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# Standing Committee on Transport, Infrastructure and Communities

EVIDENCE

**NUMBER 120**

Thursday, June 6, 2024

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Chair: Mr. Peter Schiefke





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Thursday, June 6, 2024

• (1105)

[*English*]

**The Chair (Mr. Peter Schiefke (Vaudreuil—Soulanges, Lib.)):** I call this meeting to order.

Welcome to meeting number 120 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, April 18, 2024, the committee is resuming its study of the Competition Act and air travel in northern, rural and remote communities.

Before we begin, I'd like to remind all members and meeting participants in the room of the following important preventative measures.

To prevent disruptive and potentially harmful audio feedback incidents, which can cause injuries, all in-person participants are reminded to keep their earpieces away from the microphones at all times.

As indicated in the communiqué from the Speaker to all members on Monday, April 29, the following measures have been taken to help prevent audio feedback incidents.

All earpieces have been replaced by a model that greatly reduces the probability of audio feedback. These new earpieces are black in colour, whereas the former earpieces were grey. Please only use the black, approved earpiece.

By default, all unused earpieces will be unplugged at the start of the meeting. When you're not using your earpiece, please place it face down on the middle of the sticker that you will find on the table for this purpose, as indicated. Please consult the cards on the table for guidelines to prevent audio feedback incidents.

The room layout has also been adjusted to increase the distance between microphones and reduce the chance of feedback from an ambient earpiece.

These measures are in place so we can conduct our business without interruption and to protect the health and safety of all participants, including our interpreters. Thank you all for your co-operation.

I'd now like to welcome our witnesses, colleagues.

Appearing from 11 to noon today, we have, from the Air Transport Association of Canada, Mr. John McKenna, president and chief executive officer. Welcome to you, sir.

From the National Airlines Council of Canada, we have Jeff Morrison, president and chief executive officer. Welcome back.

From North Star Air, we have Mr. Jeff Stout, president and chief executive officer. Welcome to you.

We'll turn it right over to you, Mr. McKenna, for your opening remarks.

I will give you the floor. You have five minutes, sir.

**Mr. John McKenna (President and Chief Executive Officer, Air Transport Association of Canada):** Good morning.

This year, the Air Transport Association of Canada is celebrating 90 years of representing this country's commercial air transport industry.

Our 175 members are engaged at all levels of commercial aviation and flight training in every region of Canada. Our membership ranges from very large domestic, transborder and international carriers to regional carriers, flight training organizations and the Canadian air transport support industry.

[*Translation*]

Our members offer services to all regions of this country, including to northern, rural and remote communities.

[*English*]

The high costs of operating air services in Canada are affected by many factors. A significant portion of these fees are charges that are added directly to the price of tickets or indirectly through fuel excise taxes, carbon taxes, airport taxes, regulatory costs, outrageous APPR compensation and charges, and non-subsidized services.

[*Translation*]

These costs combined make it impossible for airlines to offer competitive services in Canada, compared to other markets or other modes of transportation.

It is fair, however, to say that the Canadian air travellers have more options today in travel decisions as they are no longer limited to one or two airlines.

[English]

In addition to Air Canada and WestJet, today's consumers can travel with Porter Airlines and other large carriers to most major markets and cities in Canada. Greater travel options put a downward pressure on prices. The government needs to embrace even greater competition by limiting the huge barriers to entry into our market, as well as those that limit return on the investment.

The northern and remote regions of Canada are geographically large and face a different reality. The user-pay model is not and cannot be applicable to those markets. The concentration of services is sometimes the only way that service can be guaranteed, given the sparsely populated, huge territory.

The merger of First Air and Canadian North is a prime example of the consolidation of air operator resources that is needed to maintain service to small and very remote communities that depend on air service as a lifeline. That merger was key to their combined ability to provide the service needed to airports, which are a vital socio-economic link to the rest of Canada. Many airports are also important feeders of international passengers to and from major airport hubs in Canada.

Interline agreements are an option, but the government should perhaps go a step further. Many airlines linking the major Canadian hubs to the larger northern markets such as Yellowknife and Whitehorse should be strongly encouraged to also service the less lucrative, smaller, northern, outlying markets, perhaps through interline agreements.

[Translation]

Competition in the air transport industry can also be felt in the critical labour shortage in Canada for pilots and aircraft maintenance engineers, or AMEs. Demand for experienced pilots and AMEs is draining regional airlines of their resources.

[English]

Indeed, the demand for experienced pilots and AMEs is draining regional airlines of their resources. The larger airlines in Canada are hiring more pilots and AMEs than this country produces in any given year. They hire away from the regional carriers. Faced with an imminent labour drain, the regional carriers have a choice between lowering the frequency of service or cutting out routes altogether.

Therefore, ATAC considers the following basic but necessary first steps to be key to the competitiveness of Canada's aviation sector.

The government needs to reinvest at least the majority, if not all, of the aviation-generated revenues back into aviation infrastructure. This is essential to maintaining our industry. We don't stand a chance of being competitive as long as the government continues to see aviation as no more than a cash cow.

[Translation]

Regional aviation is a vital link in Canada's connectivity and government investment in regional and northern air infrastructure is long overdue. The government has to recognize that the user-pay model can't possibly work in northern, rural and remote communi-

ties as that model just can't sustain operations in these regions that depend almost entirely on aviation.

• (1110)

[English]

Finally, establish a federally backed funding program for qualified Canadian students attending professional flight schools or for post-secondary institutions providing aircraft maintenance engineer programs approved by Transport Canada. This would help attract the vast number of pilots and maintenance personnel so desperately needed to address critical shortages that are seriously impacting service to Canadians.

Thank you.

**The Chair:** Thank you very much, Mr. McKenna.

Next we'll go to Mr. Morrison.

Mr. Morrison, the floor is yours. You have five minutes, sir.

[Translation]

**Mr. Jeff Morrison (President and Chief Executive Officer, National Airlines Council of Canada):** Thank you for inviting me to appear before the committee, Mr. Chair.

[English]

Once again we are before this committee to discuss air travel in relation to rural, northern and remote communities.

First let me acknowledge that we are on the traditional territory of the Anishinabe peoples.

Canada's airlines are committed to providing service to communities large and small throughout the country. Although air travel is an undisputable force for good for all Canadians, it has particular relevance for people living in rural, remote and northern areas, given its vital link in the supply chains, its relevance for tourism, and that air travel of course is often the only viable link to the outside world.

NACC member airlines provide service to all provinces and operate over 50 airports in Canada outside the tier one, or top eight largest airports. Many of Canada's 24 domestic carriers also provide specialized regional service. I believe Mr. Stout will likely speak more to that.

As I said when I was here a few weeks ago, NACC's vision of a competitive air travel system is one in which all carriers, large and small, have the same opportunities to succeed. Having said that, I will reiterate some of the key challenges to competitiveness that I spoke of before this committee and what you've heard from other witnesses, including Mr. McKenna, in the context of rural, remote and northern service.

You've heard repeatedly about the negative impacts that the high cost of third party fees and charges inherent in Canada's user-pay system have on the competitiveness of Canada's air travel system, a fact that is exacerbated when seen through the lens of rural, remote and northern regions. With lower populations and lower margins, providing comprehensive and affordable service to regional and remote communities is an ongoing challenge, but, as our northern carrier colleagues expressed to you last week, this is compounded by such high user charges as airport rents, air navigation fees, fuel excise charges, the 33% increase in the air service charge implemented last month, and so forth.

By the way, this is not just the opinion of Canada's airlines. Our American counterpart, Airlines for America, has informed this committee that since 2019 there has been a 38% reduction in American carriers flying to tier two—or smaller—airports in Canada, with the high cost burden cited as the top reason.

Anecdotally, I just got back yesterday from the IATA annual general meeting in Dubai, and I can share with you that Canada's reputation as a high-cost jurisdiction is something that I heard more than once.

Airport infrastructure is another challenge disproportionately impacting rural, remote and northern communities. For example, aircraft may not be able to land at smaller airports in the case of inclement weather, because they may not have the required lighting requirements, which compounds potential disruptions. We heard at the recent accessibility summit that meeting the needs of passengers with accessibility challenges can be more challenging at smaller airports due to their inability to upgrade infrastructure.

You heard last week about the challenges northern airports face in meeting infrastructure and safety requirements within the confines of a strict user-pay system. As we've said before to this committee, can it really be considered user-pay when the federal government takes out over \$400 million per year more in airport rents than it reinvests back into the system?

Another point is that many stakeholders, including many non-airline entities, have been clear that if the APPR regulations, as proposed by the CTA in July 2023, are implemented, they would have a negative impact on regional and remote connectivity. Canada's Atlantic premiers, rural airports, unions, smaller municipalities—including communities from my home region of northern Ontario, as represented by the Northern Ontario Large Urban Mayors caucus—have publicly expressed these concerns. Many of these concerns over regional connectivity have mostly been in response to the proposed regulations released in July 2023. They don't even yet focus on the cost recovery component of the APPR reform, which will drive costs even higher and put regional connectivity at even greater risk.

These concerns were well captured by the Atlantic Canada Airports Association, which said, "Increased regulatory demands including penalties, cost recovery mechanisms and other penalties will burden airlines with higher operational costs, potentially translating to escalated ticket prices for air travellers and reduced regional connectivity."

Mr. Chair, since I last appeared before this committee just a few weeks ago, the Competition Bureau of Canada has launched a consultation on the terms of reference for an upcoming market study into air travel that it will undertake. We will propose that the Competition Bureau focus its study on the competitiveness of the overall air travel system and look at how we can better balance the user-pay principle so that the negative impacts of Canada's current approach, particularly those impacts disproportionately impacting rural and remote communities, can best be addressed.

● (1115)

[*Translation*]

Thank you, Mr. Chair.

[*English*]

I look forward to the conversation.

**The Chair:** Thank you very much, Mr. Morrison. Thank you for being here. I know that you just came off an overnight flight from Dubai, and we appreciate your presence.

Next, we'll go to Mr. Stout.

The floor is yours, sir. You have five minutes.

**Mr. Jeff Stout (President and Chief Operating Officer, North Star Air Ltd.):** Hello. Thank you for inviting me here today. My name is Jeff Stout, and I'm the president and chief operating officer of North Star Air. This is my first time engaging with parliamentarians, and it's a distinct honour to be here today.

Ottawa often seems so far away from home in Thunder Bay and from the communities we work with on a daily basis, so I'm excited to be here and share some of our insights about the north with you.

