

FINANCIAL AID NEEDED FOR THE AIR TRANSPORT INDUSTRY

March 29, 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 Mélanie Joly, P.C., M.P.

Minister of Economic Development

The Honourable Marc Garneau, P.C., M.P. Minister of Transport

The Honourable Marc Miller, P.C., M.P.

Minister of Indigenous Services

Dear Prime Minister and Ministers:

The Air Transport Association of Canada, representing 75 air operators across Canada and some 85 industry support stakeholders, is asking for the Government to act immediately to table a financial aid package for the commercial aviation industry. Our members provide invaluable and often essential services to all regions of Canada.

Canada is lagging behind as some foreign governments have already acted in coming to the aid of their aviation industry, including the USA, Australia, Brazil, China, Denmark, Finland, Germany, Hong Kong, Italy, New Zealand, Norway, Singapore, Spain and Sweden.

ATAC is asking that an equitable and verifiable financial aid package be designed to include key elements that can apply to the various sectors of the industry. The key elements of this package are 1) direct financial aid; 2) taxes and charges relief; and 3) loans and loan guarantees.

1) Direct Financial Aid

This must include many options as one size doesn't fit all in Canadian aviation, but our industry stakeholders, be they air operators of all types, flight training organizations, or service providers, all need a wage subsidy program to see it through these unprecedented times.

For companies with reduced operations:

- A wage subsidy plan which would cover 75% of all-inclusive payroll costs.
- Rebates on payroll taxes paid to date in 2020.
- Subsidy equivalent to the reimbursement of three (3) months of aviation fuel excise taxes for every month of reduced activity due to COVID-19.
- Grants to cover NAV CANADA charges, airport charges, and ground handling fees.

For companies that have temporarily suspended operations:

- Wage subsidies to cover 75% of skeleton staff still required.
- Rebates on payroll taxes paid to date in 2020.
- Subsidy equivalent to the reimbursement of four (4) months of aviation fuel excise taxes for every month of suspended activity due to COVID-19.

2) Taxes and Charges Relief

- An immediate suspension of the federal aviation fuel excise tax.
- The suspension of airport ground rent linked to airports lowering commensurate aeronautical fees to the direct benefit of the applicable commercial air operators.

- The suspension of NAV CANADA Navigation Fees. The Government would need to provide NAV CANADA with commensurate funding for the fee reduction to NC Canadian clients.

3) Loans and Loan Guarantees

- \$2 billion allocated in loans and loan guarantees for the commercial air operators. These would also be available to the supporting industry such as Maintenance, Repair and Overhaul (MRO) and other commercial aviation service providers.

Air transport is a key economic driver in Canada. To minimize the sweeping damage to this industry that the current crisis is causing, it is vital that Government set up an aid program immediately. The key factor in this program is a wage subsidy program that is substantial, equitable and easily accessible.

Failure to act now will make it all the more difficult to recover from this crisis. Thousands of jobs are at risk and according to IATA studies, "each of those jobs supports a further 24 in the travel and tourism value chain".

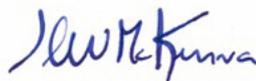
Without immediate government help, many Canadian air operators might not be around when the economy begins to regain strength and needs the key economic enabler that our industry provides. This vital government financial aid package would also avoid greater economic damage by ensuring that operators can rapidly scale-up operations when travel restrictions are lifted and quickly contribute to "jump-starting" the Canadian economy.

The Canadian Government must recognize the critical role that aviation plays in Canada. In addition, regional carriers are an indispensable lifeline to Canada's northern, aboriginal and remote regions. The Government must act now to preserve the vital role of this sector. A comprehensive government action plan will help the air transport industry preserve jobs, maintain essential connections, transport people who require medical treatment, deliver life-preserving air cargo supplies and overall be a key enabler of the recovery of the Canadian economy.

ATAC is most willing and able to offer its full assistance and expertise to help facilitate the aid program offered to Canadian air operators.

We look forward to hearing back from you with how we can assist with this vital program in the most expeditious way and encourage you to contact the undersigned for any further information.

Most respectfully,



John McKenna, President and CEO