



August 2, 2017

Honorable Wayne Easter,
Chair
Standing Committee on Finance
House of Commons

Via email: FINA@parl.gc.ca

NATA Submission- FINA PBC- The Standing Committee on Finance's Pre-Budget consultations in advance of the 2018 budget

Dear Mr. Easter

The Northern Air Transport Association's membership is representative of all aspects of northern and remote air operations including 705-704 scheduled passenger service, mainline cargo carriers, 703 air carriers, helicopters and specialized operations including internationally renowned medevac capabilities. Our operators are committed to the highest possible standards and cooperating with all government agencies to achieve this standard with rules and recommended practices that make sense and support the Canadian aviation industry.

We would like to take this opportunity to thank the committee and staff for including NATA, representing Northern and Remote operations all over Canada on these important system safety infrastructure investment discussions. Too often, aviation policy is formed based on a focus of southern Canada air services. There has been a genuine effort by this government and various committees like FINAC to understand the unique issues associated with northern and remote aviation. This is important because NATA members have concerns of the lack of understanding the regulator has of northern affairs and the reluctance to engage in thorough consultations.

The recent publication of Flight and Duty Rules in Canada Gazette on July 1, 2017 highlights this issue of rulemaking that did not properly consider the financial impact of the new rules. To be clear:

- **These costs – into the millions of dollars for some operators – will be passed onto communities and users they serve thus undermining the transportation connectivity infrastructure in the remote and northern areas of Canada that do not have alternatives.**
- **Many smaller operators will have to reassess the viability of their businesses. A number have already said the regulations will force them out of business. This can mean everything from reduced access to air transportation, loss of medevac services, loss of forest fighting services, loss of access to food and essentials, or at the very least, significant increase in costs of those goods and services to communities which can least afford it.**

There needs to be increased funding provided for the development of the northern aviation infrastructure in accordance with the federal government's Transportation 2030 - A Strategic Plan for the Future of Transportation in Canada.

Investment in new technology will improve system safety, improved infrastructure will increase service reliability to northern and remote communities and funding programs are needed that will encourage employers to invest in hiring recent graduates to improve overall workforce capabilities to meet the new rules.

We welcome this opportunity to provide input on specific aviation issues for consideration by the FINA committee and the Pre-Budget consultations. This is in keeping with our position that all discussions are useful to help make a very good system better.

We believe it is important to highlight the present high degree of operational efficiency achieved by the aviation industry overall, and northern and remote operators in specific in spite of the Federal government's lack of infrastructure support and long term strategy as recently identified in the May 2017 Office of the Auditor General's Report on Civil Aviation Infrastructure in the North—Transport Canada.

Following are the recommendations from that report that provide the impetus for pre budget considerations as the challenges are considerable with many projects worthy of federal investment:

OAG Recommendations regarding Support for the infrastructure needs of remote northern airports

Recommendation

6.51 Transport Canada, in collaboration with stakeholders, should lead the development of a long-term strategy for northern airport infrastructure. The strategy should clearly outline the role that Transport Canada will play in addressing the infrastructure needs of remote northern airports. [\(6.44–6.50\)](#)

Response

The Department's response. Agreed. To address northern community needs, Transport Canada will work with territorial governments and other federal government departments and stakeholders to identify shared priorities for northern transportation infrastructure, including, but not limited to, northern airports.

6.60 Transport Canada should work with stakeholders to determine what sources of funding would meet the infrastructure needs of remote northern airports. [\(6.52–6.59\)](#)

The Department's response. Agreed. Transport Canada will continue to work with the territories and provinces to determine the priority investments that address the infrastructure needs of remote northern airports. Budget 2017 identified areas for infrastructure investments that could align with these priorities.

Please find attached NATA's 2017 Resolutions regarding the Northern and Remote Infrastructure Investment requirements as well as issues such as the above-mentioned flight and duty time rules that are reducing operational efficiencies, which increases costs to all levels of northern Canadian society.

NATA encourages the FINA committee to meet with northern stakeholders with a more formal regular forum to address the aviation transportation needs of the northern and remote communities. We would be prepared to provide a comprehensive brief to the committee if it is helpful on recognizing the northern operational realities and funding priorities.

Sincerely,



Glenn Priestley
Executive Director



Resolution Number 2017-1

Northern and Remote Aviation System Safety

Recognizing the substantial shortfall of infrastructure support and informed consultation as identified in the 2015 Canadian Transportation Act Review, as well as the May 2017 Auditor General's Report on Northern Infrastructure, it would be useful for Transport Canada to facilitate, in partnership with NATA a series of quarterly meetings utilizing its annual conference as a forum to engage in proper consultation insuring safe and efficient aviation transportation.