North Star Air is a unique airline to me. It's special because my father started it as a family business over 25 years ago. As a family, we've worked hard to grow this airline and ensure we could continue to serve northern communities. In 2013, when it became abundantly clear that my dream of becoming an NHL goalie was not going to happen, I joined the company as a ramp hand, loading airplanes in Pickle Lake, the northernmost road-accessible community in Ontario.

Over the last 11 years, we've grown from a team of 40 to over 320 strong and have tripled our fleet size to 21 aircraft today. As part of this journey, we finalized a deal in 2017 with the North West Company, which now wholly owns us. Our success story can be attributed to our community-minded approach. Our growth introduced competition into our markets and let community members vote with their dollars. Today, we are proud to have revenue-sharing agreements and partnerships with 12 first nations. We offer passenger service to 14 communities in northern Ontario and compete with other regional airlines on over half of those routes. We also compete with other carriers for chartered passenger aircraft services.

The rest of our services are dedicated to cargo and bulk fuel deliveries. We provide freight service, bringing fresh produce and essential retail goods to over 50 communities in northern Ontario, northern Manitoba and Nunavut. This is why the North West Company acquired us, to fill in critical logistics gaps. Although it is important to note that we operate separately and distinctly from the North West Company's stores, our freight business services all retailers, including community stores. We have competition from other providers on the majority of our routes, despite the small market size.

Operating in the north comes with substantial challenges, and I believe parliamentarians and government can help northern communities address them. Approximately 10% of our flights are cancelled before we even depart, because of infrastructure deficiencies in the north, including lack of precision approaches, the scarcity of de-icing equipment and the lack of precise weather reporting. This means our flights cannot land in bad weather conditions, which you can imagine are quite frequent in the north. Most northern airport authorities do not provide de-icing services, and storage space is limited or unavailable, which is a safety risk that seriously impacts our operations. High cancellation rates mean we must be careful about our levels of aircraft utilization. I believe this committee has heard quite a bit about the impacts of the flight and duty time regulations. Those have required us to hire 13% more pilots to maintain the same level of aircraft utilization as pre-regulation.

Other airlines are taking similar steps, thus creating a domino effect within the industry whereby more pilots are required to complete the same number of flights. This market dynamic has subsequently resulted in an increased price of operations. Over the last three years, we have seen pilot costs alone increase by over 30%. While we provide bursaries to community members interested in becoming pilots, we believe the government can do more to incentivize others to enter the profession.

My family grew this business out of a love for the north, and that guides how we operate today. We try to give back through these bursaries. We've launched a recycling program to help communities with their waste management. We have the community partnerships fund, which has resulted in tangible infrastructure and economic growth in the communities we partner with. We are fully committed to the north. Our commitment means that it is critical for us to control costs and ensure that flights land safely and on time. We are an essential lifeline for the communities we serve and want to be an enabler in social and economic prosperity in the north. This means

making sure we can help people reach doctors' appointments, travel for educational opportunities, and access fresh and healthy produce.

I recognize the committee members may have questions about our unique operating environment or the challenges we face. I look forward to answering your questions and appreciate your collective interest in supporting the north.

Thank you again for this opportunity to share our story with you.

● (1120)

**The Chair:** Thank you very much, Mr. Stout. I would like to thank you as well for being here and lending your expertise and your guidance to us today.

We'll begin our line of questioning today with Dr. Lewis.

Dr. Lewis, the floor is yours. You have six minutes, please.

**Ms. Leslyn Lewis (Haldimand—Norfolk, CPC):** Thank you, Mr. Chair.

I want to thank the witnesses for coming today and for their testimony.

Mr. Chair, I would like to take the opportunity at this moment to move a motion on a very urgent matter. I tabled this motion last week, and it has been distributed to all the members of the committee in both official languages. I move:

Given that

a. Sustainable Development Technology Canada, a \$1-billion taxpayer fund, is under investigation by the Auditor General and the Conflict of Interest and Ethics Commissioner, and

b. A former director of the fund, Andrée-Lise Méthot, helped to send multiple companies in which she has a financial interest millions of dollars, and despite this the government appointed her as a director to the Canada Infrastructure Bank;

Pursuant to Standing Order 108(1)(a), the committee order the Canada Infrastructure Bank to provide the committee, within seven days of the adoption of this motion,

a. The resignation letter of Andrée-Lise Méthot,

b. A comprehensive and detailed summary of the projects and funds that she oversaw during her time on the CIB board, and

c. Any internal communications regarding or relating to her resignation from the board;

And, pursuant to Standing Order 108(2), the committee call for the following witnesses to testify before the committee for no less than two hours each:

a. Andrée-Lise Méthot, founder and managing partner, Cycle Capital,

b. Jayne Huntley, director of appointments, PCO,

c. Dominic LeBlanc, Minister of Public Safety, Democratic Institutions and Intergovernmental Affairs, and

d. Ehren Cory, CEO, Canada Infrastructure Bank.

Mr. Chair, I'd like to take a few moments to remark on this motion.

Sadly, it is no surprise that we see yet another instance of mismanagement and waste from the Liberal government. The Auditor General's report, released earlier this week, is truly shocking. She assessed the extent to which there were ethical violations and mismanagement at SDTC, Sustainable Development Technology Canada, what we call the government's green slush fund. According to the CBC, her report found that SDTC "violated its conflict of interest policies 90 times, awarded \$59 million to 10 projects that were not eligible and frequently overstated the environmental benefits of its projects."

This is shocking evidence of gross mismanagement by this fund and by this government. It is incumbent upon this committee to get to the bottom of this for Canadians. It is also essential that we find out how a member of the board of directors at the green slush fund, who has admitted to several of these 90 conflicts of interest involving millions of taxpayer dollars, ended up being appointed to the Liberal Canada Infrastructure Bank. It is completely unacceptable that those who repeatedly violate conflict of interest policies should be promoted to plum government positions because of their connections as Liberal insiders.

The motion I have put forward is a necessary step to ensure accountability from this government. Canadians continue to pay high carbon taxes and struggle with affording rent and groceries, while this government plays fast and loose with taxpayer dollars, appointing friends to boards who serve their own financial interests while Canadians get no environmental benefit.

Ms. Méthot is implicated in mismanaging and mishandling 42 million dollars' worth of taxpayer funds by awarding contracts to companies she had financial interests in. How is it that this government, as though it were perfectly fine to appoint her to the Canada Infrastructure Bank, does not need to answer questions?

We know that Ms. Méthot tendered her resignation from the bank in April. We have her resignation letter from the bank.

• (1125)

We know that the Liberal government has also been embarrassed by the revelations of this mismanagement by the fund and that they decided a week ago to abolish the green slush fund. However, none of this absolves Ms. Méthot, the Liberal government or the minister from having to answer to Canadians about what they knew, when they knew it, how this happened and how deep this corruption goes.

I am certain that the government members here on this committee will welcome and support the investigation, so that Canadians can have answers, because Canadians do indeed deserve answers.

Thank you, Mr. Chair.

**The Chair:** Thank you very much, Dr. Lewis.

I have on the speaking list Dr.—or Mr.—Bittle.

Mr. Bittle, the floor is yours.

**Mr. Chris Bittle (St. Catharines, Lib.):** I'm definitely not "Doctor". I know some lawyers who have gone to "juris doctor", but I don't think we're bold enough to attempt even that.

This is a little disappointing. I'm old enough to remember when Conservatives cared about rural and remote communities, and we

have witnesses here who are ready to testify and provide answers. I know Ms. Lewis represents a rural community, but she's close enough to Pearson, where I guess this doesn't matter.

What she has left out is that this has been under study by two other committees, so her pretense that this is urgent and shocking and hasn't been touched by Parliament before is a bit misleading. Even though Ms. Lewis acknowledges that the committee has received the resignation letter and a detailed summary of the projects and funds that Ms. Méthot oversaw during her time on the CIB board, her motion doesn't actually reflect that.

I really just want to hear from the witnesses. I know this committee has an agreement that studies go from party to party, and I believe the Conservative party is up next, but I believe this is best addressed by scheduling a committee business meeting. I'd like to hear from the witnesses today.

Therefore, I move that we adjourn debate, now that Ms. Lewis has her Facebook clip.

**The Chair:** Thank you very much, Mr. Bittle.

We'll just wait for all members to return to the table.

I'll now turn it over to the clerk.

Madam Clerk, go ahead.

**The Clerk of the Committee (Ms. Carine Grand-Jean):** You're voting on the motion to adjourn the debate.

**Ms. Leslyn Lewis:** On a point of order, I don't believe we can if there's somebody else on the list. Is there somebody else on the list?

**The Chair:** There's nobody on the list.

(Motion negatived: nays 6; yeas 5)

**The Chair:** I have Mr. Bittle and then Mr. Bachrach.

Mr. Bittle, go ahead.

**Mr. Chris Bittle:** I'll defer to Mr. Bachrach first and put my name back on the list.

**The Chair:** Mr. Bachrach, the floor is yours.

**Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP):** Thanks, Mr. Chair.

This is an issue of concern for us, as it is for many Canadians. However, I believe the House of Commons already has some of this information in its possession, including the resignation letter. As Mr. Bittle—Dr. Bittle, rather—was saying....

We're just bugging you now, Chris. I'm sorry.

As he mentioned earlier, this committee has a long-standing practice of ensuring that each party has the ability to bring forward a study in turn. I know not every committee has that practice. If we wish to abandon the practice, I suppose that can be done at any time. It's certainly not in the Standing Orders. However, it has led to a committee that is more convivial and collaborative than most. I've certainly appreciated it, having been on the committee for four years. Last time certain members tried to double-stack studies on topics of interest for their party, there were protestations from Mr. Strahl that this was contrary to our practice as a committee, and I backed him up on that. Eventually, we got back to the practice we had. I'm happy to pursue this study, but I would note that we just finished a study on Lynx Air, which was a Conservative study.

Perhaps I'll ask Madam Clerk, through you, Mr. Chair, what the next study is that this committee plans to undertake. I understand that we have a work plan, and time is ticking down prior to the summer recess. With that information, we could decide where this falls. I'm more than happy to study this.

I would also note that this is a topic of study at the industry committee. The industry committee has already held several meetings on this topic. While there may be a desire to have every committee preoccupied with this issue, I think we can efficiently get answers for Canadians utilizing the committee that is most relevant to the issue at hand. The simple fact that she was appointed to and then resigned from the board of the Infrastructure Bank seems a bit of a tenuous connection to the mandate of our committee, which is infrastructure and transportation.

I represent a rural community. Air travel to rural Canada and northwest British Columbia is a matter of urgent concern for the people I represent, who are paying as much as \$1,200 to fly between northern B.C. communities and Vancouver. This is unaffordable for many families. They want to see greater competition, lower prices and more affordability in the air sector. That's the topic we're trying to get to the bottom of today. It's something that might not be of urgent concern to urban Canadians—the folks in the big metropolitan centres who are served by several if not dozens of airlines—but it really matters to small places and to Canada's north. I'm hoping the recommendations from this report can push the government in a direction that results in better affordability for those areas.

