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# Standing Committee on Transport, Infrastructure and Communities

EVIDENCE

**NUMBER 121**

Tuesday, June 11, 2024

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Chair: Mr. Peter Schiefke





## Standing Committee on Transport, Infrastructure and Communities

Tuesday, June 11, 2024

• (1110)

[*English*]

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

Welcome to meeting number 121 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 16, 2024, the committee is resuming its study of air travel competition in rural and remote communities.

Colleagues, I have a couple of reminders in regard to avoiding audio feedback.

[*Translation*]

**Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ):** Pardon me, Mr. Chair, but there's no interpretation.

**The Chair:** All right. We will stop for a moment. There appears to be a delay.

Is it working now?

**Mr. Sébastien Lemire:** I can hear you in French because you're speaking French, but I can't hear the French interpretation when you speak English.

[*English*]

**The Chair:** Okay.

I'll keep speaking in English really quickly just to see whether our colleague Monsieur Lemire can hear this.

[*Translation*]

**Mr. Sébastien Lemire:** It seems to be working now, Mr. Chair. Thank you very much.

[*English*]

**The Chair:** It's my pleasure.

To prevent disruptive and potentially harmful audio feedback incidents that can cause injuries, all in-person participants are reminded to keep their earpieces away from all 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 All earpieces have been replaced by a model that greatly reduces the probability of audio feedback. The new earpieces are black in colour, whereas the for-

mer earpieces were grey. Please use only the approved black earpieces.

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, 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.

As always, these measures are in place so that we can conduct our business without interruption and to protect the health and safety of all participants, including the interpreters.

Thank you for your co-operation.

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

[*Translation*]

We have Sébastien Benedict, who is vice-president, public affairs and communications, at the Alliance de l'industrie touristique du Québec.

Welcome, sir.

[*English*]

From Gander International Airport Authority, we have Reg Wright, president and chief executive officer. He is joining us by video conference.

Welcome to you, sir.

From Northern Air Transport Association, we have Robert Kendall, chair, alternate runway materials.

Welcome to you as well.

I'd also like to point out, because it's very rare that we have guests, that we have Kandra and Beatrice from the University of Ottawa joining us in the back today.

Welcome. I hope you enjoy the committee.

[*Translation*]

We will begin with you, Mr. Benedict. You will have five minutes for your opening remarks.

**Mr. Sébastien Benedict (Vice-President, Public Affairs and Communications, Alliance de l'industrie touristique du Québec):** Thank you very much.

My name is Sébastien Benedict, and I am the vice-president for public affairs and communications at the Alliance de l'industrie touristique du Québec.

The Alliance is a non-profit organization that represents 12,000 businesses and 50 regional and sectoral tourism associations. We are the largest specialized tourism business federation in Canada.

You may be wondering why you've invited tourism industry representatives to appear today before a parliamentary committee that's studying air travel competition and the competitiveness of flights to remote communities. The reason is that tourism really happens everywhere you go. When you go to a hotel or a restaurant, you do business with a tourism entrepreneur. If you go fishing, hunting at a hunting lodge, camping, skiing or boating, or if you attend a festival or some other event, chances are that tourism businesses organized those activities.

The vitality of our remote regions depends heavily on the vitality of our existing tourism industry. That vitality is an important factor in supporting regional economies, in land use and in protecting language; it also helps in transmitting the culture of each of those communities.

Quebec is divided into administrative regions, but it also consists of what are considered tourism regions. We have 21 tourism regions, many of which are northern or remote, such as the Bas-Saint-Laurent, Gaspésie, the Îles-de-la-Madeleine, Abitibi-Témiscamingue, Saguenay—Lac-Saint-Jean, the Côte-Nord, Baie-James, Eeyou Istchee and Nunavik.

In 2022, only 17% of registered flights in Quebec were flights to remote regions. In addition, only 3% of passengers who took those flights actually travelled to remote regions. As these numbers suggest, it's very difficult for an airline to offer reliable, regular and profitable flights to regional destinations. Furthermore, when tourists are asked why they prefer not to vacation in remote regions, they always cite the same reasons: price, flight availability and flight reliability.

To remedy the situation, in April 2022, the Quebec government introduced a new program, the Programme d'accès aérien aux régions, commonly called "the \$500 tickets program". Consumers need only go to the website of a participating air carrier and purchase a ticket directly. Their flight to a destination in one of the regions I just mentioned could depart from Quebec City, Montreal or Saint-Hubert airports. The carrier then simply contacts Quebec's Ministry of Transport and Sustainable Mobility to be reimbursed.

We are very pleased with the program, which I can discuss with you later should you be interested in more details. However, some improvements to the program would be desirable. We find it ironic that, on the one hand, the Quebec government subsidizes airline tickets using taxpayers' money to cut costs while, on the other hand, the federal government imposes numerous charges on airports and airlines that inflate ticket prices. It's as though there was a fire in the regions and the provincial government was trying to extinguish it while the federal government poured on the gasoline. Consequently, it's impossible to stabilize ticket prices. The federal and

provincial governments really should review this dynamic because it isn't working.

Lastly, in 2020, the Alliance, together with the Fédération des chambres de commerce du Québec, the Union des municipalités du Québec and the Conseil du patronat du Québec, drafted a lengthy brief on the regional air transport situation in Quebec. Four findings emerged from that joint effort: first, regional air transport is an essential service if we want to occupy our land; second, we can't realize our ambitions under the present model if we want reliable access to the regions; third, there is a real observed consensus and a desire within the tourism industry and Quebec's business community to work closely with existing carriers; and, fourth, one could say that demand hasn't been properly stimulated and that it is therefore difficult to establish the tourist volume necessary to achieve profitability.

Four years and one pandemic later, we believe that these four findings are still valid. Despite the many efforts made at the provincial level in recent years to bring together all the actors, that is to say government, carriers and airports, we realize there has to be a better alignment, a better synergy, between the federal and provincial governments if we want this to work. Otherwise, we fear we're going nowhere.

There's one thing that I'd really like you to take away from the Alliance's appearance today: that the solutions that should be introduced to improve air transport reliability cannot exclude tourism. It's essential that the tourism industry co-operate closely with governments and businesses. If we want flights to remote regions eventually to be profitable, and if there are to be affordable connections every day, the tourism industry must be part of the equation. That's what will really help us fill flights.

• (1115)

Thank you once again for including the tourism industry in your committee's study. I will be pleased to answer your questions.

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

[English]

Next, we have Mr. Wright.

Mr. Wright, I'll turn the floor over to you. You have five minutes for opening remarks, please.

**Mr. Reg Wright (President and Chief Executive Officer, Gander International Airport Authority):** Thank you.

I wish I could join you in person today, but I'm glad to be here to make an appearance.

I'm in Gander in central Newfoundland, which may not be technically considered remote, but on my morning commute this morning, I passed two moose and just three stoplights, so it is, in fact, rural. Like most rural communities, central Newfoundland is a very trade-dependent economy. It's home to a billion-dollar perishables industry, notably fisheries and aquaculture. A nascent coal industry is creating thousands of jobs. Tourism is a crucial economic generator, and there's a big flow here of people, labour and services.

In this big, beautiful home we all call Canada, aviation is really the load-bearing wall that holds us all together. It's no mistake, there are some pretty wide foundational cracks that have developed since the pandemic, and it has some of us listing for sure.

Despite COVID-19 receding in the rear-view mirror, our airport here in Gander has only recovered two-thirds of its 2019 passengers. There are other airports in Canada facing much worse, some on the precipice of closure.

You'll know airports are crucial public assets, but they also operate as a business. The primary business of an airport clearly is airplanes and passengers, neither of which has really recovered in many cases. Even in the earliest days of the pandemic, it was very clear that air travel would become less convenient and more expensive.

There's also a fairly clear divide between how passenger traffic and air service have returned to large, urban hubs versus regional markets like ours. I knew then, and I see it now, that clearly the smaller airports would be the last dogs to the bowl of recovery.

This is where we sit today. There are four real, major influences there, forming a sort of—I can't say a Bermuda triangle—Bermuda rectangle for Canadian travel, which we're coping with now, collectively.

The first is that there's an acute pilot shortage, which is improving, but still a challenge. This naturally favours larger aircraft flying between larger cities to achieve economies of scale. It's not just in the cockpit. There's a shortage of qualified personnel in control towers, in the maintenance hangar, behind the counter, below the wing, at the border and in other key areas.

The second is that airline mergers and retrenchment of service at hubs have disproportionately affected smaller Canadian markets. There are some fleet issues as well in terms of aircraft availability, but more particularly the retirement of airplanes in the sub-50-seat market.

I can tell you here in Atlantic Canada, in particular, travel within the Maritimes has only recovered about 60%. It's really been eviscerated.

On the cost of everything, as we all know as consumers and community leaders, the cost of everything is up: labour, fuel-borrowing materials and all of those things. All of those inputs are up over 2019, clearly.

It's important to remember that every airline in our nation exists to do an important job for all of us, but also they need to produce returns for shareholders or owners, and that's often done with a quarterly lens. There's nothing wrong with this. Canada's airlines do a great job largely, and they must be well capitalized and financial-

ly healthy. However, that mandate contradicts the social and economic utility of dependable air service for rural communities.

Ultimately, it puts airlines in a position where they're choosing winners and losers, and they have an outsized voice in which communities flourish and which perish. None of us wants a Canada where only a dozen urban hubs have timely, affordable air service. Rural economies need air access if they're going to remain fertile ground for economic growth.

