



**AIR TRANSPORT ASSOCIATION OF CANADA
ASSOCIATION DU TRANSPORT AÉRIEN DU CANADA**

255 ALBERT STREET, SUITE 700, OTTAWA, ONTARIO K1P 6A9
255, RUE ALBERT, PIÈCE 700, OTTAWA (ONTARIO) K1P 6A9

TEL:/TÉL: (613) 233-7727
FAX: (613) 230-8648

WEB: <http://www.atac.ca>
EMAIL: atac@atac.ca

Testimony of John McKenna

President and CEO of the Air Transport Association of Canada

To the Standing Senate Committee on Transport and
Communications

October 16, 2012

Good morning ladies and gentlemen Members of the Committee,

My name is John McKenna and I am the President and Chief Executive Officer of the Air Transport Association of Canada. I am accompanied by Mr. Les Aalders, Executive Vice President, and by Mr. Wayne Gouveia, Vice President, Commercial General Aviation and Vice President, Prairie and Northern.

ATAC Canada has represented Canada's commercial air transport industry for over 75 years. We have approximately 175 members operating in every region of Canada and providing service to a large majority of the more than 600 airports in the country.

Our 85 Operators Members fly to every region of Canada, many of whom operate in the North, including Air North, Canadian North, First Air, Buffalo Airways, Calm Air, Nolinor Aviation and Air Labrador. Other members include Sunwing Airlines, Porter Airlines, Air Georgian, Bearskin Airlines, Harbour Air, Pacific Coastal Airlines, Flair Airlines, Transwest Air, Kelowna Flightcraft, London Air Services, and Pascan Aviation, to name a few. Our membership also includes more than 50 flight training schools across Canada with a strong international reputation as 45% of Canadian pilot licenses being issued are going to foreigners getting their flight training here. We also have in our ranks roughly 90 associate and affiliate members from all sectors of the service industry to commercial aviation.

We certainly appreciate the opportunity to appear before you today to speak about northern and regional issues in the airline industry.

We were very impressed with the report that this committee released in June on the future of air travel in Canada. Your report clearly identified the key issues affecting our industry, and more particularly those pertaining to airports. Unfortunately, past and present governments never recognized aviation as the socio economic enabler that it is but considered it as an additional revenue stream, a cash cow. The recommendations of your Report were both relevant and long awaited.

Today, we will focus on three aspects of air travel in the North which make it very distinct from aviation elsewhere in Canada and consequently justify why aviation in the North warrants special consideration.

Air transport is a gateway to the North, a life line to the communities, bringing them healthcare, foodstuff, mail, fuel, and other essential perishable goods. The extremely limited road and railroad accessibility makes air transport an essential service to these communities.

The three themes we wish to highlight today are the following:

1. The user pay concept does not work in the North;
2. More infrastructure is needed;
 - a. The lack of paved runways and its consequences;
 - b. The need for improved navigation and communication aids, and
3. The need for a *Support the North Policy*.

1. The user pay concept does not work in the North

As your Report clearly indicated, aviation not only pays for its own way in Canada, it also assumes many infrastructure and national security costs. Infrastructure improvements, CATSA, air navigation and other costs are entirely supported by the operators and their customers. In the larger Class One airports, user pay renders airports uncompetitive with neighboring US airports. However, the volume of passengers sustains the system.

The scenario is very different in the North. The biggest factor is that the combined population of the North West Territories, Yukon and Nunavut is only just under 112,000, roughly the size of the average Canadian city. Furthermore, that population is spread over 3.9 million square kilometers. In other words, 0.3 % of the population of Canada is spread over 39.3% of the total area of Canada.

Also, let us not forget that air travel in the North also serves the natural resource industry, key to Canada's economic development and international trade. Although air travel in the North is essential to the local communities, its importance goes far beyond that of a life line to its citizens.

The Northern communities need the support of government if their air transport system is to be at par with the rest of Canada.

