

Today is also a unique opportunity for important questions to be asked concerning the future of the airline industry in Canada's North, as well as the roles and responsibilities of both the federal and territorial governments in helping to foster affordable and accessible air service to our small and isolated communities.

As my colleagues will recall, the Makivik Corporation and the NorTerra Corporation announced an agreement in April of 2014 to “hold discussions leading to the merger” of First Air and Canadian North as a single airline entity. The announcement also indicated that the purpose of the potential merger was to “improve the sustainability of these critical Inuit birthright enterprises.” However, in October of 2014, both companies announced the termination of merger discussions.

On May 13, 2015, a new codeshare agreement between Canadian North and First Air was announced. This announcement stated that the codeshare agreement would “significantly improve flight schedules, provide greater choice for customers and continue to improve the sustainability” of the airlines. The announcement also stated that “each party will continue to independently set prices and compete for business.”

Calm Air, which is one of a number of aviation-related entities owned by the Exchange Income Corporation, entered into a codeshare agreement with First Air in the summer of 2015.

I would note that the Canadian Broadcasting Corporation reported earlier this month comments from the president of the Makivik Corporation concerning the issue of competition between airlines in the north. Today's proceedings will provide an opportunity for important questions to be

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As our guests will understand and appreciate, Nunavummiut are frustrated at being told that the state of the industry in the north has essentially forced the airlines to introduce such measures as the recently implemented codeshare agreements in order to survive.

At the same time, the almost complete lack of meaningful public information concerning the performance and operations of the airlines results in a serious lack of clarity and transparency. This is another issue that I anticipate will be raised today by my colleagues.

I would like to conclude by addressing some housekeeping matters.

As I noted earlier, this hearing is being televised live on local community cable stations and direct-to-home satellite service. Transcripts of the hearing will be posted on the Legislative Assembly's website.

Following the conclusion of my opening comments, I will invite opening statements from the representatives of each of the three airlines. Following the conclusion of the three opening statements, I will open the floor to questions from Members. For the benefit of our guests, I would ask Members to also introduce themselves when they ask questions.

For the benefit of our recording and interpretation system, I ask witnesses to wait until I invite you to speak before activating your microphone.

I also ask witnesses to always go through the Chair when responding to Members' questions and interventions.

My caucus colleagues have been provided with a number of reports and other documents for their ease of reference during

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this proceeding. For the benefit of our witnesses and interpreters, I ask Members to be very clear and very precise when quoting from or making reference to specific reports or documents.

Thank you. I will now invite the representatives from Calm Air to make their opening statement. Mr. Bell, please proceed.

Mr. Bell: Thank you, Mr. Chairman. Good morning, Premier Taptuna, Hon. Members, MLAs, residents of Nunavut who are here today as well as those who are watching on TV.

My name is Gary Bell. I'm the president of Calm Air. With me today, I have Carmele Peter, who is the President of Exchange Income Corporation, our parent company, as well as Gary Beaurivage, who is the VP and COO of Aviation for the Exchange Income Corporation, our parent company. Many of you will know and recognize Gary. He was a Calm Air employee for 40 years and previously the president before me for about 12 years.

We are very happy to have the opportunity to speak here today. Calm Air has operated in the Kivalliq region for 38 years now. In order for us to be a viable airline for the next 38 years or more, we needed to proceed with some of the transactions that are going to be discussed here today.

To give you a little bit of a background, Calm Air operated since the late 1970s in the Kivalliq region. In that time between the late '70s and 2015, we were able to be viable and underwent several fleet renewals during that time, going from small aircraft to medium-sized aircraft to the larger aircraft that we operate today. That larger aircraft is more fuel efficient, more comfortable for passengers with the stand-up cabin,

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the Kivalliq region. It also involved a wet lease, which is ourselves using First Air to operate the 737 between the Winnipeg and Rankin Inlet corridor. It also involves what we call the codeshare arrangement, which is the ability for First Air to sell tickets on any one of the Calm Air flights within that region, as well as the ability for both of our airlines to be able to sell tickets to a customer travelling between the regions where they don't have to book two tickets. They can book one ticket with either one of us.

This transaction, however, has not gone without growing pains. We're here today to acknowledge that we've had lots of them. This transaction and integration of the two operations within this region was not only a big undertaking itself, but also involved us moving our base of operations or hub for the Kivalliq region from Churchill, Manitoba to Rankin Inlet. Many of you around this table have asked for our hub to be in Rankin Inlet or in the Kivalliq region for many years and we accommodated that with this request.

Moving that hub as well as the integration created a lot of different moving parts in logistics for us. As a result of that, we did have many issues with delayed flights. We had issues with the movement of cargo, some significant delays with the movement of that cargo, and we did have a handful of medical samples or water samples that were misplaced or took too long to move. The combination of those logistics and moving that hub combined with the worst weather we have seen in the Kivalliq region for 38 years certainly created havoc on our operation.

