



Submissions of the WestJet Pilots Association (WJPA)

to

David Emerson, PC, OBC

**Canada Transportation Act Review**

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### ***Executive Summary***

These brief submissions to David Emerson, PC, OBC reflect the position of the WestJet Pilots Association (WJPA) and the Proactive Communication Team (PACT) at WestJet Airlines. The WJPA submits that the collection of airport improvement fees (AIF's) from airline employees travelling to work is unconscionable and presents a heavy financial burden on affected employees.

### ***The WestJet Pilots Association (WJPA)***

The WJPA is the company-recognized representation of the pilots of WestJet Airlines. The WJPA, together with other sub-groups such as the Flight Attendants Association Board (FAAB) and Aircraft Maintenance Engineers Association (AMEA), is a subgroup under the Proactive Communication Team (PACT) umbrella at WestJet Airlines. The WJPA represents over 1,500 WestJet pilots while FAAB represents over 3200 flight attendants. In its entirety, PACT represents over 10,000 WestJet employees. Both PACT and the WJPA are non-certified organizations reflecting the fact that WestJet employees hold significant shares in their employer holding approximately 6% of outstanding shares. Through PACT, WestJet employees have an employee representative as an internal director on the WestJet corporate board of directors.

### ***Flight Crew Lifestyle***

Pilots and flight attendants (collectively referred to as flight crew) have working conditions which are unique in the Canadian workforce. A typical flight crew member may work between 15 and 20 days per month. However, these days are almost always spent away from home, every night in a different city, often in a different time zone. Flight crew members are expected to work at all hours of the day and night, subject to regulatory requirements. While legally sufficient rest is provided, flight crew members are expected to rapidly adjust to different time zones. For example, a Calgary based flight crew may operate to Halifax arriving at midnight local time (9 PM MST). The crew is given thirty hours of rest and then is expected to operate a flight departing Halifax at 6 AM (3 AM Calgary time) which would require a wake-up at 1 AM Calgary time.

### ***Airline “Commuters”***

The employee’s time away from their families often results in families operating as a single parent household half the time. This places considerable stress on the spouses and children of flight crew members. Both flight crew members and airlines have adapted to this reality in a proactive fashion. Many flight crew members are considered “commuters”. These commuters live in a city in which they are not based (ie. report for work at an airport in a city in which they do not reside). The nature of the airline industry and the reality of air-travel today make this commuting lifestyle feasible in every respect. WestJet employs approximately 1800 commuting flight attendants and pilots. Between Air Canada, WestJet, Air Canada Express, Sunwing Airlines and Air Transat, there are approximately 10, 500 airline employee “commuters” in Canada. Commuting is a reality for many employees because they may have a family or personal support network in a

certain city which would be lengthy or impossible to re-establish in another city.

We canvassed our membership for reasons why flight crew members commute. Numerous flight crews explained that the windy road to the airlines is a long and arduous one. They explained that they had to relocate multiple times, working at jobs flying smaller aircraft before being hired at a company such as WestJet which allowed them to have a choice where to live. These pilots explained that they had promised their partners that in exchange for moving numerous times, they would settle down in a city decided on by their partners. Other pilots explained that they were single parents and it was necessary to live in the same city as their child's other parent. Many of our pilots served our country as pilots in the Royal Canadian Air Force. These pilots spend a lifetime as nomads moving wherever their country required them. After completing their service, they retired from active duty and obtained employment with WestJet, finally settling down in a certain city. Nearly every pilot cited a commitment to family as one of the primary reasons that they commute.

Airlines such as WestJet are supportive of such a commuting regime because it helps attract quality candidates and supports employee work/life balance. Commuting aircrew are not unique to Canada and many would argue that most of the world's largest and most successful airlines depend on this network of commuting crews, not only to supplement their operations, but also to attract and retain the skilled crews that they require.

Airlines assist employees by offering highly reduced "standby" airfares. These airfares are very similar to what a "domiciled" employee would pay public transit to get to work. Employees are expected to report for duty at their assigned base on schedule

even though they are travelling on a standby basis. An average employee may commute to and from their base approximately once per week or four times per month.

