

## GOVERNMENT RESPONSE TO RECOMMENDATIONS AND STATUS UPDATE

The recommendations provided by the Standing Committee on Transport, Infrastructure and Communities in their report entitled “*Emerging from the Crisis: A Study of the Impact of the COVID-19 Pandemic on the Air Transport Sector*” are diverse and wide-ranging. The Government of Canada’s detailed comments are provided below and are organized around themes that bring together similar recommendations.

### **Economic Recovery Measures**

The Government of Canada recognizes the deep economic impacts that the COVID-19 pandemic has had throughout the country and for the Canadian air transport sector in particular. Several recommendations focus on Government actions to support economic recovery for the air sector. They are as follows:

- **Recommendation 1 (encourage competition):** Focus on measures to encourage competition in the air sector.
- **Recommendation 6 (labour engagement and job protection):** Work with industry and labour groups to devise a recovery plan for the aviation sector that includes measures to protect jobs in the wider aerospace sector.
- **Recommendation 14 (conditions for financial support):** Extend support to the air sector as soon as possible but on condition that (a) airlines reimburse customers who were unable to complete their itineraries due to pandemic; (b) regional routes are restored in order to reconnect communities who lost air service during the pandemic; (c) contracts are honoured with Canadian aerospace companies; (d) independent travel agents are not penalized by losing their commissions when airline passengers are reimbursed; (e) any financial support received is not used for any enhanced executive compensation; stock buy-backs; or dividends for shareholders; (f) financial relief is directly tied to protecting jobs and rehiring workers; and (g) the maintenance of Canadian airlines’ aircraft takes place in Canada.
- **Recommendation 15 (equity stake in Canadian airlines):** Consider acquiring an equity stake in any Canadian airlines that receive public money to better mandate activities in the public interest.
- **Recommendation 16 (protect jobs):** Any financial relief provided by the Government of Canada to the aviation sector, as part of its restart strategy, be directly tied to protecting jobs and re-hiring workers.
- **Recommendation 17 (union engagement):** The Minister of Transport work closely with union representatives in devising and negotiating sectoral support for the aviation industry.
- **Recommendation 18 (extension of wage subsidy):** Extend the wage subsidy to the air sector beyond June [2021] to reflect the reality that it will take some time for the sector to recover even after mass vaccination.
- **Recommendation 19 (rent relief expansion):** That the Government of Canada consider extending rent relief for large and medium-sized airports beyond 2020-21, until the airline industry has recovered from the effects of the COVID-19 pandemic.
- **Recommendation 25 (support for regional routes):** Ensure that remote and northern regions have access to reliable, efficient, and affordable air service, and that financial and structural support for air carriers is equitable and allows smaller players to compete with larger ones.
- **Recommendation 26 (equity of financial support):** Any financial relief provided by the Government of Canada to the aviation sector be proportional and fair amongst all airline carriers to provide help to small and regional carriers.
- **Recommendation 27 (support for small and regional airports):** Explore means to provide financial support to small and regional airports who have seen revenue reductions due to flight suspensions.
- **Recommendation 29 (emergency funding for Nav Canada):** Consider providing emergency funding to Nav Canada to allow it to continue operations through the pandemic until flights return to previous levels.

The Government of Canada understands that the impacts of COVID-19 on the air sector have been deep and wide-ranging and that support measures have been necessary to protect jobs and services to communities throughout Canada. The Government of Canada also understands there are many important considerations regarding the design and delivery of economic supports as reflected in the recommendations and in the supports that have been established.

The Government of Canada agrees that Canada's national transportation system works at its best when there is healthy competition within the system. This is captured in the National Transportation Policy declaration found within Section 5 of the *Canada Transportation Act*. This declaration states that competition and regular market forces are considered to be the prime agents in providing viable and effective transportation services, and also outlines the role of government intervention when competition and normal market forces do not achieve the intended policy objective.

The COVID-19 pandemic disrupted normal market forces, reducing competition for an extended period of time in specific markets within the Canadian air sector. The Government of Canada put in place non-sectoral government supports that have been made available to the air transport sector while maintaining competition, including the Canada Emergency Wage Subsidy (CEWS), the Canada Emergency Rent Subsidy (CERS), the Large Employer Emergency Financing Facility (LEEFF), the Tourism and Hospitality Recovery Program, the Hardest-Hit Business Recovery Program, and the Canada Recovery Hiring Program.

These general economic measures have been important for air sector operators. One of the most impactful has been the CEWS, which helped more than 5.3 million Canadians keep their jobs since its introduction in March 2020 and provided billions of dollars in support for the Canadian economy, including for the air sector, which had received an estimated \$3.3 billion as of January 30, 2022. To help bridge Canadians through the crisis into recovery, Budget 2021 extended the wage subsidy until September 25, 2021, to ensure an orderly phase-out of the program as vaccinations were progressing and the economy was reopening. On July 30, 2021, the program was further extended until October 23, 2021, and the maximum subsidy rate was increased for the period between August 29 and September 25, 2021, in recognition of the uneven recovery and need for continued support in the context of a fourth wave.

The CEWS program ended on October 23, 2021 and was replaced with three new targeted wage and rent subsidy programs: the Tourism and Hospitality Recovery Program, the Hardest-Hit Business Recovery Program, and the Local Lockdown Program. These programs, available from October 23, 2021, to May 7, 2022, continued to protect jobs by providing targeted wage and rent support to hard-hit businesses that faced significant pandemic related challenges. Air carriers have generally been eligible for the Hardest-Hit Business Recovery Program, provided they experienced a revenue decline of at least 50 percent (%) over the first 12 months of the pandemic and for the current month in which they apply.

In addition, the Canada Recovery Hiring Program provided an alternative support for businesses affected by the pandemic that offset a portion of the extra costs that employers took on as they reopened, either by increasing wages or hours worked, or hiring more staff. This program, originally introduced in Budget 2021, was set to be in place from June 6 to November 20, 2021, with a phase-out starting at the end of August 2021. However, the Government of Canada extended the program until May 7, 2022, for eligible employers with revenue losses above ten percent and increased the subsidy rate to 50 %. The extension helped businesses continue to hire back workers and to create the additional jobs Canada needs for a full recovery. Segments of the air sector could use this program, provided they were Canadian-controlled private corporations, as per the program's eligibility requirements.

Many of the recommendations regarding more targeted support are reflected in the support measures that have been put in place for the air sector. These support measures have been vital for stemming further job losses throughout the air sector. Investments for aerospace are addressed separately in a dedicated section below.