We thought it was important to outline some of the weather issues that we encountered this year and that we encounter on a regular basis. Again, as I mentioned earlier, in all of 2015, we missed in Winnipeg once whereas in the Kivalliq region in July alone, because

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of weather or runway conditions, so nothing that we can control, not mechanical, not crew issues, but weather and runway issues alone resulted in 114 cancellations in July alone, 30 in August, 45 in September, 83 in October, 137 in November, and 92 in December. When you factor in those weather and runway cancellations that we had, there's no wonder why we incurred significant delays in shipping cargo, but we're here to acknowledge that we still have made a lot of changes and can get better.

What we won't do, despite the changes that I'm about to tell you, is we will not sacrifice the safety of our passengers or our staff for any commercial pressure. We quite often will get calls or comments on social media about why we can't go into a certain community on a particular day. We will not operate against regulations or against the overall safety of any of our passengers or customers.

The operational changes that we did make from July 2 up until basically last week and we continue to make are the following:

1. We added four cargo managers to our new Rankin Inlet operations.
2. We added two additional cargo managers to our Winnipeg cargo operations. It's important to note that our Winnipeg cargo operations are just as important as the cargo operations at the Rankin Inlet end because, if they're not properly packaged or labelled in Winnipeg, the people in Rankin Inlet that are offloading those aircraft aren't going to know where to go.
3. We added a full-time customer service manager for cargo alone to address phone calls, questions, and queries that were coming in specifically about updates on individual cargo shipments.

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owned by the Inuvialuit Development Corporation and that is done through the holding company, NorTerra Group. Nunasi did divest itself of its interest in NorTerra on April 1, 2014. We are a major northern employer and we have a little over 700 employees at this point in time, 18 percent of whom are Nunavut residents.

It's important to note that we have two business units. We have our scheduled service. You will see that scheduled service entails passenger and cargo movement to a number of communities in the NWT, Alberta, Ontario, and of course, Nunavut. We also have a charter portion, which is about 50 percent of what we do on a revenue basis and that charter business is based out of southern Canada.

I'll talk a little bit about our fleet, which is important to understand. One of the things that we have to do as an airline is continue to try and do fleet renewal. We operate with our fleet, which I'll talk about in a second, about 360 scheduled and chartered flights each week. We serve 14 Nunavut communities, four of which are served through our new codeshare agreement with First Air. We have been renewing our fleet over the past two or three years. We have now a fleet of ten 737-300 aircraft, one of which is a combi, we still operate four 737-200 aircraft that are mainly required because of the gravel runways that we operate into like Kugluktuk and Cambridge Bay, and we have three Bombardier Dash 8 aircraft.

Gary alluded to and was quite clear with some of these details about the challenges of operating in the north. First of all, the flying distances require larger aircraft. We are serving small communities with typically gravel runways which, as Gary pointed out in his presentation, create a lot of damage on the aircraft.

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We have a different cargo model in the north. The majority of the cargo goes one way, be it out of Ottawa to Iqaluit to the communities or Edmonton to Yellowknife and into the NWT. We have cargo northbound. We have absolutely nothing coming, in most cases, southbound other than what we call “ballast” to balance the aircraft. Ballast pays nothing.

We have a high infrastructure and operating cost. As Gary pointed out, fuel in Nunavut is over \$1.60 a litre in Iqaluit and higher in some of the other communities. It is significantly cheaper in the south, and I do understand the logistics required to get it up to the north, store it, and then put it into the aircraft. With that said, it's still extremely expensive. At this point in time, Gary's is very close; it's about three times what we pay in Ottawa and Edmonton.

We do have unpredictable flying conditions. As Gary pointed out, this year has been a very bad year for missing at various communities due to weather. It's not only the unpredictable flying conditions. In a lot of cases, we fly there, turn around, and go back. We have incurred the costs, but we don't get paid again when we take the freight the second time to get it in.

It's important to understand why the codeshare had happened, but I'll talk about low load factors. Our load factors, prior to codeshare, and I'm willing to share them after codeshare as well, our average load factor in the north for passengers was 40 percent. To put that in perspective, on Air Canada and West Jet, which compete vehemently in the south and on pretty much every lane segment which is city to city, they run at 85 percent. You're more than welcome to go to both of their websites and they have that kind of information on it. We're dealing with extremely low load factors.

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As Gary was quite blunt about, I don't have quite as much latitude to talk numbers without the permission of my shareholders and I don't have that at this point, but the status quo that we found ourselves in predominantly with First Air was unsustainable. We did come into the Baffin in 2007. We bid the Arctic Co-op's contract for freight after the Food Mail Program got dismantled and also because we got the bid on the Nunavut government travel in the same way First Air bid on Calm Air's previous contract, as we got into that, the feds actually lowered, but that said, we found out over the proceeding eight years that on certain routes in certain regions, it was not sustainable. I can't talk about numbers. Our numbers were not quite as big as Gary's, but they were a big number that clearly got our shareholders' attention.

The other thing that came into play is that large portion of our revenue is charter and at this point, I can tell you that it's pretty much identical, 50 percent charter and 50 percent scheduled service for revenue. About a year ago, that number would have been 70 percent for charter and 30 percent for revenue and we were cross-pollinating and funding routes that weren't sustainable.

