



Submission from Sunwing Airlines to the House of Commons Standing Committee on Transportation

RE: REDUCING RED TAPE AND COSTS ON RURAL AND URBAN CANADIAN AIRPORTS

Dear Members of the House of Commons Transport Committee,

On behalf of Sunwing Airlines, I would like to thank you for undertaking this important study on ways in which red tape and costs can be reduced at airports across Canada. As the travel and tourism industry inches towards recovery, it is now more important than ever that policymakers look at how the industry can be supported, including by addressing systemic issues that have limited the full potential of our sector.

As members of the committee may be aware, Sunwing Airlines is a leading leisure airline, and a key part of Sunwing Travel Group, the largest vertically integrated travel company in North America. We offer more flights to the south than any other leisure carrier with convenient direct service from airports across Canada to popular sun destinations across the Caribbean, Mexico, Central America and the US.

We are also very proud of our deep Canadian roots, including the many small and medium sized communities across the country we service. Prior to COVID-19, we were present in 26 airports across the country, and are proud of our ability to connect Canada's regional airports to international sun destinations.

Obviously, the pandemic was challenging for our entire industry. Pre-pandemic, Sunwing Travel Group employed 3,000 Canadians, half of which are based in Ontario, served over 2 million customers per year, with CAD\$3 billion in annual revenue. And while we continue to make steps toward recovery, it will be some time before this is complete; tourism industries optimistically put recovery at sometime in 2023, while others still are much further out.

Despite these challenges, our company moved swiftly to instill safety measures and protocols for employees and travellers. In September 2021, Sunwing announced that we would be requiring all employees across our Canadian divisions to be fully vaccinated October 18, 2021. I am proud to say that we reached nearly 100% compliance with our corporate vaccination policy.

Now that we are out of the immediacy of the pandemic, this is an opportune time to assess how to support airports, airlines and travellers moving forward, given the role travel and tourism plays to the country's economy. With this in mind, there are a number of suggestions our company has regarding the reduction of red tape and costs. We'd like to focus our submission on two core sections: red tape issues resulting from the COVID-19 pandemic, and cost challenges at airports.



Red Tape Issues Resulting from the COVID-19 Pandemic

As policy-makers know well, a number of public health measures were applied to federally-regulated industries, including airlines, during the pandemic. While these were introduced with the laudable goal of reducing transmission of COVID-19, there is also no question that their persistence has fundamentally altered the travel experience. Our country's requirements also differ from others, making for a somewhat complex and often confusing journey for passengers.

At the same time, staffing up to pre-pandemic levels remains a challenge, as travel levels were reduced for so long. While it is encouraging to see that more Canadians are interested in travelling again, it has also exacerbated staffing shortages, particularly for security screeners and border security officers.

Under-resourced airports coupled with the continuation of complex, sometimes redundant, pandemic-era restrictions have resulted in major backlogs at some of Canada's largest airports. This goes beyond an inconvenience for travellers; it jeopardizes the industry's ability to recover, and it places a significant burden on airline staff, who are dealing with increasingly frustrated passengers at every step of their journey.

The federal government is working on addressing a number of these issues. First and foremost, we welcome changes announced mid-June which will suspend vaccination mandates for many Canadian workers and travellers. Steps taken to increase security screening and border security staff via CATSA and CBSA are also welcome actions, which will help longer term as travel continues to scale up.

However, more work is needed. Processing times per passenger, including for those who have properly completed the ArriveCAN app, are significantly longer, causing congestion. While more CATSA and CBSA officers are being hired, processing time for credentials for staff is taking too long. And other countries are moving to drop onerous pandemic-era restrictions, in line with high vaccination rates against the COVID-19 virus. With this in mind, Sunwing Airlines recommends the following actions for the federal government's consideration:

- Ensure adequate resources and infrastructure for regional airports, including maximizing government agencies to fully utilize the airports for international security clearance, rather than clearing passengers via larger airport hubs. Sunwing has long been a vital link connecting customers in regional communities to international sun destinations, and no one should be forced to travel to or from a large airport if they do not want to. There is economic value with operating from regional airports, and the success of our airline operations will be impacted by the convenience and ease of travelling from customers' regional gateways of choice.
- Permanently remove remaining pandemic-era restrictions on travel, including remaining vaccination mandates for inbound international travellers, along with mask mandates for passengers within airports (including security screening areas) and during flight.
- Remove redundant health checks and questions through ArriveCAN at government checkpoints.
- Work with the airline industry on a viable path and plan that will ensure these measures are not reintroduced should there be subsequent variants of concern.



Addressing Cost Challenges at Airports

High taxes and fees imposed on Canadian airlines and travellers create a competitive disadvantage for Canada's aviation industry versus other jurisdictions. As noted in testimony presented earlier at this committee, higher federal costs and fees in Canada are a major contributor to the average operating costs for Canadian air carriers, which are over 30% higher than costs for US carriers.

These fees limit growth to the air transport sector and the economic benefits that fuel our local economies. Some of these fees include: airport rent, air travellers security charges, airport improvement fees, NAV Canada fees, city taxes, and federal taxation. Interestingly, Canada is the only country that charges its airports rent - and that money is not subsequently invested back into the airport, or the sector more broadly.

The cumulative effect of these fees are clear: they limit the growth of the air transport sector and the ensuing economic benefits. The tax burden that weighs on the air transport industry thus also weighs on the Canadian economy as a whole.

The pandemic further exacerbated the flaws in Canada's "user pay" model. With fewer travellers during the pandemic, a number of institutions have increased their fees to compensate. This keeps our industry at a competitive disadvantage, particularly at a time when we should be doing everything reasonably possible to support the travel and tourism sector coming out of the pandemic.

When it comes to costs, Sunwing Travel Group recommends that the federal government:

- Review third-party fees and charges and reinvesting these fees into airports.

With a forward-looking, evidence-based approach to managing future waves of the COVID-19 pandemic, along with a greater focus on addressing systemic issues around airport costs specifically, we believe airlines and airports will be well-positioned to rebound and grow in the coming years.

Once again, thank you for this opportunity to provide our thoughts and recommendations on this study.

Sincere regards,

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