### ***Current Funding Framework for Canadian Airports***

In an attempt to continue to make Canadian airport infrastructure more efficient, control of Canadian airports were transferred to municipal airport authorities operated as independent not-for-profit corporations<sup>1</sup>. Airport authorities are required to raise funds to cover operating and capital expenditures as well as remitting Federal land rents. Airports raise these monies through a variety of fees such as landing fees, gate fees, terminal fees, fuel surcharges and airport improvement fees (AIF's). Under the current framework, AIF's are to be solely used for capital improvements such as runway construction and the construction of terminal buildings. It is the AIF's charged to commuting employees that is the subject of these submissions.

AIF's were instituted by airport authorities shortly after the airports were privatized as a method of improving airport infrastructure and increasing accountability<sup>2</sup>. Despite these noble intentions, the WJPA submits that the AIF's have spiraled out of control. What began as a nominal \$5 charge has exponentially increased to up to \$35 for each passenger, for each leg.

In 1999, representatives of each Canadian airline, each a member of the Air Transport Association of Canada (ATAC), signed a memorandum of agreement ("Remaining Airports MOA") with all major Canadian airports, other than the Lester B.

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<sup>1</sup> National Airports Policy, 1992

<sup>2</sup> Memorandum of Agreement between the Air Transport Association of Canada and Canadian Airports excluding Lester B. Pearson International Airport (YYZ). s. 1.0

Pearson International Airport in Toronto (YYZ), agreeing to the terms and conditions of collecting AIF's on behalf of the airports. Airlines receive a 4%-7% commission on all AIF's collected and remitted to the individual airport authorities<sup>3</sup>. The airlines signed a separate MOA with the YYZ airport regarding the collection of AIF's.

### ***Airport Improvement Fee's Collected by Airport Authorities***

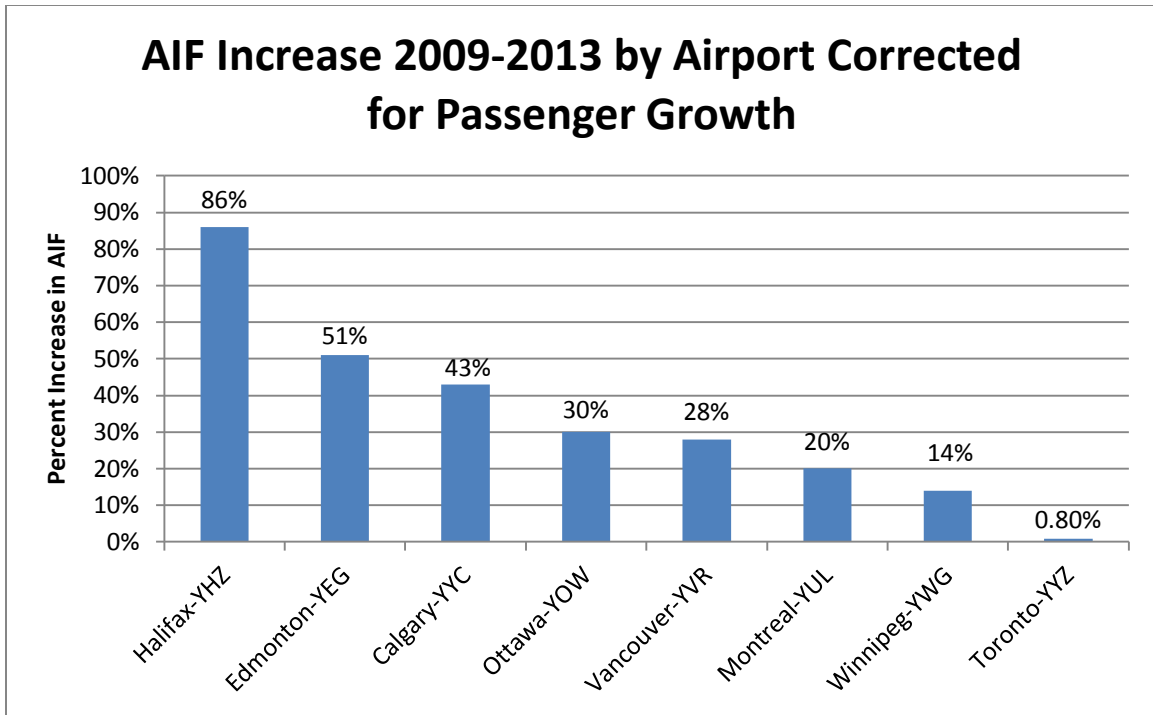
Canadian airlines have consistently reduced their operating costs and have passed these savings onto Canadian travelers. In fact, airline travel is perhaps the only commodity that's price has remained constant in nominal currency over the past 50 years<sup>4</sup>. In other words, if a plane ticket from Toronto to Vancouver cost \$500 in 1960, it still costs \$500 today! Is there any other commodity that's price has remained so constant?