As we went into the economic downturn primarily driven out of resource sector commodities falling, oil, gold, iron, our charter division started to slow down, which made me, as the top executive for Canadian North, have to look at all of our business and business units and come up with solutions. Some very difficult things had to happen. I have 280 staff laid off at this point. We used to be almost 1,000 staff. I have 280 laid off and that's primarily driven out of the charter side, but I had to take a long, hard look at our scheduled service and realized that I still want to compete with First Air in a number of regions, but there were some routes where

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that Jobie Tukkiapiik, President of Makivik and Chairman of First Air, was not able to be here. The Inuit leaders are in Ottawa right now meeting with the Prime Minister today. He was going to be here, but he will not be able to attend today. They are dealing with very important issues down there with the newly elected government and we're all trying to plan for a better future for the Arctic. It's extremely important for the whole Arctic, not just for Nunavut or Nunavik. It's for the whole Arctic.

First of all, I would like to introduce myself. I am Johnny Adams. I am from Kuujuaq and I first started working with the airlines in 1978 in Winnipeg. When Air Inuit was just starting out, as an Inuk, I first started as a pilot when I was 19 years old with Air Inuit. To date, I have been involved with the airlines and helicopters. I have stayed in that business in our community and I own a business in the south as well and so I am involved in that to date.

We are here as First Air. We have been operating for 70 years since 1946. It first moved to the north in 1954 and in 1975, First Air first developed a base in Iqaluit. It has been 40 years since First Air came to Nunavut. In 1990, the Makivik Corporation purchased First Air and ever since that time, for the past 25 years, the Makivik Corporation has been involved in Nunavut through First Air.

The reason why we're here is that we operate the airline, First Air, in Nunavut and because we had losses, we had to make a decision on setting up a codeshare agreement. We have to run a sustainable business in order to operate in the north. Whenever there's any change, we become concerned and of course, I understand where you're coming from.

Also, in coming to this decision, we had

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Calm Air and Canadian North, and I'll give you a bit of an overview.

In your packages, you have a presentation that looks like this. I'm not going to go through all of these slides. Otherwise, there will be no time for questions. It may be helpful as and when we start to answer questions or for your general background. I'll speak from my prepared notes, which I think are also in your packages.

As Mr. Adams indicated, from 2011 onwards, First Air was experiencing unsustainable operating losses. Our board quite simply could not allow this to continue; our shareholders couldn't sustain this. It is important to remember that First Air is a business and as such, requires an adequate return on investment. We need a healthy and sustainable airline. We are not the only ones that need to be healthy and sustainable. Our customers do, our employees do, and so do you. First Air provides the north with vital infrastructure together with our partners. As you know, we have a major base here in Iqaluit. We're possibly the largest non-government employer in Iqaluit and we have a lot of employees all across Nunavut.

Running an airline is expensive everywhere, but nowhere near as expensive as here. Aircraft and spare parts are in USD. We all know where the USD has gone. All of these have become 30 percent more expensive this year alone. Jet fuel in the north and in Nunavut is three times as costly as it is in Montreal or Ottawa. Gravel runways across Nunavut mean that our maintenance costs are much higher than those of other airlines. A couple of years ago, I did some math and I found out that \$20 of every ticket price goes to pay for propeller repairs on our fleet up here because of gravel runways. Harsh weather conditions and limited infrastructure lead to higher costs. I think my colleagues

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have detailed that nicely.

Because of the unsustainable operating losses since 2011, First Air has had to change. Our board asked management to develop a turnaround strategy. The plan, which included codesharing with Calm Air and Canadian North, was deemed the best way forward. Canada's North is simply too small to have several airlines flying wing-to-wing with, at best, half-empty airplanes. We wished they were half-empty; they were much more empty than that and all losing money.

Codesharing is an industry practice that allows improved efficiencies to maintain the same or better levels of service for less operating cost. The alternative would have been further reductions in service, not serving a destination every day like we do now or stopping service to a community altogether. Our decision to stop serving Repulse Bay was only just the beginning had we not done something like codesharing. Without codesharing, many northern communities across Nunavut would no longer have been part of our network today.

Restructuring also included eliminating inefficiencies, reducing costs, and investing in our future. First Air, with the support of Makivik as its shareholder, has launched an ambitious Canadian \$110 million program to renew the fleet. We could not have launched this program without codesharing. The intention is to modernize our fleet with an additional Boeing 737-400, which will probably fly for the Arctic Winter Games, and initially five newer ATR 42-500s. We currently operate the older series of ATRs in Nunavut. The first of the newer ones will enter service next month. We hope to replace all the ATRs with more modern ones.

First Air is making the single largest

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investment in Nunavut's air infrastructure in recent years; I guess not counting the airport. This is all money from outside Nunavut that is being invested in airplanes to provide essential services in Nunavut, none of which could have happened without codesharing. All of these airplanes will be used in the essential services market. Like Canadian North and Calm Air, we have noticed a downturn the resource sector, for us especially in mining, so we're not investing in that sector. In fact, we have pulled back all of this fleet investment. Our shareholders approved and have already spent \$55 million CAD for the essential services market.

