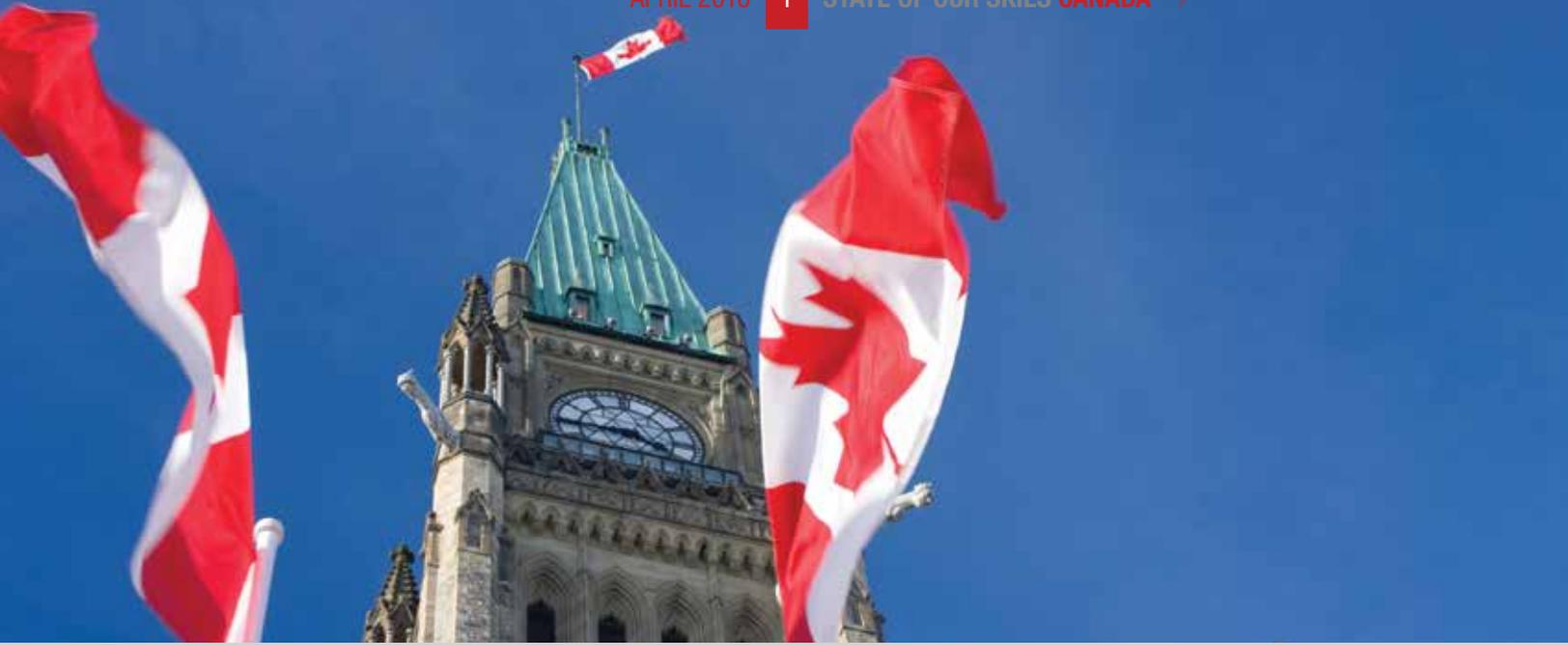


# State of Our Skies: Canada







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Each year, Canadian airlines contribute tens of billions of dollars in economic benefits and opportunities to communities across the country. Canada's airlines and their employees help fuel the national economy and build local businesses. The airlines provide tens of thousands of jobs while transporting passengers to vacation and business destinations and products to existing and emerging markets.

Ensuring the success of an industry that contributes to the lives of Canadians on such a scale must be a national priority. The election of Prime Minister Justin Trudeau and the appointment of the Honourable Marc Garneau as minister of transport brings new opportunities for the Canadian government to take fresh action to advance a safe and competitive airline industry in the global economy and create promising careers for Canadian workers—including airline pilots.

Transport Minister Garneau's commitment to strengthen the transportation system and its contribution to the Canadian economy, promote safety in transportation, expand open-data initiatives, and protect the environment are all

long-held ALPA priorities. We look forward to working together to promote Canadian air transportation from this common ground.

Equally important, the current administration has already demonstrated support for Canadian workers. ALPA is encouraged that future federal policy will recognize the value that Canadian pilots and other airline employees provide to their companies and to the national air transportation system.

ALPA also welcomes the new administration's pledge to enhance collaboration and transparency and to listen to and work with stakeholders about how government investment in transportation can support the economy while working to reduce climate change. Our union is eager to build on its already strong relationships with Canadian administration and regulatory agencies to achieve these shared goals.

At times, Canada's own government policies and regulations have put Canadian airlines and their workers at a considerable economic disadvantage in the international marketplace. However, ALPA

is optimistic that, by working together, these harmful policies can be swiftly corrected to align Canada's national positions with a shared vision for a safe, secure, and competitive airline industry that provides good jobs for Canadian workers.

ALPA has developed this policy paper to outline specific areas where the Canadian government must adopt policies and regulations that advance an economically strong Canadian airline industry,

promote safety, and foster careers for Canadian workers, now and in the future.

As the voice of airline pilots in Canada, ALPA will never cease to advocate on behalf of our industry and aggressively call for the real change that is necessary for Canadian airlines and their workers to maintain the highest standards of safety and thrive in the global marketplace.