A couple of weeks ago, I was at a meeting of all of the Canadian airport CEOs, and we did discuss at that point the need for a true, renewed national aviation strategy. The national airports policy, which guides airport operation, and the blue sky policy, which informs international, bilateral air service agreements, are almost 30 years old now, yet we continue to use them as guideposts. Aviation has changed profoundly over those three decades, and the policy compass really needs to be recalibrated.

In my view, part of that strategy should include a couple of things. One is reviewing foreign ownership and fifth freedom rights within Canada. The second will be working with the airline and industry sectors to recruit new talent, with an emphasis on pilots, but there are certainly other key positions in deficit.

Government should probably have an assessment of the role it can play in subsidizing and guaranteeing a base level of air service for rural and remote communities, as happens in the EU, United States, Australia and here in Canada to some extent too.

In addition, there's working with the aircraft manufacturers to incentivize the production of sub-70-seat aircraft that can operate profitably—and I stress profitably—in small, light-density spoke markets. In the interim, I think more money probably needs to be made available for all small airports for safety-related capital. This is a universal call.

All of these things take money. There's that recognition, and we do also recognize this is a time of austerity and a time of constraint. I will say this though, combined, airports pay the federal government \$400 million in rent, annually. These funds are not earmarked for reinvestment in the national air network. Instead, they go to treasury.

• (1120)

It can be frustrating, because there certainly seems to be widespread recognition among elected officials of all stripes. Policy-makers at Transport Canada and Infrastructure Canada and in tourism do seem to understand that reinvesting a portion of that \$400 million to strengthen safety and service and make air travel affordable for middle-class Canadians would be a very good investment.

In terms of the current context, there are still some very material impacts on our airport. Right now, our balance sheet is a little broken and our recovery keeps getting pushed further out on the horizon. There are going to be severe tests for Gander and other small airports going forward.

I'll close by saying it's really important that we act collectively and deliberately and keep Canada's best interests at the forefront of our minds.

Thank you.

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

Next we'll go to Mr. Kendall.

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

**Mr. Robert Kendall (Chair, The Alternate Runway Materials Committee, As an Individual):** Thank you.

Air service in the Arctic is the Trans-Canada Highway for Arctic locations.

The 737-200 provides most of the jet service to communities in the Arctic. In 2014, I attended a meeting with Boeing where they said that the 737-200 would no longer be supported for its gravel kit operations, and they would no longer be producing aircraft that would replace the 737-200.

In 2017, we formed the alternate runway materials committee to investigate suitable wearing surfaces that would work as efficiently as asphalt or concrete. The reason for that is asphalt and concrete are suffering seriously due to permafrost implications in the Arctic.

Today, numerous aircraft are being manufactured with composite materials, and many of these aircraft are not going to be certified for gravel runway operations, yet there are well in excess of 90 gravel runways servicing communities in the Arctic.

The reason composites are becoming materials of choice is that they improve fuel efficiency, they increase the cargo that can be carried in the aircraft, they lower operational costs and they increase the capability to lower prices to communities themselves. However, debris from gravel runways can puncture these composite materials and cause very serious damage; it punches holes right through the aircraft and is very expensive to repair, and it is a serious safety issue.

We've been working with Transport Canada, and they're in the process of developing a new category of hard surface. For materials to be recognized as a new hard surface, they have to demonstrate that they're capable of the same level of safety as traditional hard-surface runway materials, which would be asphalt, asphaltic concrete and concrete. Testing is going on to verify that the structural integrity, durability and friction characteristics, as well as their behavioural characteristics for working in Arctic conditions, are approved.

Upgrading to the new category of hard surface improves safety for all aircraft. It doesn't matter whether it's a turboprop or a jet; as the future rolls on and these new carbon fibre aircraft are brought into service, they'll all end up with problems from gravel.

Without reliable, large capacity air service to Arctic airports, communities will continue to experience high prices for goods and services and reduced levels of service.

The current materials being considered for these new categories are thin bituminous, which is being used extensively throughout the northern Saskatchewan area right now. Aluminum is a military-based product that has been in use for over 50 years in military applications. There is a facility in California that has been running an aluminum airport for 48 years.

The aluminum links together in panels and is laid over the gravel surface. It takes some time to lay the surface, but it does not affect the service at the airport itself because they can be transitioned on a daily basis from where they've laid to where they're about to lay surface.

The next product is a high-density polyethylene matting. It links basically the same way as the aluminum panels do and goes over the existing gravel surface. Again, aircraft servicing is not interrupted.

Both of these materials can be easily removed if there's a problem with permafrost in the centre of the runway or if there are drainage issues. The problem can be repaired and the matting put back in place, and it can all be done by the airport staff. If you had asphalt or concrete, you'd have to have specialists with specialized machinery coming in to make some of those repairs.

There are two other substances we're working with. One is called EK35, and the other one is called Dust/Blokr. They're both soil stabilization products. EK35 has been in use in the Arctic now for 20 years at several airports, primarily at mining operations and what have you. They have reduced the gravel problems at these airports, but they do have to be looked after on a regular basis and consistently upgraded.

• (1125)

Aluminum, HD matting and soil stabilizers are also considered to be environmentally friendly products.

The main advantage of upgrading these airports to non-gravel surfaces is to improve the safety for all types of aircraft and return jet service back to the Arctic communities.

Right now, Canadian North, Air North and very soon Air Inuit will be retiring their 737-200s. The only ones operating will be a charter group, Nolinor, and, I believe, Chrono, so it's important to get the runways that require repair done. For example, there is Cambridge Bay, which used to receive jet service. Kugluktuk and Old Crow receive services 12 months of the year.

I'm done.

• (1130)

**The Chair:** Thank you, Mr. Kendall. I'm sure you'll be able to share that information during the line of questioning that will be forthcoming.

Colleagues, it's a pleasure for me to welcome to committee Mr. Herbert Pond, the mayor of the City of Prince Rupert.

Welcome, sir. The floor is yours for your opening remarks. You have five minutes, Mr. Mayor.

**Mr. Herbert Pond (Mayor, City of Prince Rupert):** Thank you, and good morning.

As you said, my name is Herb Pond. I'm the mayor of Prince Rupert. As an aside, I happened to work in the airline industry for about 20 years when we went through airport devolution and the deregulation of airlines, so I kind of have an interesting perspective on all of this.

This morning, I hope to frame my comments through the lens of nation building. Most of the concerns that today's leaders deal with come from the vast majority of Canadians living in large urban centres. They're grappling with growth and the challenges of maturing cities but not nation building, but there still remains a portion of the country that's very much pioneering and, indeed, nation building. That's certainly the case in Prince Rupert, where 12,000 residents are creating one of Canada's most important trade corridors. It's currently Canada's third-largest port. The most recent announcement by AltaGas brings the current committed projects to over \$2 billion in the port of Prince Rupert.

Changes in the broader economy and the way that government services are delivered have made the task of nation building more difficult than it used to be. The tools available at the community level have become outdated. It used to be that a town grew up around an industry. Merchants built retail shops and paid property taxes. Workers brought families, built homes and paid property taxes. Those taxes paid for the services that kept the town alive. That was the compact, and it worked.

Today, retailers in small towns drive vans with Amazon logos, and they pay no local taxes. Increasingly, the workers are fly-in, fly-out and pay little or no local taxes. The same, in a different way, is true of airlines and airports. Not long ago, Transport Canada owned and operated our airport and many, many others. It was a recognition that, in nation building, communities require core assets to be put in place because they're necessary long before they're viable. Not long ago, airlines held rights to certain routes, which allowed them to make investments in those routes and commit to their development.

Today, airlines move like piranhas in feeding frenzies, seeking only the most lucrative markets. A community like Prince Rupert with a heavy industrial base has no choice but to maintain an airport. We are not only a heavy industrial base; we're the hub for four first nations communities who depend completely on access to that air ambulance service. There must be access to air ambulance service or the port will fail. This is particularly true in the winter months, when travel by road to the nearest airport is often ill-advised or not possible at all.

The community of Prince Rupert watches with grave concern as air carriers play their game of three-dimensional chess with their rationed equipment and flight crews. Fare wars right now in our neighbouring community draw traffic from our airport. We estimate that roughly 40% of our air traffic now moves through our neighbour's airport. That traffic justifies more flights next door and fewer flights in Prince Rupert, and fewer flights mean it's more difficult to fly in and out of Prince Rupert, which means even less traffic.

In Prince Rupert, what was once five jets a day in the 1980s is now down to one Q400 daily. We worry that without intervention that trend is irreversible.

All kinds of other infrastructure disappears as that process takes place such as rental car companies and support services for the airlines, so the burden gets shifted to the local taxpayer, and that burden becomes enormous.

I thank you for the opportunity to speak, and I look forward to your questions.

• (1135)

**The Chair:** Thank you very much, Mayor Pond.

We'll begin our line of questioning today with Mr. Muys.

Mr. Muys, the floor is yours. You have six minutes, sir.

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

Thank you to all the witnesses for participating today.

I want to direct my first set of questions to Mr. Kendall.

At the last meeting, we had someone who appeared as an individual, but was with Arctic Aviation. She spoke about the aluminum runways. I understand she's going to be submitting a written brief as well, which will be instructive. Maybe we can start with that.