I would just add as a footnote that we will be able to use all of these new airplanes in every airport except one, Pangnirtung. Unless government finds a way to build a new airport in Pangnirtung, we will have to use the old airplanes. As my colleagues have mentioned, you can't fill up the old airplanes and if you can't fill them up, because the runway is too short, your cost of flying the freight is higher. Pangnirtung is the only community that has a significant export business in Nunavut. The fish that come out of Pangnirtung need to fly in our airplanes to get a high price. We have bought the airplanes, but we need the runway to match.

We and our board believe that codesharing is essential to our recovery. Combined with our codeshare partners, we now offer customers increased flight options throughout Nunavut. For example, the key Ottawa-Iqaluit route now offers two flight options per day on both First Air and Canadian North.

My two colleagues here, one from Winnipeg and one from Calgary, left their homes in those two cities to Ottawa on Monday morning and connected to the afternoon flight. For the first time in the history of Nunavut, you can fly from virtually

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anywhere in Canada the same day and arrive in Iqaluit and many of the communities connecting beyond. You can get from Vancouver to Pangnirtung without stopping in a hotel in Ottawa or in Iqaluit.

Now, for an economy that wants to build tourism, that's absolutely essential. For an economy that wants to attract investment, that kind of quality of service is essential. None of that could happen without codesharing. The only flight connection that existed from Canada to Nunavut prior to our codeshare services was from Toronto, if you got up really early and the traffic wasn't too bad. Our connections are improved to and from the communities. Compare this to the pre-codeshare where both First Air and Canadian North operated each one flight per day at identical timings with less connection possibilities from the other communities.

Similarly, in the Kivalliq region, service has been improved from Winnipeg to Rankin Inlet and through Churchill through a codeshare on larger capacity 737-400s 13 times per week. There was never before a large jet operating on this route double daily. Gary has already gone through that, so I won't go through it. The service in the Kivalliq is substantially better than it has ever been before.

Like my colleagues to the right, we admit that we didn't get everything right. Codeshare is new in northern Canada and new to all of us. We are still working on improvements and we are listening to feedback from all of our stakeholders. We continue to make adjustments and improvements to our network provided they make economic sense. Like my colleagues, safety is always our preoccupation; that always comes first.

In direct response to feedback, we have

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added cargo and passenger capacity on some routes, including Yellowknife-Kugluktuk and Iqaluit-Pond Inlet. We reinstated flights between Cambridge Bay and the [Kitikmeot] communities of Gjoa Haven, Taloyoak, and Kugaaruk. We have also increased frequency between Cambridge Bay and Kugluktuk and there will be further adjustments provided they make economic sense. We can't go back to the old days. It's not that we don't want to; we can't.

First Air and its codesharing partners will continue to assess opportunities that make business sense. We look forward to hearing more constructive feedback so that we can continue to improve our service and, most importantly, continue to be the reliable infrastructure partner that you would like us to be, that you need us to be, and that you want us to be. Thank you.

Chairman (interpretation): Thank you. At this time, we will take a 15-minute break and you can look through the briefing notes during that time. The guests can go have coffee in the Nattiq Room. We will take a 15-minute break.

>>Meeting recessed at 10:15 and resumed
at 10:33

Chairman (interpretation): Thank you for coming back. If Members have any general comments, I would first like to ask Mr. Taptuna. Mr. Taptuna.

Hon. Peter Taptuna (interpretation): Thank you, Mr. Chairman. Good morning, (interpretation ends) colleagues, (interpretation) Members, (interpretation ends) and everybody in Nunavut. Good morning, Kuglukturmiut and good morning to you all.

I want to thank you for appearing here before

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the committee. It is a unique opportunity for you to provide answers to questions that have been raised over the past several months by our constituents, businesses, individuals, our hamlets, and Nunavummiut in general.

Mr. Chairman, let me be clear: in the history of the government in the north, never before has one industry been asked to appear before a committee in this forum. We take this session today very seriously and everybody should too, including yourselves as witnesses. It's also an opportunity for you to articulate how you see the airline industry evolving over the next several years.

Airline travel in Nunavut is not a luxury; it is a necessity. We do not have any roads or any other daily or, for that matter, weekly connections to any other part of Canada other than by airplane or the annual sealift. Mr. Chairman, sealifts don't carry medical, personal travel, or other passengers.

This is why your service impacts every single person living in Nunavut, working in Nunavut, or visiting Nunavut. You transport the food that we eat. You move the goods that we buy and the products that we need in Nunavut. Airlines are truly the lifeline of Nunavut. You have an enormous responsibility. We understand that as a company, you have to make a profit for your shareholders. Nunavummiut understand that better than anyone, what it costs to work, live, and, indeed, survive in Nunavut.

As privately owned corporations, we cannot tell you what your profit margin should be or should not be. We can't tell you what the rate of return should be for each dollar that you invest. We don't see your finances. We don't see your balance sheets or income statements. But we do hear from you that profits are down, that you collectively are losing money. We hear you say publicly that

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competition between your companies is basically a race down to the bottom.