## Protecting Canadian Aviation Jobs at Home and in the International Marketplace

Canada has enjoyed a period of relative stability in the domestic airline industry in the last several years. The two largest airlines, Air Canada and WestJet, have both expanded by creating their own low-cost carriers. But the Canadian airline industry runs on razor-thin margins and is susceptible to such disruptions as the 2003 SARS epidemic, major widespread weather disruptions, and economic factors such as fuel price volatility and the falling Canadian dollar. Recently, the fuel price volatility has worked in the industry's favour as the abrupt fall in crude oil price has moderated the jet fuel cost, resulting in major carriers operating on the plus side of the ledgers.

Moreover, the industry has felt the heavy hand of government interference in labour issues with both threatened and imposed back-to-work legislation. This interference in the collective bargaining process by the former government was both unwelcome and counterproductive, but early indications are that the new government will not be as obstructionist in labour-relations matters. We have already seen promising developments such as introduction of an act to repeal some of the former government's misguided labour legislation.

The government does have a constructive role to play in adopting domestic and international policy and regulations that enable Canadian airlines to compete globally. That role, beyond creating a better business environment, is to protect airline employee jobs from foreign intrusion both domestically and in the international marketplace.

### DOMESTIC

#### Restrict Foreign Pilot Entrants to Canada

Some Canadian airlines use foreign pilots to augment their rosters on a seasonal basis. At times, some airlines have had more foreign pilots on their rosters, seasonally, than Canadians. This puts Canadian flightcrew members at a competitive disadvantage right in their own domestic market.

The issue of foreign pilots operating in Canada touches upon several different government departments. It is a complex issue that is not amenable to a single solution. A change of policy and/or procedure in one department may still leave the airline piloting profession vulnerable to the other government departments. Canadian

airlines have several approaches or combinations of approaches by which they may employ or otherwise use foreign nationals to fly their aircraft. The three main avenues are:

1. The Temporary Foreign Worker Program (TFWP) administered by the Employment and Social Development Canada (ESDC);
2. Reciprocal agreements administered by Citizenship and Immigration Canada (CIC); and
3. Wet-leases, i.e., providing aircraft with foreign crews, under the Transport Canada policy administered by the Canadian Transportation Agency (CTA).

### Temporary Foreign Worker Program

The Temporary Foreign Worker Program was designed to allow foreign workers into Canada, on a temporary basis, when required to fill genuine job shortages. For example, TFWP is used to import seasonal agricultural workers and bring in a very large number of highly skilled workers to fill positions in the oil sands projects.

Airlines seeking to hire foreign pilots under the program formerly stipulated that they sought only pilots type-rated on Boeing 737 Next Generation airplanes. As few unemployed pilots in Canada possessed that particular rating, the airlines were able to show that there was a labour shortage, enabling them to hire foreign pilots under the program.

Recent positive reforms to the TFWP have eliminated that problem. New guidelines were announced in the government's 2014 report, "Overhauling the Temporary Foreign Worker Program: Putting Canadians First." The labour market test that allows employers to bring temporary foreign workers into Canada has been transformed from a Labour Market Opinion (LMO) to a Labour Market Impact Assessment (LMIA). Under the LMIA, employers must provide additional information, such as the number of Canadians who applied for the job, the number of Canadians interviewed, and an explanation of why Canadians were not hired.

The issue of foreign pilots in Canada is explicitly addressed. Beginning July 1, 2014, a number of changes have been implemented for airlines requesting foreign pilots through a LMIA:

Effective July 1, 2014, airlines must:

- ✈ meet the minimum advertising requirements for high-wage occupations, and specify the following criteria in their job posting:
  - » no more than a maximum of 4,000 flight hours for a first officer and 5,000 hours for a captain as required experience;
  - » possess a valid commercial pilot's licence;
  - » require English and/or French language proficiency;
  - » include industry-standard medical testing requirements for commercial flight; and
  - » state both the legal and common names of the airline operating in Canada.

Additionally, airlines:

- ✈ must not include as an essential requirement the necessity of holding a type rating;
- ✈ must indicate when training bonds will be applied;
- ✈ must negotiate a transition plan with ESDC documenting the airline's future efforts to decrease reliance on foreign pilots while increasing its Canadian pilot contingent; and
- ✈ must submit LMIA applications at least three months before the first day of work.

In the first test of these guidelines, the ESDC refused a sun destination airline's application for temporary foreign worker pilots for the 2015–2016 season. ESDC cited the LMIA, which determined that sufficient recruitment potential existed in Canada for the hiring of Canadian pilots. Therefore, resort to the TFWP was unnecessary. The labour minister announced in March 2016 that a complete review of the TFWP would be undertaken during the coming year.

### Reciprocal Agreements

This program was designed to allow a foreign worker into Canada if that created a reciprocal opportunity for a Canadian to be employed

abroad. ALPA discovered that far more foreign pilots were employed in Canada than Canadians were flying abroad under reciprocal agreements—no effective reciprocity existed.

Immigration officers now vet the agreements for appropriate reciprocity. However, they do not enforce reciprocity on a one-to-one basis, but follow guidelines that allow an exchange in the 75 percent range—i.e., for 100 foreign workers in Canada, there should be 75 employment opportunities for Canadians abroad.

### Foreign Licence Validation Certificates

A foreign pilot entering Canada with an appropriate work permit must obtain a Canadian licence or have his or her foreign flight crew licences validated by Transport Canada for use on Canadian aircraft.