Regarding airports, rent relief has been an important tool for helping the 21 airport authorities that pay rent to the Government of Canada to reduce cost pressures and preserve cash flow. As announced in the 2020 Fall Economic Statement, and in addition to rent relief for 2020 that was implemented early in the pandemic, small airport authorities (less than one million passengers

in 2019) had rent waived for 2021, 2022, and 2023; medium-sized airport authorities (between one million and ten million passengers in 2019) had rent waived for 2021; and the largest airport authorities (over ten million passengers in 2019) had 2021 rent deferred with repayment occurring over ten years starting in 2024. This approach modulates the relief to reflect the capabilities and challenges of different-sized airport authorities and will help to foster recovery along with the other airport supports that the Government of Canada has put in place. Airport operators have also benefited from the Airport Relief Fund, which distributed \$65 million among targeted medium sized non-National Airport System (NAS) airports and small and medium-sized NAS airport authorities. In addition, the Airport Capital Assistance Program (ACAP), which provides critical safety-oriented infrastructure funding to small and regional airports, was enhanced with \$186 million of additional funding for 2021-22 and 2022-23 and temporarily expanded eligibility to include smaller NAS airports. A new program to fund critical infrastructure at larger airports not eligible for ACAP, the Airport Critical Infrastructure Program (ACIP), was established with nearly \$500 million to invest following application and merit-based assessment. Funding has already been largely distributed to important projects throughout the country, such as airfield and runway rehabilitation, essential equipment purchases, security and screening improvements, and transit connection projects.

The Government of Canada also recognized the need to extend financial support to Canada's air carriers amidst the unprecedented impacts of the ongoing pandemic. The Government of Canada developed a package of available assistance for Canadian air carriers, with strict conditions reflective of the Committee's recommendations. To access this financial assistance, air carriers were required to issue passenger refunds for those unable to complete travel during the pandemic, maintain workforces to protect jobs, reinstate regional routes in some instances, protect travel agents' commissions, and complete planned aircraft acquisitions that benefit Canadian aerospace. Similarly structured agreements were established with Air Canada, Transat A.T., Sunwing, and Porter Airlines.

In working on these agreements, the Government of Canada recognized the need to secure public interest outcomes and ensure taxpayers were fairly and adequately compensated for the risks associated with extending financial support. For example, as part of the relief package provided to Air Canada, the Government of Canada acquired an equity stake. Similarly, as part of the financing arrangements with Transat A.T., the carrier issued warrants giving the Government of Canada the right to purchase a predetermined number of shares over a ten-year period at an agreed price. This complements other conditions associated with the financial support, such as those related to employment commitments, passenger refunds, and executive compensation to ensure that the public interest is being considered.

Support measures also sought to address regional and remote connectivity, demonstrating that the Government of Canada is committed to ensuring access to reliable, efficient and affordable air service for remote and Northern regions and in recognition of the strong impacts COVID-19 has had for connectivity in smaller communities. Measures include:

- As an initial response to the pandemic in April 2020, the Government of Canada provided \$17.3 million to northern airlines in the territories to ensure those companies could continue to fly essential goods and supplies during the second quarter of 2020.
- Remote Air Services Program: through bilateral agreements with provinces and territories, Transport Canada established this program for small carriers providing essential services to remote communities. The federal contribution is an estimated \$174 million for 21 months (through to March 2022).
- Regional Air Transportation Initiative (RATI): This \$206 million support program was administered by Regional Development Agencies (RDAs) for businesses and organizations in regional transportation ecosystems (including regional air carriers and airports) to help build back regional connectivity and services.
- Support for Air Carriers serving First Nations Communities: Through agreement between the provincial and federal governments, \$25 million in investments allowed continuity of air service to remote First Nation communities in Ontario (\$11 million federal investment for 2020, and \$14 million in provincial contributions for 2020-21).

The Government of Canada will continue to closely monitor the effectiveness of these programs and work with air carriers, RDAs, the provinces and territories, and other stakeholders to evaluate further need beyond established timelines for support.

Regarding Nav Canada, the organization has proven capable of addressing most challenges through commercial borrowing, as it benefits from a strong credit profile and had some ability to reduce capital and operating costs to address the impacts of COVID-19. As well, the organization has been able to benefit from the CEWS and has stated that this program provided important support for the company. The Government of Canada determined that it was not necessary to provide additional direct grants to the organization during the pandemic.

As Nav Canada turns its focus to transforming the air navigation system to prepare for future growth in traffic and to ensure more resilient air navigation services, it remains eligible to apply for federal funding under the National Trade Corridors Fund (NTCF) – a competitive, merit-based program to support investments in the critical transportation infrastructure assets that support economic activity in Canada that received additional funding in both Budget 2021 and 2022. Nav Canada successfully applied to the NTCF in the pre-pandemic period and was awarded \$7.4 million in federal funding in 2019 for its Northern Aerodrome Procedure Deployment project to improve the efficiency and reliability of aerodromes across the territories.

The Government of Canada recognizes that many air sector employees lost their jobs, either temporarily or permanently, as a result of the pandemic. In addition to the CEWS, the various initiatives that provided targeted support to the aviation sector worked together to soften the impacts of the pandemic on the industry, including on employment. Without the Government of Canada's prompt action, thousands of additional jobs within the aviation sector would likely have been put at risk of layoff or termination.

As shown, the Government of Canada has undertaken a wide range of support for the air sector that align with the Committee's recommendations. This is in addition to the general economic supports that the air industry has also been able to benefit from. Throughout the design and implementation of economic support, a wide range of stakeholders were engaged. Many considerations have informed the government approach, including the important perspectives of labour representatives. As the Government of Canada continues to monitor impacts and assess forward paths, stakeholders, including labour representatives, will continue to be engaged.

### **Safety Measures**

Safety remains the Government of Canada's first priority for all modes of transportation, including air travel. The Government of Canada appreciates the inclusion of recommendations regarding safety measures. In particular, the Committee recommended the following:

- **Recommendation 2 (health and safety of workers):** Take meaningful steps to improve the safety of the working environments for airline workers, including recognizing the right to refuse unsafe work.
- **Recommendation 5 (flight controller fatigue):** Consider modernizing fatigue regulations for flight controllers as it did recently for pilots.

The Government of Canada agrees that workers deserve a safe working environment, including in the context of COVID-19, and that flight controller fatigue is an important element of air sector safety that should be properly managed.

It is important to note that an occupational health and safety (OHS) framework is already in place and this includes the right to refuse unsafe work. Part II of the *Canada Labour Code* (the Code or CLC) gives the workplace parties—the employees and employers—a strong role in identifying and resolving health and safety concerns. The provisions of the Code are designed to strengthen employers' and employees' self-reliance in dealing with OHS issues and thereby making workplaces safer.

The CLC, Part II, which is the legislation that requires employers to put in place measures to protect the health and safety of employees under federal jurisdiction, provides these employees with three basic rights:

- The right to know about known or foreseeable hazards in the workplace and be provided with information and preventive measures;
- The right to participate in health and safety in their workplaces; and
- The right to refuse dangerous work.