If the northern airline market cannot handle more than one company operating in any given region, you are basically asking for a monopoly. We have seen deteriorating services, we have seen cargo and we have heard of cargo backup, and we have seen changes in the schedules that we have not had any input into. Again, I have to ask, Mr. Chairman: is this a monopoly that you want us to support?

Competition in any other jurisdiction or any other industry has proven that it provides better service and better pricing for consumers. Competition is good for the consumer. Competition also keeps businesses competitive.

Mr. Chairman, we see no way to contradict what you are saying when you continually repeat that the northern airline routes are not profitable and can only be sustainable if changes, codeshares, or monopolies take place.

There also have been questions raised and suggestions made that maybe governments should provide a subsidy or subsidize northern travel and airlines.

Mr. Chairman, we already subsidize the cost of fuel delivered and sold in Nunavut, fuel that you use. We provide a form of subsidy by providing guaranteed airfares for passengers through duty travel and medical travel contracts.

Mr. Chairman, we ensure that all airports are operating and up to national codes. We ensure that passengers have proper facilities, air terminals, and access to airports in every community throughout Nunavut. Maybe today, you can clearly state what it is

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that you want us to do. How can we work together to help Nunavummiut? What regulatory, infrastructure, logistical, or administrative support do you need from the Government of Nunavut or, for that matter, from the Government of Canada?

As the largest corporate client and the issuer of the largest single passenger contract in Nunavut, we do have concerns. As elected representatives of all Nunavummiut, we have questions that are going unanswered.

Mr. Chairman, last spring, as representatives of the three major airlines servicing Nunavut, you were at the Legislative Assembly and met with the Full Caucus of Nunavut MLAs. At that time, we were briefed on the intended move towards the codeshare arrangement between the airlines. You implied that it would make things better, increase services, better schedules, and so on.

Since that June meeting, many issues and concerns have been raised across the territory in the northern media, on social media platforms, and directly to the Members of the Legislative Assembly, Ministers, and government.

We also note that the Federal Competition Board is reviewing the codeshare arrangements and that the Government of Nunavut has presented our concerns and observations to the board also.

The implementation of the codeshare structure appears to be the catalyst resulting in more and more delays in receiving freight and cargo in a timely manner across the territory.

Mr. Chairman, there is growing concern that more often than not, community store shelves are now regularly empty of nutritionally healthy food products. It is

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having a significant impact on food staples
flown in weekly like milk, eggs, bread, fresh
fruit and vegetables.

These cargo and freight delays are affecting the government's shipment of blood samples, medical lab tests, water quality tests, and other time-sensitive cargo. Mr. Chairman, later, the Minister of Health will speak on these issues.

Again, the impact of the codeshare agreement plays itself out in many ways. Your fare class of seats means that the cheaper fares and the lower cost seats are in short supply and thus, air travel is now more expensive. On one hand, you state that you have not increased airfares. On the other hand, by restricting the number of lower airfare seat classes available, you have forced the consumer to buy the higher priced tickets.

Communities are expressing concerns that changes to the beneficiary discounted travel program have resulted in airfare increases and steep penalties for making changes to flight tickets. Mr. Chairman, this is a result of the airlines having fewer beneficiary fare seats available because, as stated, they are the cheaper fare seats. The passenger then has to buy the more expensive seats.

The Nunavut government was assured through many channels of communications that the new codeshare agreements would result in better airline service and scheduling. However, this is not the case when the trans-territorial jet schedule change to Tuesdays, Thursdays, and Sundays has resulted in longer stays for staff from their home operations offices and increased hotel and duty travel costs.

Scheduling issues for sports teams include, of course, volunteer coaches and athletes that cannot afford to be away from home

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communities and that do work for the length of time it now takes to travel between certain locations east and west.

As the largest customer and as representatives of our communities through our elected officials, we are deeply troubled that a conceivable monopoly has been borne through the Kivalliq region scheduled airline service where intercommunity travel is now only represented by a single airline.

Mr. Chairman, the Nutrition North program has been cited as one of the main catalysts for the unbalancing of the airline industry in the north. The subsidy through Canada Post that went to the airlines now goes to the shippers, the stores, not the air carriers. This has resulted in probably a loss of several million dollars of the bottom lines of all the air carriers. Now today, you have to compete against each other for the larger shippers' business and have probably undercut each other to get that business and they the shippers, not you the airlines, are probably dictating those prices. This decreases your profits and the viability.

Nutrition North is flawed and broken. An unintended consequence was to basically unhinge the northern airlines marketplace and almost bankrupt your operations. Maybe you can speak to this in your comments later in question period.

Mr. Chairman, constituents have noticed an absence of seat sales across the territory, which is another example of the frustrations raised since the codeshare agreements came into effect. As the airline companies that are in the business of customer service, we are sure that these concerns raised by Nunavummiut do not come as a surprise.

Again, I want to be clear: the issues raised in this forum come from all across Nunavut.

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These concerns, issues, and observations are real. We use the airlines every day. We live here. It is our home and we want to ensure that air travel, air cargo, and, indeed, your entire air transportation network is healthy, safe, and reliable.

