Thank you.

My next questions are for Mr. Rheault, Mr. Liebman and Mr. Gibbons.

Can you tell us briefly, in turn, what federal programs have been most helpful to you in getting through this pandemic?

Let's start with you, Mr. Gibbons.

[English]

Mr. Andy Gibbons: With respect to federal support during the pandemic, our company did not negotiate a support package with the federal government. I believe we were the only airline that did not do so. We did not participate in that support that was under discussion. We did use the Canada emergency wage subsidy, and we have thanked the government on multiple occasions for the importance of that in keeping our employees, because we have a very strong culture of keeping them tied to our business. The wage subsidy at the same time was also a flowthrough to avoid having people go on EI, but we did take advantage of that program and we're grateful for it.

Mr. Angelo Iacono: Thank you.

Mr. Liebman.

Mr. Howard Liebman: I would like to say on behalf of my 4,000 colleagues at Air Transat that we're very grateful for the generous financial support of the government to get through this unprecedented pandemic.

As I mentioned earlier, Air Transat was shut down twice and significantly impacted by omicron. Prior to COVID, Air Transat had never received a cent in federal financial support. We made great use of the wage subsidy for our employees, and we are as well borrowers under the LEEFF, the large employer emergency financing program.

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

[Translation]

Thank you, Mr. Iacono.

Go ahead, Mr. Barsalou-Duval. You have two and a half minutes.

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

Earlier, when the representatives of the various airlines had the opportunity to answer questions, they talked a lot about all the fees charged at the airports and those imposed by the government. These are fees that are weighing on them, in the context of the recovery.

Ms. Acton-Gervais, you represent the airlines. I'd like to know how Canada compares to other countries in terms of the airport management model, ticket pricing, and travel costs. Are there countries where it's different? Which countries should we be looking at more?

Ms. Suzanne Acton-Gervais: That's a very good question.

Some countries started with the same model and evolved. The pandemic has really exposed the vulnerabilities and shortcomings in the way airline industry is funded in Canada. That's why we're asking the government to take this opportunity to immediately review the models used elsewhere and the fees that apply and consider reinvesting these dollars in airports in Canada.

Mr. Xavier Barsalou-Duval: Thank you.

My next question could be for just about any of the witnesses here, but I'll direct it to Mr. Liebman.

During the pandemic, NAV CANADA fees charged to carriers exploded. I don't know the impact of this increase on large carriers, but I know it's had a monstrous effect on small carriers.

Was the approach taken during this period the right one? In the future, should there be a different approach to the imposition of new fees by entities like NAV CANADA? How should this be handled?

Mr. Howard Liebman: Thank you for the question.

Yes, we were closed for a long time, so the consequences will be felt in the future.

We think a user-pay model should be considered. Without users, there are no payers, so the system doesn't work.

This could be an opportunity to look at how the Canadian system is funded and look at best practices elsewhere. Monique Leroux,

chair of the Industry Strategy Council of Canada, submitted a report to the government in which the issue is partially addressed. It would be useful to consider such an approach.

(1640)

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

Thank you very much, Mr. Barsalou-Duval.

[English]

Next we have Mr. Bachrach.

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

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

I listened recently to an interview with Barry Rempel, who recently retired from the Winnipeg Airport Authority. He really highlighted that the congestion we're seeing at the airports is in part due to the airlines shifting to a hub-and-spoke model, with fewer direct flights from medium airports, and how that's putting more passengers into hubs like Toronto Pearson. Is this accurate, and do you acknowledge the role that airline scheduling has played in contributing to the situation we're seeing at Pearson?

Ms. Suzanne Acton-Gervais: Airline scheduling-

Mr. David Rheault: May I answer?

Mr. Taylor Bachrach: I have only two and a half minutes.

Mr. David Rheault: Perhaps, if I may, I would say that the concentration of international long-haul flights in key hubs has always been there. It was like that before the pandemic. In fact, even in hubs like Toronto Pearson, we have fewer departures than we did before the pandemic, so no, this is not the factor that is creating all the delay we have now.

Mr. Andy Gibbons: I could not disagree more with our friend Mr. Rempel with respect to that comment.

I don't think the Minister of Transport could disagree more either, because he said last week that he would not ask airlines to change their schedules. He has not asked and will never ask airlines to change their schedules. I think we all need to think about it like it's potash going through the port authority or an auto part getting across the border. Our product needs to move through the facilities. We're the investors and the job creators, so I absolutely do not accept that airline schedules, which are created to maximize job creation and economic connectivity, are at fault here.

Mr. Taylor Bachrach: I have time for one more quick one.

Could the federal government have better anticipated the rebound in air traffic and air travel?

Ms. Acton-Gervais.

Ms. Suzanne Acton-Gervais: Throughout the pandemic we have worked very closely with the Government of Canada. We have been working toward the restart of aviation. Could it have been better prepared for? Perhaps that is a question to pose to the government.