We don't have that many meetings left before the summer break. I'm hoping that at some of our future meetings we'll hear from the witnesses I put forward, including the mayors of northwest B.C. communities. I'd love to hear from some of the smaller airlines that have tried to compete in these smaller markets and have had to exit for various reasons, so we can better understand what those reasons are.

I didn't vote to adjourn debate. I think there's a version of this that I can get on board with. That would be to carve off the piece about a study and deal with that issue at a future business meeting when we talk about the work plan for the committee. I think that's a fair approach. Simply ordering the production of the resignation letter, “a comprehensive and detailed summary of the projects and funds” and “any internal communications” is certainly relevant. As I mentioned, some of that information is already in the possession of the House of Commons.

I would move, Mr. Chair, that we amend the motion by removing all words after “her resignation from the board”.

• (1130)

**The Chair:** Thank you very much, Mr. Bachrach.

We have a motion on the floor to amend the motion tabled by Dr. Lewis.

In response to Mr. Bachrach's inquiries about the next steps for the committee, I'll share with everyone that we still have to conclude the study we're currently working on right now on rural and remote airports.

Following that, we still have, among things to attend to, the review and clause-by-clause consideration of recommendations for the study we just left off on Tuesday about HFR.

Following that, we'll go into our normal rotation, which has the Bloc Québécois up next, followed by the NDP.

[*Translation*]

The Bloc Québécois would like to discuss the river navigation regulations, I believe. I think that is still the case.

[*English*]

After that, we have only one for you, Mr. Bachrach, which I believe is still on the towing vessels, if that hasn't changed.

That's where we are now. That's where we left off.

I don't think we'll be getting to either the Bloc Québécois's study or yours, Mr. Bachrach, before the fall. If we're really lucky, we'll be able to conclude this study and possibly conclude going through the HFR study.

I see your hand up, Mr. Strahl. I have added your name, so you can put your hand down.

With that, I'll turn the floor over to you, Mr. Bittle.

• (1135)

**Mr. Chris Bittle:** Is Monsieur Barsalou-Duval on the list?

**The Chair:** He is. He's after you, so it's over to you, Mr. Bittle.

**Mr. Chris Bittle:** I'm willing to go to the bottom of the list.

[*Translation*]

**The Chair:** You have the floor, Mr. Barsalou-Duval. We will then go to Mr. Strahl, then to Mr. Biddle.

**Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ):** Thank you, Mr. Chair.

I would like us to have an opportunity to deal with this matter as quickly as possible so we can hear what our witnesses have to say today. They will be speaking about a subject that is extremely important: regional air transportation.



I think regional air transportation has been in crisis for many long years. The subject deserves to be given our attention and have us do it properly. It is also a matter of respect for the witnesses who are here today.

That said, I would also not want to give the impression that I think Ms. Lewis's motion is not important and the subject does not deserve our attention. For that reason, I am going to make a few comments on the motion.

I would first like to address something that others have also raised before me. Point a of the motion asks that the committee be provided with the resignation letter of Andrée-Lise Méthot. I think that has already been done, so it may no longer be useful for it to be included in the motion. The same is true of the request set out in point b, that the committee be provided with “a comprehensive and detailed summary of the projects and funds that she oversaw during her time on the CIB board”. If I am not mistaken, that document has been provided to us. Again, it seems to me that it is no longer useful to request it.

There perhaps remains the request in point c, which may be of some use to the committee.

I would also like to raise something else. The introduction to the motion itself states that Sustainable Development Technologies Canada, or SDTC, is under investigation by the Auditor General of Canada and the Conflict of Interest and Ethics Commissioner. In fact, the Auditor General is not investigating at present since her investigation has been completed. This part should therefore be reworded to reflect the fact that she has submitted her report on the matter, which is in fact rather devastating regarding management of the funds.

With respect to summoning witnesses, I would need to hear further explanation regarding the reasons for inviting Mr. Dominic LeBlanc and Jayne Huntley, PCO director of appointments. I understand the reasons in the cases of Ms. Méthot and Ehren Cory. I also have a theory about the reasons for including Mr. LeBlanc and Ms. Huntley in the witness list. However, I might like to have an explanation from the people who are proposing this to help me get a better idea of the usefulness of the invitation.

There may be another point I would like to make. It seems to me that inviting each of these people, individually, for a two-hour period each, is a bit much. It also seems to me that these people might find that a bit intimidating. From what I understand, Ms. Méthot has resigned from the Canada Infrastructure Bank and the SDTC. In any event, the Sustainable Development Technology Fund is no longer managed by the SDTC; it is managed by the National Research Council Canada, or NRCC.

The Conflict of Interest and Ethics Commissioner is currently doing an investigation. I think we are going to be looking at what the Commissioner has to say to us on this subject, but I have the impression, or rather I am afraid, that we are abusing our powers and engaging in a kind of witch-hunt, or even a kind of inquisition tribunal, that might want to launch an attack on an individual. I think that individual is entitled to defend their integrity. However, I am not opposed to the individual testifying and explaining them-

selves, and to us doing the work expected of the committee, but, on the other hand, there are also investigations under way.

For these reasons, it seems to me that holding one meeting that all the witnesses in question would attend would perhaps enable us to determine whether it is necessary to go any further. What concerns me is obviously that we not ostracize an individual without sufficient grounds for doing so.

Those are all my comments on the motion. On the amendment proposed by Mr. Bachrach, I am prepared to consider it, but I will continue meditating on it, because I assume other people want to speak on the subject.

Thank you.

● (1140)

**The Chair:** Thank you, Mr. Barsalou-Duval.

[English]

Yes, Mr. Bittle.

**Mr. Chris Bittle:** I propose that we suspend for five minutes and talk about this off-line rather than burning through the witnesses, because I think there is still interest in hearing from these witnesses.

**The Chair:** In the interests of ensuring that we can somehow get to our witnesses today and possibly conclude both of these items, I will suspend for five minutes and allow members to talk off-line. We'll see if we can make some progress.

The meeting is suspended.

● (1140)

(Pause)

● (1150)

**The Chair:** Thanks for your patience, everyone.

I have Mr. Strahl next on my list, so we will turn the floor over to him, followed by Dr. Lewis, Mr. Bachrach and Mr. Bittle.

Mr. Strahl, the floor is yours.

**Mr. Mark Strahl (Chilliwack—Hope, CPC):** Thank you, Mr. Chair.

I think we can move to a vote on this. I think we want the original motion to pass, so if we need to have a discussion or a vote on an amendment, we're happy to have this matter dealt with at the committee right now.

Standing Order 108(2), from my reading of it, is not a 106(4). It does not compel this to go to the top of the order; it merely indicates that this is something the committee wishes to study. The chair or the clerk may want to correct me on that, but that is my understanding, so any worries about this suddenly cleaving in half our study on northern rural airports or air access, I think, are unfounded. This will simply be something that the committee has expressed an interest in pursuing further, and I think clearly we have heard that there is an interest in pursuing it further.

We can discuss how that goes, but I think we can dispose of this rather quickly. We're anxious to speak to the witnesses from both panels, so we're happy to have this go to the votes necessary to deal with this matter.

**The Chair:** Thank you, Mr. Strahl.

I will turn it over to Dr. Lewis.

**Ms. Leslyn Lewis:** I just wanted to speak briefly to a matter raised by Mr. Barsalou-Duval pertaining to the relevance of the witnesses.

I think, in the motion, the relevance of witness "a", Andrée-Lise Méthot, is obvious; she's the person with the alleged conflict.

Witness "b", Jayne Huntley, director of appointments with PCO, obviously had some involvement in appointing the person with the alleged conflict.

Witness "c", Dominic LeBlanc, was the minister at the time and was in charge of this portfolio when the appointment took place.

I think, as Mr. Barsalou-Duval rightly said, the CEO of the Canada Infrastructure Bank, Mr. Ehren Cory, would be relevant.

I want to remind the committee that we're dealing with the mis-handling of \$42 million of taxpayer money. This is a very serious matter. SDTC was found in 90 conflicts of interest, yet this individual was appointed to the Canada Infrastructure Bank, and we know that \$59 million was dispensed to fund 10 projects that were ineligible.

This is a very serious issue that taxpayers need answers to, and I encourage my colleagues to take it in that vein.

Thank you.

**The Chair:** Thank you, Dr. Lewis.

We will go to Mr. Bachrach, who had his hand up next.

**Mr. Taylor Bachrach:** Thanks, Mr. Chair.

I appreciate Mr. Strahl's remarks about the timing. That was my primary concern, given where we are in the session. If this is simply a matter of getting this in the queue as part of the committee's overall work plan and showing that the committee expresses an interest in the topic, which I think we all agree is an important one, then at the risk of seeming contradictory, I will vote against my amendment. I'm happy to support the motion as moved, provided the shared understanding is that it will go into the work plan and we will have a discussion in the future about when we address it.

It could be that by the time we get to it, some of these questions will have been answered by the other committees that are working on it and in the debate in the House of Commons as we speak.

**The Chair:** Thank you, Mr. Bachrach.

Finally, I will turn it over to Mr. Bittle.

**Mr. Chris Bittle:** That's disappointing. The NDP will vote against their own amendment.

Having heard Dr. Lewis's comments, I think it highlights that the study isn't relevant to this committee. I know the Conservatives, with respect to the supply day debate today on this subject and the

discussion of the organization in multiple other committees.... I take the point from Dr. Bachrach himself, who said that it was a tenuous link between this study and the actual mandate of this committee.

I tend to come to this committee only when we're discussing infrastructure issues, and it tends to be that there is an interest in the Canada Infrastructure Bank. I think there's ideological opposition to it with respect to all of the opposition parties, for three distinctly different reasons. I know there were some challenges when it first started out, but we're seeing excellent work by the bank in securing almost \$32 billion in private capital towards 56 projects that benefit ridings across the country.

I'm happy to have Mr. Cory come and testify. Everyone thinks they'll have a gotcha question. He actually shows and is very good at outlining the work that the committee does, project after project, for infrastructure projects that won't get built.

In my role as Parliamentary Secretary to the Minister of Housing, Infrastructure and Communities, I meet not only with members of Parliament, members of the opposition. I meet with mayors, representatives and indigenous leaders across the country. The number-one item—including from the members who are looking at me, hoping that I'll stop talking, and including the witnesses who testified today—is that we need more infrastructure. We need better infrastructure with respect to airports, but also with respect to all items across the board. What better way to do that than to help leverage private capital?