Later today, I will have specific questions for you and I look forward to hearing from my colleagues and Members of this House on their concerns, suggestions, and questions in this forum. Thank you, Mr. Chairman.
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Chairman (interpretation): Thank you, Mr. Taptuna. The next name on my list is Mr. Savikataaq.

Hon. Joe Savikataaq: Thank you, Mr. Chairman. It is a privilege for me to be here today to speak briefly about some of the issues facing us regarding the new codeshare arrangement developed by the northern airlines.

I would like to welcome our guests and I appreciate their cooperation in giving us the opportunity to meet with them and discuss these issues. It is also a great honour to have this discussions occur through the Full Members' Caucus and the proceedings televised across the territory so all Nunavummiut can participate in this discussion. It is only through open dialogue that we can come to understand each other's concerns and work towards finding positive solutions for all Nunavummiut.

Mr. Chairman, as MLAs and Ministers, we have been hearing not only from our constituents but also from GN departments about the concerns and frustrations with the codesharing arrangement, changing freight routes and the changes in flight schedules across Nunavut.

As the Minister of Community and

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Government Services, I have been asked to speak on how the new codesharing arrangement has been affecting the department. Before I get into more specifics, I want to address the issue of the cost of jet A-1 fuel. Often in discussions regarding the airlines, the high cost of airline tickets and freight inevitably comes up. At times, these high costs are attributed to the high cost of jet A-1 fuel.

Mr. Chairman, before we continue any further, I would like to dispel this myth. As everyone is aware, as CGS Minister, I had the privilege of announcing the reduction of fuel prices for gasoline and diesel as of January 1, 2016. As a government, we did not lower the prices of jet A-1 fuel. As we are aware, Cambridge Bay, Rankin Inlet, and Iqaluit see the largest consumption of jet A-1 fuel. Since November 1, 2011, the average cost of jet A-1 fuel for those communities has risen by 3 cents per litre. Mr. Chairman, I wish I could say the same for the how much airfares and cargo rates have risen in that same amount of time.

Mr. Chairman, if that statistic is not confusing as to why costs continue to soar, then let me give you a cost comparison between the prices today of jet A-1 fuel in Iqaluit and Ottawa. In Iqaluit, we have one fuel service provider and the cost of jet A-1 fuel is \$1.64 per litre. In Ottawa, we have two fuel service providers. The average cost of jet A-1 fuel in Ottawa is \$1.72 per litre. The cost of jet A-1 fuel is 8 cents cheaper in Nunavut. Mr. Chairman, this is from the most current information given to me by the Petroleum Products Division and these costs are with all taxes included.

Mr. Chairman, the cost of doing business in the north is expensive. The airlines may say that they have not benefited by the lowering of heating fuel and gasoline, but we must

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remember that they, like the Government of Nunavut, have a huge investment in infrastructure across the territory. As previously mentioned, on January 1, 2016, we were able to give homeowners and hunters the savings of 10 cents a litre on heating fuel and gasoline, but we must remember this saving was also passed on to businesses.

Mr. Chairman, in terms of the codesharing arrangement, most significantly from a government standpoint, the changes to routes and the dropping of flights seem to be impacting the movement of freight. The trans-arctic flights from Edmonton-Yellowknife-Rankin Inlet and reverse on the same day, this route was operated Monday, Wednesday, and Friday weekly, with both airlines offering flights on Monday and Friday and First Air had an additional flight on Wednesdays, for a total of five flights per week. This has been changed to Sunday, Tuesday, and Thursday weekly, a drop to only three flights only.

Mr. Chairman, furthermore, the change in scheduling has led to cargo delays. The route that First Air has subcontracted to Summit Air uses RJ85 aircraft. This aircraft has seating capacity of 85. However, it does not have adequate cargo space. Therefore, there is an ongoing issue with cargo capacity and delays in delivery of cargo.

Mr. Chairman, I have received phone calls and concerns from hamlets and MLAs regarding the delay in much needed parts to fix and repair water trucks and sewage trucks to keep them on the road. We all know the vital role that timely delivery of goods and services are needed to keep our 25 communities running. It is my understanding that airline officials have already met with various GN departments and have been cooperating fully to have these issues

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resolved.

Mr. Chairman, I am hopeful that through our discussions here today, we can gain a better understanding of each other's concerns and to resolve many, if not all, the difficulties we are currently facing. Mr. Chairman, my department is a service-based department and I have come to realize that teamwork is needed to make the department work to provide those services. I am pleased with the teamwork that is being exhibited today. As we move forward, I am confident that these issues will be addressed. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you, Mr. Savikataaq. I have no more names on my list for general comments. At this time, I would like to ask if Members have any questions. I'll have Mr. Taptuna go first. Mr. Taptuna.

Hon. Peter Taptuna: Thank you, Mr. Chairman. I thank you for giving me that opportunity. In my opening statement there, I cited the Nutrition North Canada Program that was put in place in 2010 and replacing the food subsidy program, the Food Mail Program.

Maybe Mr. Friesen can respond to this. In 2008 and 2009, the company was doing very well. There were bonuses given out to board members. Since that time, things have rather changed drastically.

