



October 22, 2020

The Honourable Marc Garneau, P.C., M.P.
Minister of Transport
Transport Canada
Place de Ville, Tower C
Ottawa, ON K1A 0N5

Dear Minister Garneau,

The Air Transport Association of Canada, representing 75 air operators across Canada and some 85 industry support stakeholders that provide invaluable and often essential air services to all regions of Canada, is asking for the Government to immediately table a financial aid package for the aviation industry.

Government representatives, including yourself, have been quoted over the past few days, as seeking ideas to sustain Canada's regional air services. ATAC offers its assistance and that of its members in developing immediate and viable financial solutions for your consideration.

ATAC is asking that an equitable and verifiable financial aid package designed for regional air transport includes direct financial aid; taxes and charges relief; loans and/or loan guarantees; consumer incentives to use air services; and most importantly, implementation on an expedited basis of fast COVID-19 testing programs in lieu of quarantine restrictions that currently exist, especially for domestic operations.

Canada's Emergency Wage Subsidy program put in place by the Government has certainly been most appreciated and has helped many firms in their struggle to stay viable during this most difficult time. The program supporting regional air transport in the North is extremely important, however much more must be done if regional air transport in Canada is to survive as there are many other parts of Canada that are remote in nature and rely upon air transport as an essential service such as Labrador and at least the northern half of Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia.

We have all recently witnessed the dramatic service cuts by Canada's leading airlines to many regions of this country and the panic that ensued in the local communities. Unfortunately, the Government should fully expect many further cuts to regional air service unless something is urgently done to support air service to those communities.

In addition to the continuation of Canada's Emergency Wage Subsidy program, the support package to regional air transport should be multi-faceted and include the following:

- 1) Direct financial aid
 - Rebates on payroll taxes paid to date in 2020.
 - An immediate suspension of the federal aviation Fuel Excise Tax.
 - The reimbursement of aviation Fuel Excise Taxes for every month of reduced activity due to COVID-19.
 - Grants to cover NAV CANADA charges, airport charges, and ground handling fees.
- 2) Loans, loan guarantees
 - \$2 billion allocated in interest-free loans or conditionally forgivable loans for the commercial air operators offering regional air services. These would also be available to the supporting industry such as Maintenance, Repair and Overhaul (MRO) and other commercial aviation service providers to the regional air transport industry.
- 3) Indirect financial aid to help our industry recover
 - The continued suspension for the duration of COVID-19 of airport ground rent but going forward being linked to airports lowering commensurate aeronautical fees to the direct benefit of commercial air operators.
 - The Government should supplement the lost airport AIF revenues in lieu of announced AIF increases which would only further hamper the recovery of our industry.
 - The suspension of NAV CANADA Navigation Fees increases implemented September 1st. The Government would need to provide NAV CANADA with commensurate funding that the fee increases are designed to provide.
- 4) Encourage consumers to use regional air services
 - To encourage Canadians to fly again, the Government should establish an incentive program such as a tax credit enticement to all who fly within Canada for business or personal reasons for the next six months.
 - Work with industry to implement a national campaign to educate consumers as to all the safeguards put in place to provide a safe travelling environment during COVID-19.

Of course, such a financial aid program would be greatly boosted by the implementation of new sanitary measures to prevent the spread of the COVID-19 virus, with enhanced testing of passengers, contact tracing and removal of the 14-day quarantine which will strengthen public confidence in air travel.

Our members play a vital role in connecting Canadian communities large and small to each other, and the world. The Government must act now in order to stabilize the industry and recognize that aviation is a key economic enabler. If the Government does not act quickly to address aviation liquidity, it will be directly undermining any future recovery strategy for the Canadian air transport industry and thus impeding overall economic recovery for Canada in general.

Air transport is a key economic driver in Canada, but it is a heavily leveraged industry. To minimize the sweeping damage to this industry that the current crisis is causing, it is vital that Government set up an aid program immediately. The key factor in this program is availability of substantial, equitable and easily accessible funds.

This vital government financial aid package would also avoid greater economic damage by ensuring that operators can respond rapidly to scaled-up operations when travel restrictions are lifted and will effectively contribute to “jump-starting” the Canadian economy.

The Canadian Government must recognize the critical role that aviation plays in Canada. In addition, regional carriers are an indispensable lifeline to Canadian northern, aboriginal, and remote regions. The Government must act now to preserve the vital role of this sector. A comprehensive government action plan is essential to help the air transport industry preserve jobs, maintain essential connections, transport people who require medical treatment, deliver life-preserving air cargo supplies and overall be a key enabler for the recovery of the Canadian economy. Thousands of more jobs are at risk. Without immediate government help, many Canadian air operators will likely not be around to provide these services when the economy regains strength in post-COVID-19.

ATAC is willing and able to offer its full assistance and expertise to help facilitate the aid program offered to Canadian air operators.

We look forward to hearing back from you on how we can assist with this vital program in the most expeditious way and encourage you to contact the undersigned for any further information.

Sincerely,



John McKenna
President and CEO
Air Transport Association of Canada

cc: Members of Parliament