The Conservatives were onside when it was the Harper government. "Public-private partnerships" are fine. We call it a different thing. Maybe if it's just the name, we can change the name of the Canada Infrastructure Bank and the Conservatives will be onside. We'll go back to calling it whatever Stephen Harper called it, and they will be onside.

We even had Lisa Raitt publicly compliment one of the projects from the Canada Infrastructure Bank that the Conservatives are most furious about. The former...I believe she was deputy leader of the Conservative Party, understands, in her role now with CIBC, the importance of that work.

We can keep coming back to this time after time, but let's look at what INDU has done. The study was a recent investigation and report on sustainable development technology in Canada. They had an hour with Andrée-Lise Méthot. She appeared on November 28. There was one and a half hours on December 5. There was a meeting on December 11. There was another meeting on December 12 and another meeting on December 14, which brought us to the Christmas break. Then there was a one-hour meeting on January 31 and another meeting on June 5.

• (1200)

With respect to the ethics committee, they also did a study on “Allegations Related to Governance and Management of Contributions by Sustainable Development Technology Canada”. Maybe we in Parliament should become better at creating our study names—it’s a little dry, but it’s a very important topic. At ethics, there were two meetings, and at public accounts, on June 6, they spent two hours on “Report 6: Sustainable Development Technology Canada”.

I think Monsieur Barsalou-Duval called it a witch hunt. Maybe it’s more of a fishing expedition and we should report this to the fisheries committee for their study.

That’s what we have. I appreciate the vigour of the opposition in trying to keep pulling at the threads, but we’ve been there before.

I’m hoping that we can come back to the original amendment, but I’m hoping maybe.... Perhaps just throw it at the wall and see if it works, Mr. Chair, and perhaps we could suspend again for a few minutes. If not, I’m happy to keep going, but perhaps we could suspend for a few minutes and see what we can do.

**The Chair:** Okay.

What I’m going to do this time is that I’m going to put a timer on for two minutes. If we cannot hammer something out in two minutes, my proposal, colleagues, is that we resume, vote and get to our witnesses. I’m going to propose, with everybody’s agreement, that we bring in all the witnesses and we spend the remaining hour asking questions to whomever we choose. Do I have agreement for that?

**Some hon. members:** Agreed.

**The Chair:** Okay. We’ll suspend for two minutes and come back and, hopefully, have consensus.

• (1202)

(Pause)

• (1205)

[*Translation*]

**The Chair:** Resuming the meeting.

Mr. Schetagne, I will give you the floor in a moment so you can make your presentation and tell us your views. After that, unfortunately, we will have to continue our discussion on the motion that has been made.

**Mr. Sylvain Schetagne (Senior Researcher, Canadian Union of Public Employees):** That’s fine.

[*English*]

**The Chair:** I believe we have unanimous consent to deviate from the discussion we were having on Dr. Lewis’s motion, as well as the amendment forwarded by Mr. Bachrach, in order to provide five minutes each to our three witnesses, whom we have not heard from today, to provide their opening remarks.

Do I have unanimous consent?

**Some hon. members:** Agreed.

Okay. With that, colleagues, I’d like to introduce Ms. Gina Bento, founding chief executive officer of Arctic Aviation, as well as Canadian Union of Public Employees representative Sylvain Schetagne, senior researcher, who is joining us by video conference.

[*Translation*]

Welcome.

[*English*]

Also, from Keewatin Air LP, we have David White, chief executive officer, joining us by video conference.

Ms. Bento, we will turn the floor over to you to get things started for five-minute opening remarks.

The floor is yours.

**Ms. Gina Bento (Founding Chief Executive Officer, Arctic Aviation, As an Individual):** Thank you very much, Mr. Chair.

Members of Parliament, fellow Canadians and participants in today’s proceedings, good afternoon. I will do my best to keep this to five minutes.

First, Mr. Chair, to you and to all members of Parliament, thank you for your dedicated service to our country. It is much appreciated. It is an honour to be invited to speak with you this afternoon. Thank you.

I stand before you as an aviation professional working on restoring aviation to the Arctic. I’m the president of the Arctic Aviation revitalization. Up until a short while ago, I was the national civil aviation adviser for the U.S. embassy in Canada, a role I played for over 14 years. I also come from a long line of aviation professionals, from airlines to defence.

I would like to also express my honour to the aboriginal people of Canada. I hope to contribute to their well-being.

What we’re facing today is a dire situation in the Arctic. Over numerous decades, aviation to the Arctic has evolved out of necessity. The Arctic represents about 40% of Canada’s territory. During various consultations with northern community leaders, they have stated that they consider aviation as their Trans-Canada Highway. However, if we’re to continue using this analogy going forward, the situation before us is not one about merely fixing potholes. Rather, it’s one where entire stretches of this highway have now been severely compromised and need immediate attention.

Aviation is a necessary tool enabling Arctic communities to connect to one another and the rest of Canada and the world and to receive the goods they need, not just for their survival but also for their proper functioning. Until recently, the Boeing 737-200 was the main aircraft used to carry goods in the Arctic. However, in 2014 Boeing announced to industry and governments worldwide that they will no longer be providing gravel kits for the aircraft. Furthermore, Boeing is restricting all newer aircraft from landing on gravel.

In our north, Mr. Chair, there are 117 remote airports, of which only seven are paved. As a result, airlines are now resorting to using turboprops. However, this situation is untenable, as these aircraft can carry only about 30% of the cargo and less than half of the passengers. These planes also have less range, are less fuel-efficient and are noisy.

Climate change is further aggravating the state of aviation in the Arctic. The melting of the permafrost is causing grave soil destabilization. The further north you go, the worse it is. Our Arctic airports are in a precarious situation. Our asphalts are cracking at unprecedented levels. Iqaluit Airport alone had over 300 million dollars' worth of damage done to it, despite it being a very new airport.

Thus, the combination of modern jet aircraft needs along with a climate change-induced permafrost melting situation is creating a huge problem for aviation in the Arctic. The populations in the north are suffering. The situation is dire in an environment already facing water and housing crises. People living in the Arctic today face worse living conditions than they did just a few years ago. The data is staggering. For example, over 46% of people in Nunavut live in households facing food insecurity. For the first time ever, a group of Canadians is faring worse than their previous generations and much worse than the rest of Canada.

The impetus to act is upon us. I am not advocating that we should not take the time to carefully analyze the entire situation of aviation to the Arctic and to do this community by community. This is needed. I am, however, saying that we're facing a humanitarian crisis and also a well-known defence issue. We all know that China and Russia keep flexing their muscles in the region. Thus, we cannot afford to wait. It is incumbent upon us to look at what we know today and what we have on hand to bring some form of relief. We need to take some concrete action. The entire region needs to be stabilized.

My ask is for your support to address this situation on hand while we look into formulating a longer-term game plan for bettering aviation to the Arctic. In addition to asphalt, there does exist another runway surface that has been used for decades—aluminum. In fact, aluminum has been used by the U.S. military and other militaries worldwide since the seventies. I could provide more details on this. They have done this very successfully worldwide.

I have been speaking to senior advisers of the Minister of Transportation, the Minister of National Defence and the Minister of Northern Affairs concerning this issue. It is my belief that if we can equip communities that have lost access to Boeing jet aircraft service with this same technology in the short term, we can reap huge gains and lift the entire Arctic region out of the present critical situation that it is facing.

• (1210)

We cannot afford to wait any longer. If the differences in cargo and passengers were less than 10% to 15%, I would say we could wait, but we're looking at differences of over 70%.

I look forward to your questions. Thank you for your time.

**The Chair:** Thank you very much, Ms. Bento. You were only 11 seconds over time, and we appreciate that very much. Thank you so much.

Next we will go to Monsieur Schetagne.

[*Translation*]

Mr. Schetagne, the floor is yours for five minutes.

**Mr. Sylvain Schetagne:** Thank you, Mr. Chair.

Thank you for having me here, even if remotely. I am sorry. Family obligations—

**The Chair:** Excuse me for interrupting you, Mr. Schetagne. Mr. Barsalou-Duval has a point of order.

**Mr. Xavier Barsalou-Duval:** I can't hear what Mr. Schetagne is saying on the French channel. There is no sound on that channel, but there is on the others. We also did not hear the interpretation of the previous testimony.

I wanted to let you know about the situation, because it seems not to be normal.

[*English*]

**The Chair:** We're going to do a quick test to make sure the translation is working. They've asked me to speak in French for a couple of sentences to make sure that everything is working fine. Do we have translation in French? Is the English coming through? I see a head shaking in disagreement by Mr. Barsalou-Duval.

We're going to suspend for two minutes to get this rectified.

• (1215)

[*Translation*]

Thank you, Mr. Schetagne.

[*English*]

Thank you, Mr. White, for your patience on this. We will hear from you. We just want to make sure that we can hear from you in both official languages.

The meeting is suspended for two minutes.

• (1215)

(Pause)

• (1220)

**The Chair:** I call this meeting back to order. I believe that the audiovisual issues have been rectified, and we do now have translation.

[*Translation*]

Mr. Schetagne, the floor is yours for five minutes.

[*English*]

**Mr. Sylvain Schetagne:** Members of the committee, thank you for extending the invitation to the Canadian Union of Public Employees to speak to you today on the Competition Act and air travel in northern, rural and remote communities in Canada.

CUPE is Canada's largest union, representing 740,000 workers, including more than 18,500 flight attendants among other workers in air transportation in Canada.

Canada's air transportation strategy and system have been built around two major market-oriented ideas. First is the need to increase competition between airlines, with the expectation that it will create more air travel options and put downward pressures on the price paid by travellers. Second is that the cost for air travelling should be absorbed by the users of air transportation.

After more than 35 years of this market-oriented experiment, evidence shows that the race to the bottom between airlines did not deliver the expected outcomes for air travellers and communities or for workers in airlines in Canada.

Airlines are businesses. They are going to fly where the money is, and they will do all they can to maximize profit, including cutting costs and services. Their goal is not to increase competition in air travel; it is to make profit. This race for more profits via low- and extra-low-fare carriers has major impacts on services across Canada. Airlines, small and big, are merging to continue to grow and increase their control over some markets. For instance, airlines in the north, like First Air and Canadian North, merged to maintain services, while others are leaving or decreasing services in northern, rural and remote areas for more profitable domestic or international flights from or to large urban areas.

Furthermore, airlines are continuing to force their employees to work unpaid hours to make more profit, and the federal government is complicit in it. Meanwhile, the existing competitive laws or policies will not appropriately investigate the impact of all this turbulence in air travel on airline workers, especially when mergers occur.