Again, I cited the Nutrition North program. Again, in most cases, throughout the public discussions on this, it has been the main catalyst for unbalancing the airline industry in the north. Everybody knows that the subsidies that used to be given through Canada Post went to the airlines in the past, a subsidy that's now going to the retailers.

Mr. Friesen, can you address the impact of

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that program on your operations and how that changed your business model and your bottom line going from 2008-09 to the present? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you, Mr. Taptuna. Mr. Friesen.

Dr. Brock Friesen: Hon. Premier, I would be delighted to reply. I'm at a bit of a disadvantage because I came back to Canada after a 15-year absence in April of 2013, but I have looked at the history of our financials and the company. 2008 was a very strong year for First Air, largely because the ice roads weren't so good, there was a lot of business for the Hercules, a lot of mining business. It was a great year. 2010 was a pretty good year, not as good as 2008, and things went downhill from 2011 onwards. It's coincidental that the financial results for First Air went down as and when the policy changed. I haven't done the research to tell you what the direct link is or what the order of magnitude is. I also know that the natural resource business changed as well during that period of time.

It's difficult for me to comment on what the government policy should be and whether or not subsidies and support should go to retailers or airlines. You're quite right in your observations that the airlines are in a tight spot when it comes to freight revenue as a result of the current system. I would encourage government, both yours and the federal government, to look at this from a social point of view, from a point of view of what benefits the people that live up here and decide how or if food should be subsidized and in what form.

There's certainly enough doubt raised about the current system. There has been enough experience with the current system, and I would encourage governments to take the

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lead and figure out what's best for the communities or the citizens. Thank you.

Chairman (interpretation): Thank you. Mr. Taptuna.

Hon. Peter Taptuna: Thank you, Mr. Chairman. I thank Mr. Brock Friesen for that response. I do have a few more questions, Mr. Chairman and my colleague, the Minister of CGS, has touched upon it. The airlines are continuing to include fuel surcharges on freight and cargo. However, fuel is at historic lows. Why have you not eliminated or at the very least, substantially decreased the fuel surcharges? Maybe Mr. Hankirk can respond to that. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. [Hankirk].

Mr. Hankirk: Thank you, Mr. Chairman. In my answer to Premier Taptuna's question, I'm going to cover off fuel first of all. Fuel is a significant cost to an airline. To the Hon. Member's fuel price in Ottawa, I just actually brought up my current fuel price. It is 47 cents a litre.

My assumption is probably when your staff found, they don't know the kind of volumes we take. This year, I expect to buy more than \$50 million worth of fuel, a significant amount in Nunavut of course, but a lot out of Edmonton, Calgary, and Ottawa. We don't go to individual vendors in each of these places; our main contractor does. We deal with Imperial Oil. Our price is something. What your staff found is not the price I get. I just want to cover that off. It's the retail price and even the retail price should be nowhere near what was quoted to your staff. I'm happy to share our fuel information with you guys at any time. That I can share. I'm going to turn it over to Pete McCart, our

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VP of Scheduled Service, on the fuel surcharge. Our intention, of course, would be as fuel has gone down... I know that in quite some time, we haven't put any fuel surcharges on. We have adjusted down in certain markets, but the problem we have is that for the majority of flying that occurs within your region, we're still buying 60 to 70 percent of our fuel in Nunavut and it's tough to lower surcharges when those prices haven't gone down like the southern prices have, but Peter will have more detail on that, Mr. Chairman, if it's okay with you.

Chairman (interpretation): Thank you. Mr. McCart.

Mr. McCart: Thank you very much. As Mr. Hankirk said, with the majority of the flying that does take place in the north, the fuel prices that we incur are higher than what we do incur in the south. It has made it so that our pricing structure for those fuel surcharges has not changed. As fuel is still a considerable portion of our overall cost pile, we have not been able to remove those fuel surcharges. That being said, we're reviewing our prices all the time and if there is that opportunity, particularly if fuel costs are reduced in the north, we will certainly look at those fuel surcharges. Thank you.

Chairman (interpretation): Thank you. Mr. Taptuna.

Hon. Peter Taptuna: Thank you, Mr. Chairman. This question is for Mr. Bell.

In the Kivalliq region, we are now basically looking at a monopoly situation with very little competition with Calm Air. Looking at the financial reporting of your publicly traded mother company, you are doing very well. Your publicly available financial statements do not include losses from your air operations. Can you tell us what this

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means for your operation going forward? We want to ensure that the public of Nunavut has a good understanding of this. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Premier, for your question. For those who aren't familiar with our publicly traded parent company, our parent company owns 12 companies in all, including Calm Air, and the results that it publishes do not break out any one particular company; they're consolidated of all 12 companies put together. Six of those entities would be in aviation and the rest are in manufacturing companies all over North America, including in the US.

The losses for Calm Air specifically within the Kivalliq region are consolidated within those results. I can tell you that the Calm Air results are part of the consolidated Exchange Income Corporation results. The losses incurred within the Kivalliq region as part of Calm Air are consolidated in those results, but those results are very difficult for anybody to take meaning from with relation to Calm Air because they are consolidated of 12 different entities, not just Calm Air.