It seemed to me that it was a good opportunity to expand the capabilities of our northern airports. I know you spoke to that. You were cut off toward the end. You were about to cite some of the statistics around that and some of the locations. Maybe you can pick up from there.

**Mr. Robert Kendall:** The aluminum runway is a system that has been used primarily by the American military and NATO partners, as I said, for over 50 years. They land everything on it from jets through to heavy transport carrying up to 850,000 pounds.

The company that developed an aluminum runway for military use has now developed one for commercial use, which is twice as strong as the military version and has been designed ideally for locations where there are going to be limited maintenance capabilities. It's something that will be able to deal with permafrost issues, and it's going to last for years.

I took a group of people down to Twentynine Palms air marine training base to show them the runway that has been there for 48 years. Some of the panels on that runway are the same ones that were installed 48 years ago, so we know it's going to last.

The problem, thinking on the money side of it, is it's probably two to two and a half times as expensive as putting down an asphalt runway. However, over the course of 40 years, at about the 20-year mark, it becomes equal to an asphalt runway because you don't have to resurface it all the time. Over the course of 40 years or 50 years, of course, it's far cheaper and it's totally recyclable.

**Mr. Dan Muys:** You indicated that you've been working with Transport Canada, and you indicated a timeline of the last 10 years, since 2014, when, frankly, some of these problems were identified with the jets being able to land.

What have you encountered? Have there been regulatory hurdles or delays?

**Mr. Robert Kendall:** It's not so much hurdles as it is informing Transport Canada of the product, and then setting down some standards that would have to be put in place in order to test it to ensure that it has the safety aspects that are necessary and equal to or better than the asphalt or concrete runways in place today. As we moved along with that process, it became more involved. We ended up with other companies coming along and saying they might have a product that's equal and will do the job too, and that's—

**Mr. Dan Muys:** Where is that process today, and what's the projected timeline?

**Mr. Robert Kendall:** Right now, they're reviewing the technical data for the aluminum surfaces. There will be some final tests that are needed at the university level to verify the tests.

The HD matting is in the process of being tested now. We should have the results from that within the next four to six months to determine whether or not it will be suitable for runways. We already think it might be suitable for tarmac areas and taxiways. There are talks and discussions now about whether or not there might be a combination of materials that can be used to lower the cost to put these runways in place.

There are issues with asphalt right now in Arctic communities, and there are issues with gravel runways. They're getting less snow and more rain. There are runoff issues and, of course, the permafrost is a serious problem.

**Mr. Dan Muys:** Thank you.

Let me turn to Reg Wright, from Gander, Newfoundland, which has a famous history and a great story around it.

I can empathize with some of what you're saying, because just yesterday, I was disappointed to learn that WestJet has dropped a couple of flights out of my home airport of Hamilton, Ontario, to Halifax and St. John's. Fewer people will be travelling to the great province of Newfoundland.

You talked about the recovery of passenger traffic since 2019, labour shortages and the retirement of planes, and a number of the issues around that. We've heard from the large airlines and the smaller ones that are servicing the north and remote areas that costs, fees and regulations are all adding to the price of tickets, which has an impact.

Would you agree with that?

• (1140)

**Mr. Reg Wright:** Yes. I think anything that adds to the end use of the consumer does choke off demand, for sure.

**Mr. Dan Muys:** You indicated in your testimony that obviously the cost of materials is up. As you're looking to do a number of projects and as you're looking for traffic to return to Gander airport, what would be the impact of the carbon tax on that? I mean, obviously the carbon tax is applied to the cost of materials but also to anything that goes into the operation of the airport. Are you able to quantify what that might be for Gander?

**Mr. Reg Wright:** Yes. Absent my accountant being here, I mean, anything new and incremental certainly does add to our operating cost.

To your point about the airlines and fees and regimes, it's important to keep in mind that Gander airport is a national airports system airport. We took the airport on behalf of the federal government with the intent that the community was best positioned to represent the airport's needs and the needs of constituents, but it was also based on airports being self-sustaining and recovering their costs through user fees. We've done a very good job of that, I believe, in most ways. The last year Transport Canada operated the airport before transfer, I think they lost \$12 million before capital investment in today's dollars. They had 155 employees. In the 20 years that we've run it, it's only since the pandemic that we've not covered our operating costs or have had loss-making years.

I'm sorry.

**The Chair:** No worries. Thank you, Mr. Wright. Unfortunately, because you're not here, I can't give you the 15-second warning. My apologies.

[*Translation*]

Mr. Iacono, the floor is yours for six minutes.

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

Thanks to the witnesses for being here this morning.

Mr. Benedict, I'll start by congratulating you on your hard work in Quebec tourism. I know that you are very committed and that your leadership is making a difference.

Has the availability of flights to northern, rural and remote destinations in Quebec improved or declined in recent years?

**Mr. Sébastien Benedict:** Looking strictly at the numbers, in 2022, we returned to 76% of the flight volume we had before the pandemic. Those are the most recent figures we have. So we haven't returned to normal levels yet. Two years have elapsed since then and one wonders if the effects of the pandemic are still being felt or if it's a decline in flight availability. It's probably a combination of the two.

**Mr. Angelo Iacono:** How do you explain that?



**Mr. Sébastien Benedict:** Honestly, I'd say that ticket prices are a problem. As I was saying earlier, we have \$500 tickets in Quebec, but the program applies only to flights departing from Montreal, Quebec City and Saint-Hubert airport. So it doesn't apply to inter-regional flights.

**Mr. Angelo Iacono:** I see.

Canadian airlines frequently offer all-inclusive packages for international destinations. Do they do that for regional tourist destinations in Quebec too?

**Mr. Sébastien Benedict:** There are some, but the flights aren't reliable. It's something you rarely see. Most international tourists visit Quebec's main regions. Ninety-eight per cent or 99% of the tourists who travel to remote regions are Quebecers.

**Mr. Angelo Iacono:** When you consult regional and sectoral tourism businesses and associations, does anyone suggest any potential solutions that would help air transport services meet the needs of tourism businesses?

**Mr. Sébastien Benedict:** Yes. The Quebec government has mandated that we administer a program. Two years ago, it invested \$10 million to create new international connections. I'll tell you how that relates to regional tourism.

There are target markets in Mexico, France and certain places in the United States, for example, where people want more direct flights. The airlines can therefore make a request under this program, and if their request is granted, they get access to three types of funding. First, they can fund business plans to determine a new connection's viability. Second, a company can conduct a risk management exercise, by which I mean it can start up a new direct connection and, if it is profitable, the government will use funding from the program to cover the losses suffered by the airline. Third, the promotion of these flights can also be funded. Even if we create connections, people won't use them if they don't know they exist.

So three things can be done for international connections under this program. We think it would be possible to reproduce this model for regional flights and to create a program under which airlines could request access to regressive financing over five or three years, for example. In the first year, there can be a risk management exercise involving so many millions of dollars, and that number would decline each year until the connection is fully profitable and the company no longer needs public funding.

● (1145)

**Mr. Angelo Iacono:** Which of the three types of funding that you mentioned is used the most and is the most profitable?

**Mr. Sébastien Benedict:** Risk management is definitely the type of funding most used because it's what airlines need most. They have to make sure they can offset losses when they have to finance flights that aren't full; they have to offset the lost revenue. These three types of financing are important, but I would say that 90% of the budget is really used for risk management.

**Mr. Angelo Iacono:** For how many years have you used this type of arrangement?

**Mr. Sébastien Benedict:** The Quebec government gave us a mandate to support the development of direct airlines to Quebec

only two years ago. We had an initial budget of \$10 million, but we have almost used it up.

**Mr. Angelo Iacono:** Has there been an increase in tourism and in the number of tourists who have shown up in Quebec in the past two years?

**Mr. Sébastien Benedict:** We're talking about international flights here.

**Mr. Angelo Iacono:** All right. We're really talking about international flights.

**Mr. Sébastien Benedict:** That's correct.

The point I wanted to make is that we think this model could be reproduced for flights within Quebec or within another province in Canada, from major centres to the regions.

**Mr. Angelo Iacono:** How do you see the future of regional air transport in Quebec? Why do you think it's important?

**Mr. Sébastien Benedict:** As I said in my opening remarks, we view regional air transport as a service that's essential if we want to occupy the land. If there's no air transport to travel to the regions, that will undermine the vitality of those regions. We're convinced that tourism is the way to keep those regions alive and help them flourish. Consequently, we have to facilitate access to regional flights.

In Quebec right now, we have the Programme d'accès aérien aux régions, which I told you about and which offers \$500 tickets. A number of airlines use this program, including Air Canada, Air Creebec, Air Inuit, Air Liaison, PAL Airlines and PAS-CAN Aviation. These are obviously companies of different sizes. We've observed that there's a need for airlines, but the fact that we need so many subsidies to fund ticket purchases so that people can travel to the regions is a problem. The situation isn't viable in the long term. When you say subsidies, you're talking about money out of taxpayers' pockets. These flights therefore have to become profitable.

**Mr. Angelo Iacono:** Earlier you said that both orders of government, federal and provincial, should work or co-operate more closely. Could you give us a few clues as to how those two orders of government can go about collaborating with your organization so we can stimulate the tourism industry?

**Mr. Sébastien Benedict:** I'm going to cite a number from Air Canada as an example. A flight from Montreal to Rouyn-Noranda covers a distance of 640 kilometres. A flight from Washington to Charlotte, North Carolina, is also a 640-kilometre flight. To travel the same flight distance, you have to pay \$158 in charges in Canada and \$73 in the United States. It's more than double in Canada.

