

Planning for a Stronger and More Resilient Future

A National Aviation Recovery Plan for
Canada's Aviation Industry

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Canada needs to think nationally and strategically for our transportation sector to emerge from the COVID-19 era able to compete and contribute globally.

Executive Summary

COVID-19 has created an unprecedented crisis in Canada's travel and tourism industry of which aviation forms a key part. In April of 2020, GDP created by the air transportation industry had fallen to just 4% of what was created the previous year. By July, the industry had seen very little improvement with GDP produced sitting at just 8% of the previous year's levels.

This is a disaster for Canada for numerous reasons:

- The air transportation industry employs some 141,000 workers in Canada. These workers are highly skilled and require significant training in order to keep aircraft running and our skies safe. The cessation of training already in process to deal with future retirements and the erosion of skills in workers who are laid off threatens the robust restart of the aviation sector ;
- Air transportation is a conduit to numerous activities that produce well-being for the people of Canada including connecting with friends and family, accessing health care, driving business activity and travelling to vacation destinations around the world – if the industry is allowed to diminish and weaken, the conduit to these activities will as well;
- Air Travel brings tourists and business people from abroad who contribute to our vibrant communities and economic growth.

Canada needs to think nationally and strategically for our transportation sector to emerge from the COVID-era able to compete and once again contribute to the thriving country it helped create. Any recovery strategy must focus on three key areas:

- A prudent, safe and science-based approach to border controls;
- An industry support package that ensures companies are viable, people remain employed and skills are maintained;
- A vision for the future that includes decent work; robust health and safety standards and a thriving industry for passengers and workers.

Canada is home to some of the strictest border restrictions around the world. Canada is the only developed nation that has not provided direct support for the aviation industry. Continuing down this path gives other national carriers a competitive advantage and risks the collapse of the industry overall.

Introduction

Canada's aviation industry is an essential strategic resource that contributes to our economy and social fabric. It employs 141,000 workers and contributes \$35 billion in GDP annually. Aviation also moves imports and exports worth more than \$110 billion. Furthermore, airports and other support businesses employ thousands of people in road and rail transportation and hospitality inside airports and the surrounding area. COVID-19 has had a profound impact on this industry, with no clear end in sight.

Most of Canada's air carriers rely heavily on international traffic to generate revenue – international travel is a critical component of remaining solvent. With international traffic remaining at less than 20% of 2019 levels, business continuity remains at significant risk. Furthermore, within our Country's boundaries, regional policy differences from various public health authorities have become obstacles and have affected Canadians' willingness to fly.

Canada's aviation industry is relied upon by people across our socio-economic spectrum, businesses from coast to coast to coast, cultural communities, municipalities, and all levels of government. Canada is a nation built on immigration and global trade, and as a result the industry also contributes significantly to Canada's international standing. It is critical that Government support for the industry and the industry itself must evolve to meet the challenges posed by the global COVID-19 pandemic and the economic recovery era that will follow.

Canada is now firmly in the second wave of the coronavirus pandemic. With prudent action on the part of governments and the Canadian public, we will hopefully be out of it soon. The collective understanding of the virus, the speed and accuracy of testing, and the sanitizing and distancing protocols in airports and society have developed and evolved to allow people to participate in more activities while remaining free of the virus.

Unfortunately, there has been little evolution in the quarantine measures in response to updated and enhanced information. Canada needs an enhanced strategy to manage the virus. This strategy must include updated border measures that are responsive to scientific developments and an industrial strategy that preserves the industry to ensure we don't lose carriers or destinations while the country and the world wait out the pandemic. The goal must be to facilitate a rapid recovery for the aviation industry and the Canadian economy.

Over the last several months, air transportation workers, unions, and employers have been working to establish policy that will keep Canadians safe, keep the air transportation industry alive, and keep Canadians working. Despite being told repeatedly that this is top of mind, there has been very little or even no action on the part of government to do what needs to be done. Workers, their unions and employers are becoming exceedingly impatient. We demand government action.

National Aviation Recovery – Canada needs a Plan:

Canada needs a National Recovery Plan for the aviation industry. Canada needs a plan to prudently and safely open borders. Without one, workers and employers are being left in the dark.