As one of the three basic rights of employees entrenched in the Code, airline workers continue to be able to refuse to work if they believe the work they are being asked to do presents a danger to themselves or others. Under the CLC an employee may refuse to use or operate a machine or thing, to work in a place or to perform an activity, if the employee while at work has reasonable cause to believe that:

- a) The use or operation of the machine or thing constitutes a danger to the employee or to another employee;
- b) A condition exists in the place that constitutes a danger to the employee; or
- c) The performance of the activity constitutes a danger to the employee or to another employee.

The Labour Program of Employment and Social Development Canada (ESDC) is responsible for the administration and enforcement of the CLC Part II and OHS Regulations in federally regulated workplaces, including in the air transportation sector. For employees working onboard aircraft, the provisions of the CLC and the Aviation Occupations Health and Safety Regulations (AOHSR) are enforced by Cabin Safety Inspectors at Transport Canada (TC) who are delegated to perform these duties by the Head of Compliance and Enforcement (Compliance Head), on behalf of the Minister of Labour. These inspectors ensure that workplaces are compliant with the Code and AOHSR, so that the purpose of the Code is achieved – that is to prevent accidents, occurrences of harassment and violence and physical or psychological injuries and illnesses arising out of, linked with, or occurring in the course of employment to which this Part applies. This is achieved in part through inspections; investigations into continued refusals to work, fatalities, serious injuries, and other types of hazardous occurrences; and by providing information to employers and employees concerning the prevention of hazards.

When delegated officials meet with workplace parties and health and safety committees and/or representatives, it is common practice to take time to review these rights and review the processes, as per Part II of the Code. This information is also available on the Government of Canada website and the Code requires that all employees and employers must also be provided training on this subject. Both the Labour Program and TC also received funding to support business resumption, as it relates to OHS in federally regulated workplaces, including aviation. Initiated in 2021, this work is ongoing, with additional operations resources hired at both the Labour Program and TC. The Labour Program also hired specialists in industrial hygiene and mental health to support the inspectorate and stakeholders.

TC provides the ESDC Labour Program with quarterly OHS activity reports to assist with monitoring the performance of the federal OHS program. As specialists in aviation, TC supports the mandate of the Labour Program, sharing knowledge of how air operators function, the Canadian Aviation Regulations (CARs), and Safety Management Systems. This allows for appropriate reviews to reduce accidents and incidents, identify hazards, and complete proactive reporting, to ensure the health and safety of airline workers.

During the pandemic, Cabin Safety Officers, who are also officials delegated by the Compliance Head, have investigated multiple work refusals and employee complaints, issued directions pertaining specifically to the pandemic (for example, validated onboard employee personal protective equipment (PPE) requirements and training, and social distancing), identified areas of non-compliance, and addressed appropriate enforcement action. TC and the Labour Program continue to evaluate the evolving situation, working closely with the Public Health Agency of Canada (PHAC), including any changes to the guidance based on scientific evidence.

Many employees in the air transport sector have continued to work through the pandemic, performing critical services that have allowed air travel to continue. Since the services they perform are often contracted out, these employees are vulnerable to the negative impacts of contract retendering, including wage decline, high employee turnover, and corresponding safety risks.

To better protect these employees, the Government of Canada has extended equal remuneration protection through the CLC to more employees in the federally regulated air transportation sector working at airports. This will ensure that employees affected by contract retendering are not paid less than what was provided under the previous collective agreement if they undertake the same or substantially similar work. In doing so, this protection guards against safety risks by limiting high employee turnover that often accompanies wage decline.

Additionally, the Minister of Labour has been mandated to improve labour protections in the Code by including mental health as a specific element of occupational health and safety, and by requiring federally regulated employers to take preventative steps to address workplace stress and injury. To that end, the Government of Canada conducted consultations regarding mental health in federally regulated workplaces during winter 2020-21, which will inform future policy proposals on ensuring that federally regulated workplaces are psychologically healthy and safe.

New, standalone Work Place Harassment and Violation Prevention Regulations (WPHVP Regulations) came into force on January 1, 2021. The WPHVP Regulations require all federally regulated industries and workplaces, including air transportation, to conduct workplace risk assessments, develop workplace harassment and violence prevention policies, provide prescribed training on harassment and violence, support victims of domestic and family violence, and follow specific steps and timelines to resolve notice of occurrences of harassment and violence. The WPHVP Regulations specify employers' responsibilities to identify and mitigate external risk factors, which includes customers or clients and other third parties, such as contractors or sub-contractors.

In addition, the new Part IV of the Code and the Administrative Monetary Penalties Regulations came into force on January 1, 2021. Together, Part IV of the Code and the Regulations promote compliance with Part II (OHS) and Part III (Labour Standards) of the Code and the associated regulations. The Administrative Monetary Penalties (AMPs) regime allows for the issuance of administrative monetary penalties and, in certain circumstances, the naming of employers on the Labour Program website. The Labour Program implemented AMPs in a phased approach whereby for the first year no AMPs were to be issued for administrative ('A' level) violations; this period has now ended and AMPs on administrative violations can be issued.

Regarding flight controller fatigue, in a 2018 targeted inspection of Nav Canada's fatigue management system, TC Civil Aviation officials determined that a robust fatigue management program pertaining to air navigation services operations was needed to reduce potential risks of air traffic services personnel working in a fatigued state. Nav Canada is undertaking important work to make enhancements. The company is in the process of implementing a Fatigue Resource Management System (FRMS) in line with guidance from the International Civil Aviation Organization (ICAO), best practices among other air navigation service providers, and existing TC regulatory guidance. Long term actions being undertaken by Nav Canada, in consultation with its unions and TC, include:

- The introduction of a Bio Mathematical Model to assess work schedules against the scientific principles of fatigue to facilitate data driven decisions to support fatigue resistant schedules;
- Education on fatigue for the entire operational Nav Canada workforce, including self-evaluation methods and the application of just culture when self-reporting for fatigue related absence;
- Implementation of the fatigue limits to address hours of duty/time-in-position maximums and non-duty/breaks minimums;
- Analysis of current workplace conditions / rest facilities and development of a plan in for required enhancements;
- Gap analysis between proposed hours of duty/time-in-position maximums and non-duty/breaks minimums and current scheduling practices;
- The implementation of Time in Position for Flight Service Specialists and Air Traffic Operations Specialists that will require the addition of new employees in some facilities, and implementation of new technology and procedures;
- Implementation of new schedules to be compliant with the fatigue rules;
- Introduction of Fatigue Hazard reporting system; and
- Implementation of a new national Air Traffic Services Fatigue Management Program.

The Government of Canada is confident in Nav Canada's ability to advance enhancements and maintain fatigue management as a key priority.

