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National Airlines
Council of Canada



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aériennes du Canada

**Opening Statement by Mike McNaney
President and Chief Executive Officer,
National Airlines Council of Canada (NACC)**

**Before the
Standing Committee on Transport, Infrastructure and
Communities (TRAN)**

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Thank you Mr. Chair, members of the Committee.

The National Airlines Council of Canada represents Canada's largest air carriers – Air Canada, Air Transat, Jazz Aviation LP, and WestJet.

In 2019 our members carried over 80 million passengers to communities across the country and the world. They employed over 60,000 Canadians directly, and over the past decade had built a level of connectivity and service - regionally, domestically and internationally - that supported more than 630,000 jobs in the overall transport, tourism and aerospace economy.

But as we are all brutally aware, none of these numbers reflect current reality. Today tens of thousands of employees have lost their jobs, billions of dollars in aircraft are parked, 80% of capacity is shut down, and passenger numbers have crumbled to 10% of typical levels, with no line of sight on when things may begin to recover.

But the path to stabilizing the aviation sector is actually quite clear - it is clear because basically every other country in the world has already started down the path, and did so months ago.

Canada is an outlier. There have been some measures instituted and others announced this week but almost one year into the crisis – and my members started to be impacted in January – we are still talking about a “process” for establishing financial assistance for airlines.

Meanwhile, countries around the world have already provided \$173 Billion in support to their aviation sectors, precisely because of the critical role aviation must play in their respective economic recoveries.

While this support has taken various forms, at its most basic it consists of financial measures to stabilize the industry, promotion of rapid testing within aviation and travel, and taking a science-based approach to quarantine in conjunction with testing. This is exactly what we have been promoting for months.

Since the Spring we have been asking the government to provide low interest loans and loan guarantees. We have also asked the government to address liquidity challenges within the broader sector including airports and government service providers such as NavCanada. As astounding as it may seem, in the midst of this pandemic and its incredible demand destruction, airlines were hit with a 29.5% tax increase in September

for air navigation services, as NavCanada tries to address its own financial shortfall - with the government refusing to provide assistance.

Though our requests for liquidity support have not been addressed, we have not stood still and simply waited for government action. Over the past few months airports and Air Canada and WestJet have led the development and implementation of testing projects at Pearson Airport, Calgary International Airport, and Vancouver International Airport, in order to provide government with further data to enable science-based decisions concerning quarantine. As members of the Committee heard on Tuesday, federal departments are being fully engaged on the projects and we are hopeful that the Calgary initiative in particular - given the extensive involvement of the Alberta government - will provide a model for implementation in other provinces.

As we continue our work to drive further action on testing and data-based decision making, and continue to implement the myriad of measures required by Transport Canada to protect passenger and employee health which Members also heard about on Tuesday, we are very appreciative of the statements made recently by Dr. Tam that the risk of transmission of COVID-19 on aircraft is low.

But while we try to move Canada down the clear path presented by other governments, the economic situation continues to deteriorate. According to IATA, Canada has now lost approximately 85% of its connectivity, with flights significantly reduced or service eliminated across every region of the country as carriers try to preserve liquidity and some semblance of operation.

My members have spent years and invested billions of dollars building regional and international networks to create the level of connectivity our economy enjoyed at the end of 2019, and the level of connectivity that will be required to ensure our overall economic recovery across every region of the country.

But that investment and more importantly - the tens of thousands of direct jobs it entails - are being systematically eroded.

In addition, we have now begun to see foreign carriers - who have received liquidity support from their governments - taking international market share from Canadian operators. This is a direct threat to the future competitiveness of the sector and may roll back years of successful international expansion by Canadian airlines.

In Closing

Canadian carriers are doing everything possible to remain viable as we remain at stage zero on the recovery continuum – all the travel and border restrictions implemented in Canada at the beginning of the pandemic continue to be in effect.

Over the past several weeks we have seen heartfelt demonstrations by aviation workers who have lost their jobs, and appeals by aviation unions for government action. We have also seen the government's statement concerning refunds as a condition for financial assistance, as well as statements by Ministers that they realize the industry will not be able to move forward without government assistance.

The objective here is not just to have the sector “survive” – its to have a competitive, thriving industry that drives jobs and investment and quality of life in every region of the country, in every community large and small.

The overall path ahead is very difficult but it is clear. The rest of the world is on it. We need to join them.

Thank you.