Under the regulation, Standard 421.07 identifies a number of purposes for which a foreign licence validation certificate (FLVC) may be issued. This list of specific, narrow purposes was intended to restrict the types of operations for which FLVCs may be issued. However, none of the purposes listed correspond to normal airline operations.

Thus, the only possible exception is if the minister of transport finds the issuance of an FLVC to be in the “public interest and not likely to affect aviation safety.” That exception should also be read restrictively in light of the language that precedes it. The French version of the CAR standards is even more restrictive, adding words to the effect of “in exceptional circumstances.” Normal, everyday airline operations are the rule, not the exception. Although the minister may issue FLVCs in the public interest, ALPA contends that no public interest is served by issuing FLVCs to foreign flightcrew members operating for airlines in Canada.

Some justification for the issuance of FLVCs has been that Canadian pilots are able to enjoy similar privileges when flying abroad on a seasonal basis. Recently, however, the legitimacy of that

rationale has come into question. The EU appears to be in the process of requiring an EU licence after an initial, one-time issuance of an FLVC. In addition, we see an inconsistent application of that regulation between EU countries.

In the United States, a newly instituted licensing program is in effect. An applicant for a U.S. air transport pilot licence (ATPL) who currently holds a Canadian ATPL must now take additional instruction from an authorized training provider for the ATP certificate. This illustrates that there is no reciprocal recognition of credentials.

### Wet-Leases

Foreign pilots also enter Canada as crewmembers on wet-leased aircraft. The Canadian air transport regulations place no restrictions on the number of aircraft or crews that a Canadian airline can lease, nor on the duration of the lease. The airlines can and do seasonally supplement their fleets with many aircraft and flight crews on wet-leases.

In 2013, after consultations with stakeholders, Transport Canada formulated a wet-lease policy that limits the number of aircraft that an airline may wet-lease to 20 percent of the number of Canadian-registered aircraft on the airline’s air operating certificate (AOC) at the time of application.

The Canadian Transportation Agency (CTA) administers the wet-lease policy and approves or denies applications. It has now administered the policy for some time, and the airline industry has experience with the application and the policy’s unintended or anomalous consequences. The policy provides that, for wet-leases of more than 30 days, a number of aircraft equal to 20 percent of the number of Canadian-registered aircraft on the lessee’s AOC at the time of application may be leased from foreign lessors.

However, in its first decision—made just three months after the new policy was announced—the CTA departed from the clear wording of the policy by basing the 20 percent on the number of aircraft that were proposed to be used rather than those on

the AOC at time of application. That had the effect of inflating the number of aircraft that could be wet-leased. The minister of transport then issued a directive to the agency instructing it to strictly adhere to the policy language.

Nevertheless, the mischief wrought by the misinterpretation of policy—the inflation of the number of wet-leased aircraft—continues. The air transport regulations (ATRs) at 8.2(2) stipulate that an application must be filed at least 45 days before the first planned flight. Now applicants are filing far in advance of that time frame. For instance, an airline may apply in March, when it uses the most aircraft for southern sun flights, for a wet-lease to be conducted November through April of the following winter.

In this example, the fleet in March is greatly supplemented by seasonally dry-leased foreign aircraft put in Canadian registry. These aircraft are most often flown by foreign pilots obtained through the TFWP; that has the anomalous effect of inflating the number of foreign pilots allowed under wet-leases based on the success of obtaining foreign pilots through the TFWP.

As noted, Transport Canada formulated the wet-lease policy after consulting with the Canadian airline industry. Any sound public policy must be based on a thorough understanding of the issues and the reasons behind the creation of the policy. That concept has become problematic with CTA decisions.

The backgrounder to Canada's wet-lease policy, which was issued in August 2013, provides some of the possible rationales for wet-leases:

“Wet-leasing is largely used by air carriers to accommodate unforeseen shortfalls in aircraft availability due to technical or mechanical issues, or to manage aircraft fleets between affiliated companies. It is not uncommon for wet-leased aircraft to be used to acquire aircraft for temporary or seasonal services. Such longer-term wet-leases can provide a cost-efficient way of introducing

supplemental capacity into an airline's fleet in order to meet fluctuations in demand. At the same time, the introduction of seasonal capacity in Canada through wet leasing has implications for the wider Canadian market for international air services.”

The ATRs at 8.2(3) (j) stipulate that the lessee provide an explanation of why the wet-lease is necessary. However, perusing CTA's decisions reveals that the agency does not provide any rationale other than a rote statement that the applicant “meets the requirements of 8.2 of the ATRs.”

As it stands, it is impossible to ascertain why wet-lease applications are being approved. From a policy perspective, Transport Canada cannot make a reasoned policy to cover wet-leasing without knowing the purpose for which the applications are granted. The reason for a wet-lease may vary from technical or mechanical issues to seasonal services, but CTA decisions consistently omit that critical aspect.

### *Policy Recommendations*

- ✈ Each of the programs noted above allow foreign pilots to fly in Canada. These programs favour the airlines that use foreign pilots on a seasonal basis, giving those airlines an unfair competitive advantage. Throughout 2015–2016, ALPA had Canadian members who were furloughed. In addition, numerous expatriate Canadian pilots fly abroad—many of whom would prefer to be based in Canada if they could find appropriate employment. Therefore, the various government agencies that oversee these programs must ensure that they are operated for the benefit of Canadians and that Canadian pilots have first choice at pilot jobs in Canada.
- ✈ The ESDC must ensure that the new criteria are actually monitored and then enforced. Transition plans to a Canadian workforce must have a realistic time frame, not one with an ever-receding horizon.