We are certainly looking for these agencies to be resourced in order to support the rebound of air travel. This is not just about our business, but about the traveller experience. It is also about Canada's reputation on the world stage.

The Chair: Thank you very much, Madame Acton-Gervais.

Thank you very much, Mr. Bachrach.

[Translation]

Go ahead, Mr. Godin. You have five minutes.

[English]

Mr. Matt Jeneroux: Mr. Chair, I'll jump in for Mr. Godin, if we're looking for a Conservative.

The Chair: Please go ahead.

Mr. Matt Jeneroux: Thank you.

I want to get back to a question that started with Mr. Gibbons.

My colleague asked the minister last week if he is going to bring in those performance standards and passenger rights for travel into government services. I'm just curious as to your thoughts on that. Would your guests—your travellers—appreciate something like that?

Mr. Andy Gibbons: I think so. It's the same logic that led to the APPR, which this committee studied and the previous minister of transport brought forward. If you believe that regulations are good to keep an airline honest or on track and that passengers should very clearly know what they're entitled to or not entitled to, I think that should apply to everyone who is delivering a service to a Canadian traveller or foreign visitor.

The answer to that question is, yes, we would support it. No matter where you are in travel or on a journey, I think you should have a really good understanding of what you're entitled to. That could even include compensation, but I think that's a good issue for this committee to look at.

I would just add one more note to that, Mr. Jeneroux. These aren't just consumer nuisances and "delays". If facilitation processes aren't world class in southern Ontario, citizens there will cross the border and head to Detroit or Buffalo, so it's a competitiveness issue as well for Canada. We have to stop bleeding guests and gifting air traffic and jobs to that sector in that country. We need to keep them here. It's not just convenience and delay; it's a fundamental economic issue for the country that we have to get right.

• (1645)

Mr. Matt Jeneroux: Thank you, Mr. Gibbons.

I want to pick up on that, but I'll go to Mr. Liebman on some of that economic competitiveness.

When a consumer has the option to choose one region over another, as in Mr. Gibbons's example—like in the border cities that we all know well, where passengers can jump across the border and fly on a different airline that perhaps has less of those concerning challenges that they often face—can you provide our committee with some examples of where and how that happens and how it is leaving the Canadian airline less competitive in some regions of the world?

Mr. Howard Liebman: Sure. It's no surprise to anybody on this committee that many of the large city airports are in close proximity to the U.S. border.

It goes back to the user-pay model that I spoke to earlier, which forces significant fees through to the users. In another jurisdiction, such as the United States, where airports and air travel are not viewed as a tax-generator for general revenues, as far as I understand it, those fees and charges are much less. If a family of four, five or six—multiplied by a few hundred dollars and fees per person—is looking to avoid that, they could go elsewhere. It becomes a competitiveness issue that will then have an impact on a rather critical industry for bringing goods and people across a country as large as ours. It's certainly a question worthy of further study.

Mr. Matt Jeneroux: Just quickly, Mr. Rheault, could you comment on some of the economic competitiveness that Air Canada is facing with other airlines around the world?

Mr. David Rheault: Like I said, we must look at all taxes and fees imposed on industry very carefully as a country, because they impact the competitiveness of the carriers. If we want to build a global connectivity in Canada and powerful hubs, we have to make sure that the infrastructure, the costs and the fees are competitive on a global scale.

Mr. Matt Jeneroux: What would some of those taxes and fees be, then, that you would advocate for?

Mr. David Rheault: I will give you an example. Canada is the only country that charges airport rent to its main airports. For Montreal, for instance, something like \$50 million a year is going back to the federal government without any service in return or without that money being reinvested in industry. All the taxes and fees that are collected from the industry should at least be reinvested into the industry to improve the infrastructure.

Mr. Matt Jeneroux: Thanks. I believe my time is up, Mr. Chair.

The Chair: Thank you very much, Mr. Jeneroux. You are one of the few who leaves 20 seconds on the table, so I appreciate that very much. It helps me to keep on time.

Next we have Mr. Rogers. The floor is yours for five minutes.

Mr. Churence Rogers: Thank you, Mr. Chair. Welcome to our guests and to the people joining virtually. Thank you for being here today and participating in our important study. I've been a part of this committee since 2019, and there have been many debates around this table with people about vaccines and vaccine mandates and how we would protect people during the height of COVID-19, and the importance of protecting the health of Canadians. Many of the measures we've taken obviously have been about the health and safety of Canadians, including vaccine mandates, and so on.

As Mr. Badawey said, we all want to do the right thing here for the country and for the airline industry, and for every other industry. I want to ask you this, Mr. Gibbons, and maybe Mr. Rheault could react as well. The Minister of Transport has announced a number of working groups to help address the issues of delays in the industry. Have the airlines been included in these groups, and do you think that the federal government has taken the delay issues seriously?

