



# Backgrounder: Solutions to protect Canada's regional air service

Chorus Aviation appreciates having the opportunity to highlight the importance of regional air service in your discussions around the impact of COVID-19 on the aviation sector.

We share your goal of keeping Canada's regions and communities connected and want to ensure safe resumption of operations when demand returns, as the current strict travel restrictions and quarantine imposed by governments have forced airlines to reduce their schedules. For instance, the Atlantic provinces have been virtually closed to air travel since the onset of the pandemic. To our knowledge, no other country has imposed such strict restrictions on domestic travel. Canadians can count on Chorus for their transportation needs, but governments need to establish a plan to resume travel.

## Chorus Aviation is proudly Canadian

Headquartered in Halifax, Nova Scotia, Chorus Aviation is proudly Canadian and employs over 5,000 people across the country.

Through our Jazz Aviation business and our relationship with Air Canada, we are Canada's largest regional operator. We provide planes, staff and airport services to Air Canada. We also operate Voyageur, which conducts humanitarian flying missions around the globe and we own Chorus Aviation Capital, which leases regional aircraft to operators across the world.

## COVID-19's devastating impact on regional routes

Prior to the pandemic, Jazz served 59 Canadian communities and 33 destinations in the U.S., with over 700 daily flights, many of which were to remote destinations where we were the sole provider of commercial air service. Jazz flew more daily flights within Canada than another other airline, providing services from coast-to-coast, reaching from Victoria, B.C., to St. John's, N.L., including northern communities such as Goose Bay, Whitehorse and Yellowknife.

The viability and the level of regional services operated by Jazz is reliant on passengers travelling across the whole Air Canada network, and around the world, and not only on local passengers. Our aircraft carry passengers travelling from everywhere in the world who are connecting to and from regional markets. Without these international passengers, the regional network operated by Jazz cannot be sustained. International and interprovincial restrictions have deeply impacted regional services.

Because of the pandemic and government travel restrictions, our flights have been reduced by approximately 90 per cent. As a result, approximately 61 per cent, or just under 3,000 members of our

workforce are inactive. Where possible, we introduced job sharing arrangements to help mitigate the job losses, resulting in some employees working reduced hours at reduced wages.

Beyond the loss of thousands of Canadian jobs, the devastation and interruption in regional aviation has cut off small communities' critical connections to Canada and the world. For these communities, air travel is not a luxury. They depend on safe and reliable regional air services for their socio-economic survival, and to support local business, academia and tourism industries.

## Regional routes must be a priority and Chorus needs to be engaged

The federal government must consider regional air services as essential as it moves forward with measures to support the aviation industry. This is about saving Canadian jobs and ensuring a more inclusive economic recovery. We noted that several of the cabinet ministers' supplementary mandate letters released last month referenced support for the air travel sector, specifically regional air service, but government must understand that there can be no services without airlines and that they must consult with airlines to develop a solution that meets the needs of Canadians.

Chorus Aviation is well-positioned to continue to serve regional routes and has everything in place to restore service quickly and efficiently, such as infrastructure, worldwide network access, modern and efficient aircraft, extensive airport presence, sophisticated safety management systems and decades of experience.

## Consumer confidence is key to recovery

To ensure Canada's economic recovery, consumer confidence will need to be restored. Access to flights is crucial to Canada's economy and lifestyle, but with government restrictions contributing to an "anti-travel culture," consumer demand is deteriorating even further.

It will only recover when people have confidence that their health can be protected, while at the same time avoiding lengthy quarantine times. Air Canada and Jazz have implemented leading industry measures to enhance passenger and employee safety, but government needs to act quickly to avoid irreparable damage.

In addition, aviation charges cannot be ignored. Industry charges in Canada are not only higher than the U.S., they are amongst the highest in the world and have increased since the pandemic. For example, NAV CANADA fees have risen by 30 per cent and airport authorities have increased fees by 25 per cent. To help reduce ticket prices and restore passenger demand, the federal government should urgently consider assisting both organizations in the rollback of these increases.

## A strategic approach to ensure no harm

Until passenger demand returns to pre-pandemic levels, financial support for the sector may be necessary.

As outlined in the Fall Economic Statement, the government is providing up to \$206 million over two years to the Regional Development Agencies for a new Regional Air Transportation Initiative that would support regional air carriers. As the government and regional development agencies consider how best to allocate support funds, we want to ensure their decisions are well-informed.

To be clear, we are not looking for a bailout and feel strongly that more airport infrastructure is not needed. If large airlines are forced to enter into agreements with other government-subsidized new entrants, Chorus could be shut out from funding and cut out of their business.

## Recommendations

1. We need a national, scientifically based COVID-19 testing regime. We can't wait until all Canadians are vaccinated to restore travel. People need to feel that flying is safe.
2. In the medium-term, consideration should be given to eliminating the fuel excise tax, reviewing the Air Travellers Security Charge levels, and reducing the underlying fees and charges for government institutions such as Nav Canada and airports that are contributing to Canadians' travel costs.
3. In the longer-term, we would welcome a review that examines the roles, responsibilities and accountabilities of all government players in the aviation sector, which in many cases are operating independently.
4. A holistic governance review should be conducted with the objectives of creating more efficiency, increasing coordination between various governance bodies, and reducing air service costs for Canadians, and thereby making the worldwide network more accessible.

## Chorus Aviation is ready to resume our important work

We have been serving Canadians for 80 years, and when the time comes to restore regional air service, Chorus will be ready to resume activity at pre-pandemic levels.

The resumption of air services is not a light switch that is simply turned on. The logistics alone of recalling, retraining and recertifying furloughed employees, as well as preparing aircraft, takes time and tremendous resources. The longer regional communities are without service, the greater the risk of permanent, long-lasting impacts on Canada's affected communities.

If and where possible, Chorus Aviation wants to be included in the implementation of support for our sector, and to work with the government to set goals to get back up and running through testing and the vaccine.

We look forward to being a key partner when the time comes to restart regional air service. We are ready to resume our important work.