- Reciprocal agreements must be monitored to ensure genuine reciprocity. The program contemplated an exchange of individuals, but CIC officers must measure reciprocity on a different basis in aviation—for example, by block hours flown.
- Canada's aviation industry has an extensive and well-deserved reputation. The Canadian licence has been well-respected and recognized around the world. Canada must not become a provider of licences of convenience for foreign pilots regardless of origin.
- ALPA recommends that Transport Canada cease issuing FLVCs to foreign applicants under the catchall purposes described in CAR 421.07 (2) (j) “. . . in the public interest.”
- FLVCs should only be issued for legislatively provided purposes, and after appropriate checks—by Transport, not employers—into the bona fides and experience of all applicants have been conducted. Further, if the applicant pilot's country of origin restricts an FLVC to a one-time basis or requires the applicant to obtain its licence, Canada should impose like requirements on applicants from those nations.
- ALPA recommends that the number of aircraft available through wet-leases be limited to 20 percent of the aircraft on the AOC at time of application, excluding aircraft on lease for a period of less than one year.
- The minister of transport should issue a directive to the CTA, compelling it to include in its decisions the reasons for the wet-lease provided by the applicant in the application.
- Given the anomalous results from the CTA's application of the wet-lease policy, ALPA recommends that Transport Canada undertake another review of the policy at the earliest opportunity.

### Canadian Transportation Agency Review Release

On June 25, 2014, the minister of transport announced a review of the Canada Transportation Act, the economic legislation for all modes of Canada's national transportation system. The report was released in January 2016.

Regarding the aviation sector, the Report made 10 recommendations targeted to three broad objectives:

1. increasing competition and the discipline of market forces;
2. supporting and improving the health of the air transport sector in Canada; and
3. supporting and strengthening governance in the sector.

### *Policy Recommendation*

At this stage, the Canadian Transportation Agency Review report is only a set of recommendations to the government. Transport Minister Garneau has stated that he will meet with stakeholders over the spring and summer of 2016 in preparation for making his response to the report in the fall. ALPA will ensure that its concerns are raised with the minister during that consultation process.

## INTERNATIONAL

### **Include Labour Protections in Air Transport Agreements**

The Canada-European Union Air Transport Agreement includes a clause that addresses the importance of considering the effects of the agreement on labour, employment, and working conditions. Labour matters may be referred to the Joint Committee for discussion by either party.

Canada has been actively engaged in negotiating other air transport agreements under the Blue Skies Policy, signing 80 such agreements since 2006. Many of the nations with which agreements have been signed do not have labour laws that are on a par with Canada's.

### *Policy Recommendation*

Canada's negotiating team should ensure that robust labour-protective provisions are included in all future air service agreements. A labour observer should be appointed to each set of bilateral air transport negotiations to assist in achieving that goal.

## Pilot Licensing Standards—Licence Reciprocity

Foreign pilots entering Canada under the TFWP or reciprocal agreements require either a Canadian pilot licence or a foreign licence validation certificate to fly Canadian-registered aircraft. Flight crew licences issued by a contracting ICAO member state are routinely validated for use in Canadian-registered aircraft; Canadian pilots have obtained like documents on a reciprocal basis when flying in Europe.

However, the European Union has proposed new rules that could mean foreign pilot licences will no longer be recognized routinely. The new regulations would require proof of competency and compliance with EU rules, although a two-year grace period would be instituted. Any such change of policy would force non-European licence holders to qualify in Europe while the foreign credentials of European licence holders from contracting ICAO member states would be routinely accepted in Canada.

Canada and the United States have had a conversion agreement for recognizing each other's licences. However, in July 2014, the FAA introduced a requirement that applicants for a U.S. ATP certificate undergo further training and present a graduation certificate from an authorized training provider before obtaining a U.S. ATP certificate.

### *Policy Recommendation*

- ✈ Transport Canada must coordinate with EU authorities to establish mutual recognition of pilot licences in each other's jurisdictions. Failing cooperation, Canada must require EU-licensed pilots to obtain Canadian licences before flying Canadian-registered aircraft.
- ✈ Canada must also pursue the reopening of the conversion agreement between Canada and the United States to reestablish reciprocity in licence recognition.

## Foreign Ownership and Control Provisions

The Canada Transportation Act clearly states that for an entity to be considered "Canadian," it must in fact be controlled by Canadians, and Canadians must own and control at least 75 percent of the voting interest in the company. However, the Canada-EU Air Transport Agreement permits progressive traffic rights to be granted when national ownership and control regulations change to allow foreign entities to hold 49 percent of the voting interest in its airlines. The legal framework permitting foreign nationals to own and control as much as 49 percent of the voting interest in a Canadian airline is in place but has not been activated.

This issue was addressed at a Joint Committee of the Air Transport Agreement. The Canadian government delegates stated that they did not foresee any change to the ownership and control regulations being made in the near future.

### *Policy Recommendation*

ALPA opposes liberalizing foreign ownership and control provisions as they currently stand in the Canada Transportation Act. Although a move to allow 49 percent control of a Canadian airline by a foreign entity is contemplated, in regard to the Canada-EU agreement, the traffic rights to be gained are not worth the change in the ownership and control provisions and should not be enacted.