Any plan must include vital government support to carry Canada's airlines, airports and navigation services through this crisis and ensure they are ready and able to fly again as soon as restrictions are lifted.

The plan must ensure services are preserved and remote or less frequently visited locations do not lose service or the vital connections to medicine, business and family and friends.

The plan must include adapting border restrictions to slowly and safely reopen borders with in line with the new Universal Standard for facilitating passenger flights over international borders. Canada's aviation workers propose the following plan to increase the level of protection offered by the current border measures while also permitting a safe return to sustainable levels of international and inter-provincial travel for Canadians and to support the aviation industry and its employees through the transition period:

- 1.** Adopt the Universal Standard for facilitating passenger flights across international borders developed by the Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation (CAPSCA). It is time for a robust, updated approach to border controls using the most up to date scientific evidence and health and safety protocols.
- 2.** An industry-specific support package that bolsters the aviation industry through the border policy transition period and ensures the industry is on competitive footing with international peers during the economic recovery period. This package must ensure benefits flow to workers and provide continued support for furloughed workers.
- 3.** A long-term vision for the aviation industry that includes social, financial and environmental sustainability.

1. Canada's Borders: Implementing the CAPSCA Universal Standard:

Unifor supports the adoption of the Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation's (CAPSCA) Universal Standard for facilitating passenger flights across international borders.

The return to travel is contingent on two factors: a method of controlling international travel that responds to scientific developments in understanding and preventing the spread of COVID-19 and consumer confidence in the safety of the air transportation and tourism industries.

Through the first months of the pandemic, Airlines and airports have implemented stringent health and safety protocols including significant sanitization requirements and limiting contact between people on airplanes. This has resulted in air travel becoming one of the safest places to be when it comes to preventing the spread of COVID-19.

Just as health and safety protocols on aircraft have developed so to have testing capabilities and the ability to recognize and screen for corona virus symptoms. These two components of the fight against the spread of the coronavirus have continuously developed over time but the blanket 14 day quarantine measures have not. There is a better way to approach international travel restrictions and border closures that would allow some travel to restart even as many people prefer to stay home.

The International Civil Aviation Organization posted this Universal Standard on September 23, 2020. The Standard includes guidance on facilitating passenger flights across borders in four distinct operations including flights carrying passengers on-board, repatriation flights, seafarer changer over flights, and flights requiring cabin crew.

The guidance sets up a multi-layer strategy that allows for the implementation of public health corridors. Transport Canada is listed as an Organization that contributed to the development of the guidance. This multi-layer strategy includes 11 components all aimed at reducing the spread of the coronavirus and detecting it in travellers who, if found with symptoms, will be asked to quarantine. The components include general hygiene including hand washing and respiratory etiquette, physical distancing, use of a face covering or mask, temperature screening at entry or exit points, a passenger self declaration form, diagnostic testing for COVID-19, cleaning and disinfecting managing passengers with suspected infections, managing flights from high-risk areas and contact tracing, isolation and quarantine. The guidance does not recommend the use of antibody testing or immunity passports.

In July, Unifor recommended government begin to plan for a safe return to air travel by developing clear criteria for opening borders to safe countries, setting clear expectations and guidelines for travelers' use of PPE and behavior in close quarters; developing health and safety protocols based on science and according to guidelines and best practices established by public health officials and health and safety experts; and contact tracing workers and travelers who have been infected with coronavirus and ensure adequate access to testing. The CAPSCA Universal Standard accomplishes each of the recommendations listed above. Canada must adopt this standard in place of blanket 14 day quarantines.

2. Immediate Support For the Industry and its Employees:

Even if our proposed border measures are adopted, a transition period will be required and some restrictions may remain until COVID-19 is adequately brought under control. During that time, the industry will need financial support to remain viable, serving its vital role and being prepared for the future. While other nations have realized the need to maintain the aviation industry for the eventual recovery by providing sector-specific financial support, Canada has yet to do so. Globally governments have contributed, at minimum, \$123 billion in financial support for airlines and the air transportation industry around the world. Canada's portion of that money is \$300 million that went directly to waive airport rent. This situation is completely unacceptable.

Furthermore, the current financial aid available to all employers in and outside the aviation industry is proving to be inadequate. Consequently, Canada's air transportation industry is facing massive layoffs and even failure as the crisis continues.