To deal with all this turbulence we see in air travel in Canada, some will call for more competition and more deregulation. They will call for more of the same approach that has left us where we are today, as if the call for across-the-board reductions of taxes and fees and across-the-board abolition of existing barriers to competition would be the magic solution to increasing access to air transportation in the north and in rural and remote areas. More needs to be done.

CUPE believes that access to air transportation in these areas is not a luxury. It is essential for the economic development of all parts of Canada, for the tourism industry as well as for the health of many people living in Canada who are forced to travel south or to larger communities to get specialized health care.

What we need is not more deregulation. We need to move toward a demarketization of air transportation, especially in the north and in rural and remote communities across Canada.

CUPE recommends three propositions to make air transportation more accessible, more affordable and more frequent in those areas.

The first is mandatory and price-controlled services to remote areas as a means to maintain an air carrier licence in Canada, a solution somewhat in line with what has been recommended by this committee in the past.

The second is maintaining and expanding public and/or not-for-profit ownership of airlines and airports and/or subsidizing airports to reduce costs to passengers if needed.

Third is directly subsidizing travellers using not-for-profits and publicly-owned airlines going to those areas as a means to compensate for the high costs and high user fees paid by travellers and airlines in these areas.

Strategies to de-marketize may vary based on locations and needs, but they all have in common more government interventions when market-oriented strategies are failing. Across the board, deregulation and cuts in fees and taxes would only limit different levels of governments' ability to intervene in these areas to broaden access to air travel in those parts of the country.

Thank you.

• (1225)

[*Translation*]

**The Chair:** Thank you, Mr. Schetagne.

[*English*]

Finally for today, we have Mr. White.

Mr. White, the floor is yours. You have five minutes for your opening remarks, please, sir.

**Mr. David White (Chief Executive Officer, Keewatin Air LP):** Good morning, honourable members of the committee. Thank you for the opportunity to speak to you today on this important topic.

My name is Dave White, and I am the CEO of Keewatin Air LP.

Keewatin Air is one of the most comprehensive aeromedical organizations in Canada, providing extensive 24-hour emergency air ambulance services, including the delivery of industry-leading health and emergency services to Canada's Arctic region.

Our company is a member of the Exchange Income Corporation family of air operators, a group of 10 Canadian-owned air operators providing air ambulance, flight training, scheduled passenger, charter, rotary wing and comprehensive aerospace services. Collectively, we work from coast to coast to coast as essential service providers in some of Canada's most remote communities and, by extension, some of Canada's most challenging aviation environments.

At EIC, we know we are vital to the communities we serve, and we always take our responsibility seriously in that respect. Throughout our history, we have established a track record of proactively doing business as a responsible and conscientious community partner.

Keewatin Air operates multiple Beechcraft King Air 200/B200s dedicated on a 24-7-365 basis to air ambulance operations that are complemented by our Pilatus PC-12 and Cessna Citation 560. Together, these aircraft transport over 3,000 patients annually, covering 2.3 million medevac miles in Canada's most challenging operating environments.

Keewatin Air maintains bases of operation in Winnipeg, Churchill and Thompson, Manitoba; Igloolik, Iqaluit, Rankin Inlet and Cambridge Bay, Nunavut; and Yellowknife in the Northwest Territories. Like many other EIC operators, Keewatin Air has developed essential services to northern and remote communities for over 50 years and employs over 250 Canadians. Keewatin Air's past, present and future as an air operator in Canada are deeply tied to our northern heritage.

That said, Keewatin Air is a contracted medical transportation provider and not a provider of scheduled airline passenger services. As such, our ability as a company to provide insight to this committee on how air travel in northern, rural and remote communities is impacted by the Competition Act is limited. We can speak only to our own experience, and I can volunteer some insights in that respect as to factors faced by all air operators that may limit the amount of competition the northern communities into which we operate can support.

First, the investments and costs associated with the establishment and maintenance of any aviation operation in northern Canada far exceed costs that would be incurred in the south. Infrastructure building and maintenance costs are higher. The construction season is short. Labour costs are elevated. It is difficult to attract and retain qualified staff, and maintenance and supply chains for spare parts are both more complicated and more expensive. The operation itself is challenging and prone to weather disruptions, which again drive costs up.

That series of conditions isn't unique to aviation in the north. It's broadly understood across industries that costs associated with doing business in Canada's northern, rural and remote communities are going to be elevated no matter what industry you're in.

The second factor driving costs for northern aviation operations is the application of the uniquely Canadian user-pay principle to the maintenance and development of aviation infrastructure. Broadly speaking, user-pay means exactly that: that the end-user or passenger pays not just for the cost of his or her transportation—or medical transportation or cargo shipment—but rather for the journey plus the imposed costs associated with the maintenance and support of every part of the aviation supply chain that supports their journey. These government-related fees can include air traffic fees, terminal charges, airport improvement fees and security fees. The list is endless.

In southern markets, these costs can be distributed across a large travelling population. In the north, with smaller communities separated by greater distances, these costs are borne disproportionately by end-users, making travel more expensive, likely decreasing demand and discouraging competition.

In conclusion, while Keewatin Air's primary focus remains on providing critical medical transport services, the challenges we face

in operating in the north mirror those faced by all aviation services in these regions.

● (1230)

The elevated costs of operation combined with the principles of user-pay create a landscape in which competition is difficult to sustain, which ultimately impacts the affordability and accessibility of air travel for northern, rural and remote communities.

Thank you for your time and attention. I'm happy to answer any questions you may have.

**The Chair:** Thank you very much, Mr. White, for your opening remarks.

I will now turn the floor back to the discussion that we were having on Dr. Lewis's motion, as well as the amendment that was put forward by Mr. Bachrach.

Next in line, I have Mr. Bittle to speak.

The floor is yours, sir.

**Mr. Chris Bittle:** Thank you so much. Hopefully, we can get this done quickly.

I'll first ask for unanimous consent to withdraw Mr. Bachrach's amendment.

**The Chair:** Do I have unanimous consent for Mr. Bachrach to withdraw his amendment?

I see heads nodding in favour. It's withdrawn.

Mr. Bittle, go ahead please.

**Mr. Chris Bittle:** I propose an amendment. Hopefully, this is something we can all agree to or all walk away from a little bit unhappy, which is, as I was told in law school, a sign of a good settlement.

Having the understanding that there are some inaccuracies—or maybe more than some, depending who you ask—in the first two paragraphs, I would amend the motion by striking those two paragraphs.

The next amendment would be changing “seven days” to “30 days”. The rest of the motion would remain.

**The Chair:** Does everybody understand the terms of the amendment proposed by Mr. Bittle, or do we require clarification?

It's pretty straightforward. It's basically striking the first two paragraphs and replacing “seven days” with “30 days”.

Are there any questions, comments or discussion on the amendment proposed by Mr. Bittle?

Dr. Lewis.

**Ms. Leslyn Lewis:** Yes.

May I have the rationale for extending it to 30 days, which is beyond the time that we will be sitting for this session?

**The Chair:** Mr. Bittle, go ahead, please.

**Mr. Chris Bittle:** You're asking an organization to go through and do a comprehensive study.

As we've heard from the CIB routinely, the due diligence that they do on projects is extensive. Though I know the Conservatives have been critical of the due diligence they do, I think they want to ensure that they're in full compliance with an order, because then it becomes an issue of contempt.

I'm happy to change it to a "request" from an "order", but if we're going to do an order, let's at least give a reasonable period of time to ensure that all documents are provided.

**The Chair:** Thank you, Mr. Bittle.

Are there any other questions or comments?

Mr. Bachrach, go ahead.

**Mr. Taylor Bachrach:** I think the key thing around the timeline for the document production is the time required for translation. Given that we don't know how many documents there are, it's probably better to err a bit on the side of caution.

Our practice at OGGO—another very convivial and co-operative committee that I have the pleasure of sitting on—is to give 21 days for document production. That, so far, has allowed all sorts of documents to be produced translated.

I don't know if Mr. Bittle would be open to 21 days.

At a certain point, it feels like we're splitting hairs. I think the goal here is to get the documents and to provide enough time for translation services, which I know are under considerable pressure to conduct their work.

I'm inclined to support the 30 days, unless there's a strong argument for... Seven days seems like quite a short amount of time, considering that there might potentially be a lot of documents.

• (1235)

**The Chair:** Thank you, Mr. Bachrach.

Mr. Strahl, the floor is yours.

**Mr. Mark Strahl:** I just would like some clarification here. Obviously, we would prefer that we receive this while the House is in session. Perhaps that would be more of a 14-day type of a timeline, if seven is unreasonable. I think we can argue about that if we want to.

If the majority of the committee votes in favour of Mr. Bittle's amendment to delete the beginning of this motion and to amend the number of days, does the committee have the ability to receive that during an adjournment, or are we then looking at September 15 before these documents are actually turned over to us?

I guess I just want some clarification. I think 30 days is too long. I think that punts this into the summer and outside of the accountability function of a sitting Parliament. I would oppose it, but I'm just wondering what the implications are if it does pass, in terms of our ability to receive documents under an order.

**The Chair:** Thank you, Mr. Strahl.

The clerk is currently researching that information. We're going to try to get that back to you as soon as she receives it. I know that's important information for you, so I'll try not to go to a vote before you receive it. I imagine it's contingent on what the response is.

Dr. Lewis.

**Ms. Leslyn Lewis:** I have a point of clarification.

Mr. Bittle raised concerns about the first two paragraphs. In his discussion, he focused largely on the information in paragraph a, pertaining to the Auditor General, etc. I'm concerned about just deleting paragraph b, because it goes to the fundamentals of the motion, being that an individual resigned after it was found that there was the appearance of a conflict of interest, to say it as such.

I'm concerned about deleting paragraph b and his reasons for wanting to delete it.

**The Chair:** Thank you, Dr. Lewis.

Mr. Bittle.

**Mr. Chris Bittle:** I don't know that points of clarification are a thing, but this is what we're proposing. The substantive motion remains. I think this is an agreeable compromise, since it's not just I who have specified that these.... Essentially, the "whereas" clauses, which don't provide the substance of what the committee is going to do, are what's at stake here.

I think we can just agree to the substance with the one change. I believe the chair is going to provide us with an answer to Mr. Strahl's question.

**The Chair:** Yes. Thank you, Mr. Bittle.

I can confirm that the clerk will send correspondence received to committee members, regardless of whether the House is in session or not. That information, once received by the clerk, will be shared with all members, Mr. Strahl.

Do I have any other hands up?

Was that a hand, Mr. Bachrach, or are you copacetic?