I don't want to get into the details of each of the charges, which include navigation charges, security fees, airport improvement fees and so on. There are, of course, good reasons for charging some of those fees, but when the companies we compete with can sell tickets for half price, because they offer fewer of them, the market is no longer competitive.

As I was saying, there's a certain irony involved in subsidizing ticket purchases. We're saying we're going to use taxpayers' money to subsidize the purchase of tickets that consumers otherwise can't afford so they can pay \$500 for a ticket. At the same time, all kinds of fees are added and inflate ticket prices. And the problem gets many times worse if consumers want to travel to a destination that's not eligible for \$500 tickets. So—

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

Mr. Lemire, the floor is yours for six minutes.

**Mr. Sébastien Lemire:** Thank you, Mr. Chair.

Mr. Benedict, I'm going to continue along the same lines as my colleague Mr. Iacono.

Which government do you think has jurisdiction over air transport? Is it normally a federal or a provincial jurisdiction?

• (1150)

**Mr. Sébastien Benedict:** I don't know if the objective is to start a fight over areas of responsibility, but I'm going to give you a somewhat political answer.

Land use, I think, is both a federal and provincial jurisdiction. We have a big country. Quebec is a big province that covers 1,500,000 square kilometres and has a population density of 5.6 inhabitants per square kilometre. It's completely disproportionate to other destinations that we compete with.

To digress somewhat from your question, our airports and access to our regions are also important from both federal and provincial standpoints. I don't think one government can leave full responsibility to the other.

**Mr. Sébastien Lemire:** I really like your answer, obviously.

What I can see is that the federal government does have a responsibility when it comes to finding solutions for regional air transport in Quebec. This is a federal area of jurisdiction, according to the British North America Act. Since there was no air transport in 1867, it's a federal jurisdiction.

If there's one government that has been proactive in this matter, it's Quebec's more so than Ottawa's. As the member for Abitibi—Témiscamingue, I challenge the federal government. I also find it interesting that you cited the example of a flight between Montreal and Rouyn-Noranda compared to one between Washington and Charlotte. In fact, it costs less to fly from Montreal to Paris than in the regions, and that's been the case for a long time.

To what extent do the concepts of user-payer and the free market limit the establishment of effective connections? What role can governments play in ensuring that the regions have access to affordable, reliable, frequent and efficient service? Do we have to change the paradigm once and for all?

**Mr. Sébastien Benedict:** We think the current model doesn't work. I only have numbers for Quebec, but if you have an average of only 13 passengers on an aircraft bound for the regions, you can definitely expect that the airlines can't run a profitable service. Having said that, I'm honestly not here to defend the airlines.

Once you understand the principle, it's obvious that flights to the regions have to be full. We would like all remote regions, or the hubs of those regions, to have two morning flights and two evening flights and the average cost to be \$500. However, planes have to be full for that to happen.

Would it be feasible to introduce programs to assist airlines in making those connections viable in the short term? We could define the parameters. For example, 70% of tickets could be reserved for tourists and 20% for business travellers. That would help ensure that everyone who has to take those flights can do it and that we don't wind up with only community people who have to travel but who alone can't fill the aircraft.

**Mr. Sébastien Lemire:** We estimate that the fees charged to passengers represent about 40% of the ticket price. These include property taxes, housing costs and airport fees, among other things. There are a lot of fees, and the federal government will collect between \$50 million and \$70 million in fees from Pierre Elliott Trudeau International Airport, all of which will obviously have been passed on to clients.

Is it right for people flying from Abitibi-Témiscamingue to Montreal to have to pay for such expansive infrastructure when, for them, it's the reference point for landing in Canada's big city? They also pay service fees. The same is true of the tourism industry, where fees are passed on to producers. In the meantime, the U.S. government invests millions of dollars in infrastructure, while users have to pay for it in Canada. Is that an option that we can explore as a way of significantly lowering the cost?

Personally, I really like your fourth proposal. You say we need to think about the fact that we aren't maximizing our industry, that we aren't maximizing flights. On the contrary, all the signals are that people aren't flying. In real terms, how can we change this trend and lower fees?

**Mr. Sébastien Benedict:** If we always ask users to pay, we will definitely find ourselves in a similar situation to the present one. As you said, it costs less to fly to Paris than to certain regions. That's obviously an example that people have in mind. They realize that it costs less to buy an all-inclusive package than to go on vacation in Canada. There are a lot of stereotypes about that.

If you ask users to fund this, the model definitely won't be viable in the long term. We've discussed percentages: an airline ticket often represents as much as 40% of the cost of a tourist's trip. When people plan a vacation, if the family or individual spend 40% of their budget on airline tickets, that makes certain destinations completely unattractive or unaffordable. It can't work this way, and the government definitely has to invest in infrastructure and provide support to establish new connections.

• (1155)

**Mr. Sébastien Lemire:** These fees also include Nav Canada fees for essential services that used to be public but have been privatized. The federal government could pay those fees if we want regional airports to be viable.

There are committees in Quebec whose members are discussing how to improve air transportation. Can you tell us more about them? Who sits on those committees? Is the federal government involved?

**Mr. Sébastien Benedict:** Quebec's transport minister struck a standing committee on regional air transportation two years ago. Representatives of the air carriers, airports, chambers of commerce and the tourism industry sit on it, but there are no federal government representatives for the moment.

**The Chair:** Thank you very much, Mr. Benedict and Mr. Lemire.

[English]

Next, we have Mr. Bachrach.

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

**Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP):** Thank you, Mr. Chair, and thank you to all of our witnesses. This has been a really interesting study, and I can't wait until we get to the report and the recommendations.

I want to thank Mayor Pond for joining us and bringing another northwest B.C. perspective to the committee. I think that with your airline background as well, it's going to be a great contribution to the committee's work.

Mayor Pond, you talked a little bit about the deregulation of the airport sector and the airline sector, and the devolution of airports to municipalities in the 1990s. I wonder if, in your view, that has been a good deal for small municipalities like Prince Rupert or whether, in hindsight, the costs of that approach have outweighed the benefits.

**Mr. Herbert Pond:** I would say it's the latter in our case.

There are many benefits, so I don't want to rain on the whole parade. There's been tremendous benefit. I think it has lowered costs for Canadians. There have been efficiencies achieved. Certainly, for the major airports where there is significant traffic, you can actually make a go of those airports.

However, if we believe that air service is critical to community life—and I would argue very strongly that it is in my community's life; we just won't be able to continue to do what we do without air service—then you have to ask yourself if this free market system is meeting the need or if it is putting Canada's third-busiest port in jeopardy. I would argue the latter.

There are challenges. I sort of went through the litany of the other challenges to the tax base. Municipalities can't be picking up everything. The local retired teacher who wants to stay in Prince Rupert can't be the one who has to pay for everything.

**Mr. Taylor Bachrach:** When you talk to businesses and potential investors in the community, what do they tell you about the im-

pact that the current availability and price of air service has on their decision-making process?

**Mr. Herbert Pond:** It's hard to describe it, but everything goes to the winner here. If there's a nearby airport.... There is, in the case of Terrace. It's accessible most of the year. It's not reliable for us on an emergency basis, but it's available most of the year. As more traffic goes through there, as WestJet and Air Canada hammer it out and fight each other for fares and whatever, more traffic flows there. Then what happens is the rental car companies all build their capacity there.

Increasingly, those businesses are saying that they want to come through Prince Rupert. When you look at the safety of moving their crews down the highway versus landing in Prince Rupert, that's a safety factor for those industries. They don't want to incur two hours of highway driving down the Skeena River, although it's beautiful. They don't want to take the risk with their crews, but they are simply forced to because with a single flight a day, there's not enough choice in terms of frequency.

The market is there. That's the most frustrating part: The market is there. However, without some sort of kick or catalyst, Air Canada and WestJet will deploy their resources fighting each other rather than serving a particular community.

I don't think that policy meets Canada's need, quite frankly.

• (1200)

**Mr. Taylor Bachrach:** You mentioned the two big carriers fighting it out in markets where they both see a business case. In really small markets, there isn't likely to be enough traffic to justify having two carriers—to allow two carriers to coexist and compete.

**Mr. Herbert Pond:** That's correct.

**Mr. Taylor Bachrach:** I'm wondering what your ideas might be around how to ensure affordability and attract those investors to the community. This all relies on having relatively affordable and reliable airfare, and enough frequency. How do you do that in the absence of competition? What role can the federal government play in that equation?

**Mr. Herbert Pond:** You know, the airfare part is something that is hard, but I think a certain amount of minimum service could be a requirement of a licence. It could be a requirement. If you're going to operate in British Columbia, in Canada or wherever, there should be some requirement to say that you're going to maintain a minimum amount of service in this community or that community.

We actually do a fairly good job of holding Air Canada accountable on a regular basis. We will call them up and say, listen, have you looked at your fares out of Prince Rupert? Have you looked at your fares out of Terrace? We'll ask them why, and they'll do something. But if you don't keep your eyes on them, they bump them.

This was my frustration, honestly, when I worked for the airline industry. Well, it was then CP Air. We had the highest revenue miles flying in and out of northern communities, like Prince Rupert, anywhere in the system. We made more money in revenue miles than they did flying to Tokyo or anywhere else, yet they would put all their equipment into battling each other between Calgary and Vancouver. Really? Come make some money up here. That's the most frustrating part. They can make money here, but they are just intent on fighting with each other for market share.