Canada's aviation industry requires a robust industry support package that acknowledges the unique needs of the industry, ensures the industry continues to meet the needs of the Canadian public and ensures the industry is ready for take off as soon as it is safe to do so. Specific areas for funding include:

- Canada's Airlines: \$7 billion for Canada's airlines. This would match, on a relative basis, the support package delivered to the American aviation industry and ensure the Canadian owned companies remain viable and competitive. This money would be meant for both business continuity and employee pay;
- NAV Canada: Fund NAV Canada at 2019 levels to keep people employed, employees maintaining skills and the skies safe;
- Canada's Airports: Fund Canada's airports to cover operating costs to keep people employed and the airports maintained;
- Training and Skills Maintenance: Ensure that the training and skills maintenance needs of aviation industry actors are supported financially and actively addressed;
- Ensure benefits flow to workers: Government must set strong conditions on any corporate support package that ensures benefits flow to workers through the maintenance and improvement of job quality, pension protection, low interest loans and equity investments to name a few.

Access to liquidity through a low-interest loan program will be critical to the industry's survival. With revised national and provincial border restrictions in place, a large amount of cash outflow will be required in order to allow the industry to restart in a safe manner and the period of time for the industry to recover to pre-covid levels will be several years at a minimum. The largely unsuccessful LEEFF program is not suitable for the circumstances. The industry needs access to long-term loans at low interest rates. This will be an improvement over the LEEFF that will help Canada's airlines remain viable against international competitors that have received billions of dollars in support.

Financial support for the industry must also be contingent on the industry's social responsibility toward its workers, striving for employment protection and healthy employment conditions. These commitments must be concrete, binding, and enforceable, with support withdrawal and sanctions, as necessary. Government support for aviation employees will also be critical as current programs such as the Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Response Benefit (CERB) are due to be wound down well before the recovery period for aviation will be underway.

Employees in the Air Transportation Industry require extensive training and skills maintenance to ensure air travel safety. As this crisis drags on, employees including pilots, air traffic controllers, air traffic specialists, flight attendants, dispatchers, aircraft maintenance engineers and many more risk skills erosion as they remain laid off. A support package must include money to ensure hard won skills are maintained, highly skilled new entrants continue to develop and the industry's safety remains front and centre in the future.

Immediate actions that can be taken by the Government of Canada to support employees in the aviation industry should include, but must not be limited to implementing an improved CEWS for furloughed workers with strong income protection; ensuring the continuation of CEWS and the 75% replacement rate and the CERB well into the sector's economic recovery and taking over the financial cost of workplace benefits to remove the burden from employers and employees who currently must cover it.

3. Beyond COVID-19 - A Roadmap for the Future:

During times like these, we are reminded of the importance of a well-functioning aviation industry as a critical part of national readiness and the backbone of national and global infrastructure. Now is the time to rethink, reimagine, and reset our industry on a path that will benefit society. Canada is not operating in a vacuum. We have tremendous resources through organizations such as ICAO and The Collaborative Arrangement for the prevention of Public Health events in Civil Aviation (CAPSCA) to look to for best recommended practices protocols to stabilize and create a more resilient industry.

CAPSCA, working within ICAO, includes a wide and influential stakeholder group that makes specific health/pandemic related recommendations to ICAO and specifically provided significant information and guidance for the ICAO Council Aviation Recovery Task Force (CART) report. Canada has a responsibility to engage with our international partners by first and foremost leading by example but also by insisting that other States do the same. The roadmap doesn't work unless everyone is using the same map.

For the aviation industry to survive and continue to support Canadians and our national economy as it has in the past and going forward, we must think strategically and reshape the industry to become financially, environmentally, and socially sustainable. This can best be accomplished through a collaborative body facilitated by the federal government and consisting of industry,

labour and Canadian communities to develop a national aviation strategy for maximum strength and stability within the aviation industry.

Social Sustainability:

"Social Sustainability is about identifying and managing business impacts, both positive and negative, on people." – UN Global Compact

Over the last number of decades, governments around the world have allowed the market to find its own balance through deregulation which has meant a focus on growth, low fares, and increased connectivity. As a result, over this period there have been hundreds of airline bankruptcies. Prior to this crisis, most airlines were not making enough money to cover the cost of capital. This cycle of boom and bust has been entrenched and is to the detriment of all stakeholders.