Mr. Andy Gibbons: I absolutely think the government is taking them seriously, because it is serious. I think they're seized with them. I think the minister's comments make clear that he's seized with them, but we have to talk about how we measure progress. We're not talking just about whether the customs hall should take you four minutes, five minutes or 10 minutes. There are Canadians who cannot get off our aircraft, sometimes for two hours. This is a crisis situation in our view.

To your question, we are involved. He has engaged us, and we are working collaboratively with the government on solutions. The answer to that is yes.

(1650)

Mr. Churence Rogers: Mr. Rheault.

Mr. David Rheault: I would agree with my colleague. We are involved. We are in discussion with the government, and everybody understands that this is a very serious situation that requires immediate action to be taken. I would say from an industry perspective that what's different now versus three years ago are all of the health requirements and checks that need to be made by an agent, for instance, when people arrive in Canada. This has an impact on average processing times. When you multiply it by the thousands of passengers arriving a day, this is certainly a cause of the bottleneck we are seeing now at the airport, and this is why we think the process should be streamlined.

I also want to just add to the comment made previously by my colleague Suzanne on the vaccination rate. I want to just say that for employees at Air Canada we have a very high compliance rate for vaccination.

[Translation]

We're talking about a rate of over 90%.

[English]

Mr. Churence Rogers: I remember testimony previously, back when we talked about COVID-19, when it first originated. Some people predicted that it would be five years before the airline industry rebounded. What are your thoughts on that? What kinds of measures have been introduced so far, or are being contemplated, that might assist with the problem we're dealing with here with the airlines?

Ms. Acton-Gervais.

Ms. Suzanne Acton-Gervais: I'm sorry. I missed the last part of the question.

Mr. Churence Rogers: What kinds of measures have been introduced so far, or are being contemplated, that would be of assistance to the airlines and the airline industry from the federal government's side?

Mr. Andy Gibbons: We have been focused on recovery and on removing barriers to that recovery so we can maximize job creation

and connectivity. We're on track with that, at WestJet. In June, this month, we will be at 100%. We will fly as many seats as we did in June 2019, prepandemic. We're very proud of that. We're doing our part to bring this country back.

Mr. Churence Rogers: You're ahead of the five-year projection that some people made.

Mr. Andy Gibbons: Some said five, some said seven, and some said three. I think it's a testament to our employees and the work they've done.

Mr. Churence Rogers: What do you see as the improvements we've seen just over the past few weeks? Is there a particular trend? Are things getting better or worse? What are your thoughts?

Mr. Andy Gibbons: I've seen statistics from the government that suggest that things are getting better. We have to determine how we measure success and what the goal is. I think the extreme tarmac delays we have seen are less frequent than they have been, but we need that trend to continue.

Mr. Churence Rogers: Are we heading in the right direction?

Mr. Andy Gibbons: We're seeing some progress. I think we can conclude that, but the gravity of the situation and crisis is really something.

Mr. Churence Rogers: Mr. Rheault, would you agree with that assessment?

Mr. David Rheault: There has been some progress, I agree, but we definitely need to continue to improve, increase resources and review and streamline the processes. We will soon go into the peak summer season, and traveller volume will increase, so I think all agencies involved in the transportation sector also need to be prepared for this.

They all have a plan, and there was an announcement last week, so there is definitely still some work to do to improve the traveller experience.

Mr. Churence Rogers: I can say that the flights in and out of Gander have vastly improved in the last few weeks. Thank you very much for that.

Mr. David Rheault: We are very pleased for your community, sir.

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

That concludes the first round of testimony for today. I'd like to thank all of our witnesses for joining us and providing their testimony.

I would now ask that they log off and that my colleagues stay on. We will be suspending for approximately three minutes.

This meeting stands suspended.

• (1650)	(Pause)	

● (1700)

The Chair: This meeting has now resumed.

Colleagues and members of the committee, here are the witnesses appearing before us for the second half of today's meeting. [Translation]

We have Serge Larivière with us. He's the director general of the Coopérative de transport régional du Québec and president of the Mont-Tremblant International Airport.

[English]

From the Town of Smithers, we have Mayor Gladys Atrill.

We will begin with opening remarks. I will turn the floor over to Mayor Atrill. You have five minutes.

Ms. Gladys Atrill (Mayor, Town of Smithers): Thanks for the invitation to speak to you today about this. I'm going to focus, particularly, on our airport, which is the Smithers Regional Airport, or YYD. It's owned by the Town of Smithers, which is a community of about 5,400 people, with a service area of about 20,000, including many other small communities and indigenous communities.

Before the pandemic, YYD was run like a business, and it essentially it paid for itself. We had 68,000 passengers in 2019. Last year, in 2021, we had 37,000, which was at about 50-60% of revenues. Prepandemic, scheduled passenger service was provided by two airlines: Air Canada and Central Mountain Air. There were four flights per day. Today, there is one flight, provided by Air Canada in a Q400 with a 78-passenger capacity.

The airport provides a base for charters to remote camps and tourism lodges for fishing, hunting, etc. Our hospital also receives patients from across northwest B.C., with about 260 air medevacs per year. The airport plays a role during emergencies. During recent extraordinary wildfires, the airport was a base for wildfire crews, aircraft and military personnel. Of course, residents choose where they want to live based on amenities.