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

Next, we have Mr. Strahl.

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

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

My question is for Mr. Wright to begin.

We've just done a study on Lynx Air, the latest low-cost carrier to abandon their project of providing low-cost fares for Canadians. They cited some of the regulatory burdens and the high-fee environment. We've heard previous panels in that study talk about how the federal government treats the aviation sector as a bit of a cash cow. I'd like to get your feedback on that. If this information is public or if you're willing to share it, what is the amount that your airport paid in airport rent to the federal government in the last year for which figures are available?

**Mr. Reg Wright:** Sure. Actually, as part of the pandemic support, our payments to the federal government were essentially waived last year. We'll resume payment this year.

For our airport, it's not a sizable amount. I think it's about \$55,000 to \$60,000 a year based on a graduated revenue formula. When you get into major hubs, the rent figures are sizable for that. We have been asked to operate under a user-pay system. That's what airports have done. They try to collect enough money from passengers and users to fund capital, and there's no getting around it. It does add cost to the system. There's a bigger thing at play with who should be operating airports. I think the current model has a lot of positives in terms of service, capital and infrastructure. There's a bit of a legacy over 20 years. I think it's fair to beg the question of who should be operating them, because it does add to the cost, for sure.

**Mr. Mark Strahl:** Right. What's your current airport improvement fee charge for passengers?

**Mr. Reg Wright:** Ours would be in the top 75th percentile in Canada. Ours is currently at \$35. There's a very simple reason for that. We have to spread operating costs across too few passengers. That's added to the ticket, not unlike some of the other fees and charges that are there, which I know airlines don't like. We don't like anything that de-stimulates travel either. That's a product of trying to finance.... We have an airport here built in 1959 for an era that's long past. We have to finance that based across very few users in a user-pay model.

• (1205)

**Mr. Mark Strahl:** Do you have, offhand, the amount of grants and contributions you receive directly from the federal government in terms of airport infrastructure funding? Did they buy you a new snowplow or anything like that last year in terms of the direct investment from the feds into your operation?

**Mr. Reg Wright:** No. There were a suite of measures that happened over the pandemic to sort of carry us through when our business fell off by 90%. We had to stay open for non-commercial reasons such as life-saving and medical support and things like that. I think that amounted to \$6 million or \$7 million, and, for a limited time, national airports like Gander were included in what's called the airports capital assistance program. You might be familiar with it. It is made available to divested airports. Our argument, of course, is that there's not enough in that fund. I think it's \$40 million, and that hasn't changed in decades. NAS airports aren't eligible, because we're supposed to be self-sufficient.

**Mr. Mark Strahl:** Right. So, they collect about \$400 million, and there's a \$40-million fund that distributes to everyone.

You mentioned, as well, a review of the foreign ownership limits. What part of the aviation sector were you referring to there? Were you referring to the airports themselves or to the airlines? I know we heard some who believe that the limits within the 49% foreign ownership should be lifted to allow maybe one entity to hold that much. Is that what you were referring to, or is there another component there that you were talking about?

**Mr. Reg Wright:** No, I was referring to the airlines.

I don't have a strong opinion one way or another, but I think it's important to at least have a cursory look at it to see if it would be stimulating. Certainly, I join the rest of Canada in saying that the collapse of Lynx Air is poor for Canadians. That's not something anyone wants to see. Ultimately, competitive pricing is going to be a function of the level of competition that is, in fact, profitable. We can't ever expect airlines to operate unprofitably at our airports. It's not like a bricks and mortar investment. They have wings. If they don't make money, they fly away. It's very crucial that they're all healthy and have good balance sheets and all that good stuff. I guess the question here today is how we work together to ensure that.

**Mr. Mark Strahl:** Right.

Mr. Chair, I can't see your red flag there. How much time do I have left?

**The Chair:** You have 45 seconds, Mr. Strahl.

**Mr. Mark Strahl:** Okay.

I'm going to ask Mr. Kendall, who talked about the 737-200 series plane from Boeing, essentially 10 years ago now, no longer being supported for gravel kits. That's obviously the workhorse in the north.

What is the anticipated service gap between when that airframe is no longer going to be viable and when the new runway materials might come online? Are we looking at a crisis here where we're going to hit a major service gap for the north?

**Mr. Robert Kendall:** At this point, there are certainly enough... I won't say "enough", but there are runways that have asphalt, and they will operate aircraft that do not have gravel kits. So, Iqaluit, Inuvik, Whitehorse, Yellowknife, places of that nature.... Cargo will come in there. It will be off-loaded onto aircraft that can go to gravel runways. It's just that, with the pilot shortages and things and the crew-hour problems that exist, flights are reduced, and service is reduced. Some of the communities rely on air service 12 months of the year. If you get above 60° latitude, 12 months of the year everything comes in by air: passengers, cargo or what have you.

**The Chair:** Thank you.

**Mr. Robert Kendall:** If you're running with an aircraft that carries one-quarter of the load of a jet, then you need four aircraft.

**The Chair:** Thank you, Mr. Kendall. Thank you so much.

Thank you, Mr. Strahl.

Next we have Mr. Rogers.

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

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

Welcome to all of our guests today.

This study is, as we say, focused on competition in the airline industry and what that might do in terms of improving services to rural and remote communities. Of course, we all know that the state of the airline industry across the country was impacted immensely by some of the challenges posed during the COVID era.

My questions will be directed to Mr. Wright.

Welcome, Reg, and thank you for being here today.

Gander, of course, was known as the crossroads of the world in a different era. It was probably the most important airport in eastern Canada for a long, extended period of time. International flights would be in and out of there regularly to refuel. The show *Come From Away*, which now plays in Gander on a regular basis, highlights the 9/11 period. Gander is well-known because of that.

The challenge, which you might want to talk about, Mr. Wright, and what I want to ask you about today is that I hear constantly from people in central Newfoundland about the difficulty of traveling in and out of Gander because of limited flights. The cost of tickets is astronomical at times. To fly from Halifax to Gander return costs over \$1,000, for example. People say to me on a regular basis, "We need more competition. We need more competition for Air Canada as they fly in and out of Gander." Kudos to Air Canada for keeping their services alive and keeping the airport operating.

Reg, what are the things that need to be done for an airport like Gander and all the regional airports across the country, if these airports are to survive? What needs to be done to improve the services to the people you serve and to address the complaints around competition? What are the things you would suggest to this committee that we include in a report to the federal government?

• (1210)

**Mr. Reg Wright:** That is an excellent point and those are excellent questions.

A broad assessment of airfares in markets that are considered monopolistic or don't have many of the nation's airlines there would be helpful. I do know that in our market there are a host of challenges, which you outlined, not the least of which can be pricing. Pricing can be an issue. That said, for the summer there's some good pricing in the market.

In a free market, the largest contributor to pricing is not going to be the stage length of the flight or any of those things. It's going to be the level of competition. It's not unlike a town with only one grocery store, where I expect that a head of lettuce is going to come at a premium. Really, it becomes incumbent upon these smaller communities to attract and retain competition in the market, which is really down to consumer preference and choice.

Some have been successful. We had competition in the market too. When WestJet had a presence here, I think the airfares came down almost 35%. Porter has the same effect. The issue right now is there are too many small airports courting and chasing carriers with a finite capacity for expansion. In some cases, too few pilots or airplanes are actually coming into new markets.

It's very much a tricky situation. I think it goes back to a point made previously around incentive or subsidy. That would be a shared effort among, perhaps, the province, country and airport authority, which can help de-risk airlines coming to new markets. Ultimately, a lot of them don't make money in the first year in a new market. If we could take some of the risk out of it and allow them to build traffic, I think they can become a fixture in the market. Certainly, that's what needs to happen. If we want to talk about ticket pricing, certainly fees and ancillary things are contributory, but competition is ultimately what will bring down airfare.

**Mr. Churence Rogers:** Reg, you made a comment about a renewed national aviation strategy. Do you want to elaborate on that?

**Mr. Reg Wright:** Yes, we were talking among peers, and it just seems overdue. I think we keep going back to the biblical age, but with some of these policies we view, profound things have happened in travel, aviation and technology over 30 years.

I think that part of any review of competition, looking at the blue sky agreement in particular informs competition and access to the nation. Those things need updating. I think it really needs to be a tail-to-nose review of what aviation means and all that, including things like pilot recruitment among young people.

It seems antiquated at this juncture, and I think it would be a great use of our collective time if we got all stakeholders around and articulated a north star for what the next 30 years should look like.

• (1215)

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

Thank you, Mr. Rogers.

[*Translation*]

Mr. Lemire, you have the floor for two and a half minutes.

**Mr. Sébastien Lemire:** Thank you, Mr. Chair.

Mr. Benedict, airport financing in Canada is heavily concentrated in the airports of the country's major cities. However, some regional airports play a key role in the economic and tourism development of remote regions.

I want to discuss the airports capital assistance program. We've met with various stakeholders who have told us that increasing the program's budget and reviewing its financing criteria would help develop and reinforce regional airports.

This program was introduced in 1995 and has operated on a \$38 million budget that, according to the Canadian Airports Council, hasn't been increased and has remained at the same level for 30 years. Funding from the program is used to refurbish runway facilities, purchase life-saving equipment, fight aircraft fires, purchase heavy mobile equipment and improve airport security. In the council's view, it would cost at least \$95 million to improve the small regional airports. The Union des municipalités du Québec believes that might help improve one airport a year.

