



Supporting an aviation and aerospace industry that is visible, connected and thriving

April 24, 2020

The Right Honourable Justin Trudeau, P.C., M.P. Prime Minister
The Honourable Bill Morneau, P.C., M.P. Minister of Finance
The Honourable Marc Garneau, P.C., M.P. Minister of Transport
The Honourable Mélanie Joly, P.C., M.P. Minister of Economic Development & Official Languages
The Honourable Mary Ng, P.C., M.P. Minister of Small Business, Export Promotion & International Trade
The Honourable Marc Miller, P.C., M.P. Minister of Indigenous Services
The Honourable Navdeep Bains, P.C., M.P. Minister of Innovation, Science and Industry

Dear Prime Minister and Ministers:

First, on behalf of B.C.'s aviation and aerospace industries, the British Columbia Aviation Council would like to thank the federal government for its leadership in these difficult times. Your commitment to the citizens and businesses of Canada is reassuring and the Council takes some solace knowing our government is fighting for us. In particular, the Council would like to thank the management and staff of Transport Canada Civil Aviation and Security for their nimble responses to the industry's regulatory needs.

However, the Council would like to alert you to the situation in British Columbia. In 2019, the province's aviation and aerospace industries directly employed over 44,000 professionals and contributed \$12.6 billion to Canada's Gross Domestic Product. Our previously healthy industry is now in deep trouble. With the current (and necessary) COVID-19 restrictions in force, business in British Columbia's aviation sector is down 93 percent.

Regional scheduled services are decimated – with several remote and Indigenous communities losing scheduled air services completely. This regional system is an essential service for most communities, and a critical component of the National Civil Aviation Transportation System. Extra help is required to ensure essential services survive so they can provide those critical services to the region.

British Columbia is home to 172 air operators, 42 flying schools and over 100 highly active aerospace organizations. Many of these are essential small businesses working to survive in a capital intensive industry with substantial fixed costs. They do not have the cash reserves, especially after the winter season, to carry them through in this time of crisis. A large number are unlikely to survive.

Some examples:

- Due to being deemed an essential service (and despite social distancing requirements), some air operators feel obliged to have skeleton crews and aircraft on standby for medivac, emergency freight, forest fire call-outs and air services to British Columbia's remote and Indigenous communities. At a time when revenues have ceased, this is causing increased financial burden;

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- Nearly all air taxi, flight training units (schools), and commuter air operators are grounded because the smaller aircraft cannot accommodate the two meter social distancing standards;
- Airport revenues are near zero while costs to maintain high safety standards remain;
- Many maintenance and aerospace service providers are shut down; and,
- The suppliers of engineering, construction, ground handling, security, fuelling, consulting, and food services – to name a few – are at serious risk of insolvency.

While this is a very grim picture, the government's offer to supplement business payrolls is a welcome step. The business loans, though, are not seen as viable for many of these essential small businesses as they load up future debt for an industry that can be cash strapped at the best of times.

This leads us to several specific requests to assist with both the liquidity and recovery phases of the crisis:

Air Operators

- To sustain regional air operators qualified to provide medivac and other essential air services to remote and Indigenous communities, the Provincial and Federal Governments should issue requests for proposal for standby aircraft and crews;
- Provide low barrier forgivable business loans or grants to essential small or regional air operators and aircraft maintenance providers to cover such costs as NAV CANADA charges, airport charges, aviation fuel excise taxes, rent and ground handling fees;
- Recognition that aircraft are an essential, not a luxury, good and should be exempted from any luxury tax.

Airports


- Ensure that all airports, irrespective of their ownership model, are eligible for all programs launched to combat COVID – especially the Canada Emergency Wage Subsidy program;
- Flexibility to adjust tight implementation deadlines and dedicated federal funding to help airports meet new regulatory requirements. This includes new airport accessibility regulations that mandate some capital investments be made by June 2020. It also includes Runway End Safety Area (RESA) regulations introduced March 7th, which will have a significant capital cost for many airports;
- Increase the funding for the very positive Airports Capital Assistance Program (ACAP) to \$95 million and a relaxation of the program's guidelines. This would help kickstart airports, their suppliers and the economy post-COVID;
- To help compensate for lost revenue and provide a boost to the industry once travel begins recovering, increase funding for federal infrastructure programs, including transit to airports;
- The scope of the National Trade Corridors Fund (NTCF) should be expanded to support movement of people and goods on passenger aircraft;
- Support for border modernization programs and initiatives such as Electronic Travel Authorization (ETA) 2.0, visa-free transit, and border facilitation initiatives pursued under the Beyond Preclearance Coalition. The cost to government to implement these initiatives is relatively low, yet their impact could stimulate international travel through gateway airports and into the region, resulting in airport and air operator revenue growth;
- Increased funding for Destination Canada to promote travel domestically, as well as to stimulate international tourism to Canada once travel has begun to rebound;
- Reforms to duty free programs, such as the ability to purchase duty free products upon arrival in Canada from a transborder/international flight, would allow Canadian airports to repatriate sales from foreign airports and bring Canada's offering to transborder/international travellers.

Flight Training Units (including both private training organizations and public post secondary institutes)

- Provide forgivable business loans to flying schools to ensure they survive. This industry sector is responsible for substantial higher education exports and has *not* been designated an essential service;
- Provision of written exam centres external to the current Transport Canada accredited centres for professional exams – CPL, IFR, ATPL;
- Allowances for students to write exams prior to fully completing ground school and achieving current required hours;
- Increase the amount of Student Aid available for domestic Students to reflect the approximately \$85,000 commercial pilot license program cost.

In closing, the Council wishes to emphasize our key message that the regional aviation and aerospace industry is in danger of collapsing. Your support is requested at this time of urgent need.

Yours sincerely,



Heather Bell
Chair