### Reopening Strategy and Health Measures

It is important that the return to air travel be approached in a clear and pragmatic fashion that continues to manage the risk of contagion while recognizing evolving pandemic scenarios and the successful advancement of vaccination programs. Restart efforts not only resume operations and ease financial distress in the aviation sector, but also aim to restore confidence and build resiliency. A series of recommendations were provided to advance a careful reopening of the air sector. These recommendations are as follows:

- **Recommendation 3 (definition of crew):** Act to clarify definitions of "crew" in regulations to support the movement of airline workers and pilots through travel restrictions.
- **Recommendation 9 (re-start strategy):** Work with public health, the industry, and labour groups to establish an aviation re-start strategy, to be in place as soon as possible, that reflects science-based and data-based decision making with respect to testing and quarantine measures, and which will enable a phased re-opening of international air travel and provide a clear path forward for the re-opening of domestic travel.
- **Recommendation 10 (duration or quarantine):** In consultation with public health and the airline industry, review the relationship between screening and quarantine of passengers to determine if it would be feasible to reduce the length of quarantine to ten or seven days instead of 14 days.
- **Recommendation 11 (rapid tests):** In collaboration with public health, airport authorities and air sector workers, consider further integration of rapid testing of passengers at airports before boarding.
- **Recommendation 12 (strengthen quarantine requirements):** Improve the standards for hotel quarantine and ensure robust quarantine requirements for all arriving international air passengers.
- **Recommendation 13 (leveraging pilot projects):** With direction from public health officials, apply learnings from rapid testing pilot projects to all Canadian airports.

The Government of Canada agrees that air sector recovery should continue to be a key focus and that it is closely tied to the evolution of health and protection measures. The measures in place have evolved, and will continue to evolve, to reflect the ongoing dynamics of the pandemic.

Regarding the definition of crew, there are definitions in the CARs that support the movement of airline workers/pilots at all times. The definitions have been assessed as adequate for current needs and are referred to in several parts of the CARs. Any changes to these definitions would therefore have consequences in other areas of the CARs. Notably, the crew definition issue was not identified during the "TC talks" consultations that took place in recent years. Regarding the Notices to Airmen (NOTAMs) that have been used throughout the pandemic, they are not specific to the crew but to the types of flight operations. For Interim Orders and Orders in Council that referenced crew members, supplemental question and answers were developed and distributed. Additional guidance was drafted to support essential workers as well. In general, crew should mean all pilots and flight attendants in the exercise of their duties.

The Government of Canada recognizes the importance of a clear approach for health measures and the re-start of air travel. Since the beginning of the COVID-19 pandemic, the Government of Canada has been supporting and collaborating with the Canadian aviation industry. The Government of Canada has notably worked closely with the industry in developing "Canada's Flight Plan for Navigating COVID-19", released on August 14, 2020, which has been the foundation for aligning Canada's current and future efforts to address the safety impacts of COVID-19 on the aviation industry. It is a collaborative whole-of-government and industry action plan, which demonstrates the multi-layered system of measures that have been implemented to support public health and align with international standards and best practices. As part of these efforts, and in the interest of managing the risk associated with air travel as acceptable, Budget 2021 provided \$6.7 million to the Canadian Air Transport Security Authority

(CATSA) to acquire and operate sanitization equipment and included \$82.5 million to support Canada's major airports with investments in COVID-19 testing and screening infrastructure.

As the impact on air travel became evident, TC took steps to limit the spread of COVID-19 and protect air travellers and aviation sector employees. As of March 2022, the Minister of Transport has issued over 70 iterations of the *Interim Order Respecting Certain Requirements for Civil Aviation Due to COVID-19* to operationalize evolving requirements for air travellers and industry while ensuring adaptability as public health advice evolved. The complexity and scope of these requirements increased over time, as did efforts to support industry through continuous development of over ten distinct guidance documents, weekly engagement calls with domestic and international stakeholders, and increased oversight and enforcement responsibilities. Most notably, TC's Aviation Security Program worked closely with PHAC, the Canada Border Services Agency (CBSA), CATSA, and aviation stakeholders as mandatory vaccination requirements for air travellers and aviation sector employees were established during the fall of 2021. TC also conducted outreach and engagement with Indigenous communities to ensure critical social and health services to northern communities were not negatively impacted as vaccination requirements were phased in.

Federal officials have also been regularly discussing the safe restart of the air sector with air transport stakeholders, including the Canadian Airports Council, the National Airlines Council of Canada, the Air Transport Association of Canada, and major air carriers and airports in the country through various forums and direct communication. For example, TC established the COVID-19 Recovery Working Group and Air Restart Working Group, both of which consist of senior industry stakeholders representing airlines, airports, air industry associations, and representative agencies from the Government of Canada. These Working Groups facilitate coordination among key stakeholders, including on existing border measures. They provide a forum for industry to raise challenges and opportunities encountered with the border measures as they apply to the air sector and for exchanging ideas and perspectives on the future of air travel. This includes providing an opportunity for PHAC to explain the science behind the Government of Canada's border measures. TC's Aviation Security has also led weekly engagement calls with PHAC, CBSA, CATSA, and domestic and international aviation stakeholders, including airports, air carriers, and industry associations, to discuss evolving measures and requirements for air travellers and aviation stakeholders.

On the global stage, the Government of Canada continues to participate as a member of international organizations, such as the ICAO, to develop best practices to facilitate the reopening of international air travel. In October 2021, many Government of Canada departments, including PHAC, Immigration, Refugees and Citizenship Canada (IRCC), CBSA, and TC worked collaboratively with ICAO states at the High Level Conference on COVID-19 to reach a mutual consensus on a multilateral approach to safe and efficient aviation recovery from the COVID-19 crisis.

Health Canada also launched the Industry Advisory Roundtable on COVID-19 Testing, Screening, Tracing and Data Management on October 5, 2020, so the Government of Canada could hear directly from, and collaborate with, leaders from across Canadian industry sectors about testing and screening and its role in the resumption of economic activity. The Roundtable has published three reports with recommendations on testing and screening in workplaces and at borders. It continues to advise the Government of Canada on how to increase awareness of the benefits of testing and screening across sectors of the economy and among the general public to support economic recovery.

Regarding quarantine, the Government of Canada continues to monitor the risk of impact of COVID-19 to the population and to work with provinces and territories to protect Canadians against the pandemic through the continued application of public health measures and through vaccination. The Quarantine, Isolation, and Other Obligations Order under the *Quarantine Act* has required a 14-day quarantine period that begins on the day on which a traveller enters Canada. Prior to the removal of quarantine for fully vaccinated travellers on July 5, 2021, this requirement applied to all arriving travellers (with certain exceptions such as for essential workers) and provided strong protection against importation and subsequent transmission of COVID-19 in Canada, including variants of concern.



Canada's border measures have continued to evolve to reflect gained experience and ongoing understanding of the global situation regarding variants of concern and vaccination. Border measures, including the duration of quarantine, where applicable, will continue to be informed and adjusted by the most recent science and assessment of risk to the population of Canada.