In the last few years, we've made many improvements to the airport, terminal modernization and runway. Coming up next will be runway lights, etc. We are very much a grant-dependent airport. We're grateful for those grants, as well as for COVID money and money from the regional air transportation initiative.

Research shows that the Smithers Regional Airport is one of the lowest-cost airports for an airline to land a Q400—that is the aircraft currently being used by Air Canada—so it's not the fees that we charge that deter flights. That said, we do have a passenger fee to help with revenues.

The question is whether government red tape makes airports more expensive. Probably, but some regulations can be difficult. Some safety regulations, I suggest, are well accepted.

I want to suggest, though, that there may be a different view on regulations that could help airports in communities like ours, which are reliant on one airline. During the pandemic, the Canadian government offered support to airlines. I support that, and I think it's time to offer that to small and medium-sized airports.

Consider regulation that might link miles flown to the price charged. For example, in our area, flying from Terrace to Vancouver and Smithers to Vancouver are about the same mileage, and the same aircraft is often used. However, it is often way more expensive to fly from Smithers. People comment that you can buy a ticket to other parts of Canada—other parts of the world sometimes, for

less—and that unfair pricing hurts small communities. It's not just Smithers.

Don't get me wrong. I am happy to have Air Canada serve our community. I flew with them yesterday and I'll fly home from Regina on Air Canada. However, if there isn't competition, there needs to be a reasonable way to regulate it so that one community isn't paying a higher price than its neighbour for the same service, the same aircraft and the same distance.

Residents choose to drive, sometimes on very dangerous winter roads, to save money. Businesses and industries choose to locate themselves at and operate from other bases.

A lack of consultation on scheduling hurts too. Last year, ski operators had to scramble after a late-season schedule change affected their clients, driving them to other airports. I'm hearing the same from guide outfitters in our community who are finding their clients are being driven away because the current one flight per day on an early morning schedule doesn't suit them.

Air Canada has too big an influence on the health and future of our community. Its use of third party contractors at the airport further reduces the quality of experience for passengers when a flight's delayed or bags are lost. The people behind the counter don't work for the airline. They work for a contractor who can't offer them help. They're told instead to phone the airline, and we all know that phoning an airline, especially when a whole planeload of people are trying to phone, doesn't help.

Customers don't understand the nuance of who works for whom, and our airport gets the blame. Air Canada's going to get those passengers anyway, especially if people have to drive down the road simply to fly from Terrace or Prince George. It doesn't provide a reason for them to work with us. I suggest reasonable regulation could create a path toward an equitable system for small airports like YYD, which is so critical to our community, as the airport is such a significant cultural and economic driver.

I have one other area, and I might not get through it in time. It's about transport or landing systems, but I want to focus on this piece about the regulation for airlines when we have one airline with no competition. We really can't afford to have more and more people leaving small towns because of a lack of opportunity. Our cities can't support more people, and citizens want to live in different parts of our province and country. In this day and age, though, we can't thrive without adequate air access.

• (1705)

I understand the need to review regulations and to remove those that no longer serve a purpose. I urge you, though, to consider the upside of regulation, which is to create fairness. We at the Town of Smithers do not have a lot of clout with Air Canada, yet our economic health is tied to the decision-making of that airline. We are ready to be part of a successful network of regional airports, serving our residents and our neighbours and jumping into provincial emergencies when we need to, but reliable, fairly priced, quality air service is essential to our community.

I'll stop there to make way for questions.

The Chair: Thank you very much, Mayor Atrill.

[Translation]

We'll now go to you, Mr. Larivière. You have five minutes for your opening remarks.

Mr. Serge Larivière (President of Mont-Tremblant International Airport and Director General, Coopérative de transport régional du Québec): I'd like to thank the committee for having me today. I will make my remarks in French.

The subject of airport costs is broad and complex, and we could talk at length about the negative consequences of the federal government's withdrawal from the airline industry. The representatives from Air Canada, WestJet and Air Transat made this point very well earlier.

My remarks today will be more focused on the cost recovery implications of the two federal agencies, the Canada Border Services Agency, CBSA, and the Canadian Air Transport Security Authority, CATSA.

Although I am indeed involved in regional air transportation as the head of the Coopérative de transport régional du Québec, as the chair of the committee mentioned, it is as president of the Mont-Tremblant International Airport that I would like to speak today.

The Mont-Tremblant International Airport, which has been in operation for 20 years, is a tourist airport, and 80% of its general aviation revenues come from international flights. Commercial domestic flights at the airport are operated by Porter Airlines and Air Canada

So it's on behalf of my airport, but also on behalf of several other regional airports in Canada, that I would like to talk to you about a major inconsistency.