Conversely, the amounts of AIF's collected by the airports have far exceeded inflation and passenger growth. Referencing figure 1 below, we observe, for example, that the Halifax airport has increased its AIF revenue by 86% over 5 years! With the exception of the Lester B. Pearson International Airport (YYZ) in Toronto, all major Canadian airports have increased their AIF's well in excess of inflation.

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<sup>3</sup> Memorandum of Agreement between the Air Transport Association of Canada and Canadian Airports excluding Lester B. Pearson International Airport (YYZ) ("*Remaining Airports MOA*"). s. 8.1

<sup>4</sup> Statistics Canada. *Table 401-0004 - Average domestic fares for Canada and ten major cities, annual (dollars)*, CANSIM (database).



**Figure 1 – Airport Improvement Fee increase corrected for passenger growth for the five years 2009-2013.**

### ***Use of Airport Improvement Fees by Airport Authorities***

The WJPA has serious concerns about the use of the monies collected by the airport authorities. The AIF's are intended to fund airport capital improvements such as runways, terminal buildings and other air side facilities<sup>5</sup>. These capital improvements have slowly evolved to fund “Taj Mahal”-type facilities which offer little collective benefit to the travelling public. For example, many Canadian airports now have terminal facilities that mirror shopping malls complete with commissioned art work<sup>6</sup>, pet therapy<sup>7</sup>, and live music<sup>8</sup>. At the Edmonton International Airport (YEG) runways and taxiways have fallen

<sup>5</sup> Memorandum of Agreement between the Air Transport Association of Canada and Canadian Airports excluding Lester B. Pearson International Airport (YYZ). s. 1.1

<sup>6</sup> <http://www.torontopearson.com/en/shopdinerelax/art-exhibits/changing/#>

<sup>7</sup> <http://flyeia.com/shop-dine-relax/relax/pet-therapy-society>

<sup>8</sup> <http://flyeia.com/shop-dine-relax/relax/live-performances>



into disrepair<sup>9</sup> while commercial office space is being built complete with “top-notch” fitness facilities complete with “all the bells and whistles”<sup>10</sup>. Perhaps the most egregious example of mission creep is found at the Kelowna International Airport (YLW). The Kelowna airport recently announced its plans to add a wine bar, a seasonal fruit display, and a car detailing service to its airport property<sup>11</sup>. Ordinarily, capital financing is provided by private investors who then receive a return on their investment derived from the commercial revenue provided by these initiatives. However, in these cases, these commercial projects are funded in part by airline employees who have no choice of whether or not to contribute to these projects and receive no benefit.

### ***Airport Improvement Fee MOA Relevant Terms Relating to Employees***

Both the YYZ AIF agreement and the Remaining Airports MOA contain provisions relating to employee travel. The YYZ AIF agreement explicitly excludes airline employees from the AIF.

The YYZ AIF applies to all “*enplaned passengers*”. The agreement<sup>12</sup> defines an “*enplaned passenger*” as:

*...a departing passenger...but which shall not include:*

*(a) airline employees; and*

*(c) customers travelling on passes or other travel documents with discount codes ID/IN...*

Similarly, the Remaining Airports MOA contains a clause defining to whom the

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<sup>9</sup><http://www.edmontonjournal.com/news/edmonton/Suncor+sues+Edmonton+International+Airport+over+faulty/10102267/story.html>

<sup>10</sup> <http://corporate.flyeia.com/working-eia/current-employees/employee-health-and-wellness>

<sup>11</sup> <http://www.castanet.net/news/Kelowna/136554/YLW-embarks-on-expansion>

<sup>12</sup> Greater Toronto Airports Authority Airport Improvement Fee Agreement executed January 1, 2011.