To review northern infrastructure requirements, as well to review any proposed prescribed rules for impact on northern society and service needs. This new Resolution will reference former Resolutions:

1. Northern Economic Issues
2. Northern Airport Funding- Updated to reflect recognition of "Essential airports" in Northern and Remote areas for priority infrastructure to support medevac operational safety as well as the Auditor Generals definition of north to include many northern and remote airports in Canada's provinces and coastal areas.
3. Airport Certification vs Registration

Northern Air Carrier Economic Issues

Whereas Northern Air Carriers are an integral component in the northern economy, accounting for a substantial proportion of territorial gross domestic product and of private sector territorial employment, and;

Whereas Northern Air Carriers provide essential services to remote northern communities, and;

Whereas Northern Air Carriers provide important investment and career opportunities for Aboriginal people, and;

Whereas all of the aforementioned attributes of Northern Air Carriers are consistent with the established mandates of public sector northern stakeholders including the Territorial Departments of Economic Development and Tourism, the Federal Department of Aboriginal Affairs and Northern Development (AANDC), the Canadian Northern Economic Development Agency (CanNor), and Transport Canada, and;

Whereas, the Northern Air Services Study, completed on behalf of Transport Canada by Inter Vistas Consulting, recognized many of the aforementioned considerations but did not recommend any policy initiatives to recognize and support the role of Northern Air Carriers in the northern economy or in Canada's air transportation system, and;

Whereas Federal and Territorial travel represents a significant proportion of northern route network traffic and thus could be used effectively to support the established mandates of the aforementioned public sector northern stakeholders by providing Northern Air Carriers with valuable core revenues.

Therefore be it resolved that:

Transport Canada be encouraged to develop policy that recognizes and supports the role of Northern Air Carriers in the northern economy and in Canada's air transportation network, and;

Other Federal and Territorial Northern stakeholders, including Territorial Departments of Tourism and Economic Development, AANDC and CanNor be encouraged to develop travel and other policies that recognize and support the role of Northern Air Carriers in the northern economy.

Passed at the 41st Annual General Meeting in Yellowknife, April 26, 2017

Northern Airport Funding

Whereas many of the airports in the North have shorter gravel runways designed for older generation aircraft and are not suitable for modern fuel efficient aircraft, and;

Whereas many Northern airports face a significant potential of runway degradation due to climate change, and;

Whereas regulation changes and new regulations imposed post devolution of the airports from the Federal Government are resulting in financial hardship for the airport operators to comply with, and;

Whereas many of the terminal facilities at the airports no longer properly serve the need of the communities, and;

Whereas many of these requirements fall outside the eligibility requirements of the existing Federal Airport Capital Assistance Program (ACAP), and;

Whereas many of these Northern airports serve remote communities with no other year-round means of transportation and are the lifeline to the community and are key elements to both Northern Sovereignty and the search and rescue infrastructure;

Therefore, be it resolved:

That the Federal Government create a Northern Airport Capital Assistance Program (NACAP) with a broader eligibility criteria and additional funding to the existing ACAP to ensure the updating and long term viability of this essential Northern infrastructure.

Passed at the 41st Annual General Meeting in Yellowknife, April 26, 2017

Airport Certification versus Registration

Whereas the situation exists that many registered airports receive large amounts of charter passenger traffic with large aircraft, while some certified airports only receive very low amounts of passenger traffic with small aircraft, and;

Whereas having to have an airport certified to be able to have scheduled passenger service in many cases only adds cost and overhead with no safety gain, and;

Whereas the ability to receive Airport Capital Assistance Program (ACAP) funding is limited to certified airports, and;

Whereas the requirement to certify an airport for scheduled passenger service adversely affects small communities, seasonal markets, and tourist destinations, and;

Therefore, be it resolved:

That Transport Canada look towards a risk based process that allows low volume scheduled passenger traffic into registered airports and that in conjunction with this initiative look at expanding ACAP eligibility to include such low volume airports.

Passed at the 41st Annual General Meeting in Yellowknife, April 26, 2017

Office of Auditor General -Report 6—Civil Aviation Infrastructure in the North—Transport Canada Released May 16, 2017 support the above NATA Resolutions- Full audit can be accessed here:

http://www.oag-bvg.gc.ca/internet/English/att_e_42265.html

http://www.oag-bvg.gc.ca/internet/English/parl_oag_201705_06_e_42228.html#hd3b



Resolution 2017-3

Transport Canada Consultative Process Regarding Flight and Duty Time

Whereas Transport Canada intends on modernizing the regulations governing fatigue for flight crew flying commercially in Canada, and;

Whereas Transport Canada has during consultations on this to date has consistently stated their objective is one set of rules governing the entire industry, and;

Whereas such a one size fits all approach would impose restrictions on flight and duty times for CAR 702/703/704/705 operators that would severely impede industry's ability to conduct safe operations in many circumstances, and;

Whereas all other regulatory agencies have acknowledged there area differences in operations by not including smaller aircraft in their regulations governing large international carriers, and;

Whereas the last consultation with Transport Canada in 2015 ended with a understanding that there was not "One Size Fits All" and that Transport Canada would initiate a phased in approach starting with 705 operators and further consultation with all other types of operations, and;

Whereas the 2015 Emerson report on Canadian Transportation Systems recommends the Government of Canada "adequately and consistently consider the unique needs and challenges of the North in respect of all regulatory changes. The federal government should ensure that its regulations are reasonable for northern circumstances and should compensate the territories for mandated safety and security measures."

Whereas the proposed regulations:

- will reduce safety in the air and put Canadians at risk
- will impose economic hardship on Canadians and communities
- will further reduce the competitiveness of Canada's aviation sector further opening the doors to cheaper U.S. providers
- will result in job losses, the shuttering of Canadian aviation companies and supporting businesses in many communities. Many communities will lose their aviation lifelines, or have the cost of the service increase dramatically.

Therefore, be it resolved:

That Transport Canada not proceed with any further flight and duty time regulation affecting CAR 702/703/704/705 operators until the unique circumstances that these operators face are properly discussed with industry and appropriately reflected in proposed regulations taking into account their differences.

Passed at the 41st Annual General Meeting in Yellowknife, April 26, 2017