In the 1990s and earlier, when the federal government designated an airport as an airport of entry, or AOE, the cost of customs services was borne by Ottawa. However, a new practice has been in place for several years, that of providing a service, but on a cost-recovery basis. The CBSA was the first to do this, and I think our airport was one of the first to experience the effects.

In 2006, due to the real demand for international air traffic to our airport, the federal government designated it an airport of entry. The CBSA then informed us that, despite this designation, it would only be able to provide customs clearance services there if we agreed to pay for them. We then understood that the operating bud-

get from the federal government had not been increased to take into account the new services to be provided to our airport.

So we were faced with an impossible choice: to be treated differently from other airports or not to have customs clearance services. Since the viability of our airport is directly related to international flights, a refusal would have meant its closure. Since the fee at that time was only \$275 per aircraft, we decided to stick to our principles and accept this practice. However, 15 years later, the clearance of a 4- to 15-seat aircraft at the Mont-Tremblant airport has increased from \$275 to \$1200.

There is a fundamental question as to why some regions of Canada pay their customs services out of the taxes paid to the federal government, while others, such as ours and Charlevoix, have to pay their customs services in addition to the taxes they pay to the federal government. A fundamental principle of our democracy is therefore being flouted.

• (1710)

[English]

In English, one says, "No taxation without representation."

[Translation]

We must note that the Canada Border Services Agency, by invoking the cost recovery principle, has given itself the power to tax and, as an agency, it is not accountable to the public.

As a result, this creates two classes of citizens in Canada: those in cost-recovery regions and those who are not.

As if that weren't enough, in light of the absence of government leadership, the Canadian Air Transport Security Authority has also recently decided to recover the costs for the services it provides.

Therefore, the federal government must regain control of the situation. Since it is the federal government that has the choice of whether or not to designate an airport of entry or a screening point, it must provide these agencies with the budget they need to carry out their mandate. It should also put an end to these agencies' practice of recovering their costs.

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

Mr. Dowdall will begin the question period.

Go ahead, Mr. Dowdall. You have six minutes.

[English]

Mr. Terry Dowdall: Thank you, Mr. Chair, but I will cede my time to Mr. Joël Godin.

[Translation]

The Chair: Over to you, Mr. Godin.

Mr. Joël Godin (Portneuf—Jacques-Cartier, CPC): Thank you, Mr. Chair.

Thank you to the witnesses for being here this afternoon.

My questions are mainly for Mr. Larivière, since I represent a riding in Quebec and he heads an airport in Quebec.

Mr. Larivière, what I gather from your opening statement is that small airports are treated one way and big airports are treated another way. Why do you think there are two realities, two types of treatment and two bills? As I understand it, you are being forced to pass the bill on to customers. Otherwise, from a numbers standpoint, it seems to me that an airport like yours wouldn't be able to cover its costs. Is that an accurate description of the situation?

Mr. Serge Larivière: It's accurate, except for one thing. It's not small airports versus large airports. It's new airports versus old ones.

• (1715)

Mr. Joël Godin: It's as though they are grandfathered in.

Mr. Serge Larivière: Precisely, and it applies to every airport that was designated an airport of entry, or AOE, before 2006. In fact, I think we were the catalyst for the terrible practice. All airports added to the AOE list after that date were told that they had to pay the fees or they wouldn't receive clearance services from CB-SA, even though the federal government had given them the AOE designation.

I should also say, Mr. Godin, that this has had serious repercussions for Quebec because, historically, the province has had fewer airports with clearance services than other provinces. Back when I started, Quebec had a third of the AOE airports Ontario had. Ontario had nine or 12 AOE airports for commercial international flights. My airport was the third in Quebec. Mont-Tremblant's little airport got its designation after Quebec City's airport and Montreal's airport got theirs. Quebec is really trailing behind. Bagotville and Charlevoix come to mind, not to mention all the other locations in need of clearance services. They submitted their requests after 2006, and so, they aren't grandfathered in. Across the board, we are served on a cost recovery basis.

Mr. Joël Godin: Don't you have an association that lobbies the federal government on your behalf to put an end to the practice? Let's be honest: it's unfair competition. Your oxygen tube is being squeezed as you die a slow death.

Does it have to do with the competition?

Mr. Serge Larivière: No.

I had an informal discussion with the director general at CBSA, and he admitted that the federal government had not adjusted the agency's funding. Even though the federal government gave us the AOE designation, it did not top up the funding the agency needed to provide the service at our airport.

In that case, we have to pay or CBSA cannot serve our airport.

Mr. Joël Godin: Mr. Larivière, I'm not trying to incite civil disobedience, here, but if you got together with the other airports in the same boat and you all decided to stop operating tomorrow, what impact would it have on air traffic?

Mr. Serge Larivière: Mr. Godin, I'm going to tell you something that is already public knowledge. We did engage in civil disobedience. At Mont-Tremblant, we managed to nab direct flights from New York through Continental Airlines. Owing to the clearance service fees, the flights weren't economically viable. The airline didn't want to pay the bill.

Mr. Joël Godin: You said \$1,200 per airplane, did you not?