On June 21, 2021, the Government of Canada announced that, as of July 5, 2021, fully vaccinated travellers, who are otherwise admissible to Canada per Orders in Council under the *Quarantine Act*, would be exempt from quarantine. On July 19, 2021, the Government of Canada announced its intention to open Canada's borders on September 7, 2021, to any fully vaccinated travellers who have completed the full course of vaccination with a Government of Canada-accepted vaccine at least 14 days prior to entering Canada and who meet specific entry requirements. As an initial step, on August 9, 2021, the Government of Canada began allowing entry to American citizens and permanent residents, who are residing in the United States, and have been fully vaccinated at least 14 days prior to entering Canada for non-essential travel.

The Government of Canada is confident that it has employed robust, science-based standards for the quarantine requirement for arriving international air passengers and for hotel quarantines that have been in place. In addition, the Government of Canada is confident that its ongoing monitoring and oversight processes have enabled appropriate corrective actions and have also enabled the periodic improvement of standards in accordance with operating experience and with changes in the scientific evidence.

For the quarantine requirements that have been in place, PHAC published a standard that is communicated to all impacted arriving travellers in order to promote understanding and compliance. Key elements of this quarantine standard include the following:

- Limiting contact with others by not leaving the place of quarantine (except to seek time-sensitive medical services or if it is pre-approved, such as for the compassionate release program);
- Avoiding quarantine at home if it is not possible to be separate from non-quarantining persons (e.g., separate room, and separate bathroom); and
- Self-monitoring for symptoms.

Working together at ports of entry, PHAC and CBSA verify that travellers subject to quarantine have suitable quarantine plans. In cases where the quarantine plan is unsuitable, travellers may be required to complete their quarantine in a federal Designated Quarantine Facility. PHAC's quarantine compliance verification and enforcement process includes mandatory digital reporting via the ArriveCAN app, live agent and automated verification calls, follow-up emails from the Government of Canada, in-person visits by designated screening officers, and – in cases of high risk and suspected or confirmed non-compliance – referral to police of jurisdiction. Rates of compliance with quarantine requirements throughout the pandemic have exceeded 95 %.

For travellers arriving by air, a mandatory stay in a Government Authorized Accommodation (GAA) pending receipt of a negative on-arrival COVID-19 test was required between February 21, 2021, and August 9, 2021. To qualify as a GAA, a privately-operated hotels needed to meet published standards established by PHAC. Key responsibilities of a GAA hotel were as follows:

- Safely transport travellers from the airport to the hotel;
- Provide travellers with three nights of lodging that met requirements set by PHAC, including clear and congestion-free access to hotel rooms, compliance with key air handling standards, staff who were trained in appropriate personal preventive and occupational health and safety measures, suitable cleaning and infection prevention and control measures, as well as entry and exit points that were secured, controlled and monitored;
- Provide travellers with necessities in a safe and accessible environment, including telephone, Wi-Fi, and meals that adhered to food safety requirements (with contactless meal delivery to rooms); and
- Report traveller information to PHAC, including check-in, check-out and non-compliance with the Quarantine Act.

Travellers in GAAs received a package of information to promote compliance, clearly explaining traveller responsibilities, and provide information concerning resources and emergency contacts. PHAC monitored hotel compliance with GAA requirements via site visits conducted at least twice monthly. Any unsatisfactory findings were addressed with hotel management, and – if it had been required – a hotel's GAA status could have been revoked.

The Government of Canada also recognizes that rapid tests such as rapid antigen tests are an important tool for managing the pandemic. The Government of Canada has been distributing free rapid antigen tests directly to large private sector employers via the Workplace Direct Delivery (WDD) program in support of re-opening efforts, including organizations operating in the aviation industry, for example:

- Airlines (Air Canada, WestJet, Jazz Aviation LP);
- Airports (the Greater Toronto Airports Authority, the Kelowna International Airports); and
- Other aviation organizations (KF Aerospace, Enterprise Aviation Group).

To date, tests from the WDD have been used for regular workplace screening of close-contact employees (i.e., employees in regular contact with other staff or the public).

Overall, the Government of Canada has adopted a precautionary approach towards implementation of public health measures, including border measures, to most effectively protect the health and safety of Canadians. This approach, based on modelling and the monitoring of available data and scientific evidence, includes testing, screening, and various other public health measures (physical distancing, mask wearing, improved ventilation etc.), which have been in place to reduce the importation and spread of infection. The emphasis on testing has allowed public health experts to continually monitor test positivity rates among international travellers, identify potential variants of concern, and make further adjustments to border measures as required. As travel volume levels recover over time, it has been important to reduce the disease burden in traveller cohorts as much as possible before they arrive at the land border or board a scheduled flight to Canada.

Evidence demonstrates that implementation of molecular testing pre-departure helped to reduce the importation of COVID-19, which subsequently reduced secondary infections in Canadian communities and related health care system demands and helped ensure the safety of the air transport sector. Canada's COVID-19 border testing measures have predominantly relied on molecular testing (e.g. polymerase chain reaction (PCR) tests) because it remains the gold standard for detecting SARS-Cov-2 infection due to the sensitivity of these tests and their reliability to achieve consistent, dependable results. In addition, for testing on arrival, only molecular test specimens can be used by laboratories to conduct whole genomic sequencing – the process to identify variants of concern. As of February 28, 2022, the Government of Canada began accepting a negative antigen test as a valid pre-departure test, provided it was professionally administered or supervised within one day of a scheduled flight to Canada or arrival at the land border. As of April 1, 2022, the pre-departure test requirement was removed entirely for fully vaccinated travellers entering Canada.

The Government of Canada will continue to review scientific evidence and recommendations on the application of various COVID-19 testing approaches, in combination with the evolving epidemiological situation, to help inform future public health measures, including border and travel measures. This includes the potential of further integration of rapid testing during the passenger journey, and adjusting requirements and recommendations on public health measures, as appropriate.

Various COVID-19 testing pilot projects were put in place by the Government of Canada and by other organizations during the pandemic to generate new evidence to inform Canada's testing and quarantine measures to improve public information on the risk associated with air travel, while protecting public health. These COVID-19 testing pilot programs used PCR testing and the results determined that enhanced border measures were effective at reducing the incoming disease burden from travellers at the border. Specifically, some pilots conducted in fall 2020 to early 2021 demonstrated that, while a majority of positive cases were detected on the arrival/day 1 test, a significant percentage of positive cases were detected at subsequent testing between days seven to 14 of their quarantine period. This affirmed the scientific

rationale for a three-test schedule for travellers – a pre-departure 72 hours prior to arrival in Canada, a test on arrival (day 1) and a test on day 10 (subsequently revised to day eight in April 2021).

During the Omicron wave, with the increased transmissibility of this variant, molecular testing was an important tool to reduce transmission of COVID-19 following international travel. Now the Government of Canada is able to consider the use of rapid antigen tests (RATs) as an alternative to the molecular test. While antigen tests including RATs have a lower sensitivity than molecular tests for detecting COVID-19 over the duration of infection, evidence does indicate that high quality antigen tests can detect many cases with high viral load, which are the most likely to be infectious. This, coupled with high domestic vaccination rates and the improving epidemiological situation in Canada, the Government of Canada now accepts professionally administered or supervised antigen tests for the purposes of pre-departure testing for unvaccinated or partially vaccinated travellers seeking to enter Canada.