The limit on permitted percentage of foreign ownership and control of Canadian airlines should not be increased to attract foreign investment; experience shows that Canadian airlines do not lack access to capital. Air Canada Rouge and WestJet Encore expanded recently without changing the ownership and control provisions to attract foreign investment. Some airlines have structured variable voting shares that allow additional capital to be raised without altering the current requirement that Canadians hold 75 percent of the voting interest in the airline.

ALPA recommends that type of innovation be encouraged rather than resorting to a change in current limitations on foreign ownership and control of Canadian airlines.

### Cabotage

Carrying domestic traffic between two points in the same country is called cabotage. However, the term usually refers to traffic rights by a foreign shipping company or airline. The Canada-EU Air Transport Agreement contemplates foreign cabotage if both sides drop all limitations on

ownership and control of their airlines by nationals of the other party. However, government officials have consistently stated that there is no appetite within the government to eliminate its limitations completely.

### *Policy Recommendation*

Foreign cabotage rights should not be allowed in any future air service agreements. ALPA also recommends that the actions necessary to permit foreign cabotage under the current agreement not be instituted.

# Enhancing the Business Environment in Canada

Air Canada was once a Crown corporation owned by the federal government, but was privatized in 1988. Today, no airlines are owned by the Canadian government or supported through government funding or subsidies. Airports and the aviation infrastructure are also no longer government entities.

Canadian carriers are forced to compete with many state-owned foreign airlines that are often subsidized or given preferential tax treatment by their country's government. Many nations support their aviation infrastructure and air transport services through general revenues, and while Canada has programs such as the Airports Capital Assistance Program to support infrastructure, our programs are insignificant compared with others, thus creating an unfair competitive advantage over Canadian airlines. The Canadian government must recognize this inequality by creating programs that support the airline industry and eliminating policies that are detrimental to the industry's growth.

## Promote a Rational, Commonsense Aviation-Taxation Policy that Fosters the Airline Industry's Viability and Growth

Despite this lack of government support, the Canadian airline industry remains a source of income for the federal government and various entities that impose taxes, by whatever name, on the industry. The phenomenon is so pronounced that the issue became the subject of hearings before the Standing Senate Committee on Transport and Communications in 2010 and 2011. A year later, the committee issued its initial findings and recommendations in a report titled, "The Future of Canadian Air Travel: Toll Booth or Spark Plug?" Unfortunately, "toll booth" is the more apt description.

Canada has adopted a "user pays" concept for the airline industry. All the fees, charges, taxes, or levies associated with airfares find their way back to the consumer. That is in stark contrast to other modes of transport such as passenger rail, ferry services, and roadways that receive

direct subsidies or indirect taxation support. The concept also is counter to most other nations' treatments of their airline industries.

### Airport Ground Rents

Until the mid-1990s, airports in Canada were primarily owned and operated by the federal government. In 1994, the federal government adopted the National Airports Policy to decentralize the operation of the airports by transferring the largest airports to local authorities. These private, nonshare capital corporations are self-funding for all operating and infrastructure costs. The 26 busiest Canadian airports handle about 94 percent of airline passengers and cargo in the country. The local airport authorities continue to pay ground rent to the federal government. Since 2005, the rents have been calculated progressively based on the airport authorities' gross revenues. Payment of these "rents" continues to be one of the most contentious issues—the very high cost of bearing those rents has resulted in some of Canada's airports charging the highest landing fees in the world.

### Air Traveler Security Charges

The Canadian Air Transport Security Authority (CATSA) was created in April 2002 to provide security screening at Canadian airports. CATSA is funded by the air traveler security fees that are added to the airfare purchase price. These security charges are among the highest in the world. The current security charge for a domestic departure is approximately \$7.50, \$12.70 for a transborder flight, and \$25.90 for other international flights.

ALPA has continually objected to the air travelers' security charges being imposed on the airline industry. Canada's aviation infrastructure benefits all Canadians and the country as a whole, and thus should not be subject to unique "user fees." The level of charges administered has consistently resulted in revenues exceeding the

costs of CATSA, with the excess being funneled into the federal government's general revenues.

### Airport-Improvement Fees

These fees are levied by each airport authority to pay for infrastructure upgrades at individual airports. The fee varies from airport to airport. Major airports such as those in Toronto, Montréal, and Ottawa are in the range of \$20 to \$25 per person.

### NAV CANADA Service Fees

NAV CANADA is a nonshare capital corporation that owns and operates Canada's civil air navigation service. NAV CANADA recovers costs for providing air-navigation services through a system of service charges levied on aircraft operators. Each airline passes that cost on to the consumer through a ticket surcharge based on the distance travelled.

### Fuel Excise Tax

Taxes of varying amounts are levied on different types of aviation fuels by both federal and provincial governments. Before the devolution of the airports and air-navigation services, it was understood by the industry that the taxes were imposed to finance airports and air transportation infrastructure. Today, despite airports and air-navigation services having been divested from the federal government and imposing their own surcharges, the fuel excise tax remains.

### Goods and Services Tax (Harmonized Sales Tax)

This tax, now 13 percent, is applied to the full cost of the ticket, which includes all the aforementioned charges.

The combination of these charges and fees has resulted in very high air-travel costs to the consumer, especially when compared to those in the United States, which imposes 17 unique taxes

on its airline industry—more than “sin” taxes on alcohol and tobacco. The tax burden on aviation in Canada has resulted in a cross-border bleed of consumers who choose to drive to U.S. airports close to the Canada-U.S. border to take advantage of comparatively lower U.S. airfares. The Senate Committee report cited estimates by the Canadian Airports Council that as many as 4.8 million Canadians chose that option in 2011, an increase of 15 percent from the previous year.