Mr. Serge Larivière: That's right. For 50 seats, that's a welcome tax of \$40 for 30 people. Thank you very much.

We refused to pay, so CBSA, with the help of the Canada Revenue Agency, seized our bank accounts. We said we were going to close the airport, and that led to an ad hoc settlement agreement, but the airport lost its international flights because of it, among other things.

Mr. Joël Godin: What year was that, Mr. Larivière?

Mr. Serge Larivière: That was in 2008 or 2009.

Mr. Joël Godin: I see.

This week, the Quebec government announced \$500 flights. Does that affect you?

Mr. Serge Larivière: It doesn't really affect us, because the subsidy applies to flights within the province. All of our flights come from outside Quebec, places like Toronto and New York. Our private customers come from Europe and the U.S.

Mr. Joël Godin: How much time do I have left, Mr. Chair?

The Chair: You have 10 seconds, Mr. Godin.

Mr. Joël Godin: I have more questions for you, Mr. Larivière, but I'll give my fellow committee members a chance to ask you their questions.

Thank you.

(1720)

The Chair: Thank you, Mr. Godin.

We now go to Ms. Koutrakis for six minutes.

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

Thank you to Ms. Atrill and Mr. Larivière for their remarks.

My questions are for Mr. Larivière.

I'm trying to gain a better understanding of how your model works. Is your co-operative already in business, or are you still at the proposal stage?

Mr. Serge Larivière: It's still at the proposal stage. Certain market conditions in the air network are needed before the co-operative can be put in place. That hasn't happened yet. We are still in talks with both the provincial government and the federal government to set up the new air service.

Ms. Annie Koutrakis: Is the model for your co-operative based on what exists in other regions, or is it based on Quebec co-operatives that operate in the transportation sector?

Mr. Serge Larivière: I have to tell you that I'm not aware of any airline company that runs on a co-operative model. The idea behind the Coopérative de transport régional du Québec is rooted in all the regions of Quebec where stakeholders in a given sector came together to rectify the situation. Airline ticket prices aside, air services in Quebec are lacking, and that puts the province way behind Ontario and the rest of Canada.

Here, in Quebec, we tend towards co-operative models, perhaps because of Desjardins. When we have a collective problem, we naturally come together in a co-operative way to solve it. What makes our co-operative different is that it was designed for the airline sector. Co-operatives have been formed in the agriculture, forestry and financial services sectors, but it's never been done in the airline sector. It's a model with a lot of potential.

Ms. Annie Koutrakis: What do you need for long-term viability? Do you need a certain number of members or a certain passenger volume every year?

Mr. Serge Larivière: I think the thing that is most essential is a fair marketplace. It's no secret that some players in Canada engage in aggressive competition, so that needs to be addressed to ensure healthy competition. We've seen that in other industries, for example, oil and gas, where large monopolies dropped their prices to get rid of smaller players. That is the kind of market protection or correction we need in Canada, so that new carriers can capture a share of the market and weather those first few rocky years in business.

Ms. Annie Koutrakis: Do you think a co-operative like yours could work all over Canada? Do you think Quebec could teach the rest of Canada a thing or two about co-operatives?

[English]

Mr. Serge Larivière: I heard one of the MPs from British Columbia say he has this discrepancy in the pricing of airfares between two destinations with the same aircraft over the same distance. Guess what? This is what we have across Quebec. It's a question of competition. The minute you introduce competition, suddenly the prices go down.

How do we enable more competition? How do we make sure that competition can get in place and thrive and exist and perform? You guys are there for that, right?

Ms. Annie Koutrakis: I'm not going to let you off-

Mr. Serge Larivière: When you see a market that doesn't behave correctly, you have to go in and make it work in the right way, or get something that operates right.

• (1725)

Ms. Annie Koutrakis: Then I will put it to you this way. What would you do if you were in government? What kind of recommendations can you give this government to ensure that the small regional airports are competitive?

Mr. Serge Larivière: The first thing is to put in a floor price. You put in a floor price across destinations and say you cannot go below that price, Mr. Airline X, because we know that below that price, you're doing it to kill the other guy.

They did it in the gas industry. Floor prices exist in milk. Floor prices exist in gasoline, so could we apply a floor price to airfares? Absolutely. The minute you establish the fact that nobody can kill

you except just by providing good quality and efficient air service, you'll see a bunch of investors showing up at the table. Investors are not coming to the table for regional service. Why? Nobody has \$20 million to lose in a price war with a guy who could put \$20 million on his balance sheet without even noticing.

[Translation]

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

The Chair: Thank you, Ms. Koutrakis.

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

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

My questions are for Mr. Larivière, as well.

Given the Government of Canada's concept of airports, it really doesn't seem to understand how important regional air transportation is. The focus seems to be on international travel, but flights within Quebec and Canada are even more of an essential service and should be treated as such. That's my opinion, but I'm not sure whether you'll agree with me on that.