The Government of Canada is also engaging with Indigenous peoples, provinces and territories to ensure that travellers from remote communities who are not fully vaccinated are still able to travel. Unvaccinated individuals aged 12 years and 4 months or older who are travelling to a remote community or from a remote community to connect to another flight at a gateway airport will be provided with a free COVID-19 molecular test kit and instructions from the airline operator. The Government of Canada will continue to review the findings from this program to enable safe air travel to and from remote communities.

As evidenced, regarding border and health measures the Government of Canada has undertaken a robust approach to protect the health of Canadians, using a variety of tools. As the pandemic has evolved, so too has the Government of Canada's posture and requirements for travellers.

#### **Government Approach to Nav Canada**

Air navigation services in Canada are provided by Nav Canada, a private, not-for-profit, non-share capital, shared governance organization. The commercialized approach to air navigation services has served Canada well with high safety outcomes and stable costs for users. COVID-19 introduced some challenges for Nav Canada as it did for other elements of the air sector. Some recommendations were provided regarding the approach to Nav Canada, as follows:

- **Recommendation 4 (Nav Canada understaffing):** Act to address chronic understaffing and lack of trainees at multiple Nav Canada locations through its representation within Nav Canada governance and the Minister of Transportation's safety mandate.
- **Recommendation 7 (service level review):** Recognize the safety and economic concerns raised by witnesses concerning the proposed service reductions to Nav Canada Air Traffic Control Towers and Area Control Centres, and further, that the Government never compromise on safety in the aerospace sector, including ensuring that safety is not compromised as part of any service level adjustments by Nav Canada.
- **Recommendation 8 (service level review – role of the Minister of Transport):** Undertake to provide new powers to the Minister of Transport that would allow them to shield Nav Canada towers from a service review.
- **Recommendation 30 (alternative funding for Nav Canada):** Explore alternative methods of funding Nav Canada operations that provide greater stability in the event of declines in passenger traffic, preserve access for essential flights, and provide greater accountability of decision making, including by restricting the circumstances under which Nav Canada may reduce staff levels or worker compensation.

The Government of Canada understands that safe and reliable air navigation services are crucial for the vitality of the Canadian air sector. How those services are delivered and managed is an important consideration. Canada's approach has been successful at maintaining world class safety with stable costs and a high degree of professionalism. The Government of Canada expects that current approaches will allow this to continue long into the future.

It is important to recognize that Nav Canada is an independent corporation and its governance structure addresses staffing and managerial issues pertaining to level of service and ensuring safety in the provision of air navigation services. The oversight mandate of TC provides the

necessary mechanism to ensure that Nav Canada, as the regulated air navigation service provider, maintains strict standards and operates at a very high safety level.

Nav Canada is responsible for ensuring that their facilities have the necessary staff to meet existing demand. Staffing levels vary at units and within specific specialties across the country. Nav Canada's workforce planning process ensures that operational units have the required resources to safely manage air traffic. The company is currently undertaking workforce planning and hiring initiatives to ensure appropriate staffing in locations that are anticipated to require additional resources over the longer term.

When a staffing need is anticipated, Nav Canada leverages a number of channels to ensure appropriate staffing levels, including recruitment and training, adjustments to staff scheduling and temporary assignments. Currently there are 259 individuals in various phases of training programs with 113 of these expected to complete training this year. In addition, Nav Canada anticipates that an additional 40 individuals will enter training programs by the end of its fiscal year (ending August 2022) and another 200 will enter training programs in the upcoming fiscal year to ensure that there is enough operational staff to support growth in air traffic.

Additionally, modernizing training programs has been stated as a key strategic priority for Nav Canada. The company is seeking to drive increased commonality of training programs by focusing on new technology tools, learner-focused programs and a data-driven approach, leading to increased employees in operational positions.

Regarding service levels, before undertaking any action, Nav Canada is required to submit aeronautical studies to TC to identify the risks to aviation safety and how to eliminate or reduce those risks. The role of the Minister of Transport pertaining to the review of service by Nav Canada is specifically focused on safety, and to ensure that any proposed changes will not increase unnecessary risk to aviation safety. There are existing requirements in the CARs to ensure that any proposed changes to the level of service provided at all Nav Canada sites are assessed to confirm that safe operations will be maintained. In conducting required aeronautical studies, Nav Canada assesses what service level is required to maintain safety, but also considers airport accessibility so that all the economic and social benefits associated with air service can continue to occur. All safety factors are considered in the study process, including but not limited to traffic levels, the traffic mix and distribution throughout the day, weather, airport and airspace configuration, surface activity, and capacity considerations.

Aeronautical studies require concurrence from TC as the safety regulator. In addition, Nav Canada seeks direct input into studies from customers and industry stakeholders. Safety assessments and TC reviews that are inherent in the aeronautical study process are critical for Nav Canada's ability to ensure that appropriate services are in place. This process can, and has, resulted in an increase in service levels at locations in order to enhance safety and efficiency. Nav Canada also engages with industry stakeholders to understand their concerns and, where appropriate, identify necessary mitigations. Decisions taken during the pandemic to reduce the scope of many of Nav Canada's level of service studies, and subsequently to postpone them, reflect this engagement process and the near term need to focus on the sector's recovery.

However, a key economic concern in maintaining services in excess of those required for safe and efficient operations is that costs are passed on to operators who pay Nav Canada service charges, which can affect the air sector's competitiveness. Implementing provisions that would prevent changes to the level of service, or changes for certain services, would not best serve the needs of the air transport sector and would inhibit modernization and prevent the sector from adapting to changes in traffic volumes when warranted. Changes that do not raise safety concerns fall under the purview of the air navigation service provider, which undertakes consultation with its users and other stakeholders. To add further ability to block service level changes for non-safety related reasons also raises the possibility of those powers being applied inconsistently over time and subsequently creating uncertainty for the overall air system.

Regarding funding, Canada follows a user-pay policy regarding air transportation, which ensures that those who travel pay the cost of the service, rather than the general taxpayer. Nav Canada is a private entity, like all other air transport sector participants, and is also subject to the user-pay policy. Nav Canada is structured as an economically self-regulating entity with a system of checks and balances promoting safe, cost-effective, and efficient air navigation services. The

strong representation of industry users on the Board of Directors provides checks and balances to ensure that Nav Canada exercises effective control with respect to operating expenses and capital expenditures, while at the same time not jeopardizing safety. The current model continues to serve Canadians extremely well – delivering among the highest safety levels, technology innovation, and cost-effectiveness amongst air navigation service providers globally.