Could the capacity to invest those amounts of money help your industry and lower costs to consumers?

**Mr. Sébastien Benedict:** Yes, definitely.

I'd like to point out something that people don't consider: International tourists don't travel to remote regions because it's complicated. However, an international tourist spends twice as much as a local tourist. In Quebec, we want tourists to leave the urban areas and travel to our remote regions.

It's essential that we invest in regional airport infrastructure, obviously, but everything related to this sector is just as important. The problem in the regions isn't just the airports. When an aircraft lands, that's all well and good, but there are no taxis, no rental cars, no shuttles and no buses to take passengers to their destination. There's no local or regional transportation for travellers, unless they've bought a specific package that provides for businesses to pick them up. That ecosystem will have to develop if we increase the number of tourists travelling to the regions.

**Mr. Sébastien Lemire:** Daniel Côté, the mayor of Gaspé and chair of the air transport committee at the Union des municipalités

du Québec, appeared before this committee and suggested that the regions should be allowed to set up and administer mandatory tendering in order to serve more remote communities.

Should we decentralize the management of regional airports, hand it over to a community and let that community select an air carrier and even negotiate the services it could provide in the region? Do you think that might help our regional airports?

**Mr. Sébastien Benedict:** To be honest, I don't really have any expertise in that area.

**Mr. Sébastien Lemire:** Thank you, Mr. Benedict.

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

[*English*]

Next is Mr. Bachrach.

You have two and a half minutes, sir.

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

I have another question for Mayor Pond. It's about the price of air travel out of Prince Rupert.

I just looked at flights this Friday from Prince Rupert to Vancouver, and the price is \$594. From Vancouver to Toronto, it's \$625. The cost of a one and a half hour flight in a turboprop is approximately the same as a flight across the country which takes four and a half hours.

I'm wondering if that is relatively normal in terms of what people are paying to fly to Vancouver from Prince Rupert.

**Mr. Herbert Pond:** Yes. You're familiar with any coffee conversation, and it sounds very familiar to what I'm hearing from my colleagues on this committee here. People compare that they could have gone to Switzerland for the price of a round trip to Vancouver. Yes, absolutely.

**Mr. Taylor Bachrach:** Because the operation of a municipal airport really depends on airline traffic—both landing and airport improvement fees are done on a per passenger basis—how do the current service levels affect the financial viability of the Prince Rupert airport?

**Mr. Herbert Pond:** It places the burden on the taxpayer. We have a life-saving requirement to keep that airport operating, so that burden that's been shifted over the years from other levels of government down has only one place to land and that's on the local 12,000 people who are trying to do the Lord's work here on the north coast in terms of building Canada's great gateway.

I'm a fan of a lot of what's taken place but, at the margins, we have to recognize that it is not a great model for how you keep these essential services operating. If it depends on user fees and traffic, you're now fighting amongst communities for that traffic, and it's a race to the bottom. In the end, it is not good public policy.

• (1220)

**Mr. Taylor Bachrach:** Mayor Pond, are you saying property taxpayers currently have to subsidize the airport operations on account of the low traffic volumes?

**Mr. Herbert Pond:** That's correct, absolutely.

I think we are probably into it for about a million dollars a year right now. I don't even want to think about what would happen if we lost the one remaining flight—and we've seen it. When you get to one flight a day, we've seen in other communities that it becomes unsustainable, because now you're distributing the cost of operating that airport across those few users that are available.

**Mr. Taylor Bachrach:** Thank you very much.

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

Thank you, Mayor Pond.

Next we have Mr. Davidson.

Mr. Davidson, the floor is yours for five minutes, sir.

**Mr. Scot Davidson (York—Simcoe, CPC):** Thank you, Mr. Chair.

I want to thank our witnesses, and especially Mr. Benedict, on behalf of tourism from coast to coast to coast, and in the great province of Quebec, and obviously in the province of Ontario.

Do you consider it's both the Province of Quebec's and the federal government's job to promote tourism?

[*Translation*]

**Mr. Sébastien Benedict:** Yes, definitely. The Alliance de l'industrie touristique du Québec works closely with Destination Canada, a federal Crown corporation. We have a somewhat unique model in Quebec, compared to the rest of Canada. In Canada, the organizations that promote international tourism and the organizations that—

[*English*]

**Mr. Scot Davidson:** I'm sorry. I don't mean to interrupt, but I have limited time.

I'm just saying that the federal government should be passionate about tourism. The Province of Quebec should be passionate about tourism. It's the passion.

[*Translation*]

**Mr. Sébastien Benedict:** Definitely, but I'm trying to understand the meaning of your question.

[*English*]

**Mr. Scot Davidson:** Yes, I know. I have passion for it.

Recently, the Liberal Minister of Health stood in the House of Commons and said that families taking their kids on a road trip this summer are letting “the planet burn”. Given the government considers road trips to be unacceptable activities for Canadians, are you concerned that the Liberals also consider trips or vacations taken by Canadians by air to be unacceptable as well? Are those comments by a minister of the Crown in the House of Commons concerning to you?

[*Translation*]

**Mr. Sébastien Benedict:** I hadn't heard those comments. We encourage both air and road transportation. These days, there are all kinds of ways to offset the carbon footprint of our trips, so that's not a problem. Of course, tourism industry actors, including businesses, are very much interested in sustainable development. There are definitely ways to explore our region in an eco-friendly way.

[*English*]

**Mr. Scot Davidson:** Comments came forward. I had a number of calls from my constituents that this was a negative promotion of tourism, a negative promotion when it comes to getting Canadians out this summer. This came after the Conservatives' plan to give Canadians a break this summer by having the government axe the fuel taxes this summer. That would save the average family \$670 making them able to come to the province of Quebec. However, again we heard these comments from the health minister, saying that if you take a vacation you're actually letting “the planet burn”.

Those were concerning comments to me.

I'm glad you're here promoting tourism in Quebec, because I'm sure as heck going to promote tourism right across Canada, and I hope that people take advantage of air travel to get to their regional airports.

It's over to you, Mr. Kendall.

For those who can afford to do it, I hope we get lots of people up to the Arctic.

I know the federal government is now decommissioning, and correct me if I'm wrong, a number of NDBs across Canada. The Arctic is very unique. The great north is very unique. You've spoken about aircraft that's operating. We still use the Otter and the Beaver. Canadians were leaders in that technology. I think we've fallen behind in a lot of that. Going back to the 737-200, they are not able to operate on gravel strips. Once they're decommissioned, there are no replacements.

I'm wondering about the cost to airlines. Speaking about fleet, not everyone can afford to have a full G1000 panel and shoot GPS approaches.

On the government's pathway to decommissioning NDBs, doing a new VOR highway, do you think we're falling behind on lots of things by not getting GPS approaches approved fast enough? Can you comment on that?

• (1225)

**Mr. Robert Kendall:** I cannot comment on that because I don't know the situation.

**Mr. Scot Davidson:** Okay.

**Mr. Robert Kendall:** I've been out of aviation flying skills for too long.

**Mr. Scot Davidson:** Mr. Wright, do you have any comment on our falling behind on technology and about servicing older fleets—Mode C and 1900s—that are still flying around Canada that don't have the capabilities?

**Mr. Reg Wright:** I certainly would like to see the safe lifespan of certain older-model aircraft extended. Some of them are great workhorses in the regional market.

I don't feel like I am informed enough to understand where Canada sits vis-à-vis neighbouring countries in terms of adoption of technology.

**Mr. Scot Davidson:** Okay.

As far as the order it goes in, Mr. Kendall, has there been any closing of airports or flight service stations up there that you are aware of?

**Mr. Robert Kendall:** I am not aware of that. I don't believe that airports are closing. They require those air services for 12 months of the year, so they're not going to shut down.

**Mr. Scot Davidson:** As far as the impact—

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

**Mr. Scot Davidson:** Oh, it's all over.

**The Chair:** The red flag went up, sir. It's very sad.

Thank you, Mr. Kendall, and thank you, Mr. Davidson.

Next we have Mr. Badawey.

You have five minutes, sir.

**Mr. Vance Badawey (Niagara Centre, Lib.):** Thank you, Mr. Chairman.

As Mr. Rogers mentioned earlier, I want to drill down on what this study is all about, which is northern, rural and remote airports. Of course we're trying to drill down on further measures for support. The “what” we're hearing today, but more so is the “how”. We're going to address a lot of that.

We heard from the mayor with respect to leveraging all methods of transportation, be it road, rail or water. We do recognize that we are embarking on an HFR-HSR project. With that, we're recognizing the capital investments that are needed within all methods of transportation.

With that are the operational realities to address the “how” to the “what”. That is the financing of the same and of course it includes the sustainable budget implications that sometimes must include capital debt financing. We recognize that and respect that. It all drives toward capacity, which is, quite frankly, part of the secondary planning of municipalities. It could be water and sewers or it could be roads, but in this case it's airports and methods of transportation.

I guess the second layer to that is going beyond the levels of service and the competition, etc., and really looking at the integration of the movement of goods and people—connectivity. Of course, with that are the strategic investments to meet the outcomes expected.

My first question for the mayor is twofold.

One aspect is the supply chain office and working with them. It's my intent to start a process that will establish a national supply chain and logistics strategy. When people hear “supply chain”, they automatically think of moving goods, but I want to add to that because it's also moving people. Of course, with that is trying to integrate those different methods of transportation to create that fluidity.

