

A MUCH-NEEDED CHANGE OF COURSE FOR TRANSPORT CANADA

A strategic retreat for companies going through difficult times is to forgo certain ventures, services or product lines and concentrate on your core business while options are being assessed. The idea is to fall back to those activities that allowed you to grow and carve a niche in the market. Core services or products are usually the most profitable as you have achieved economies of scale and cost efficiencies. When market conditions improve, you then consider adding back or creating new product lines to create new profitable revenue streams.

Most air carriers did exactly that during the pandemic, dropping some routes in favour of supporting the more profitable ones and concentrating on contractual obligations. Personnel cutbacks usually ensued as a cost saving measure associated with lower utilization. This is one of the main reasons why the recovery has been particularly challenging for airports and air carriers alike. Ramping up requires getting back furloughed staff and ensuring that their training and credentials are current. Unfortunately, in some cases, experienced personnel have moved to other industries as they could not afford to wait around for the airline business to return to normal levels.

Contrary to the aviation industry, the Federal Government did not lay off thousands of people during the pandemic. In fact, many departments continued to hire. CATSA, largely operated by private contractors, is probably one of the few exceptions of public services that cut its personnel capacity over the past two years. Civil servants mostly worked from home, which clearly lowered the level of service, causing significantly increased service delays. Response to service requests, essential for airlines operations, have slowed to a crawl, resulting in much longer delays than the established aviation service standards or what is an acceptable industry standard considering the fees paid. This trend is unfortunately not limited to Transport Canada but extends to many government departments. Visa applications, RAIC cards, type certifications, medical approvals, license renewals, professional exams, pilot proficiency checks, aircraft certification, etc. are subject to delays never before encountered. These delays in processing are blocking our recovery and disrupting air service across Canada.

The Government barely acknowledges this crippling level of service and prefers to blame airlines and airports for not ramping up quick enough. This is unacceptable.

Transport Canada's Number 1 Core responsibility has been identified as a Safe and Secure Transportation System. The Government's mandate is to provide services such as setting standards, implementing regulations, and enforcement.

According to its 2019-2020 Departmental Plan Transport Canada is responsible "for developing and overseeing the Government of Canada's transportation policies and programs so Canadians can have access to a transportation system that is safe and secure; efficient; ...and green and innovative". The department works towards these objectives by 1) proposing and updating policies, laws and regulations; and 2) ensuring oversight by conducting inspections, enforcement activities and surveillance of transportation industry equipment, operations and facilities.

We agree with and support the mandate that has been given to Transport Canada. The problem lies in the fact that the department is not properly funded nor staffed to carry out this important mandate. While demand for air services in Canada had been growing at an annual rate of almost 5% until the pandemic the Transport Canada - Aviation Safety budget had been consistently cut. Total Aviation Safety Estimates for 2017-18 were set at \$185.5M, down from \$248.5M in 2011-12. That is a \$63M or a 25.4% cut in six years, making it near impossible for Transport Canada to properly carry out its mandate. Transport Canada's budget has since continued to be under-funded, and the department's efficacy has dropped to historic lows.

In the face of such circumstances, the department needs to buckle down to its basic core responsibilities. Concentrate resources on elements of the core competency that absolutely cannot be provided by third parties. Delegate to those in industry that have the expertise to execute other mandates which would simply require oversight from the government.

ATAC has been suggesting for almost two decades that Transport Canada mandate third parties for certain services. We have provided a list of services to the past three transport ministers that could be delegated without going through lengthy legislative or regulatory changes.

These include manual amendments, pilot licence renewal within air carriers, and the hosting of professional exams. ATAC proposes that while TCCA maintains overall responsibility for these administrative activities, mandating industry to carry out these time-consuming clerical duties would allow Transport Canada to concentrate its resources to its oversight responsibility, as recommended by the SMS Culture.

Delegating these clerical tasks will free up Transport Canada resources and help shorten the delays of services that have been crippling our recovery. While these suggested solutions, among others, were very pertinent prior to the pandemic, they are even more so in this recovery stage where delays and labor shortages are seriously threatening our ability to once again offer Canadians the first-class air transport services they need and deserve.