Over time Nav Canada has maintained a world class safety record while also achieving stable user costs and even undertaking some decreases. As an entity that has a very technical and operational focus with a crucial safety role, Nav Canada does not have the same scope for generating ancillary revenues or scaling down operations that other entities might, and therefore must seek additional funds, when needed, from its users, which created some challenges and led to fee increases during the COVID-19 pandemic, limited to the extent required to meet debt covenants. Nav Canada offered its customers a delayed payment option for the rate increase given the financial stress experienced by its customers. The company has worked actively to minimize the burden on its customers and their stakeholders and has stated its intention to ensure that recovering lost revenues will occur gradually over time. Nav Canada has continued to meet financial obligations during a period of unprecedented financial stress. The company has indicated confidence that the steps taken during the pandemic and long-term strategic planning have allowed and will continue to allow Nav Canada to manage through any continuing period of financial stress while maintaining a favourable credit rating, thus ensuring the sustainability of Canada's air navigation services and maintenance of a world leading safety record.

The current approach has allowed for extensive innovation and new strategic investments to provide advanced air navigation systems and services to users by leveraging industry-leading technologies and procedures, and the expertise of employees and partners. The result will be even greater value for air navigation system users and greenhouse gas emission reductions, while ensuring safe and cost-efficient operations and enhancing resiliency to withstand future economic shocks. This includes a stated priority regarding the retention of dedicated and knowledgeable staff. Nav Canada has expressed a commitment to employment security and investing in its employees' training and development to meet future needs of Canada's air navigation system.

Nav Canada's users have clear and extensive roles in the company's governance structure. Both commercial and non-commercial aircraft operators appoint individuals to serve as members of Nav Canada, and those members can raise issues of concern with each other and with Nav Canada's board of directors or management. It is up to the members to decide if they wish to undertake such advocacy. Strong provisions remain in place to ensure that Nav Canada provides services and fulfills its function in a safe manner consistent with the Canadian Aviation Regulations and the *Aeronautics Act*. Given the independent nature of the organization, there is no clear rationale for the Government of Canada to intervene in the staffing decisions of a private entity, nor interfere in the collective bargaining process where there are no direct safety concerns. The Government of Canada remains confident in our approach to air navigation services and will continue to recognize the necessary autonomy and operational independence of Nav Canada.

### **Air Passenger Protections**

Mass flight cancellation due to the COVID-19 pandemic had important impacts on individual users of the air transport system. The Committee provided recommendations for changes to Canada's air passenger protection regime, as follows:

- **Recommendation 20 (review of the legislative framework):** Amend air passenger protection legislation and regulations to make explicit passengers' pre-existing right to receive reimbursement in circumstances where the airlines are unable to complete the client's itinerary in a reasonable period of time, even in cases beyond the control of the airlines (such as a major public health emergency).
- **Recommendation 21 (prevent regulatory capture):** the Canadian Transportation Agency be required to explain what measures it takes to prevent regulatory capture.
- **Recommendation 22 (recognition of right to a refund):** Recognize that a fundamental right to a refund for passengers of cancelled flights exists beyond the protections found in the Air Passenger Protection Regulations.

- **Recommendation 23 (full refunds):** Immediately require that all Canadian airlines fully refund passengers for flights they were unable to take due to the pandemic.
- **Recommendation 24 (Bill C-249):** Recommend to the House of Commons that Bill C-249 [43rd Parliament 2nd session - *An Act to amend the Canada Transportation Act (refund – cancelled air service)*] be considered as soon as possible with a view to its speedy passage to ensure the protection of passengers' rights to a refund.

The Government of Canada agrees that passenger protections warrant increased attention and that the existing framework can continue to be improved. The Air Passenger Protection Regulations (APPR) were designed to ensure clear, consistent, and transparent treatment of air passengers by setting out air carriers' minimum obligations toward passengers. This includes obligations to passengers in the case of flight disruptions through compensation or completion of travel. The ongoing pandemic has revealed that these obligations are in some instances insufficient.

In particular, the Government of Canada recognizes deficiencies within the existing APPR with regard to securing reimbursement as a potential option to passengers when airlines are unable to complete the client's itinerary in a reasonable period of time, in cases beyond the control of the airlines. The Minister of Transport issued direction to the Canadian Transportation Agency (CTA) in December 2020, requiring that new regulations be developed to address these gaps. The proposed amendments to the APPR, which provide clarity around timing, cost coverage, method, and deadlines associated with the right to refunds, were published in Part I of the Canada Gazette in July 2021. The proposed amendments address concerns that Bill C-249 of the previous parliament (*An Act to amend the Canada Transportation Act (refund – cancelled air service)*) sought to address. Under these draft new regulations, where the journey cannot begin within 48 hours of the original departure time on a passenger's itinerary for reasons outside of a carrier's control, the carrier would have to offer the choice to the traveller of either obtaining a full monetary refund, rebook on another flight, or retaining a fully refundable ticket (voucher) for delays and cancellations. Some key elements are as follows:

- The new refund requirements would apply to all situations outside the carrier's control, such as the COVID-19 pandemic.
- The refund must be in the original method of payment. The traveller may elect an alternative method of payment, such a credit or voucher.
- The refund must be provided within 30 days.
- The refund would apply only to unused services and the carriers would have the obligation to return the traveller to the point of origin if the event occurs mid-journey.

Any regulatory amendments to the air passenger protection regulations regarding reimbursement requirements will not apply retroactively. However, as already noted, federal support to air carriers required that refunds be provided to passengers for tickets cancelled due to the pandemic, and included low-interest loans to make this possible.

Regarding the CTA, it applies a fair and impartial approach to making and enforcing its regulations and resolving disputes through:

- 1) Adherence to codes of conduct;
- 2) Broad consultation with the public and stakeholders; and
- 3) Transparent and accessible processes.

All CTA staff must follow the CTA's Code of Values and Ethics in addition to that of the Federal Public Service. Given the CTA's role as an independent administrative tribunal and economic regulator, the CTA's code emphasizes the importance of values like transparency, natural justice, and non-partisan behavior. CTA decision-makers – its Members – also follow a Code of Conduct, which sets standards for their actions, including impartiality and decision-making that respects natural justice and procedural fairness.

The CTA's Chair and CEO meets regularly with key stakeholders representing both those who use the transportation system (e.g., consumer and shipper organizations), and the industries regulated by the CTA (e.g., airlines, railways). The purpose of these meetings is for the Chair and the CTA to stay apprised of the realities facing the transportation system and those who use it. Existing cases before the CTA are never discussed, in accordance with the Members'

Code of Conduct. The CTA's Accessibility Advisory Committee – which includes organizations of and for persons with disabilities and seniors, carriers and terminal operators, and manufacturers of transportation equipment – works with the Agency to remove undue obstacles to the mobility of persons with disabilities and informs the CTA about issues in this area. Over the past five years, the CTA has undertaken 15 consultations on the development of regulations, including the current consultation process on new airline refund requirements. The CTA consults broadly and uses various channels to encourage participation. The CTA hears feedback from the public, consumer and shipper organizations and the regulated industries, and considers all input before finalizing regulations. The results of regulatory consultations are published on the CTA website and/or in the Regulatory Impact Analysis Statements (RIAS) accompanying the regulations. The CTA also conducts analyses of the costs and benefits of proposed regulations for both the Canadian public and Canadian businesses, which are available upon demand and summarized in the RIAS.