The second part of that would be market studies to de-risk operational and capital budgets.

Have there been market studies in your neck of the woods with respect to the need for the services? What specific services are needed with respect to the different levels of transportation?

**Mr. Herbert Pond:** I'm not particularly qualified to answer the supply chain piece.

To my knowledge, there has not been a significant market study for quite some time in this region. I think that would be very enlightening.

We've had some looks around the edges, but data-driven decision-making is always the best decision-making, so that kind of work would be welcome.

• (1230)

**Mr. Vance Badawey:** This is for all the witnesses.

We're in a new era of transportation. We're sort of building from the old, which has been around, in rail's case, for a century. Of course, we're now trying to integrate water, road and air, which is newer than the rail. With that, we want to ensure operational excellence.

Mr. Mayor, you hit it right on the head with respect to data-driven decision-making and, of course, investments.

I'm going to go to Mr. Wright and ask him the same questions based on the east end of the country.

**Mr. Reg Wright:** To your point, yes, we do. You referenced market studies. That is really the spine of how you make a pitch to an airline for a new or enhanced air service. We do that recurrently with consultants and internally. We also quantify the number of people who live in our market but fly from a neighbouring market—as can happen in Prince Rupert, of course.

As for the integrity of the supply chain and multimodal, the island portion of Newfoundland and Labrador does not have a train, of course, but we're taking a deep look at that. There are some pretty substantial opportunities. When it comes to the flow of goods and cargo, you don't need to be in a major urban centre to play an active role. I'd be interested to see what will happen there in the next coming years.

**Mr. Vance Badawey:** Thank you, Mr. Wright.



Mr. Kendall, I'll go to you.

**Mr. Robert Kendall:** On the same questions?

**Mr. Vance Badawey:** Yes, but speak from your perspective in the north.

**Mr. Robert Kendall:** For the north side of it, again, air service is basically the Trans-Canada Highway for the north, for the Arctic. You have to have it. Everywhere in the Arctic relies on it. Goods and services are going 12 months of the year. The pandemic did not affect any of the operations at the airports. If anything, it increased them. You have medevac flights coming out of there all the time. It's good.

I want to make one comment, though, about pilot shortages. Everybody has mentioned that. You may have already heard this, I don't know, but it costs \$140,000 to train a pilot today to their commercial level of 250 hours. You really need 500 hours just to get into the right-hand seat of a commercial aircraft. Children are not going forward and getting a pilot's licence like they did in the past. Unless there's some help with that aspect of it, you'll always have a pilot shortage.

**Mr. Vance Badawey:** Thank you, Mr. Kendall.

Mr. Benedict, I'll give you the last word on the same question.

[Translation]

**Mr. Sébastien Benedict:** Thank you.

There are so many beautiful places to visit in Quebec's remote regions, but people don't want to waste their vacation time driving 14 hours to visit tourist destinations. Consequently, from the tourism industry's point of view, affordable and reliable air access has to be available if we want people to visit our northern and remote regions.

[English]

**Mr. Vance Badawey:** Thank you, Mr. Chair.

[Translation]

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

[English]

Mr. Strahl, the floor is yours. You have five minutes, please.

**Mr. Mark Strahl:** Thank you very much, Mr. Chair.

My question is regarding the passenger protection regulations, the APPR. I'll probably go back to Mr. Wright for this.

Often rural and remote airports may have less technical capacity in terms of being able to allow planes to land in inclement weather, fog, snow and that sort of thing, where there's limited visibility. I know that the airlines have raised concerns about whether or not, if the new proposed APPR regulations that the CTA has proposed come into effect, the result could be simply a choice to reduce services in regions where there are risks of delays or risks of cancellations.

Have you looked at those new proposed regulations? Has the Gander airport responded or provided any feedback on them? Do you share the concern that if the regulations are too onerous, they

will result in less service to rural, remote and northern communities?

**Mr. Reg Wright:** Yes, I absolutely do share that concern. It's a very delicate balance to protect the needs of consumers. I think we would all universally agree on that, but there may be unintended consequences. Without getting into too much detail, I think the demands for the time in which a delayed flight has to be recovered by the airline make it very easy for them to axe markets that don't have daily service.

It's easy to get another tail to fly a route if you're at Trudeau or Pearson, but when you're in Moncton, New Brunswick, or Gander, you have to remember that most of these shoulder season services are built on non-daily service. We have carriers flying two or maybe four times a week as they try to build demand and go to daily. That's crucial.

We talk a lot about airline profitability. I won't say it in front of the committee here, but sometimes the margins on what airlines make per passenger can be quite shockingly low. If the penalty regime is too high, it can wipe out months of profitability in a single flight.

Again, I'm not against it, but I do think it needs to be carefully, carefully assessed. What is the impact on air service in rural communities? Furthermore, is it a disincentive to travel? Also keep in mind that any costs borne by the airlines will ultimately be handed on in some shape or form to consumers.

• (1235)

**Mr. Mark Strahl:** I also want to talk to Mr. Kendall about flight duty hours.

You talked about pilot shortages, and you talked about capacity. If you have to fly four flights to replace the one jet that no longer can fly into a gravel runway, you need four times the crew.

You talked about \$140,000 to train a pilot. Often the small rural or regional airlines train the pilots, who are then immediately poached to the more profitable bigger airlines. You become almost a free training ground for someone else to poach your pilots.

We've heard from rural, remote, northern airlines and charter companies, etc., that they are having a really difficult time with the flight duty regulations and Transport Canada's lack of flexibility there. Obviously, pilot safety and aircraft safety are number one, but can you talk about the impact those regulations have had on the ability of northern airlines or northern operators to continue to provide the vital lifeline to northern communities?

**Mr. Robert Kendall:** I can't talk at length about that. All I can tell you is that my experiences in talking with the people who are operating up there is that, with the distances you have to fly and the distance the aircraft is able to fly with a full load of fuel, it sometimes causes layovers, which causes crews to not be able to go to the next stop. Before, they would have an extra two or three hours to fly. They would make it to the next site and complete the run. They may have to lay over a day now and do the remainder of the trip. From what I have heard, it has caused serious issues, there's no question. With crews being as limited as they are, it's true.

To answer your other question, the last 737-200 will be out of service with Air Inuit next summer.

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

Thank you, Mr. Strahl.

Next we have Mr. Fillmore.

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

**Mr. Andy Fillmore (Halifax, Lib.):** Thank you Mr. Chair.

Thanks very much to the witnesses here and online.

I'm sorry that Mr. Davidson is not here. I wanted to say to him that we really appreciate his passion on the topic of emissions, and I did feel that I needed to remind him that Canada has the third-lowest gas tax regime in all the OECD nations. Canadians are the highest tailpipe emitters in the world, and we all need to do better.

We've heard from witnesses today about the challenges that we're facing: inflation due to the pandemic and war; the cost of capital similarly related; mergers; the shortages of skilled labour, be they pilots or on the ground; foreign ownership within Canada; and availability of capital. There are a number of headwinds that the industry is facing right now.

Government is certainly doing its part. We want to know more about what else we can be doing.

The standout in the testimony so far for me this morning has been the role of industry partners and what partners can do.

Mr. Kendall, we heard you speak about alternative runway materials, as an example.

I wonder if the witnesses would care to opine on what the role of industry partners might be in helping to face the headwinds that lie ahead in a broad sense.

Mr. Wright, you mentioned in particular the development of a new aircraft.

Could we hear about the role of industry in solving these problems?

• (1240)

**Mr. Reg Wright:** It's a universal problem across rural jurisdictions all over the world. There is not yet any ready replacement for something in the sub-50-seat range that is intended to service light-density spoke markets and can operate economically. I think a lot of those problems would be solved with the development of that.

On those partnerships with aircraft manufacturers, if more than one country is involved in supporting this development and working with industry, an accelerator fund or something clean and efficient that can make those loops in a profitable and environmentally friendly standard would be welcome in almost every small spoke market in the world.

**Mr. Andy Fillmore:** Thank you for that.

Mr. Benedict, I wonder if there's any role for development of destination-by-destination partners that can help to ease some of the challenges, if that makes any sense to you.

[Translation]

**Mr. Sébastien Benedict:** I said something about that a little earlier. There isn't enough tourist traffic in the remote regions. Apart from the problem of getting there, people realize, once they've arrived, that there are no car rentals, no taxis and no shuttles or buses to get them to tourist attractions.

To make it easier for tourists to get there and to be able to welcome them, the necessary infrastructure has to be built at the regional airports, including adjacent services. That can be done by working with travel agencies or agencies that sell all-inclusive travel packages. That way, when they make reservations for tourists who want to come to our region, they can reserve support and transportation services for those tourists in advance.

[English]

**Mr. Andy Fillmore:** Okay, I understand. The goal is that we want to have full airplanes landing in places with full hotels so the whole operation is profitable. I understand.

In the moments left in my time, let's stick with an airplane analogy. If we pull up on the stick and rise up above the clouds where the visibility is unlimited and we look ahead 20, 30, 40 years, where do you see this industry in Canada being at that time? I'll give you one example. We're hearing about electric airplanes. We're hearing about the possibility of hydrogen-powered airplanes. We had a witness on the study earlier who's involved in ideating about a future with dirigible airships to help solve some of these problems, although we didn't get any testimony on that. I just wonder where the witnesses see our industry in Canada in 30 years and what we might be doing now to help get there.

