

CANADIAN AVIATION POST-COVID-19

The air transport industry in Canada, and worldwide for that matter, is facing not one major pandemic related challenge but two. The first, of course, is short term survival. The other is the uncertainty of what lies ahead and what will our market look like coming out of this crisis. How long before people feel safe to travel by air again? When will foreign borders be opened and remain open? What health and safety restrictions will the government impose on our operations? And will those restrictions make the cost of flying prohibitive? When will quarantines be lifted, be it for domestic, transborder or international flights?

The Canadian Government by its inaction, is signaling to the traveling public that it hopes that the Canadian aviation industry is going to recover unscathed from this crippling crisis on its own, which is totally unrealistic. The other conclusion that one could draw is the Canadian Government does not have the political will to help and is going to stand on the sidelines as air service to Canadians seriously diminish, crippling the recovery of the economy.

While not forcing airlines to reimburse unused tickets may qualify as offering support to some carriers, it does nothing to help regional carriers and the many other stakeholders whose very existence continues to be threatened by the pandemic and the measures put in place to limit its spread.

The lack of leadership by government is evident as it is unable to table a plan to help its aviation industry ride through this very difficult crisis which is of a magnitude aviation has not seen since WWII. It is sadly ironic that in a country dependent on aviation as a lifeline and an economic driver, with a land mass so large and so sparsely populated is now led by a government which seems unable or unwilling to table a plan to help its aviation industry recover from this devastating pandemic. We have been talking to government officials for months and our pleas and concerns are always met with requests for patience and suggestions that plans are in the works for assistance. However, after six months of the pandemic substantive help for the industry has not materialized and survival of the industry has become critical.

One year from now, Canadians will likely face a reduced offering of services, much fewer direct flights, diminished regional air services, and inevitable higher costs as many aviation companies will most likely not survive.

The Government is trying to shoulder industry with responsibilities that are arguably of the public domain. Health checks, which can lead to denied boarding, and contact tracing are costly activities that will help Canada contain COVID-19 and are two essential services that need to be supported by government resources. History has shown us that the Canadian Government

has a tradition of loose interpretation of user-pay policies insofar as the aviation sector is concerned.

Airlines will have to review their service offerings if they are to survive in the two-to-three-year recovery period. Airlines will return to their core business and concentrate on routes with higher yields. They will rely more on their alliance partners and on code shares. They will develop agreements with regional air carriers, and passengers will find themselves flying to hub airports rather than directly to a destination.

Air travelers from around the world will see increased fees imposed on air travel, but air travel in Canada will be especially hard hit because not only did the Government not step up to help carriers face this crisis by injecting liquidity when it was so badly needed, but it is also planning to have passengers pay for the additional services it is imposing on air travel.

We have already witnessed cuts in regional air services and local and provincial authorities are scrambling to find solutions to ensure that their regions are not cut off economically and socially from the rest of Canada. Unfortunately, this is only the beginning as reductions in services will have a direct correlation with increases in prices.

The Canadian Government must recognize the critical role that aviation plays in Canada. Without immediate government action, many Canadian air operators will not be around to provide their critical and often essential services and their enabling role to the economy when they will be most desperately needed. It would be so much easier and efficient for the Government to help carriers maintain service than it will be to find urgent alternatives should these carriers no longer be sustainable.

Efforts are also in play to protect northern markets by strengthening local carriers so they can better weather such crisis and continue to serve the population during hard times. This effort can be supported by protecting northern markets from non-northern air carriers. Profitable routes attract all carriers but only the local carriers use these higher yielding routes to help sustain service throughout the region.

Canadian air travelers for the next few years will have to get used to reduced services and higher costs. Governments must recognize that imposing additional costs to air travel is counter-productive and will impede efforts to help our industry recover. Any price reduction strategy by industry to stimulate air travel during the recovery would be negated by increases in fees and charges imposed on air travel.

The Government cannot continue to turn a blind eye on the very critical situation of air travel in Canada. Our industry is one of the worst hit economic sectors with its high capital cost structure and operating costs. It should be painfully obvious to the Government that a wounded air travel industry not only cripples the national economy but weakens our country's already slow socio-economic recovery.