**Mr. Taylor Bachrach:** My question, Mr. Chair, is with regard to the first paragraph, which is paragraph a. I'm just wondering if someone can clarify whether this matter is still under investigation by the Auditor General.

**The Chair:** It's a good question, Mr. Bachrach. We'll look into that.

Mr. Bachrach, based on the facial expression I just received from the clerk, it does not look like we'll be able to get that information in a timely manner. Perhaps it will be 15 minutes prior.... However....

We don't know if it's the report that was published yesterday, so we can't confirm that at the moment.

**Mr. Taylor Bachrach:** My understanding, Mr. Chair, is that the Auditor General has released a report on this topic, so I'm just....

• (1240)

**The Chair:** The analyst tells me there was a report released on June 4, two days ago, entitled “Sustainable Development Technology Canada”, describing “significant lapses in governance and stewardship of public funds at Sustainable Development Technology Canada”. It is publicly available for members to access and read.

**Mr. Taylor Bachrach:** Yes, but I think it's somewhat inaccurate to state that it's “under investigation”, given that the AG has provided the report. I would just offer that.

**The Chair:** Okay.

I see no other hands up. I will now turn it over to the clerk for a vote on the amendment proposed by Mr. Bittle.

(Amendment agreed to: yeas 7; nays 4)

**The Chair:** Thank you very much, Madam Clerk.

Now we'll move to a vote on the motion proposed by Dr. Lewis as amended.

**Mr. Chris Bittle:** On division.

**Ms. Leslyn Lewis:** I would like a recorded vote.

**The Chair:** We're going to have a recorded vote.

Madam Clerk, I turn the floor over to you once again.

(Motion as amended agreed to: yeas 11; nays 0)

**The Chair:** Colleagues, that allows us to return to our questioning of the witnesses, who have so generously given us their time today.

What I'm proposing, colleagues, and this will require approval of members, is to try to get through two rounds. I'll adjust things a little by taking the first round and reducing everybody's time to four minutes each. That will give us 16 minutes, followed by a second round where all members would get another four minutes. That would be 32 minutes, which would bring us to exactly 1:15. If there's a gentleman's agreement to not pull any surprises, if members have to leave because they have other things going on, we'll just let all the other members who want to ask questions ask questions, and we'll adjourn at 1:16.

Do I have any objection from members on that?

Seeing none, I will now turn the floor over to....

**Ms. Leslyn Lewis:** Mark Strahl.

**The Chair:** Mr. Strahl, I'll turn the floor over to you for four minutes.

I'll remind all members that we have all of our witnesses available for questioning right now.

The floor is yours, sir.

**Mr. Mark Strahl:** Thank you very much, Mr. Chair, and thank you to the witnesses for their patience and for sticking around.

I wanted to talk to the Air Transport Association of Canada.

I noted in the memo that I've read from you, you had a number of concerns about the impact of some government policies on northern airports specifically. I wanted to get your comments. You talked

about, I think, in very strong language, the proposed changes to the APPR, calling them outrageous and saying that they will result in diminished services and higher costs for air travel in Canada, mostly affecting those in northern and remote communities.

I'm hoping you can give us some comments on that and, if there's time, deal with the concerns about the approach ban that would also disproportionately impact rural and northern airports.

• (1245)

**Mr. John McKenna:** Thank you.

Briefly, yes, government policies in general are really, as I mentioned, hindering the competitiveness, and most affected by these are the northern and regional people, because of the service that we try to provide in those regions.

Yes, in the last few years we've had a number of policies, be it flight and duty times, be it APPR.... Immigration right now also is really hurting us. These are all policies that are doing anything but contributing to our competitiveness. We're asking the government to give us a break here when we're trying to do things. We would expect the government policy to be helping us rather than hindering us.

**Mr. Mark Strahl:** Specifically on the APPR, what would the impact be on those northern communities? Do you believe that because of the onerous nature of the proposal, airlines couldn't risk serving those communities any longer? Would it be because of the punitive nature of the proposed changes to the APPR? What exactly are we talking about that would be so detrimental to those northern communities?

**Mr. John McKenna:** The cost from the APPR would escalate significantly if the proposed rules being discussed now come into effect. That cost and the cost recovery they're proposing would drive those markets to be not profitable at all. Actually, when the compensation is so high, there's a decision to just cancel the flight way out, rather than have it be late or unable to render services on time.

This is a domino effect. What they're proposing is that, if a flight is delayed somewhere, they're only allowing the second leg of that to be tolerated. Anything beyond that will be punishable. They don't understand how airlines function. The same plane will go to many different airports in one day. If it's delayed at airport one, it'll be delayed right through. We're just not getting comprehension from the regulator as far as that goes.

All of these things accumulated are not helping our northern carriers, because they work with many short legs in a day. These regulations are not adapted to them. It will drive costs up to the point where people will be saying that certain routes are not profitable, so they just can't do them anymore.

**Mr. Mark Strahl:** Thank you.

**The Chair:** Thank you very much. Your time is up, Mr. Strahl.

Thank you, Mr. McKenna.

Next, we'll go to Mr. Rogers.



Mr. Rogers, the floor is yours. You have four minutes, sir.

**Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.):** Thank you, Chair.

Thank you to all of the witnesses here today for their presentations and contributions to this study.

I'd like to ask a very simple question and allow an opportunity for each of you here in the room to speak about it. It's on some of the challenges you face in servicing Canadians in the north, and whether you have experienced any new challenges since the pandemic period.

We'll start with Mr. Stout. Then it's Mr. Morrison, Mr. McKenna and Ms. Bento.

**Mr. Jeff Stout:** Thank you.

I think the biggest challenge we've been facing is with labour, specifically pilots and mechanics. I feel as if there was a decrease in the supply of those individuals during COVID. There certainly was a decrease in demand. That demand curve came back very quickly, but I don't think supply has been able to keep up. It's been hitting us not only on the service basis but also on a cost basis. I think I alluded to 13% more pilots to do the same number of flights, with a 30% increase in those pilot costs.

We want apt, trained and safe professionals in our planes, and we have to pay for that. Anything the government can do to support bringing more of those individuals into the field is greatly welcome.

**Mr. Churence Rogers:** Thank you.

Mr. Morrison.

**Mr. Jeff Morrison:** Thank you.

Very quickly, within the past two years I believe we've seen a 29.5% increase in air navigation fees. We've seen a 33% increase in the air security charge. We have seen a dramatic difference between fuel excise taxes in Canada versus the United States. We've seen the more punitive approach being proposed under the APPR, which frankly will do nothing to improve overall air travel.

The step-by-step increase in some of the fees we face has proven to be very difficult, not just for mainline carriers but also, as Mr. Stout said, for some of the smaller regional carriers.

• (1250)

**Mr. Churence Rogers:** I appreciate it.

**Mr. John McKenna:** Adding to what my colleagues said, I would say it's a lack of infrastructure. That is really needed.

That is what I want to add to these comments.

**Mr. Churence Rogers:** Ms. Bento.

**Ms. Gina Bento:** Indeed, I would like to reiterate what John just said. Without infrastructure, it is impossible for us to have an optimal aviation sector functioning in the north. We are regulating this sector from the wrong starting point. Once we have a decent amount of infrastructure in place up there, we'll have a much more realistic picture as to what we need to do in order to make sure we

are allowing our airlines to compete and deliver a safe service to Canadian citizens.

I'd like to reiterate that without adequate infrastructure, it is impossible to do any laws that make any sense at the moment. We need a two-pronged approach. We need to immediately look at what kind of infrastructure can be put in place right now to lift the Arctic region out of the dire situation it's in. At the same time, look at what kinds of aviation regulations make sense for this type of region, where you have vast lands, a very small population, a very small market and a high commercial interest. Perhaps there's a play there for us to charge companies additional fees to use those types of services.

Again, I second that comment. I believe that if we build it, sir, they will come. We need to look at infrastructure in order to optimize all of aviation.

**Mr. Churence Rogers:** Okay. I have a question for CUPE. What are some of the challenges that your workers are facing in rural and remote communities working in that environment?

[*Translation*]

**Mr. Sylvain Schetagne:** Thank you for the question.

Regarding what has changed since the COVID-19 pandemic, I will mention several things.

First, the situation varies depending on the size of the carrier and the region. Some carriers that offer essential services continued to do so during and after the pandemic, while that was not the case for others. There have been layoffs for the first time at some carriers, and that has direct consequences for the employees. That is an important factor.

Second, as you know, the cost of living is going up, and that makes things more difficult at the bargaining table. Some people will say that things are not going well because of the COVID-19 pandemic, although the industry has recovered and is seeing record profits.

Third, not everyone lives in big cities. As you know, there are people who live far from big cities who use air transportation to get to work. If fewer services are offered in airports, there are fewer employment opportunities. That also has an impact on us and our ability to work.

**The Chair:** Thank you, Mr. Schetagne.

[*English*]

Thank you, Mr. Rogers.

[*Translation*]

Mr. Barsalou-Duval, the floor is yours for four minutes.

**Mr. Xavier Barsalou-Duval:** Thank you, Mr. Chair.

Mr. McKenna, you talked about a lot of things in your opening remarks. However, not much has been said at this committee, to date, about the impact of the labour shortage on regional transportation.

I hear through the grapevine, for example, that the fact that more pilots are needed than before has meant that the big airline companies have been getting their pilots from the smaller companies. When the smaller ones can't find others because of the shortage of trained pilots, they have to make choices and, in some cases, they have had to simply shut down the airlines, not because the airlines were not profitable, but because these small companies did not have enough personnel.

How can we solve this problem? Surely there is something that can be done so we have enough pilots for the airlines to be able to operate in future.

**Mr. John McKenna:** Thank you. That is an important question.

The shortage of pilots and aircraft maintenance engineers dates from before the pandemic. It was already a major problem. The pandemic had the effect of moving people out of our sector; they went to sectors that recovered faster from the pandemic. There are also experienced people who decided to retire early because they could not see the day when they would be going back to work. So we suffered a net loss of personnel, a problem that came on top of the pre-existing shortage.

With respect to pilots, the biggest problem is the cost associated with flight training. There is no mechanism to help finance pilot training. To get a basic commercial pilot licence, pilots have to pay out about \$100,000. That does not include training on the big aircraft like the ones operated by members of the organizations represented here today. So the cost of getting a basic licence is high. A lot of people are interested in a career as a pilot, but the cost is so high that it discourages some.

However, the labour shortage in aircraft maintenance is more serious than the pilot shortage. Planes will soon be grounded because there is no one to prepare them for flight and pilot them.

• (1255)

**Mr. Xavier Barsalou-Duval:** You say the shortage of aircraft maintenance personnel is more serious than the pilot shortage. If I am not mistaken, however, the cost associated with training for maintenance personnel is much lower than the cost of pilot training.