I would open it wide to anybody who wants to think expansively.

**Mr. Robert Kendall:** On the dirigible airship side, they will likely be short-haul. Mining companies might operate them, that sort of thing. They're slow, at this point, 70 knots. You're not going to have one coming up from the south to the north, but perhaps it will be from a hub centre where they would take supplies a short distance, 70 to 100 miles, whatever. I know Boeing and Lockheed are looking at developing those types of aircraft now.

In the next 40 years you're going to have more composite body aircraft flying, and there's going to have to be some method of ensuring they're safe when they're operating off the runways they're using.

**Mr. Andy Fillmore:** Thank you.

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

Thank you, Mr. Kendall.

[*Translation*]

Mr. Lemire, you have the floor for two and a half minutes.

**Mr. Sébastien Lemire:** Thank you, Mr. Chair.

Mr. Benedict, one of the major issues for regional airlines, in addition to ticket prices, is guaranteeing reliable service and suitable flight schedules.

Take, for example, Rouyn-Noranda regional airport, where flight schedules have often changed in recent years. These days, it's virtually impossible to come back from Europe without spending a night in Montreal, which makes it difficult to attract foreign tourists and international travellers to our region.

You should also understand that people love to have their connecting flights on the same ticket because it protects them when delays and problems occur, as they quite frequently do. There's also the issue of the prohibitive prices of tickets for international flights in Canada.

I'd like to know what you think about agreements between carriers, because one of the things that travellers are concerned about is coverage in the event of delays, postponements and losses resulting from a change of carrier. Is there any legal or other way to switch from one to the other? I'm thinking, in particular, about transferring baggage. Travellers should be offered more options and market competition. For example, you could arrive in Montreal on Air Transat but switch to another carrier, without penalty, to get to your regional destination.

• (1245)

**Mr. Sébastien Benedict:** I think that's possible, absolutely.

As we always say, you have to make life easy for tourists. If a trip looks complicated to them, they will change destinations or travel plans.

Unfortunately, connecting flights or the routing that an airline company offers is often complicated. However, if airlines co-operated, that would make life easy for tourists and help increase travel to the regions. From a market standpoint, co-operation between airlines would obviously be difficult, but it's the way to go if we want to promote tourism.

**Mr. Sébastien Lemire:** As we all know, the return portion of a round-trip ticket is sold at a lower price. In the regions, that limits travel frequency and competition because it forces people to return with the same company. That's also true of connecting flights to international destinations.

Are there any innovative measures that might help our regions in this area? I'm not saying carriers should stop discounting round-trip tickets. However, if all connections were for sale at the same price,

that might make it easier for travellers to take connecting flights with another airline.

**Mr. Sébastien Benedict:** What we're saying is that international tourists don't currently have access to the regions. They arrive in Montreal or Quebec City and have no options, which means that very few tourists travel by air to visit remote regions. As we said earlier, it all comes down to price, which is the first criterion that influences tourists' choices when they buy an airline ticket. If we penalize them because they have to travel out or return to the same place, they'll choose another option.

**Mr. Sébastien Lemire:** Thank you, Mr. Chair.

**The Chair:** Thank you as well.

[*English*]

Mr. Bachrach, the floor is yours. You have two and a half minutes, please.

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

I have one last question for Mayor Pond to round out the meeting.

We've heard from the big airports in Canada, which pay rent to the federal government to the tune of some \$400 million per year, that they would like that rent either waived or reinvested in airport infrastructure as a way of supporting their operations and driving down costs for users of airports. Of course, that doesn't speak directly to the needs of small airports, especially municipal airports that are owned by municipalities.

I wonder if there might be some sort of similar accommodation provided by the federal government that would make the maintenance of airport infrastructure and the operation of airports easier for municipalities like Prince Rupert. Whether it's on the infrastructure side or the operating side, is there a need for greater federal support?

**Mr. Herbert Pond:** Yes.

I think we need to step back and take a look at the network. We look at these as individual airports, as if any one of them could survive on its own. However, every flight has an origin and a destination, and many of them have connection points in between. The big change that took place back when the airline industry deregulated was that we got the hub-and-spoke model. Airlines finally realized that 30% to 40% of their transcontinental traffic actually started in small communities like Comox or Prince Rupert and fed in. We need to think of that network as one. If Vancouver International Airport has excess money in paying rent, that should be enabling Prince Rupert, Terrace and Smithers to continue to operate because Vancouver cannot do what it does if there aren't other airports in this. It's a network, and we somehow have stopped thinking of it as a network.

**Mr. Taylor Bachrach:** I'm guessing that's sort of an argument, that if the federal government is going to subsidize airports to the tune of \$400 million per year, it should think beyond just the big airports and make some of those monies available to the spoke airports that feed the hubs.

Is that what you're saying, Mayor Pond?

**Mr. Herbert Pond:** Absolutely. The fundamental should be that this is one great big network. Some of these airports are going to be profitable, and some of these airports aren't going to be profitable, but they all are necessary for the entire network to work. However that money gets transferred back and forth is for you guys to work out, but we have to stop thinking of these as individual airports.

• (1250)

**Mr. Taylor Bachrach:** Thank you very much.

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

Thank you, Mr. Pond.

We'll conclude today with Mr. Strahl.

Mr. Strahl, the floor is yours for five minutes, sir.

**Mr. Mark Strahl:** Thank you very much, Mr. Chair.

Thank you to the witnesses for appearing and giving us their insight.

Mr. Chair, I'd actually like to take this time to ask you a question.

We had a motion passed by this committee to extend an invitation to Minister Fraser and Minister Rodriguez to appear before the committee to defend or discuss the estimates and the budget. Mr. Fraser appeared with his officials, and we were able to do that. We have not heard from Mr. Rodriguez, as far as I know. Obviously, we are running out of dates before the estimates are reported back, before we have those final votes and before we would have that opportunity.

I'm wondering if Minister Rodriguez has responded to that invitation. Perhaps you could let the committee know. I would say, on behalf of Conservatives, that we would be willing to sit for an extra hour or schedule an additional meeting if the timing for our meetings before the House rises for the summer does not allow for it.

Perhaps you can let us know whether he has responded. If he hasn't, are you willing to extend that invitation again in the hopes that we can do as we did with Minister Fraser and have those questions?

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

I conferred with our clerk, and we have not received a response back in regard to Minister Rodriguez's presence.

**Mr. Mark Strahl:** Would you be willing to reach out to his office with that invitation again, with the knowledge that, from our side of the table, we'd be willing to extend hours or meet on a day we don't normally meet, provided that there are resources available?

I would ask—you don't have to respond—that you do extend that invitation again and perhaps offer him more flexibility if he has not responded to the committee that is charged with holding him accountable for the money that is spent on his file.

I'm hopeful that we will have a positive response by the next meeting.

**The Chair:** Thank you, Mr. Strahl. That's duly noted. I will work with the clerk to ensure that is done.

Before we conclude today, colleagues, if it's okay, I'd like to ask our witnesses, specifically Mr. Benedict, one question that I don't think has been addressed.

[*Translation*]

Mr. Benedict, thank you once again for being here today.

I'm really interested in the program the Quebec government introduced that subsidizes \$500 airline tickets for destinations in rural regions.

Do you think the program is working well after operating for two years? Has there been an increase in the number of tickets sold for travel in the regions? Has the program achieved the desired results?

**Mr. Sébastien Benedict:** Thank you for that question.

We're very pleased with this program, even though there have been a few issues.

Many people buy these tickets so they can travel on vacation during periods when many tourists are already visiting the regions. We definitely try to promote these tickets all year round so that people buy more of them. Another problem is that only three airports are available for travel, those in Montreal, Quebec City and Saint-Hubert. We're working with the Quebec government to increase the number of available airports so that, for example, you can take a flight from Gaspésie to Abitibi without being limited to round trips leaving from major urban centres and airports.

**The Chair:** That's good. As you know, we're trying to come up with the best practices that can be introduced in Canada. So if something works in Quebec, it just might work across Canada.

Do you and your organization or the Quebec government have any statistics or data that could provide a basis for comparing the funding that the Quebec government has invested in this program with revenue that it has generated in the tourism industry? Is there a dollar-for-dollar return on investment? Do you have any statistics that show that?

I think this is really a pilot project that could work, but is there already any evidence that it's working? If so, we, as MPs, could recommend this model for Canada.

• (1255)

**Mr. Sébastien Benedict:** The tourism data that we have shows that one dollar invested yields seven dollars of revenue. However, something is rarely taken into consideration in the calculations: When Canadian tourists decide to stay here in Canada instead of travelling to Europe or the United States, and they visit a remote region in Quebec or Canada, the money they spend stays in our economy.

So we should encourage our fellow citizens to visit our remote regions. Many indigenous communities also offer modern but little-known tourism options. Investing in this kind of program so that Canadian tourism stays within the country doesn't necessarily generate new money but does help keep existing money in our province or country.

**The Chair:** Do you have any statistics or data on investments that the Quebec government has made in the past two years? We could study those figures and connect them to an increase in tourism or in money spent in the regions.

**Mr. Sébastien Benedict:** I don't have those kinds of statistics with me today, but I can check and then submit them to the committee.

**The Chair:** We would very much appreciate that. Thank you very much.

[*English*]

I'd like to thank all of our witnesses for appearing before us today and for contributing to this very important study.

With that, this meeting is adjourned.

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