### *Policy Recommendations*

#### Airport Ground Rents

The National Airports Policy should be revised to include a gradual phaseout of ground rents in conjunction with the transfer of federally owned airports to local authorities. The agreement to transfer the property to the local authorities with resultant reduction in ground rents must be accompanied by commensurate reductions in rents for airport tenants and other users.

#### Air Traveler Security Charges

Aviation security is a national interest, not one restricted to the airline industry or its passengers. The cost of aviation security, much like policing or national defense, should be borne by all Canadians rather than through user fees.

Alternatively, security charges should be reduced to only those required to adequately fund CATSA; any excess monies received should be used for capital expenditures by CATSA rather than as an additional source of revenue for the government.

#### Airport Improvement Fees

These fees pay for airport infrastructure improvements approved by the board of the local airport authority. Many airport terminals have evolved into elegant consumer malls complete with art displays, waterfalls, and other visual attractions. An airline (or pilot) representative should be placed on airport boards to ensure that necessary funds are allocated to the “air” side of the airports. An example is Ottawa’s Macdonald-Cartier International Airport, whose terminal has been totally rebuilt over the past few years. The new terminal is very functional for passengers and aesthetically pleasing. However, the airport lacks a Category II runway that would enable landings in lower cloud ceilings and visibilities, thus reducing efficiency and limiting growth and revenue.

#### Fuel Excise Tax

Since the air-transport infrastructure and air-navigation services have been divested from the federal government and are now self-supporting, it is incongruous for a government to continue to charge a tax to support infrastructure it no longer owns. This tax should be eliminated immediately or collected only to the extent that it is then spent on aviation.

#### General

The Canadian government, through Transport Canada and the Department of Finance, should consult with all aviation industry stakeholders to formulate a national strategy to eliminate the inequities that result from the current practices.

# Enhancing Airline Passengers' Experience at the Airport

The Canadian government should enact policies to help Canadian airlines and their employees by enhancing the airline passenger experience at airports with regard to Canadian government security screening.

ALPA believes that the best airport is the one in which a traveler spends the least time. Lengthy waits in line create traveler frustration. Where short stage lengths are the norm, the length of time spent at airports, rather than on aircraft, becomes a determining factor in travelers' choice of mode of transportation.

A majority of travelers may take a negative view of certain security-related processes and procedures. Security screening is often very time-consuming and adds to travelers' frustration because of loss of privacy through body searches, the requirement to remove articles of clothing, and examination of personal belongings.

## Security Screening

Airport security is accomplished by requiring persons to put personal items in bins for x-ray

inspection and walk through metal detectors. Additional physical screening is mandatory if a person triggers an alarm during the initial screening process. Throughout, the process concentrates on detecting prohibited items.

The restricted area identity card (RAIC) was established to give flightcrew members access to the secure area of the airport without having to transit through passenger-screening checkpoints. Flightcrew members undergo thorough pre- and post-employment security and law enforcement background checks. Making these employees, who have control of aircraft, go through the same security screening as passengers is a waste of resources. Using the RAIC would increase passenger throughput and allow security screeners to focus on individuals about whom they know very little. Recently, Transport Canada drastically increased the percentage of crewmembers who are subject to random screening, effectively negating the efficiencies gained by implementing RAIC.

ALPA applauds the efforts of Transport Canada, after a meeting in 2015, to embrace the concept of

a program such as the U.S. Known Crewmember security-enhancement program as a step in the right direction for acknowledging that flight crews are security partners. The U.S. Transportation Security Administration has voiced interest in starting a test program to include foreign crews in its existing program, and they intend to use Jazz Aviation crews as part of the test. A similar program should be developed for crews within Canada.

### Trusted Traveler Canada/USA

The NEXUS program, administered by the Canada Border Services Agency and the U.S. Customs and Border Protection, expedites border clearance for low-risk, preapproved travelers to and from Canada and the United States. Travelers can save time by using automated kiosks and designated passenger lines at CATSA checkpoints.

### *Policy Recommendations*

The Canadian government should alter CATSA's mandate to include the use of sound, intelligence-driven, risk-based aviation security screening methodologies. Greater reliance and resources must be put on detecting harmful intentions, rather than on simply interdicting potentially harmful objects. The security philosophy should be altered to recognize two fundamental principles: (1) the vast majority of passengers pose little or no threat to the safety and security of flight, and (2) the best means of providing genuine security is to positively identify the known no- and low-risk passengers, process them in an expeditious manner, and concentrate the finite high-technology and behavioral-screening resources on the small percentage of passengers whose perceived risk is unknown or creates the need for additional screening.

The Canadian government should also expand and enhance the NEXUS program by encouraging eligible travelers to join the program. Giving trusted travelers expedited access to the secure areas of airports has the added advantage of allowing screening resources to concentrate on the unknown travelers.

### New Approach for Trusted Travelers: International

A competitive advantage may be achieved by offering travelers the easiest access to airline facilities. In early 2014, Canada, the United States, and Mexico announced a joint commitment to develop a North America-wide trusted-traveler program. Preregistered, qualified passengers would be able to follow an expedited border-crossing process while still enhancing security. The program would start with a mutual recognition of each country's trusted-traveler programs (NEXUS, Global Entry, SENTRI, and Viajero Confiable).