For transparency and accountability, the CTA publishes its regulatory Compliance Monitoring and Enforcement Policy on its website. This policy sets out the approach and tools the CTA uses to support compliance with its regulations. The CTA ensures that there is fair access to its dispute resolution services. It offers facilitation and mediation, which are informal and straightforward processes. While adjudication is more court-like, no legal representation is required in order to participate and its rules are more flexible to account for this fact. In conducting formal dispute adjudication, CTA Members follow the processes set out in the Canadian Transportation Agency Rules, which are designed to ensure fairness. The CTA ensures transportation service providers and users are aware of their rights and responsibilities, as well as the CTA's dispute resolution services, by publishing guidance on its website. The CTA also has a registrar, whose function includes direct contact with parties to help them navigate the dispute adjudication process.

## **Aerospace**

COVID-19 also had impacts for Canada's aerospace sector, which is one of the most innovative and export-driven industries in Canada. Declines in air travel as a result of the COVID-19 pandemic have had a significant and lasting impact on Canada's aerospace industry. In 2020, while the industry contributed \$22.3 billion in real gross domestic product and close to 207,000 jobs to the Canadian economy, this represented a decrease of \$6.2 billion and 27,900 jobs from 2019. Canada's aerospace industry did maintain its number one research and development ranking among all Canadian manufacturing industries, with investments totalling \$934 million, as well as its global leadership position in the production of civil flight simulators (#1 in the world), civil engines (#3 in the world), and civil aircraft (#4 in the world). Canada's aerospace industry is well positioned for early recovery given its diverse product portfolio, including a strong focus on regional and business aviation. At the same time, the global aerospace industry is experiencing transformative change with the introduction of innovative products and processes including those related to sustainable aviation, autonomous flight and advanced manufacturing.

Canada has built a state-of-the-art Aircraft Certification program, which is fundamental to supporting the development, growth, and competitiveness of the Canadian aerospace industry. Over 1,500 new and modified aerospace products are manufactured or used in Canada each year. Strong Government of Canada commitment and support for innovation will continue to grow the number of products annually.

The Committee recommended the following regarding the aerospace sector:

- **Recommendation 28 (national aerospace strategy):** Work in partnership with the aerospace industry to develop a national aerospace strategy that addresses the civil, military and space sectors, with a specific focus on retaining and developing skilled workers and assisting in the transition to new technologies, including sustainable, low carbon technologies.

The Government of Canada has and continues to take action to bolster Canada's economic recovery, including supporting strategic industries such as aerospace through Budget 2021. This plan focuses on protecting Canada's competitive advantage, driving investments to support employment in Canada, and stimulating innovation and technology development that positions

Canada for global leadership in emerging digital technologies, advanced manufacturing, and sustainable aviation. The Government of Canada is also ensuring that small and medium-sized enterprises (SMEs) and the broader aerospace supply chain have the support they need to grow and transform as the industry recovers, including measures to help maintain and grow Canada's skilled workforce.

To achieve these objectives, Budget 2021 provided \$2 billion in direct support for Canada's aerospace industry, including \$1.75 billion in investments through the Strategic Innovation Fund (SIF), helping to bolster innovation, strengthen competitiveness, and accelerate the industry's green transformation.

An additional \$250 million has been provided for the Aerospace Regional Recovery Initiative (ARRI) to help the Canadian aerospace sector emerge from the pandemic with the capacity to compete on the global stage. Delivered by the Regional Development Agencies, ARRI helps strengthen the productivity and commercialization capacity of the aerospace supply chain, and green their operations and products.

The Government of Canada's plan also provides additional support to SMEs through Budget 2021's expansion of the National Research Council's Industrial Research Assistance Program (IRAP), allowing access for up to 2,500 additional innovative SMEs. In addition, the new Canada Digital Adoption Program helps SMEs to buy and adopt the new technologies they need to grow, while significant new investments to bolster talent and skills development have helped support the highly qualified personnel who carry this industry.

Building on these commitments, on July 15, 2021, Prime Minister Trudeau and Premier Legault jointly announced assistance of up to \$685 million for new innovation projects with a focus on sustainable aviation, which will be led by Pratt & Whitney Canada, Bell Textron Canada, and CAE. The funding is comprised of up to \$439.8 million of SIF funding and \$245.5 million from the Government of Quebec, supporting a total of \$2 billion in investments in Canada.

The pace and complexity of technological advancements in aerospace design and systems together with the strong commitment and investment the Government of Canada has made in supporting growth and innovation in the industry will continue to result in a greater demand for aircraft and aeronautical product certification and oversight activities. Canada's certification of aeronautical products is globally recognized as being one of the best in the world. The global industry and its stakeholders regularly view Canada certification as a gold standard for aeronautical products. The success of the Government of Canada's growth initiatives that have been outlined in Budget 2021 will be dependent on Canadian aeronautical products being certified prior to reaching and being incorporated into global markets. The Government of Canada will need to continuously assess aircraft certification resource needs to maintain its rigorous safety certification standards; to facilitate new technology, including green innovation, to enter the Canadian aviation sector; and to further ensure Canadian products can be used domestically and exported internationally with a strong assurance of safety.

Finally, the Government of Canada continues to advance active and upcoming defence procurements under "*Strong, Secure, Engaged*" that will provide significant opportunities and benefits for Canadian industry.

Continued collaboration with industry and key stakeholders will be essential as our economy continues to recover and the Government of Canada looks forward to strengthening the position of Canada's aerospace industry in a sustainable and green Canadian economy.

### **Forward View**

The Government of Canada recognizes that it is important when faced with events such as the COVID-19 pandemic that reflection is undertaken to inform paths forward. The Committee recommended the following:

- **Recommendation 31 (lessons learned):** Transport Canada draft a "lessons learned" report with recommendations on how to respond in the event of future emergency situations like the COVID-19 crisis which lead to extended restrictions on travel.

The Government of Canada agrees that COVID-19 should be treated as a learning opportunity. The Government of Canada continues to closely monitor the impacts of COVID-19 on Canada's



air sector and is also diligently delivering all the supports that have been announced. Government of Canada officials are carefully considering the Canadian experience thus far and continue to listen to stakeholders. The Government of Canada's engagement with various working groups and multilateral fora seeking to understand the management of COVID-19 and plan forward will continue to ensure we contribute to and remain aligned with international standards and best practices in aviation. Examining and understanding the impacts of COVID-19 and the effectiveness of announced supports for the air sector will be key elements for shaping future decision making. Any pertinent reflections and new directions that may be developed would be communicated publicly in due course.