



NACC
National Airlines
Council of Canada



CNLA
Conseil national des lignes
aériennes du Canada

**PRESENTATION BY MASSIMO BERGAMINI,
PRESIDENT & CEO, NATIONAL AIRLINES
COUNCIL OF CANADA**

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Infrastructure and Communities

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Good afternoon Madame Chair, members of the Committee.

My name is Massimo Bergamini, and I am President and CEO of the National Airlines Council of Canada. I want to thank you for the opportunity to appear today to provide my organization's perspective on Bill C-49.

But before I begin, allow me to say a few words about our organization and industry.

The National Airlines Council of Canada was created in 2008 by Canada's four largest airlines—Air Canada, Air Transat, WestJet and Jazz Aviation—to advocate for policies, regulations and legislation that fosters a safe and competitive air transportation system.

Collectively, our members carry over 92 percent of Canada's domestic air traffic and 65 percent of its international air traffic. They employ over 50,000 Canadians directly and contribute to an additional 400,000 plus jobs in related sectors, such as aerospace and tourism.

According to a Conference Board of Canada study, in 2012 our industry contributed almost \$35 billion to Canada's GDP.

Those are significant statistics that speak to the role that a strong, competitive aviation industry plays in ensuring Canada's economic prosperity.

“The era of elite jet setters is long past.”

But more to the point of our discussion, commercial aviation has become the only practical way for millions of Canadians to travel to be with family, for work, or simply to explore our vast country. And travel they do.

According to Statistics Canada, the total number of passengers enplaned and deplaned in Canada increased by 30 percent between 2008 and 2016.

The era of elite jet setters is long past. Our members alone were involved in over 71 million passenger movements last year.

As people now book flights as readily as they drive cars, **air travel is becoming the domain of the middle class, not the one percent.**

For Canadians, flying is now a part of daily life, the lifeblood of an open, diverse and geographically dispersed society.

In our country, the freedom to travel is considered a given and air transport has become an essential link between **people** and **communities**.

To quote the Emerson Report: *“Not only does air travel provide access and labour mobility to urban, rural and remote locations in Canada, but airports and air carriers act as economic engines for communities and for the country as a whole...”*

That is why a competitive commercial air industry is so important. That is why this Bill is so important.

And that is why getting it right is so important.

Unfortunately, we think the Government’s approach falls short of the mark.

The Emerson Report recognized the complex interconnections that make up the air travel experience and that contribute to our industry’s global competitiveness.

It proposed a three-pronged approach to address the major components of a competitive airline industry: cost, access and user experience.

Bill C-49 addresses only one: the user experience.

For the Government to lead with Bill C-49 -- absent economic measures to address the public cost structure issue -- risks creating further economic imbalances that may eventually hurt those the Bill is meant to protect.

To be clear, while we find that some aspects of the Bill require clarification – you will find our recommendations in the technical annex to my remarks -- we do not take issue with the Bill or in any way oppose its adoption.

We are however concerned that the Government’s approach amounts to putting the cart before the horse.

Putting in place an economic penalty system as the framework for dealing with service issues, without addressing public cost structure at the same time, runs the risk of negatively affecting the industry and, ultimately, passengers.

As Mr. Lavin of IATA pointed out earlier, the international experience on this matter is instructive and should be noted.

“The air travel experience doesn’t start at check-in and end with baggage pick-up.”

As I said at the time of the Bill’s tabling last May:

“Our organization and members share and support Minister Garneau’s commitment to ensuring that all air passengers have the best air travel experience possible and we look forward to working with him and with the Canadian Transportation Agency to this end”.

However, we also recognize that the air travel experience doesn't start at check-in and end with baggage pick-up.

And it doesn't happen in an economic or systems vacuum.

There are a lot of moving parts in a getting a passenger to destination. It involves the coordinated efforts of hundreds of dedicated people working in airlines, in airports, air traffic control, air security, and border services.

Sometimes in this complex system, capacity is stretched by unforeseen circumstances, or mistakes are made, and flights are delayed, luggage is lost and connections are missed.

In 2016, there were some 2800 passenger complaints made to the Canadian Transportation Agency.

Of these, about 560 were either withdrawn or were outside of the Agency's mandate.

Of the remaining complaints, 97 percent were resolved through facilitation. That is to say, the airline was informed of the complaint and reached a mutually satisfactory agreement with their guest without further Agency involvement. Less than one percent went to adjudication.

Not to minimize the significance of these complaints, or the inconvenience that passengers experienced, but it is important to place these numbers in the context of a system that moves over **350,000 passengers per day, every day.**

Clarifying and codifying the rights of passengers is a positive measure that will lead to more certainty in the marketplace.

We are disappointed however that this measure was not introduced in conjunction with concrete steps to address the uncompetitive public cost structure faced by our industry or the systems bottlenecks caused by the underfunding of air security and border screening.

The Emerson Report recognized how mounting fees and charges as well as delays in security screening affect travelers and the efficiency of the industry.

It recommended phasing out airport rents, reforming the user-pay policy for air transport, and putting in place regulated performance standards for security screening.

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Unfortunately, absent any provisions in the Government's five-year fiscal framework for additional spending in this area, Bill C-49 alone will do nothing to address the cost pressures on our airline industry or the systems bottlenecks outside of its control.

September is when the leaves start changing in Ottawa, and when the House resumes sitting. It is also when budget deliberations get underway in earnest within the Government.

It is our hope that when your Committee has completed its study of this Bill and is ready to return it to the House, you include a recommendation that the Government begin taking steps to implement the competitiveness provisions of the Emerson Report in next year's federal fiscal framework.

Implementing the Emerson Report's recommendations on the air industry's public cost structure, as well as on eliminating passenger screening bottlenecks in parallel with the provisions of Bill C-49 would be a true game-changer for airlines, airports, travelers, and ultimately, the country.

Thank you.