### *Policy Recommendation*

ALPA supports this initiative, as streamlining the process of screening qualified passengers will help make air travel the most attractive option for travelers from all countries.

### Beyond the Border Initiatives

In early February 2016, Minister of Transport Marc Garneau met with U.S. Secretary of Homeland Security Jeh Johnson to discuss continued cooperation on transportation security, maritime safety, and cross-border travel.

They addressed the progress made on several "Beyond the Border" initiatives, including the Agreement on Land, Rail, Marine, and Air Transport Preclearance. The preclearance agreement allows for the immigration, customs, and agriculture inspections required for entry into either country to occur on foreign soil.

### *Policy Recommendation*

The Canadian government should expedite the legislation that will allow for the implementation of the preclearance agreement.



# Enhancing International Aviation Safety Regulations through ICAO

## Raise International Standards

Canada and the United States have been world leaders in setting aviation safety and security standards. However, when airlines in other countries do not adopt our high standards, North American airlines are left at a competitive disadvantage, and international aviation safety and security as a whole is compromised.

The International Civil Aviation Organization (ICAO) is an international standards-setting body chartered through the United Nations. While ICAO is not a regulatory body, the organization's member states (nations) are expected to use ICAO's standards and recommended practices (SARPs) as minima in developing their own regulatory standards and advisory material.

ALPA is able to influence ICAO standards through the Association's membership in the International Federation of Air Line Pilots' Associations (IFALPA) and by participating in developing positions as part of the Canadian and U.S. delegations to the ICAO Assembly.

The Canadian government should take certain concrete actions to harmonize with ICAO SARPs and thus conform to international standards with respect to airline safety and security.

## Flight- and Duty-Time Limits and Minimum Rest Requirements

Flight- and duty-time limits and minimum rest requirements for airline flight crews are among the most important aviation safety standards. Unfortunately, they vary considerably from nation to nation. Canada's current flight- and duty-time limits and minimum rest requirements are far out of date. In fact, they are among the most lax in the world and are detrimental to Canadian airline pilots.

Transport Canada convened a working group to review and propose amendments to the regulations related to managing flight crew fatigue. The working group met regularly from August 2010 to December 2011, releasing its report in September 2012. Two years later,

Transport Canada issued a notice of proposed amendment (NPA) reflecting the findings of the working group.

Under pressure from industry, Transport Canada once again established a focus group in January 2015 to review industry concerns about the proposed NPA. Transport Canada then distilled the focus group's recommendations into the basis of a new proposed regulatory scheme. It was expected that the NPA would be published in the *Canada Gazette I* in June 2015, which would have been the first step in having the NPA move toward becoming law.

The NPA, as formulated, did not survive scrutiny by Treasury Board so could not be published in the *Gazette*. It was replaced by a notice of intention (NOI). A NOI is merely a statement from Transport Canada published in the *Gazette* regarding what Transport Canada proposes to do in the future.

The NOI stated that the proposed regulatory amendment would be introduced in two phases. Phase 1 would cover only airline operations. Phase 2, to be introduced as soon as possible as part of a future regulatory proposal, would apply to air taxi and commuter air operators.

However, the national election interceded. The NOI was issued by the transport minister under the Conservative government. It remains to be seen whether the new transport minister will take early action to implement change to these regulations.

### *Policy Recommendation*

The former government's plan was to introduce new regulations in a two-phase approach—the airline operators first, followed by commuter and air taxi operators. A lengthy implementation period of somewhere between three and five years was proposed. ALPA recommends a single-phase implementation for all carriers and a much shorter implementation period.

The Canadian government must take prompt action to bring Canada's flight- and duty-time regulations into accord with scientific principles and ICAO SARPs and to achieve international harmonization. The new rules must engage all industry stakeholders, and Transport Canada must ensure that the required implementation period is realistic and not longer than one year.

### **Dangerous Goods and Lithium Batteries**

More than one billion lithium batteries are manufactured each year. While they are usually safe, faulty or overheated batteries can explode and spark dangerous fires, particularly when they are packed tightly together in cargo shipments. In two all-cargo airliner crashes since 2010, lithium batteries contributed to these accidents. Five pilots were killed. In other instances, bulk shipments of lithium batteries erupted in flames just before being loaded on a cargo airliner and have caused many fire and smoke incidents. The threat posed to passenger and cargo airliners by lithium batteries is serious and must be addressed.

IFALPA insists that a total ban on these shipments on cargo aircraft, as well as on passenger aircraft, should be established, because no safe way to transport lithium-metal batteries has been developed. Even depressurizing the aircraft (to deprive a lithium fire of oxygen) is ineffective. Concern over the dangers of carrying lithium-metal batteries is not new. The United States and several airlines, including Cathay Pacific, have voluntarily banned shipments of these batteries on passenger aircraft for a number of years. ICAO recently implemented new standards to prohibit lithium batteries as cargo on passenger aircraft. ICAO's revised technical instructions also prohibit the shipment of lithium-ion batteries at a charge greater than 30 percent and ban the unregulated ("Section II") shipments of more than two batteries or eight cells packed together.

Effective January 1, 2015, Transport Canada prohibited transporting lithium-metal batteries as cargo on passenger airliners in order to conform

to a new ICAO standard. While a step in the right direction, this standard does not go far enough.

### *Policy Recommendation*

At a minimum, Transport Canada should immediately harmonize with the updated ICAO technical instructions that went into effect April 1, 2016, and further, Transport Canada should, without delay, enact regulations to forbid transporting lithium batteries by air until such time that appropriate packaging standards are developed to mitigate any risk of fire spreading through the aircraft.