2. The need for more infrastructure

The North is in dire need of improved infrastructure. Governments have repeatedly promised to support the North but have yet to deliver with concrete action. Projects in the North are both costlier and take more time to complete. In fact, the cost of any infrastructure project in the North is more than twice that of the rest of Canada. Equipment and materials have to be brought in, either by air, ice roads, or by boat, conditions permitting, at a very high cost. Specialized labor has to be flown in, housed and fed.

a. The lack of paved runways and its consequences

Commercial air service is extended to roughly 50 airports in the North and only 10 of these have paved runways, the rest have gravel strips. The lack of paved runways greatly limits the type of aircraft that can be used to service these communities. Very few large jet aircraft today can land on gravel strips. The Boeing 737 Classic is the last jet carrier which can be equipped with gravel kits, the cost of which is about one million \$ per aircraft. Turbo prop planes are the only other option but they have neither the same range, speed nor capacity.

The problem of ageing aircraft and potential forced early retirement of such aircraft as the Boeing 737 Classic would make servicing the North very expensive and lead to a drop in the quality of service to many of these communities.

An example of why the North warrants special consideration is Transport Canada's intention to impose compliance with ICAO's recommendation to install Runway End Safety Areas (RESAs) at most airports offering commercial air service. This involves adding a 90 to 120 meter extension to the airstrips which would slow down and stop an aircraft overshooting the runways. This one-size-fits-all attitude towards aviation is completely incompatible with conditions in the North and is not supported by neither a safety case nor a business case applicable to that territory.

b. The need for improved navigation and communication aids

Flying in the North is very different than flying below the 60th parallel. The terrain and the weather are very hostile, the area is huge, distances are long and services are limited. In addition, winter months bring long periods of darkness, limiting operational windows.

Approach aids are key safety factors and are insufficient in the North, making flying there riskier at the best of times. Flights are often long and subject to changing weather conditions on route. Current navigation aids are insufficient. More approach aids are required, including GPS approaches, WAAS or Wide Areas Augmentation Systems, and better high intensity lighting, just to name a few. The cost of developing approaches is significant and the delays in getting them approved are long.

Weather information is also deficient. Many weather offices have been closed and pilots have to rely on weather reporting from people hundreds of kilometers away. On-site remote weather facilities are not available everywhere. Consequently, pilots

often have to seek complementary weather information from untrained personnel on the ground. Also, most airports have limited Unicom service hours.

This lack of navigation and communications aids, including weather reporting, all contribute to lowering flight safety and limiting service.

3. The need for a *Support the North Policy*.

Only a handful of carriers operate scheduled routes to about 50 destinations in the North. These include Air North, Canadian North, First Air, Calm Air, and Air Inuit. They offer these services in a variety of aircraft, suited for the demand and conditions of the various destinations.

Some of these routes are profitable, others much less. The problem lies in that these carriers face stiff competition on the more profitable routes, thus soon making them less profitable. In reality, the routes with the higher yield support the service to the lesser paying but nonetheless essential routes.

The mainline carriers are not interested in Northern regional traffic, so they don't service the remote communities. They are interested, however, by the southern feed network traffic. So much so that mainline carriers are willing to accept marginal returns or even losses on Northern Gateway routes in order to protect or gain access to valuable southbound network feed revenues.

Therefore, we need a *Support the North Policy* in Canada. This policy would be made up to two elements.

The first would require carriers wanting to offer scheduled service on the Gateway routes to either:

- 1) Provide service beyond the Gateways; or
- 2) Enter into Code share agreements with carriers servicing beyond the Gateway cities.

Such a policy would level the playing field and help develop the North. The local communities would be the beneficiaries of a more sustainable service.

The second element of the *Support the North Policy* would be a Buy Northern Policy. Under this policy, federal agencies working in the North would adopt Buy Northern purchasing policies, which would require that, subject to price competitiveness, their purchases should be made from northern businesses.

Federal air policy should recognize the role that northern air carriers play, not only in providing service to remote communities but also in the growth and development of the northern economy. This policy should encourage mainline carriers to increase their access to northern markets through working relationships with northern air carriers and should encourage all Canadian air carriers to provide seamless passenger baggage transfers from carriers.

In conclusion, suffice it to say that it is difficult to describe barriers to air travel in the North in just a few minutes. Aviation all over Canada is challenged by socio, economic and geographic conditions. The North with its huge territory, hostile flying conditions and limited population makes this challenge even greater. This life line that represents aviation in those communities warrants the full attention of government and we commend you for including it in your study.

Thank you.