AIF applies to<sup>13</sup>:

*11.6 The obligation imposed by an Airport pursuant to this MOA upon Signatory Air Carriers to collect and remit an AIF will not apply to customers travelling on passes or other travel documents with discount codes ID/IN.*

ID discount codes are an industry term referring to “Industry Discount” fares (ie. discounted employee standby fares). Similarly, the term “passes” is a general term in the industry used to refer to free or discounted employee travel tickets.

Despite the unambiguous nature of this clause, in its ordinary and literal construction, airport authorities do not interpret this clause as applying to employees travelling to work (or pleasure) on passes. In an attempt to appease airport authorities, airlines have collected AIF’s from employees and remitted them to the airport authorities. The collective effect of these fees presents a serious financial obligation on airline employees.

Airline employees are the *only* employees from federally regulated industries which contribute to capital improvements at their workplaces. For example, railroad employees didn't need to contribute to the \$900 million to renovate the Union Station in Toronto and employees of the Toronto Port Authority did not need to contribute for the construction of the passenger walkway at Billy Bishop Airport (formally Toronto City Center).

### ***The Financial Burden of the AIF on Commuting Employees***

The average airline employee travels to work and home four times per month. An

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<sup>13</sup> Memorandum of Agreement between the Air Transport Association of Canada and Canadian Airports excluding Lester B. Pearson International Airport (YYZ). s. 11.6

employee residing in Winnipeg, but based in Calgary is charged two \$30 AIF's each time they must report for work. In addition, these fees are subject to GST, PST and HST as applicable which, along with the additional fees & surcharges many airports impose, result in a total round-trip cost of close to \$80. Although this seems inexpensive in terms of airfare for the traveling general public, it represents a significant annual cost for our flight crew travelling to work. These AIF's alone result in the employee paying nearly \$3000 per year, in *after tax income*, just to report for work. Considering the employee derives no benefit from the AIF, the WJPA submits that the collection of AIF's from commuting employees is unconscionable. It is our view that the original intent of section 11.6 of the MOA was to exclude airline employees from the AIF in an effort to recognize the long-standing spirit of discounted air travel for airline employees as, prior to the introduction of the AIF in 1999, a commuting airline employee was required only to pay the cost a small discounted fare to the airline itself.

### ***Submissions of the WestJet Pilots Association***

The WJPA submits the following:

- 1) Airline employees do not receive any material benefit from airport capital projects and therefore the AIF's do not provide any consideration for airline employees.
- 2) Airline employees are contractually exempt from AIF's but continue to be charged the AIF by local airport authorities.
- 3) Airport authorities should be statutorily barred from collecting fees from airline employees.

## Appendix “A” – Growth of Airport Improvement Fees over 5 Years

Airport	Pax 2009	AIF Collected 2009	AIF/Pax 2009	Pax 2013	AIF's Collected 2013	AIF/Pax 2013	% Increase
<b>YHZ<sup>14</sup></b>	3,417	\$18,219	\$5.33	3,586	\$35,591	\$9.92	<b>86%</b>
<b>YEG<sup>15</sup></b>	6,100	\$43,100	\$7.07	6,983	\$74,793	\$10.71	<b>51%</b>
<b>YYC<sup>16</sup></b>	12,200	\$89,100	\$7.30	13,600	\$142,239	\$10.45	<b>43%</b>
<b>YOW<sup>17</sup></b>	4,233	\$27,261	\$6.44	4,579	\$38,370	\$8.37	<b>30%</b>
<b>YVR<sup>18</sup></b>	16,200	\$86,509	\$5.34	17,900	\$122,300	\$6.83	<b>28%</b>
<b>YUL<sup>19</sup></b>	12,225	\$103,969	\$8.50	14,095	\$144,100	\$10.22	<b>20%</b>
<b>YWG<sup>20</sup></b>	3,379	\$28,954	\$8.57	3,500	\$34,154	\$9.76	<b>14%</b>
<b>YYZ<sup>21</sup></b>	30,400	\$262,331	\$8.63	36,100	\$314,061	\$8.70	<b>0.8%</b>

**Table 1 – 5 Year growth of Airport Improvement Fees.** All figures in thousand's. Note: AIF/pax is not the AIF charged to the enplaning passenger, but the average amount of revenue collected from each passenger through the AIF.