How can that be explained? Are there solutions to this problem?

**Mr. John McKenna:** The explanation for the situation is that we are competing for those talents with all the other sectors of the industry.

After getting their college diploma, people accept job offers from companies that operate in other sectors of the industry because they offer more attractive terms and are a better fit with their lifestyle.

We are competing with a lot of companies in this field and we do not often win. It is getting harder and harder. People are no longer motivated by their passion for aviation. Quality of life is just as important a factor for them. Unfortunately, in aviation, we have to work non-standard hours and we are often away from home.

**Mr. Xavier Barsalou-Duval:** Thank you.

You also said that the user-pay model did not work for transportation in remote areas.

What would the solution be in this case, if we want to ensure the viability of transportation in remote areas?

**Mr. John McKenna:** The solution is for governments to make their contribution. To date, the air transportation industry has been a cash cow for the government, in that it pays it a huge amount of money, whether in rent at airports or in other ways. In spite of that, there is no reinvestment in our sector. With the revenue we get from users, we cannot put approach control services in place in the north. We cannot install proper lighting systems. We cannot—

**The Chair:** Thank you, Mr. McKenna.

Unfortunately, your time is up.

[*English*]

Thanks for that.

Mr. Bachrach, the floor is yours. You have four minutes, sir.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair, and thank you to all of our witnesses.

I'll start with a question for Mr. Schetagne.

Some of the airlines that we've talked to as a committee have suggested that the duty hours regulations are creating delays and impacting their business. I'm wondering, what is the view of the flight attendants you represent when it comes to delays on regional routes and the duty hours requirements imposed by the government?

**Mr. Sylvain Schetagne:** I think we have to make a distinction between the duty hours of pilots and the duty hours of flight attendants, and I would probably direct your question on the duty hours of the pilots to the pilots' associations.

In terms of hours and duty hours, one thing that is for sure, for your information, members of the committee, is that for flight attendants, when they are at work, not all those hours they are at work are paid. You will be taking a flight probably after this week, and when boarding, you will have the assistance of a flight attendant who is working, but that is not considered paid work, and it's not paid by most airlines in Canada. We don't think that's acceptable.

**Mr. Taylor Bachrach:** It's pretty astounding that flight attendants aren't actually paid for all the hours they work, and I think, as we've seen with the rather extreme delays and cancellations over the past number of years, really, that the problem is exacerbated.

I know I've gotten on flights and we've had a problem with the aircraft. We got off the flight, waited several hours to get a new plane and got back on. The flight attendants were working that entire time, managing passengers, and they weren't getting paid for a single minute of it. That's something that has to change immediately.

When you were talking about the demarketization, which is a new phrase to me, especially of northern and regional air service, it reminded me of the fact that we've heard many times from airlines that they want the fees and charges to be reduced, and I think that's similar to what we hear from most businesses that appear before committee and are asked about affordability. They say, reduce our fees and charges and we'll make things more affordable.

Does the evidence bear that out? The question is, in markets that lack competition, if you're a business and you have a monopoly or you're part of a duopoly or you're part of an oligopoly and the government reduces your costs, what's the incentive for these businesses? In your view, what's the incentive for these businesses to make things more affordable for customers?

• (1300)

**Mr. Sylvain Schetagne:** In theory and in practice, there's no incentive in the circumstances that you just described.

Actually, across-the-board reductions of fees and taxes in a not perfect market with high competition will only contribute to increased profits to those airlines.

**Mr. Taylor Bachrach:** Now it does seem like we have a different.... Go ahead, if you want to add to that.

**Mr. Sylvain Schetagne:** Yes, I want to add to that, because we've been hearing a lot about this. Basically, it's "Reduce our fees, reduce our costs, reduce our costs, and then the others will come in that perfect world," and we're very worried here that this is actually going to not only contribute to increased profits for those airlines, but also reduce the capacity of governments, whether it's federal, municipal or provincial, to reinvest where the needs are—the big, major needs. This would be not only to reinvest what has been collected, but probably to put more money towards that infrastructure, as well as helping passengers, as well as helping airports.

**Mr. Taylor Bachrach:** Perhaps for the next round, I'll pose the question. I don't think we have enough seconds left for an answer.

We have heard from smaller airlines that have tried to compete in regional markets that the challenge isn't necessarily the fees and charges; the challenge is the predatory pricing behaviour of larger players that seem to intentionally work in certain ways to force competition out of the market.

The question, then, is how we address that effect. Are the Competition Act and the commissioner of competition and the various options we have sufficient to combat what is seen as pretty anti-competitive behaviour by some of the larger airlines? Thank you.

**Mr. Sylvain Schetagne:** I probably won't have time to answer, will I?

**The Chair:** I'll ask all of our witnesses to hold your thoughts on that until Mr. Bachrach has the floor again.

In the meantime, I'll turn the floor over to Mr. Muys.

The floor is yours. You have four minutes, please.

**Mr. Dan Muys (Flamborough—Glanbrook, CPC):** Thank you, Mr. Chair.

Thank you to the witnesses who are here for the first time and to those who are returning.

I think Mr. Stout hit the nail on the head that northern and remote airports and airlines are an essential lifeline from a social perspective but also from an economic opportunity perspective. We know that there are many economic opportunities in the north, and there will be more in the future.

We've heard from all of you today, from the previous set of witnesses and from the previous study on competition on high costs. Mr. Morrison had some statistics with regard to the rapid rise in fees and costs. It's alarming and concerning that we have an international reputation as a high-cost jurisdiction.

Aside from the costs, are there some unnecessary regulations or red tape that you could point to that the Minister of Transport or the Department of Transport could deal with today or in the very short term that would at least help advance that competitiveness issue?

We'll just start going from right to left here.

**Mr. Jeff Stout:** I think one I'll call out is the acceleration of the recognition of foreign workers and their professional permits in other countries. I'll use the example of mechanics. We see a lot of very qualified individuals who have experience on the types of aircraft we operate. They have equivalent licences in their home domiciles, but when they come to Canada they have to start over. These are people we'd love to bring into Canada, welcome to their new homes and employ at North Star.

If there's a way to accelerate that process and have that recognition, I think it would alleviate some of the issues we're talking about here.

**Mr. Jeff Morrison:** I find it interesting, Mr. Muys, that you have an Israeli pin on. At the IATA conference I was just at, one of the airlines I talked to was El Al. They indicated that they have not returned to Canada postpandemic because they recognize that flying back to Canada is too costly for them. They do not have a direct link anymore.

I just want to address the concern about fee charges. When we talk about, for example, allowing airports to retain the \$400 million more that they currently pay to the federal government, that's not essentially profiting airlines. That's allowing airports to keep the money they have to invest in infrastructure.

When we talk about the 29% increase in the air navigation fees or the 33% in the air security charge, those are fees that are directly passed on to the passenger. A reduction in those fees does not impact the profitability of an airline. Those are fees that would be directly reduced to the passenger.

There is an element that you heard from the northern carriers last week. Those fee charges do have a direct impact on their ability to do business in terms of affordability in particular.

• (1305)

**Mr. John McKenna:** Immigration policies these days are really hurting us. We have members that have hired TAEs and have to return them back home, because the terms under which they came here are now being revoked. They've formed these people. They've trained them, and they're perfectly well trained, but they have to go back home.

There are a lot of things that are illogical. You fly a plane to Great Britain, and you can have it serviced by somebody there, but that person can't come and service it here. There's a lack of logic there somewhere that really needs to be addressed. We understand why they're limiting immigration at some points, but they should make serious exceptions when an industry is in dire shortage of specialized workers.

**Ms. Gina Bento:** Yes, I have two points to make on this.

The first one is that, since we're using turboprops right now in the Arctic as opposed to jets, these planes fly with less range and are much slower. When you're looking at limiting the number of hours that pilots are able to fly per day, this is directly going to impact the whole region in a very big way.

For instance, when someone flies a jet plane, they are able to hit three stops in one day. Well, right now, if they are doing those three stops using turboprops, it's going to take them  $x$  number of hours longer; therefore, they will not be able to hit all those stops in one day. They might hit two or one, and then, on the next day, they'll then hit the other one.

What's happening is that you have fewer flights being flown to the same routes all around. When you're facing a cargo and passenger deficit followed by a deficit on the number of flights available on a daily, weekly or monthly basis, you're really crippling the entire region.

**The Chair:** Thank you.

Unfortunately, we're going to have to stop you there, Ms. Bento. I'm trying to be as even as I can with all members with their time.

Mr. Iacono, I'll turn the floor over to you. You have four minutes.  
[Translation]

**Mr. Angelo Iacono (Alfred-Pellan, Lib.):** Thank you, Mr. Chair.

Mr. Schetagne, can you tell us about the labour-related challenges that workers in the aviation industry face, in particular in remote and northern areas?

What measures can be taken to improve working conditions and retain qualified personnel in these areas?

**Mr. Sylvain Schetagne:** Thank you for those questions. They are excellent.

When you work in the north or in remote areas, there are multiple challenges. I would note that we do not represent only the big airline companies: We also represent companies like PAL Airlines, Pascan and Calm Air, in Manitoba.

In my experience, and based on the discussions I have had with representatives of airline companies we represent, I can say that in those areas, the workers' working conditions seem to be tougher than elsewhere. It is colder, the flights are shorter, there is boarding and unboarding, the trips are harder, the cancellation policies are complicated. The hours worked in those regions may be recognized, but that is not always the case.

Significant improvement is needed in working conditions, whether in terms of wages or in terms of rest and vacation periods, among other things.

That said, it is not always easy to achieve the targets our members propose at the bargaining table. Unfortunately, the targets are not always attainable.

However, there are potential solutions. As I said a little earlier, the federal government can also play a role. I am thinking of the unworked hours issue. I know that is not within the committee's purview, but I believe legislative changes could be made to the Labour Code, for example, to make sure the hours worked by flight attendants are recognized.

**Mr. Angelo Iacono:** Excellent.

In your work, what fields do you have challenges in, when it comes to labour? Do the challenges involve the number of pilots or mechanics or are the challenges present in all areas?

**Mr. Sylvain Schetagne:** The challenges exist in all areas.

The labour shortage and aging workforce issue is not new. I think a witness gave the proof of that a little earlier, in fact. Recruiting is difficult, because working conditions and working hours are complex. For a flight attendant who has to work on a flight with a 6:00 a.m. departure time, for example, it is not easy to reconcile work and personal life when the day care doesn't open until 7:00. Not everyone wants to live like that.

