Working Group on Recovery of the Air Transportation Sector

Primary Conclusions

The onset of the COVID-19 global pandemic in early 2020 required governments around the world to introduce extraordinary measures to slow the spread of the disease, protect the public and manage demands on health care systems. Transportation systems were impacted immediately, as travel restrictions, prohibitions and controls of varying kinds were implemented at the international, national and regional levels. Air transportation was exceptionally hard hit, leaving air carriers, airports, NAV Canada and the rest of the supply chain within the sector with the challenge of managing an uncertain future with drastically reduced demand for their services. In response, service providers have had to increase fees, undertake layoffs, decrease spending, and eliminate or reduce service.

At its meeting in February 2021, the Council of Ministers discussed the state of Canada' s air transportation sector. Consideration included the difficult situation faced by communities with severely reduced or no air services, airports that had lost all sources of revenue, and the challenges of maintaining access to remote and northern communities which depend heavily or entirely on air transportation for all goods and services. The Council agreed that collaboration between all levels of government would be beneficial to address an uncertain future, with focus on addressing the conditions necessary to support a safe return to air travel.

The Working Group on Recovery of the Air Transportation Sector has:

- Assembled a comprehensive inventory of the support programs and relief measures introduced by federal, provincial and territorial governments to assist the air transportation sector through the unprecedented financial and operational hardships associated with the travel and public health restrictions necessary to manage the pandemic; and

- Conducted a broadly based survey of air carriers, airports and other air sector stakeholders across Canada on the impacts of COVID19, the effectiveness of government support programs, critical issues faced by the sector, and the prospects for and impediments to recovery.

Based on these inputs, the Working Group's primary conclusions are that:

- The sector has suffered severe economic and operational hardship since 2020 and continuing to the present day.

- The economic support and regulatory relief programs introduced by federal, provincial and territorial governments have been effective in helping to:

  o Support the viability of many operators and reduce losses,

  o Prevent permanent loss of key assets,

  o Support inter-regional connectivity,

  o Ensure refunds were given to passengers for travel cancelled due to the pandemic, and

  o Preserve critical air services/airports in remote and northern regions which are highly or solely dependent on air transportation for moving people, goods and services.

- While modest growth in air transportation activity in Canada was seen through the summer and early fall of 2021, the timeframe for a return to pre-pandemic levels remains uncertain and assets critical to recovery of the sector remain at risk.

- Current forecasts suggest that recovery to 2019 levels is possible within 2 to 3 years, however, rapidly changing factors, such as the emergence of new COVID-19 variants, additional public health and safety measures and changing consumer confidence will continue to present ongoing operational and financial challenges for air carriers and airports throughout Canada.
- Close collaboration between federal, provincial and territorial governments must continue to support full recovery of the sector through:
  - Monitoring the pace of recovery and the state and concerns of the air transportation sector within all regions of Canada.
  - Identification of the need for future interventions and timely communication with sector participants on available support.
  - Coordination of communications and messaging on health and safety measures related to domestic and international air transportation.