

ATAC REACTS TO THE EMERSON REPORT

On February 25th, Transport Minister Marc Garneau tabled the Canada Transportation Act Review Report in Parliament. The Honourable David Emerson was mandated in June 2014 by then Transport Minister Lisa Raitt to “look forward 20 to 30 years to identify priorities and potential actions in transportation that will support Canada’s long-term economic well-being”. The Government is “currently reviewing the Report and is looking forward to hearing from Canadians on the findings of the Report”.

ATAC’s approach to this report is to see whether its recommendations support the long-term well-being of air transportation in Canada. We have carefully read the Report and closely studied all of its recommendations. We have asked our various ATAC Member Committees to give us their reactions. ATAC Officers have met with Duncan Dee, one of five Advisors to Mr. Emerson, who was very helpful in clarifying our understanding of some of the recommendations.

While we agree with many of the recommendations, we question a number of them, and in some cases strongly object. It appears that some of the recommendations were suggested by the authors of the Report themselves and were not directly proposed by any of the 300 stakeholders queried during the examination. The findings of the Report are the result of the analysis of the examination by Mr. Emerson and his Advisors and are not founded on their likelihood of being politically acceptable and certainly not based on their acceptability by industry. That responsibility lies on Minister Garneau. Consequently, it is ATAC’s job to ensure that positions on, and negative impacts of, the various recommendations are made abundantly clear to the Minister.

Our initial reactions and questions on the recommendations on Air Transport are the following:

Recommendation 1: We certainly support the four sub-recommendations aimed to

“reform the user-pay policy for air transport and improve its cost competitiveness”. We also agree that the federal government assume a greater financial role in providing a secure and accessible air transport system in the North and other remote areas.

Recommendation 2: We endorse this recommendation which suggests re-investing fuel tax revenues in smaller, regional and northern airports; eliminating aviation taxes on international flights in those provinces which haven’t done so already; allowing arriving international passengers to purchase duty-free merchandise, and reviewing airport payments in-lieu of municipal taxes.

Recommendation 3: This recommendation raises many key aspects of the National Airport System which merit further study. We are, however, in agreement with the objective of this recommendation which is to “strengthen the viability, accountability, and competitiveness of the NAS”, but not at a cost to be borne by air carriers.

Recommendation 4: We would support foreign ownership up to 49%, but we strongly oppose increasing “foreign ownership limits to 100 percent for airlines operating all-freight and specialty air services”. Such a measure would be incredibly detrimental to Canadian cargo and specialty air service providers and the only stakeholders who stand to gain by such a measure are some Canadian airports and large US operators. ATAC will fight against such a measure.

Recommendation 5: ATAC supports the creation of an Advisory Committee on Transportation and Logistics to be chaired by the Minister of Transport and vice-chaired by the Minister for International Trade.

Recommendation 6: ATAC fully supports the measures proposed by this recommendation, all of which could help foster the development of international air hubs in Canada.

Recommendation 7: ATAC applauds

all efforts of harmonizing strategies by the Government aimed at supporting key sectors such as tourism, immigration and improving border facilitation.

Recommendation 8: ATAC believes that the solution to the efficiency problems at the Canadian Air Transport Security Agency (CATSA) is indeed through “stable and predictable financing”, both from a dedicated Air Travellers Security Charge and the government general revenue, as is done in most other jurisdictions. Also, pulling the passenger security regulatory responsibility away from Transport Canada (TC) and shouldering CATSA with it is not the only solution to the current poor coordination between TC and CATSA.

Recommendation 9: The notion of consumer protection for airline passengers raises a lot of concern. Shared responsibility, one size fits all policies, and federal-provincial jurisdictions, are just some of the issues to be juggled with by the regulator, the legislator and the air transport providers. We suggest that the Government not rush to emulate US and European Union policies as there are many shortcomings with the application of those policies, particularly in Europe.

We are happy to see ATAC’s recommendation to “require complainants to have been a customer of the operator against whom the complaint is being laid”. Such a measure would limit the abuse of complaints to the CTA that we have witnessed in recent years.

Recommendation 10: We are happy to endorse the recommendation that compliance with ICAO standards in Canada “should reflect an understanding of the differences between each aviation segment... and small northern and remote operators, as well as large commercial carriers”. This has been a grievance voiced by ATAC for many years on the application of industry wide regulations.

ATAC is currently consulting with its Board of Directors and Members and will release an official response later this spring. Our response will also comment on specific recommendations found in the chapters on Governance, the North, and the Canadian Transportation Agency.