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Canada Transportation Act Review Secretariat
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The Northern Air Transport Association (NATA) is a trade association representing the interests of commercial air carriers operating in, or to, the Northern and remote areas of Canada. We have 36 operator members covering eight provinces and all the territories. They range from large jet scheduled carriers right down to small charter operators. We are delighted to have this opportunity to comment on transportation issues, so important to everyone living in our expansive country.

What follows is a mixture of comments, concerns, and issues related to the transportation by air in Canada. Many of the items particularly pertain to the Northern and remote regions of Canada. They are in no particular order of importance, and some of them will necessitate further discussion to properly explore.

For many years the Canadian government has had the unfortunate viewpoint that air transport is a cash cow rather than an economic engine. This has resulted in policies that both pull money out of the system, driving up the cost of air transportation, and place it at a competitive disadvantage to competing modes of transport, United States border airports, and international carriers. In the interest of building a strong competitive environment for the air industry in Canada these policies should be reviewed and altered as required. Examples of these policies include:

- Having the major airports pay rent on leases rather than transfer the land. In virtually all cases this has forced airports to implement airport improvement fees to deal with the aging infrastructure inherited from Transport Canada, adding significantly to the price of a ticket. A more recent concern is a chill on development as tenants are unwilling to commit to major investments as the remaining head lease with the Government does not give them a sufficient amortization period.
- A regressive excise tax on aviation fuel.
- The aviation sector is the only transportation mode that has to entirely pay for Government imposed passenger screening, even though the actual threat is against the State. This has resulted in a security charge in Canada amongst the highest in the world. There is also not a clear accounting for all the revenue from the security fee which raises concerns as industry estimates are that the expense of the Canadian Air Transport Security Agency (CATSA) is less than the fees collected.
- Security funding is not guaranteed for a long enough period creating planning issues at CATSA.
- Significant public funding for Via Rail placing other modes, especially air, at a competitive disadvantage.
- Not only are there numerous taxes and fees collected from the air sector (the proverbial death by a 1,000 cuts) but there is a complete lack of transparency on them as there is no way to determine the amount that actually goes back into the aviation sector from them.

There is concern that the passengers complaint process within the CTA is being distorted by a small number of individuals who have hijacked it as a de-facto means of changing the regulations without proper consultation. To preserve the process for what it was actually intended for it should only be available to those that have actually used the transportation service relevant to the complaint. This is especially important considering the broad (and somewhat ambiguous) powers contained within section 67.2 (1).

Over the last few years for a number of reasons, not the least being budget cuts and retirements, the level of service to operators from Transport Canada Civil Aviation has declined significantly. Operators rely on Transport Canada to process routine applications and revisions in a timely manner. All too often lately we encounter situations where aircraft are sitting on the ground waiting for Transport Canada approvals. These routine approvals range from pilot and Aircraft Maintenance Engineer (AME) license approvals, aircraft purchases, importations, modifications, Certificate of Airworthiness (C of A) applications, manual revisions, or flight permits, to adding an aircraft type to their Operating Certificate, and so on. The economic impact to operators as a result of these delays is immense.

A problem that Northern aviation has struggled with for years is well intentioned regulations that make sense for the major carriers and the NAS airports but have an inordinate impact on smaller and remote airports and carriers. For this reason NATA has long advocated for two related items:

1. That a definition be put in place for “Northern and Remote Aviation” in Canada. This is more than “North of 60” which has been used in the past and is increasingly irrelevant. It is more a meld of latitude, reliance on air transportation, size of community, distance to a larger community, etc.
2. Once you have the definition, that procedures be put in place to ensure that an appropriate cost benefit analysis is done on every proposed regulatory change that properly and consistently considers the uniqueness of Northern and Remote Aviation's situation, and not just the industry as an average.

The primary impediments to northern and remote aviation in Canada are currently infrastructure related. There are issues with runway lengths and surfaces. Too many short runways and too many gravel runways limit aircraft choices for operators. A lack of 24 hour weather information in many locations create delays and cancellations. Older instrument approach procedures and lack of approach lighting keep limits high and cause missed approaches and cancellations. Inadequate fuel supply in some locations limits loads and drives up cost. Virtually all of these issues are beyond the financial capability of the smaller communities to deal with. Unfortunately, the Airport Capital Assistance Program (ACAP) does not adequately address these issues either. It is limited in scope to the replacement of safety related items only, and does not allow development funding. What is needed is a program to foster the improvement of these northern and remote locations, not limit them to an out dated status quo.

The last few years have seen an increase in Southern based carriers entering into direct competition with Northern carriers on key North South routes into Northern Gateway cities such as Yellowknife. This diverts revenue from the North, and drives up the cost of serving the smaller communities. The southern carriers typically don't contribute to local employment or property taxes, utilize local stores and services, or otherwise support the community the way local Northern carriers do. The issue, however, really comes back to fair competition. There are a number of systemic cost and marketing advantages that Southern carriers have that make it very difficult for Northern carriers to properly

compete on these routes. These need to be dealt with so there is a level playing field. Some of these areas are:

- Advantageous pricing arrangements on necessary services such as de-icing, fueling, and IT services at Southern airports that unduly disadvantage a low volume carrier. In some cases these have been put in place by abusing the voting privileges created by the dominant carriers.
- Barriers put up regarding interlining of baggage and through check in of passengers.
- Access to all aspects of customer reward programs.
- Display dominance in customer reservations systems, especially in of all places the Federal Government booking system.

Transport Canada needs to develop policies that recognize and support the role of Northern Air Carriers in the northern economy and in Canada's air transportation network. Other Federal and Territorial Northern stakeholders, including Territorial Departments of Tourism and Economic Development, Aboriginal Affairs and Northern Development Canada (AANDC) and CanNor need to develop travel and other policies that recognize and support the role of Northern Air Carriers in the northern economy.

In light of the ubiquitousness of email, web based booking, and other modern electronic communications technology available to the hearing impaired it is time to revisit the requirement for airline reservations centers to have a TTY device. This is an outdated method of communication that is little used and costly to maintain. At the same time the ratio of (or even the requirement for) these devices required in airports and terminals needs to be reviewed.

Currently under the North American Free Trade Agreement (NAFTA) United States carriers in the specialty air services category are afforded an unfair advantage when operating in Canada. This is not actually due to NAFTA but a waiver to the CARS implementing NAFTA that means they are subject to much more lax flight and duty times and maintenance requirements than Canadian carriers. This will only get worse if the proposed changes to flight and duty time in Canada under NPA 2014-019 are implemented.

I would be pleased to elaborate further on, or discuss, any of the issues touched upon in this submission at your convenience. You may reach me at 613-219-9305, or by email at exec@nata-ymf.ca.

Sincerely,



Stephen Nourse,
Executive Director, NATA