Do you think the approach should depend on the airport's designation, or at least it's size or the region it's in? For example, would it be appropriate to say that, in smaller regions, the central government will cover a larger portion of certain fees, instead of having those fees passed on to users? After all, we are talking about an essential service.

Mr. Serge Larivière: The answer is yes. The thing I would compare it to is mobile data, Internet service. It's like people having access to high-speed Internet in their region. Is it a luxury for someone to have access to high-speed Internet in their region? No, it's an essential tool for people to connect with the rest of the province or country. The same goes for regional air transportation. Canada is a huge country with low population density.

I'll focus on Quebec. Trailing behind everyone else when it comes to regional air transportation comes at a cost. It affects our ability to take advantage of our territory and develop our regions. The current situation is destroying some industries. If people have to pay \$500 or \$1,000 in airfare to visit a region, it's a death knell for that region's tourism. With prices like that, the Gaspé, the north shore and northern Quebec will never be able to grow their tourism industries.

A number of options are possible. Is there a way to bring down the fees for the smaller airports? Is there a way to bring down Nav Canada's fees for regional routes? Keep in mind that price sensitivity plays a role in regional travel. If I pay \$800 to fly to Paris on holiday and I have to pay a \$35 airport improvement fee at the Montreal-Trudeau airport, I might not think that's a big deal. However, say I'm going to Gaspé for the weekend and my ticket is going to cost \$300 or \$400, and then I have to pay a \$150 airport improvement fee. Relative to the ticket price, the airport improvement fee is way too high. The air carrier can't do it.

• (1730)

Mr. Xavier Barsalou-Duval: Do you know of other countries that do a better job of ensuring the viability of regional air transportation? Can you give us any examples?

Mr. Serge Larivière: You don't have to look far. The U.S. is one. Canada went a different route than the U.S., and that happened decades ago. The Americans invest in their airport infrastructure, whether it's public or private, as soon as the airport offers commercial flights. The Federal Aviation Administration in the U.S. covers 90% of infrastructure costs. Here, in Canada, airports are told to look after themselves. That is why Montréal-Trudeau International Airport, Québec City Jean Lesage International Airport and other such airports are forced to pass on infrastructure improvement costs to passengers. It's the same thing for regional airports.

I will say that we receive some help through infrastructure programs, but they don't cover all of the debt associated with capitalization or operational losses stemming from the fact that our airports have fewer passengers than our larger counterparts.

Canada could certainly do a number of things to remedy the situation, and all it has to do is take its cue from its neighbour to the south, the U.S.

Mr. Xavier Barsalou-Duval: A few years ago, I had the opportunity to meet an airline representative, and they told me that government taxes made up about 40% of the price of an airline ticket paid by regional air travellers. Do you think more people would take regional flights if they cost 40% less?

Mr. Serge Larivière: The answer is definitely yes. That's selfevident.

Transportation is a product like any other product, so price matters. Is there some price elasticity? Absolutely.

At Mont-Tremblant, we tested that price sensitivity with Ontario-based carrier Porter Airlines. A return trip between Toronto and Mont-Tremblant costs \$350—which is unheard of in Quebec, by the way. No other region can offer a return trip for \$350. We are filling airplanes with 78 seats. There's a market for flights under \$400. At that price, people will fly regionally. We tested the market, and we saw it for ourselves. When the ticket price costs \$400 or \$500, people opt to drive instead. When a destination is too far away by car—Gaspé is an eight-hour drive—people just don't go, or they opt to fly to Cancún with our friends at Air Transat or Air Canada because it's cheaper than flying to Gaspé.

Mr. Xavier Barsalou-Duval: Thank you.

The Chair: Thank you, Mr. Larivière.

Thank you, Mr. Barsalou-Duval.

[English]

Mr. Bachrach, you will take the final spot today. The floor is yours, and you have six minutes.

Mr. Taylor Bachrach: Thank you so much, Mr. Chair, and thank you to both of our witnesses. That was a very interesting presentation by Mr. Larivière.

I'm going to focus my questions towards Mayor Atrill. I think there are some real similarities here, because we're talking about the affordability of air travel in smaller communities in more rural regions, and the impact on economies.

Mayor Atrill, I'd like to start off with a question about the economic impact of airline pricing and scheduling on the community of Smithers and the surrounding area.

Ms. Gladys Atrill: We feel the weight of that. For the benefit of the other folks here, from Smithers, our nearest community, it's two and a half hours down the road to the nearest airport. We feel a bleed when people feel the attraction, as the previous witness said, of a cheaper flight. It's one thing to have passengers making the decision, but also, because there has been a decision to increase the frequency from our neighbouring airport as well, there seems like a greater attraction in price and a greater attraction in opportunity. It's not just individuals making a decision to choose a different or a cheaper flight. It's businesses also making a decision that their businesses might be better served.... Even though, primarily, our community—Smithers and the Bulkley Valley—might have been the community of choice, economy matters, so if there's increased frequency and sometimes the perception, often the reality, of a lower price from a neighbouring community....

