



March 31, 2023

Discussion document: A framework for the future of Canada's air transportation system

Purpose and goals

Canada's vast territory and spread-out communities mean Canadians rely on air transportation. The air sector helps us:

- visit friends and family
- access critical services, and
- travel to new places in Canada and abroad

The Government of Canada wants to improve service for Canadians as our air transportation sector recovers from the many challenges brought on by COVID-19.

To help us in this work, we want your input on how we could improve the efficiency, transparency, and accountability of Canada's air transportation system. This includes a focus on the role of airports, but also on all key partners in the air sector, including airlines, ground handling service providers, air navigation, and security screening.

This document includes background information and identifies areas that need to be considered, including:

- improving coordination between partners in the air sector
- holding air sector partners accountable through service standards
- better information sharing and data availability
- improving airport accountability and transparency
- financing airports
- how airports are overseen and managed
- connecting rural and remote regions, and
- labour shortages

Our efforts to improve how the air transportation system functions will build on some of our other work, like improving passenger rights.

Background

Canada's air sector connects us to each other and the world, and helps our economy grow. It's a complex system that requires many different groups to work together to get passengers and cargo to their destinations. Our airports are where partners across the air sector must work closely and effectively together. This includes, for example, airport operators, air carriers, ground handlers and refuellers, other service providers, NAV Canada, the Canadian Air Transport Security Authority (CATSA), the Canada Border Services Agency (CBSA), and the US Customs and Border Protection.

The air sector was seriously impacted by COVID-19. Financial impacts and job losses, combined with a tight labour market when traffic recovered quickly in the summer of 2022, led to long lines and major travel disruptions at Canada's airports.

It's clear that the sector has failed to deliver the level of service that Canadians expect. While some challenges are directly linked to the pandemic, others have existed for many years, but the pandemic made them worse.

Now is the time for government and industry to work together to help the air sector succeed in the years to come. We all share a common goal: get the best results for the people and businesses that rely on Canada's air transportation system.

In November 2022, the Minister of Transport led a national summit on the recovery of the air sector to discuss critical issues. This summit and a survey helped us identify a number of priority areas. We are now asking for more specific input on possible approaches to address these key issues.

Based on your knowledge of Canada's air transportation sector, we invite you to consider the following priority areas and questions. We are not looking for input on each and every question or topic below. Instead, they are meant to help inform possible feedback.

Our priorities

Improving coordination

Air travel disruptions during the summer and winter holidays of 2022 stressed the need for all parties across the air transportation sector to work together, especially during unforeseen events. We heard from stakeholders that improving communication and collaboration is key to making airports and the air sector more efficient and delivering better services.

- How can we improve how partners in the air sector communicate and coordinate, especially during unforeseen events? How can this communication occur in a way that also avoids sharing sensitive commercial information?
- Do airports need more power to manage traffic and operations in a way that makes sure all passengers' needs are addressed, especially during unplanned events, like extreme weather?
- Do other countries use models that could inform how we tackle this issue in Canada?
- Do we need to create new laws or rules (legislation or regulations) to make this happen?

Holding air sector partners accountable through service standards

Issues with one operator can impact the entire system in the form of cancellations, delays and mishandled baggage. A predictable system is important for operators, and ultimately travellers. Some stakeholders want clearer service standards for all operators and service providers. They believe these standards would help make the system more predictable and hold the right operator or service provider organizations accountable when things don't go as planned.

- Can we set clear service standards for air sector partners and service providers? How do we account for external factors, like extreme weather?

- What steps can we take to make sure that air sector operators are held accountable for performance issues? How would we put these measures in place and enforce them?
- How could we publicly report on these standards and whether operators comply with them?

Better information sharing and data

As demand for air travel recovered in 2022, one of the sector's key challenges was the ability of air sector operators to access timely data from each other to make sure they had the right resources in place. Some stakeholders noted that operators use a variety of data formats and their systems can't always speak to each other.