<sup>14</sup> Halifax International Airport Authority Annual Reports.

[http://hiala.ca/wp-content/uploads/2012/12/HIAA\\_AnnualReport\\_2009.pdf](http://hiala.ca/wp-content/uploads/2012/12/HIAA_AnnualReport_2009.pdf)

<http://hiala.ca/wp-content/uploads/2014/05/HIAA-Annual-Report-English.pdf>

<sup>15</sup> Edmonton International Airports Authority Annual Reports.

[http://corporate.flyeia.com/sites/default/files/Files/Reports%20and%20Publications/57141\\_eia\\_ar09.pdf](http://corporate.flyeia.com/sites/default/files/Files/Reports%20and%20Publications/57141_eia_ar09.pdf)

<http://flyeia.com/sites/default/files/Files/Reports%20and%20Publications/eia-2013annualreport.pdf>

<sup>16</sup> Calgary International Airports Authority Annual Reports.

[http://www.yyc.com/portals/0/221\\_2010AGM\\_presentation\\_150.pdf](http://www.yyc.com/portals/0/221_2010AGM_presentation_150.pdf)

<http://www.yyc.com/Portals/0/YYC-2013%20Annual%20Report.pdf>

<sup>17</sup> Ottawa International Airports Authority Annual Reports.

<https://yow.ca/files/yow/files/publications/ottawaairport-annualreport-2013-en.pdf>

<sup>18</sup> Vancouver Airport Authority Annual Report.

[http://www.yvr.ca/Libraries/Annual\\_report/2009\\_Annual\\_and\\_Sustainability\\_Report.sflb.ashx](http://www.yvr.ca/Libraries/Annual_report/2009_Annual_and_Sustainability_Report.sflb.ashx)

[http://www.yvr.ca/Libraries/2013\\_Annual\\_Report/2013\\_Economic\\_Report.sflb.ashx](http://www.yvr.ca/Libraries/2013_Annual_Report/2013_Economic_Report.sflb.ashx)

<sup>19</sup> Aeroports de Montreal Annual Reports.

[http://www.admtl.com/sites/default/files/2009\\_Annual\\_Report.pdf](http://www.admtl.com/sites/default/files/2009_Annual_Report.pdf)

[http://www.waa.ca/uploads/ck/files/2013-Annual-Report\\_WEB.pdf](http://www.waa.ca/uploads/ck/files/2013-Annual-Report_WEB.pdf)

<sup>20</sup> Winnipeg Airports Authority Annual Reports.

[http://www.waa.ca/uploads/ck/files/2013-Annual-Report\\_WEB.pdf](http://www.waa.ca/uploads/ck/files/2013-Annual-Report_WEB.pdf)

[http://www.waa.ca/uploads/ck/files/AnnualReport/2009\\_AnnualReport.pdf](http://www.waa.ca/uploads/ck/files/AnnualReport/2009_AnnualReport.pdf)

<sup>21</sup> Greater Toronto Airports Authority Annual Reports.

[www.torontopearson.com/uploadedFiles/GTAA/Content/Publications/GTAA\\_2009\\_Annual\\_Report.pdf](http://www.torontopearson.com/uploadedFiles/GTAA/Content/Publications/GTAA_2009_Annual_Report.pdf)

[www.torontopearson.com/uploadedFiles/GTAA/Content/Publications/GTAA\\_2013\\_AnnualReport.pdf](http://www.torontopearson.com/uploadedFiles/GTAA/Content/Publications/GTAA_2013_AnnualReport.pdf)