

OPENING STATEMENT BY ATAC PRESIDENT AND CEO BEFORE THE HOUSE STANDING COMMITTEE ON FINANCE TO DISCUSS COVID-19

May 26, 2020

Good afternoon.

We welcome the opportunity to comment on the devastating impact this pandemic and its containment measures are having on our industry. Although we support the Government in its actions aimed at curbing the spread of COVID-19, containment and restrictions on air travel have had a truly horrendous economic impact on most segments of the air transport industry with traffic, and revenue, down to less than 10% of usual levels.

Many of our members have ceased operations altogether. Air operators are counting on a financial aid package from the Government while some operators struggle to continue servicing remote and northern communities that rely on air transport for survival. We believe that, unfortunately, a significant number of air operators will probably not survive and the quality of air services to Canadians will undoubtedly suffer.

Canada is lagging behind as most foreign governments acted within weeks to come to the aid of their aviation industry, including the USA, Australia, Brazil, China, Denmark, Finland, Germany, Hong Kong, Italy, New Zealand, Norway, Singapore, Spain and Sweden. Meanwhile, our letters to the Prime Minister, to the Minister of Finance, the Minister of Transport, the Minister of Economic Development, and the Minister of Indigenous Services remain unanswered.

Our industry is capital intensive with very high fixed costs. While little or no revenue is generated, operators still have to pay for their aircraft through loans or leases, insurance, basic regulatory required airworthiness upkeep, hangars, and parking fees, in addition to all the other normal business overhead costs.

So far, the Government has tabled Canada's Emergency Wage Subsidy program, which can only help pay for a skeleton staff when operations are all but stopped. Canada's Large Employer Emergency Financing Facility (LEEFF) is interesting but its \$300M threshold eliminates the vast majority of air carriers. We estimate that only 5 or 6 Canadian carriers qualify for this program while over thirty other carriers, key socio-economic enablers in their regions, and critical to Canada's connectivity, are left out.

The Canadian Government must recognize the critical role that aviation plays in Canada. Without immediate government help, many Canadian air operators will not be around to provide their critical service and its enabling role on the economy at the beginning

of the long recovery when they will be most desperately needed.

This critical government financial aid package would also avoid greater economic damage by ensuring that operators can rapidly scale-up when travel restrictions are lifted and quickly contribute to "jump-starting" the Canadian economy.

However, some airlines may require more than loans if they are to continue providing essential services to Canadian communities.

Our industry is facing two major challenges. The first, of course, is short term survival. The other is the uncertainty of what our market will look like coming out of this crisis, which is best summarized by the following questions. How long before people are willing and able to travel by air again? When will foreign borders open up and remain open? What health and safety restrictions will the government impose on our operations? And will those restrictions make the cost of flying prohibitive? We expect that the impact of COVID-19 will be much longer lasting than initially thought and that recovery will be very slow, and unfortunately impossible for a number of our members.

A comprehensive government action plan will help the air transport industry save over 55,000 direct skilled jobs and many times that in indirect jobs, maintain essential connections, transport people who require medical treatment, deliver life-preserving supplies and overall be a key enabler for the recovery of the Canadian economy.

I thank you for your attention and I am happy to answer your questions.

ATAC CONFERENCE COMMITTEE MEETINGS VIA VIDEO CONFERENCING

Faced with having to cancel its annual conference and tradeshow that was to be held in Vancouver in November, ATAC is now planning to hold the Conference committee meetings by video conference.

The valuable dialogue, exchange of ideas and information sharing usually generated by the Conference committee meetings can still be achieved using video platforms.

ATAC will announce in September the proposed agenda of committee meetings open to all members. Invitations to all committee members will be sent shortly thereafter.