The post-COVID-19 recovery must differ from past recoveries that have increased deregulation, created precarious work situations, and ultimately created further social costs including lost jobs, reduced social protections, and further income disparity, decreased economic and national security, and rising political unrest. These costs affect those in the industry as well as their families, communities and society at large. Furthermore, liberalization in aviation has created a skewed system in which many airlines are no longer obligated to take financial or social responsibility for the markets to which they enjoy access. We believe that aviation should be an engine for social and economic improvement and not a scheme to extract value at the expense of society. The air transportation industry should be a socially sustainable industry that will create valuable employment rather than degrading and destroying it.

The response to this crisis must reduce precarious employment. Without social sustainability, there will be no economic sustainability. Healthy competition needs a rulebook and referees. A safe and sustainable aviation industry requires a firm link of liability and responsibility between finance, the environment, labour, and society; and governments, owners, and management accountable for maintaining that link. The global community doesn't need more dirt-cheap airplane tickets. It doesn't need airlines creating and demanding unreasonable competition. It needs a sustainable, economical transportation system built according to the fair and equitable treatment of the people who keep it running. Workers' rights are human rights and the aviation industry will not properly recover without solid interventions acknowledging this reality. Consider now how we can either influence this recovery; or become victims of it.

Financial Sustainability:

Since deregulation, airline competition has brought many benefits such as reduced airfares, increased connectivity, and access to travel for more of the world's population. However, when competition hinges on shopping for weak regulations, regulators with no or low oversight, no tax responsibilities, and an assault on labour both the industry and society lose.

Airports and navigation services through NAV Canada operate as non-share capital corporations. This has proven to be a sustainable business model during good times. However, during a crisis such as COVID-19 this model is far from viable. Operations at Airports and at NAV Canada have been left with very little revenue and few avenues for raising the capital required to operate through this crisis.

A healthy, stable aviation industry is a need-to-have, not a nice-to-have. The responsibility falls to governments to reign in destructive industry practices and to work with the industry to build a system that creates prosperity within its markets.

Environmental Sustainability:

Government needs to provide the industry with incentives to reduce the environmental impacts of aviation such as:

- Airlines have voluntarily adopted numerous programs to reduce their environmental impacts including tree-planting programs, new electric-powered tugs to reduce fuel consumption by aircraft and ground vehicles while taxiing, aircraft operating procedures which reduce fuel consumption, and many more. According to the International Air Transport Association (IATA), the industry has achieved a 50% reduction in carbon emissions per passenger since 1990 and fuel efficiency has increased 2.3% each year since 2009.
- Alternative fuels have a significant advantage as they can reduce CO2 emissions and do not require many adjustments in the supply chain and operation. We support the initiatives nationally and globally to certify new conversion processes and feedstocks.

We urge all aviation stakeholders to take an active role in developing a new, socially sustainable aviation industry based upon a principle of creating prosperity within, not just from, the markets it has the privilege of serving. Herb Kelleher, former CEO of Southwest Airlines said that his airline's success was based on putting employees first, customers second, and shareholders third, that way everything takes care of itself. We believe this is a good approach toward a socially sustainable aviation industry as well.

Conclusion

Unifor represents nearly 20% of Canada's 75,000 aviation workers. Our members work in every sub-sector of the industry and include pilots, customer service representatives, air traffic controllers, flight service specialists, aircraft mechanics, airport workers, and flight attendants. They transport both people and cargo to domestic and international locations throughout the world.

Unifor has repeatedly contacted the government at the public service and political level to warn of the coming devastation and long-term damage if the aviation industry does not receive the government support and adjustments to border policies needed to weather the crisis and come out the other side in tact.

Canada needs an Aviation Recovery Plan that safely and prudently opens borders while simultaneously providing financial support to ensure jobs are available, skills are maintained and customers can access the quality services they deserve. Canada is home to some of the strictest border restrictions around the world. Canada is the only developed nation that has not provided direct support for the aviation industry. Continuing down this path gives other national carriers a competitive advantage for the future and risks the collapse of the industry overall.