**Mr. Angelo Iacono:** As a union representative, what can you do so the collective agreements meet the needs of employees who work in rural and remote areas?

**Mr. Sylvain Schetagne:** I think we have to create attractive working conditions, winning conditions. As I said briefly in my opening remarks, we are currently seeing a race to the lowest possible price. The goal is to beat the competition, to dominate the market, and to make as much money as possible. The race is not about offering the best services there are or the best possible working conditions.

In my opinion, decommodifying the air travel services offered in remote areas contributes to improving working conditions in those areas.

• (1310)

**Mr. Angelo Iacono:** Thank you, Mr. Schetagne.

Ms. Bento, with respect to innovative technology, what approach does Arctic Aviation explore in order to improve airline service in remote areas?

How can the government support those innovations?

[English]

**Ms. Gina Bento:** Right now, I'm working with a couple of cutting-edge technologies that I hope are able to help us.

Firstly, in terms of a surface, we are looking at whether or not aluminum surface runways have the track record necessary for us in Canada to feel comfortable to put this in as a potential solution in the north. We are working with the U.S. Department of Defense, as well as with FAUN Trackway, a U.K.-based company that has been manufacturing aluminum panels for various different militaries worldwide, including NATO countries. We believe that this very well could be a solution for some of the larger airports and some of the most remote airports.

Secondly, quickly, it's in terms of weather patterns. We're looking to see whether or not we can have the latest data available, so that our pilots can make better decisions to take off and land.

Thank you.

[Translation]

**Mr. Angelo Iacono:** Thank you.

[English]

**The Chair:** Thank you, Ms. Bento.

I just want to point out that it's nothing personal, but I always seem to be waving the red flag at you. I'm sorry about that.

All right. We have two more four-minute slots.

[Translation]

Mr. Barsalou-Duval, the floor is yours for four minutes.

**Mr. Xavier Barsalou-Duval:** Thank you, Mr. Chair.

Ms. Bento, in your opening remarks, you talked about the lack of investment in infrastructure. Other witnesses have also talked about that.

Last week, if memory serves, the representative of the Union des municipalités du Québec talked to us about the Airports Capital Assistance Program. In fact, it seems that the same amount of money has been provided to that program, year after year, for 20 years. That witness said it was possible to improve only one airport a year. If we do the calculation, we can see that it is impossible to get it done, given all the airports that need money. So the result is a decline in the condition of the infrastructure.

Are you seeing the same thing at your end?

[English]

**Ms. Gina Bento:** Thank you very much for this question. In fact, this is a point I wanted to bring up. Upon further analysis of all the programs available, in order to fund infrastructure development in

airports specifically in Canada, I have found that the programs we have on hand are not conducive to helping Arctic aviation for structure building.

The airports capital assistance program does have small amounts. These small amounts are for our community airports, but they do not.... We cannot look at airports in our communities in the north as community airports. We must look at them as vital, fully functional airports that are necessary, like a Pierre Elliott Trudeau airport or a Pearson airport. They need a lot more capital investment in them than just a smaller regional airport functioning out of Thunder Bay or Saint-Hubert.

Second, we are also looking at a permafrost situation. Climate change is affecting airport infrastructures in a very drastic way. Asphalt, the typical building material that has been used to pave airports worldwide, including in our north, is no longer a possibility when you go very far north.

The airport at Iqaluit and the airport at Whitehorse are paved using asphalt, but when we're looking at airports such as Cambridge Bay or Resolute Bay and so on, the capital needs are much higher. If we look at aluminum, we're looking at costs of about \$90 million.

I have the figures with me. An asphalt runway will cost about \$35 million to lay today. An aluminum runway will cost about \$90 million. However, at year 20, they break even. At year 40, we are looking at an \$80 million savings if you were to put an aluminum runway in the north versus asphalt.

The key issue is not just in terms of the overall totality of the cost; it's also the yearly maintenance. If we lay asphalt, we need to maintain it on a yearly basis. If the cracking is worse as we go further north, we need to have a robust infrastructure program in place that has the capital necessary, perhaps in partnership with the Canada Infrastructure Bank and with other folks who have pockets of money for regional economic development and so on, to ensure that these airports are treated as vital pieces of infrastructure needed for the development of these regions, and not just as community airports.

• (1315)

[Translation]

**Mr. Xavier Barsalou-Duval:** Mr. Chair, how much time do I have left?

**The Chair:** You have one minute, Mr. Barsalou-Duval.

**Mr. Xavier Barsalou-Duval:** Thank you, Mr. Chair.

Ms. Bento, this is the first I have heard about using aluminum on runways. I am impressed, and that technology intrigues me.

I would like to know how much testing has been done on this technology. I think gravel or asphalt runways offer a certain amount of friction for landings. I am not a physics expert, but it seems to me that an aluminum surface must be a lot more slippery, a lot smoother.

Does using aluminum on runways present problems in terms of physics for landing or takeoff?

[English]

**Ms. Gina Bento:** Very quickly, the U.S. military and others worldwide have been using this for the past 40 years. If you've gone to any air show, you'll know that the U.S. Air Force uses huge C-130Js on a regular basis to transport helicopters, fighter aircraft, tankers and so on. These aircraft have been landing and taking off on these surfaces safely for decades now. They were used in Afghanistan and in Iraq. I think our Boeings could very well land on them safely in the north. Thank you.

**The Chair:** Thank you, Ms. Bento. The third time's the charm, apparently.

May I ask a follow-up question on that before I turn it over to Mr. Bachrach?

Mr. Barsalou-Duval brought up an interesting point. For us lay people here who are not familiar with the layout of aluminum runways, we're talking about runways that are not just flat aluminum. They must have some form of grooves in there to provide....

Can you perhaps explain what you're talking about? I think we all have an image here of this shiny, flat aluminum runway, which, as Mr. Barsalou-Duval pointed out, would be very slippery.

**Ms. Gina Bento:** I would like to thank you, Mr. Chair. Essentially, we're looking at panels of aluminum snapped together to form a uniform piece of aluminum surface that planes can land on. These individual panels are treated on top in order to provide the friction necessary for any aircraft to be able to land safely.

**The Chair:** Thank you for the clarification, Ms. Bento.

I'll turn the floor over to you, Mr. Bachrach, for our final line of questioning. You have the floor for four minutes, please.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

I have the same curiosity. Ms. Bento and I had a little sidebar conversation about these aluminum runways. It sounds like something that, over the long-term, holds a lot of promise.

This study is about affordability, particularly in rural and remote communities. It feels like a bit of a tough issue to get a real handle on, because we're talking about private companies that are operating in our communities and providing a vital service for people. We're talking about airports, which are often run by municipalities, that struggle to maintain their operations using the current revenue model. For the passengers, they feel like they're paying an exorbitant amount to fly in and out of rural communities.

Now, we've heard the argument about fees and charges, and the international comparisons, etc., but we're talking about a private market. In some cases, there's very little competition, which is one of the key mechanisms we rely on in a market-based economy to drive down prices. We also don't have a line of sight on how the airline sets its prices. This is not transparent to passengers, so passengers are getting on planes, paying exorbitant amounts and then seeing that the company they're flying with is making billions of dollars of profit. You can get rid of the fees and charges, but what's

to prevent the company, in the absence of competition, from simply raising the price back up to what it used to be?

This is the question, I think, for a lot of people. How do they know that the affordability and the cost savings to airlines are being passed on to them in the price of the ticket, when they see that some of these companies are very profitable and are making that money on the backs of customers in rural areas, who are paying exorbitant ticket prices? How do we build that level of trust if the government were to consider the proposals that were brought forward? How should passengers trust that the airlines are passing on those savings?

I ask Mr. Morrison and Mr. McKenna. I think they're probably best positioned to respond to that.

**Mr. Jeff Morrison:** Very quickly, I have two points. First of all, as you can imagine, as a national association we can't discuss the individual pricing strategies of our individual airlines, especially on a study with respect to competition. You can understand that there are concerns there.

What I will say, first of all, though, just to the question of... You used the term "profitability" of airlines. I'm sounding like a broken record here with this conference in Dubai, but as we were reminded by our international counterparts, the profit margins that airlines face are incredibly thin. The analogy used is that, on a per-passenger basis, profitability is roughly that of a cup of coffee, so roughly two to three dollars per passenger.

● (1320)

**Mr. Taylor Bachrach:** Air Canada made \$2 billion last year.

**Mr. Jeff Morrison:** They also faced a loss in their last quarter, I believe.

Let's not forget that, of course, airlines, as one of the most, if not the most, hard-hit sectors during the pandemic, have taken on huge amounts of debt. I believe you heard that from one of our members, Air Transat. I would question the premise of your question. It would be—

**Mr. Taylor Bachrach:** I think, Mr. Morrison, it's a fair response. I accept that, first of all, some companies are more profitable than others, and that the airline sector as a whole went through an incredibly challenging period coming out of the pandemic, but the question still stands, because it's about transparency and the fact that you have private companies, in some cases publicly traded companies, but there's not a lot of transparency in terms of how pricing is set. I don't see where the incentive lies to lower prices in the absence of competition.

The challenge we're seeing in these regional and rural markets is that, first of all, the market isn't big enough to sustain two airlines. Secondly, when a little upstart local company comes on the scene, they face seemingly predatory behaviour from the bigger airlines. We have story after story of being forced out of these smaller markets.

Maybe it's a rhetorical question, because I'm not sure there's a clear answer, but there has to be a quid pro quo that, if the Canadian public subsidizes the sector and helps these companies become more viable and profitable, there has to be some assurance that those savings are passed on to customers in rural communities, like the ones I represent.

I bet the chair is telling me my time's up. I see red.

**Some hon. members:** Oh, oh!

**The Chair:** If he doesn't look at me, it doesn't exist.

Mr. Morrison, I guess I'll turn it over to you for a response, or is there anybody in particular I can give 15 seconds to, Mr. Bachrach?

**Mr. Taylor Bachrach:** Sure, give them to Mr. Morrison, since we seem to be engaged in this back-and-forth.

**Mr. Jeff Morrison:** I repeat what was said before: Nobody wants to see airlines fail. When Lynx failed, nobody raised any champagne glasses. As I said in my opening remarks, we want a competitive system. We want to see regional carriers, such as those around this table, succeed in a system in which all entrants have that same opportunity to succeed. I would argue that, absolutely, we want to see greater competition, but in order to do that we need a system in which it's encouraged, and we don't set up airlines to fail if they're entering into a system that, as we all talked about, has certain uncompetitive elements to it.

**The Chair:** Thank you very much, Mr. Morrison.

Thank you to all of our witnesses for sharing your expertise and your testimony with us today, and above all, for your patience.

With that, this meeting is adjourned.

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