- Could a communications protocol (a process to share accurate and timely information between air sector partners and travelers) help make sure that all operators and service providers have the right information so they can keep passengers and each other updated on the situation, particularly during irregular operations? For example, during the major travel disruptions in 2022, what missing information could have helped better manage the situation?
- How can we make sure that data is shared in a timely way? Why isn't this already happening?
- What would be the best way for stakeholders to share data and information? For example, how do we decide on a platform to use? Who will pay for a data-sharing platform and how do we make sure the platform works well?
- Do we need a national system for sharing information? If so, how could we create one?
- How can we address corporate and personal privacy concerns? What safeguards do we need to support information sharing?

Improving airport accountability and transparency

Airport operators manage key public infrastructure but aren't required to follow any economic oversight legislation. Their decisions impact the operations and a portion of the cost of the air transportation system.

While airport operators consult on issues like capital planning and noise, there's no consistent, national approach for this process. Standards would be very useful to assess an airport operator's consultation processes, and the participation of its users and stakeholders.

- How can we create standard consultation processes for setting airport fees (aeronautical and passenger charges), and developing capital plans and projects? What process does Canada need to make sure airports properly consult users and stakeholders, and meaningfully consider their feedback?
- What standardized processes need to be in place to address issues with noise, and require airports to consult the public during planning processes?
- Are there any other related topics that airports should be required to consult the public on?

- Could “charging principles” (rules for setting the fees paid by air operators and service providers) help make airport user fees clearer and more consistent? For example, is the consultation process used by NAV Canada to change fees a good model?

Financing airports

The pandemic strained airports’ finances and significantly increased their debt. We’re hearing more and more that taking on further debt isn’t enough for airports to meet future capital needs without increasing costs.

Equity financing isn’t allowed for not-for-profit, non-share-capital corporations, but there may be other ways for airport operators to secure financing.

- What other finance mechanisms could airports rely on? What’s keeping them from using these now?
- What other measures could improve an airport’s ability to attract financing and commercial partners?
- How might existing leases be affecting airports’ financial stability?
- Could existing corporate structures be changed in a way that could give airport operators more financial stability and viability?

How airports are overseen and managed

As key public infrastructure, airports play a major role both nationally and within their communities.

- Does the federal government need to play a bigger role in choosing board members or chairs?
- What’s the best way to make sure that airports reduce their greenhouse gas emissions?
- Can airports do a better job in supporting equity, diversity and inclusion? If yes, how?

Connecting regions

Air transportation is a vital lifeline for small communities, but these locations face unique challenges, including market size and difficult operating conditions. The pandemic led to service cuts for many smaller communities.

Maintaining smaller airports can be hard without capital funding. As well, there are unique challenges in attracting airline operators to locations where CATSA does not operate security screening.

- How can we improve or maintain air services in less-populated parts of Canada? What incentives would spur airlines to restart services at airports where there were cut during the pandemic?
- Does the lack of security screening in some small airports have a negative impact on the air travel options of Canadians?

- Could interlining (allowing passengers to book travel through 2 or more airlines at once, instead of separately) improve small communities' access to wider networks and services? What incentives could we offer to encourage airlines to provide this option?
- Could small airports work together to provide airport services at a lower cost? What can governments do to help make this happen?

Labour shortages

Hiring and keeping air sector workers has been a challenge for many years due to:

- changing labour demographics
- training and certification requirements, and
- pay

The pandemic then fundamentally disrupted the entire economy. Staffing shortages often remain a challenge for many parts of the air sector including airlines, airports and other key partners. Stakeholders have been calling for action, and some want the government to develop a sector-wide strategy for recruiting and retaining workers.

- What could governments, working with stakeholders, do to address labour shortages across the air sector?
- How could we improve training or increase the supply of workers in the sector?
- What other barriers are there to finding, hiring and keeping workers?
- What role does immigration play in meeting the air sector's labour needs?

Next steps

The feedback we collect by engaging with the air transportation sector, provinces and territories, Indigenous peoples and others will help us develop approaches to address these key issues and help Canada's air transportation sector continue to recover from the pandemic.

If you wish to provide feedback or a formal submission about topics of relevance to you, please email airportpolicy-politiquedesaerports@tc.gc.ca by April 28, 2023.