Again, it is the same mileage, as I mentioned before, so it's often the same aircraft and the same flown miles, but the price is cheaper. Those are things that are very difficult for us to compete against, so once a business chooses to relocate to another community, it's very difficult to get it back. It may be a small business, but sometimes these are large industrial operators that are going to take residents with them.

There's a whole cycle that happens after that. When businesses and residents choose to relocate, it takes from you some of the things that drive your community. I was listening the other day to decisions being made regarding health care and how health care services may be located. These things link together, so it's hard to tether out only the impact of the cost of air travel, because it spills out to the entire success of the community, whether or not businesses will be there, whether extenuating programs will be located there, and particularly, as the previous witness commented, on tourism. We're a tourism centre, so our tourism businesses have to be able to greet their clients, and clients have to be able to connect to other communities, so they're not going to overnight in Vancouver and then overnight in Smithers because we have one flight per day. The economic and cultural cost to the community with the relocation of businesses, I think, is severe.

• (1735)

Mr. Taylor Bachrach: Thank you so much, Mayor Atrill.

The Smithers airport is a municipal airport. Many of the costs of operating an airport are fixed costs. If revenues from airlines decrease due to scheduling decisions or competition from neighbouring airports, what kinds of choices is the municipality forced to make?

Ms. Gladys Atrill: There are not many choices to make. We have limited places to get money, so as I mentioned previously, prepandemic, the airport ran almost as an independent business, even though it is owned and operated by the municipality.

COVID showed the weakness of that. As the revenues dropped, the places where we could get money were through relief, and there was some of that, which was helpful, but the source we have to get money is taxation. Smithers is a community of 5,400 people. It's a very small community. The airport serves a larger geographic area, but we do not have the ability to tax or collect money from others. We are attempting to do that, but that is not actually what exists now. If there are costs or shortfalls at that airport, the last-ditch place to get the money is from the residents who live there, through taxation. We haven't gone there, but it got awfully close in the last couple of years.

Mr. Taylor Bachrach: Thank you, Mayor Atrill.

We heard from Mr. Larivière a moment ago that in the United States the federal government plays a much bigger role in funding airport infrastructure. I understand, and you mentioned in your opening remarks, that the Smithers airport has an airport improvement fee that is charged to passengers. I'm wondering how this affects affordability and whether there might be better approaches to ensuring that airport infrastructure is maintained.

Ms. Gladys Atrill: It does affect affordability. It's less obvious than it used to be, because it's hidden in the fee, but of course people know it's there. We have a fairly high passenger fee. It's \$30 per person. It's high, and people know it's there.

There's one thing I think, though, about requirements for a certain level of service. The federal government regulates the airports and tells us how to operate them. That's okay, except that, as a small airport, sometimes we're told we have to upgrade something or that a system is not adequate and must be upgraded by a certain time. That's fine, but because we are so reliant on the grant system, it seems to me—not just with airports but with many systems where we fall under the regulation of other orders of government—if you know we must make an improvement in order to function, what I suggest is that the money should be there at the same time.

If we receive a new regulation that says lighting must be to a certain standard or water must be to a certain standard, and it's known that the only place to get the money to do that is through a federal grant, why don't they come together? Otherwise, it puts all this tension on a local service provider, the municipality, which is then trying to figure out how it can possibly get the money.

We don't write the regulations, but we have to respond to them in the time frame given, and the only place we have to go to get the financing is to other orders of government. I think one of the things that makes sense is, rather than creating the heartache and agony, attach the funding to the program. Then, when you tell us to do something, we know how and by when.

Mr. Taylor Bachrach: Thank you.

I know smaller airports rely really heavily on the ACAP program to support their infrastructure. Are there ways the federal government could strengthen the ACAP program to better meet the needs of airports such as Smithers?

Ms. Gladys Atrill: The ACAP program has been amazing for us. We rely on it and, because it often offers a very high percentage of the money required, that speaks almost to what I was saying before. It's back to letting us know in a timely way that the money required to meet the regulatory requirements—be it equipment, keeping the runway clear or keeping the lights on—is going to be made available in a timely way, so that we're not going to get close to being out of the reporting regime and so that we're not close to failure by not meeting some requirement. I just think that, when tethering the instruction to do something by sometime, the regulation ought to be more closely linked to the opportunity to get the funding to do it.

I concur with the previous witness. These small airports are critical to the people who live in rural and remote parts of Canada, and it's not just for the citizens there. It's for our entire province. We are a resource centre. We provide much to the rest of the province and to the country, and we need that kind of support to keep our community healthy and thriving.

• (1740)

Mr. Taylor Bachrach: Thank you so much, Mayor Atrill, for being here today. Thank you to both of our witnesses. I'm going to hand the balance of my time back to the chair and wish everyone a good day.

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

I will echo what you said and thank Mayor Atrill, as well as Monsieur Larivière, for their testimony today. We very much appreciate it.

This meeting is now adjourned.

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