### Modernizing Canadian Airspace and Related Infrastructure

Space-based technology for achieving unprecedented accuracy in navigation has been developed worldwide and continues to advance. One of the topics frequently discussed at ICAO is how to ensure that safety of operations in member states' airspace benefits as much as possible from these advances. In the more populous areas of Canada, this means continuing to develop space-based navigation concepts such as RNAV (area navigation) and RNP (required navigation performance). This should be done in close cooperation with the United States' NextGen initiative and EASA's SESAR Joint Undertaking for consistency, which in turn enhances safety.

A key element of modernization in Canada is ensuring that remote northern airfields are included. Expansion in the north has outpaced airport and airspace improvements, largely because of the lower population density there; however, the advantages of RNAV and RNP arguably provide the greatest safety advances in those areas, offering the ability to navigate far more accurately, directly, and safely than by using conventional methods, allowing safe access to airports in worse weather, saving fuel and time and reducing aircraft emissions.

In addition, introducing unmanned aircraft systems (UAS) into Canadian civil airspace, which may hold the promise of advantages for agriculture, border patrol, infrastructure inspection, and many more commercial applications, must not be allowed to adversely affect the safety of airline, business, or general aviation operations. A body of regulations is being developed for Canadian operations, and this must be continued and supported by research and analysis to ensure that safety is maintained.

### *Policy Recommendations*

Canada must continue to support, both economically and politically, expanded use of space-based navigation, most notably in the north. Transport Canada must fully evaluate all aspects of integrating UAS into Canadian civil airspace to ensure that safe operating practices are established, monitored, and enforced.



## Enhancing Efficiency and Protecting the Environment

On March 10, 2016, Prime Minister Justin Trudeau and U.S. President Barack Obama signed a joint statement on climate, energy, and Arctic leadership in Washington, D.C. In the statement, Trudeau and Obama said “The leaders express their strong commitment to work together and through the International Civil Aviation Organization [ICAO] to reduce emissions from international aviation by fostering technological and operational advancements, implementing the new carbon standard for airplanes, and adopting in 2016 a carbon-offset measure that will allow for carbon-neutral growth from international civil aviation. They encourage world leaders to join them in supporting adoption of the carbon-offset measure at ICAO’s fall 2016 Assembly.”

For decades, the North American airline industry has delivered on its environmental commitment by capitalizing on the availability of cleaner, more fuel-efficient aircraft as well as enhancing the efficiency of flight operations through joint work by regulators, airline managements, and airline pilots. Through operations such as using single-engine outbound taxi procedures,

shutting down unnecessary power during inbound taxi, minimizing the use of auxiliary power units, operating at optimal altitudes, flying with precision navigation, and exercising continuous descent arrival and optimized descent procedures, airline pilots are working every day and on every flight to safely enhance efficiency and reduce fuel burn.

In 2014, Canadian air carriers improved fuel efficiency by 3 percent compared with 2013, which represents a 1.4 percent average annual improvement, according to Canada’s Action Plan to Reduce Greenhouse Gas Emissions from Aviation. ALPA’s goal is to further the achievements that aviation has already made toward reducing greenhouse gas emissions and enhancing the efficiency of the industry while maintaining or improving the current level of safety.

From an international policy standpoint, ALPA believes that ICAO is in a unique position to bring together governments and the world’s airlines to collaborate and develop an aircraft

carbon dioxide certification standard that could be adopted by member states, including Canada.

ALPA's interests are represented at ICAO through the union's membership in the International Federation of Air Line Pilots' Associations, which holds permanent observer status. ALPA supports creating a plan to reduce greenhouse gas emissions that applies to airlines around the world, rather than unilaterally instituting emissions standards in North America that would compromise Canadian airlines' ability to compete internationally.

### *Policy Recommendations*

ALPA strongly supports continuing to reduce aviation's already small overall percentage of greenhouse gases while at the same time preserving the economic viability of the airline industry. Canada's airlines and regulators must continue to work with airline pilots on efforts to advance alternative fuels and more efficient flight operations. Internationally, the Canadian government must work with ICAO to achieve a global approach across the aviation sector to safeguard the environment and promote carbon-neutral growth while ensuring Canada's airlines remain economically strong and competitive and continue to drive the Canadian economy and provide jobs.



# Canada

## Summary

Canadian pilots and the Canadian aviation industry contribute to the safety and efficiency of global air travel. Canada's physical size and diverse geography present unique challenges for the airline industry and the piloting profession. Many issues affect fair competition in the global airline industry, from taxes to immigration with many factors in between. These complex challenges do not lend themselves to a single-source solution—an industry-wide effort that engages all stakeholders is essential.

Similarly, aviation safety, security, and industrial issues must be addressed if Canada is to maintain and expand transportation opportunities for the public and foster safe and rewarding workplaces for the employees who move people and packages safety throughout the world.

ALPA urges the federal government, in consultation with industry stakeholders and government representatives, to create a comprehensive national aviation strategy. Such a strategy must reflect a long-term outlook but also be flexible enough to respond swiftly to the ever-changing dynamics of the airline industry.

Only with such a comprehensive, forward-looking strategy will the many issues affecting Canadian pilots and the Canadian airline industry be addressed to enhance Canada's air transportation system for passengers and cargo shippers now and in the future, and establish a level playing field for Canadian airlines and their workers in the global marketplace.

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