Chairman (interpretation): Thank you. If you can acknowledge the Chair when you are finished, it will assist us, Mr. Bell. Mr. Taptuna.

Hon. Peter Taptuna (interpretation): Thank you, Mr. Chairman. (interpretation ends) Since the codeshare announcement and the pullout of the Kivalliq region by First Air, we have seen no seat sales or, indeed, any reduction in fares. Why is that? Maybe Mr. Bell and Mr. Friesen can respond to this question. Thank you, Mr. Chairman.

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Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: As the airline that is remaining in the region, I'll answer the question and Mr. Friesen can add.

We have had the exact number of seat sales post our arrangement with First Air as we did before that arrangement. We actually have an annual schedule of seat sales that we publish. We have them at Christmastime, typically back to school time, and we have continued them at the exact same times. In fact, this year, we actually went a week earlier on our Christmas sale than we did the previous year.

Our seat sales are not just between the Kivalliq region and Winnipeg. They are also inter-Kivalliq and we are increasing the number of seat sales within the Kivalliq region as we sponsor more and more sporting and social events within the communities. For us, the number of seat sales has not decreased. We have the same schedule as we did prior to the transaction with First Air.

I believe there was a question earlier about the seats and the availability of prices. We do not have a restriction on the number of Pivut or beneficiary seats on any flight. Our only restriction on the number of seats is for Aeroplan and the number of seats for Aeroplan is about 10 percent of the number of seats on our aircraft, and that is the same now as it was prior to the transaction with First Air.

Again, we are continuing the promotions that we did before, whether it be seat sales. We do not have a limit on the Pivut or beneficiary seats on any of our flights. We have not changed our Aeroplan program; it is the same now as it was before. Thank you.

Chairman: Thank you. Mr. Friesen.

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Dr. Brock Friesen: I would just add that I think it's important to understand that codesharing and seat sales are quite separate and there are two parallel but different agreements with Canadian North and Calm Air. We continue to set our own prices. Seat sales and codesharing are not, in any way, linked. With the arrangement we have with Calm Air, they are the primary carrier in that part of Nunavut and I won't say any more. I think Gary has said what he needs to say.

The only thing I would say is that we currently have a seat sale across Nunavut in place right now. We've had other seat sales since the advent of codesharing and we will continue to have them from time to time as you get valleys in the demand and as you require it, as you try and stimulate a bit of traffic. One of the frustrating things of operating in the north is when you lower prices, demand doesn't change very much. It's not like in the south. It's a more difficult environment to do your pricing. Thank you.

Chairman: Thank you. Mr. Taptuna.

Hon. Peter Taptuna: Thank you, Mr. Chairman. I thank the airlines for that response. Mr. Chairman, I have one more question and maybe I'll save my minutes for later on, but I want to ask this question here.

Mr. Chairman, in my hometown of Kugluktuk and across the Kitikmeot region, we have seen deterioration in services, schedules, and increases in the costs of travel and cargo shipments. The Kitikmeot seems to be an afterthought for the airlines.

Maybe Mr. Hankirk and Mr. Friesen can tell us what the airlines are to address these issues and if they are committed to the Kitikmeot over the long term. Thank you, Mr. Chairman.

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Chairman (interpretation): Thank you, Mr. Taptuna. For the previous responses, (interpretation ends) I saw Mr. Bell raising his hand on a point or something. Did you want to add onto that before I go to Mr. Hankirk and Mr. Friesen? Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. I was just going to respond with one more comment to Premier Taptuna's question about the fares. We have not increased any fares. We acknowledge that we haven't decreased any either. We're trying to keep the fares stable for the long term. What we have decreased is our cargo prices to all beneficiaries and those decreases, I think, in the least affected community was about 22 percent and then in the most beneficial community, I think it was about 38 percent. We are taking a look at all the fares and cargo prices. We are trying to provide discounts where we can, but it's not always across the system in every category. Thank you for that opportunity.

Chairman (interpretation): Thank you. Mr. Hankirk, to the question.

Mr. Hankirk: Thank you, Mr. Chairman. To respond to the Premier's question, codeshare is something that we haven't done before and we've had to make changes as the codeshare agreement has progressed. Over a number of months after the codeshare came into effect in July, we have not raised the prices. We still have Pivut fares available. We haven't raised the cargo rates.

We have actually added additional flights into Kugluktuk because of some of the feedback we got, Mr. Premier, I think, from your office. We are adjusting. Initially, I do admit we didn't get the capacity right on that marketplace, but we have made changes a

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number of months ago. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Friesen.

Dr. Brock Friesen: On behalf of First Air, I would like to ask Mr. Van Der Stege. He is our commercial expert.

Chairman: Thank you. (interpretation) I didn't quite get the name, but (interpretation ends) please go ahead.

Mr. Van Der Stege: Thank you very much, Mr. Chairman. Hon. Premier, I would like to emphasize and echo the comments just made by Steve Hankirk, President of Canadian North. Together with Canadian North, we have decided to upgrade our services between Yellowknife and Kugluktuk. We now serve Kugluktuk nine times a week. We have increased frequency on this route.

As we have said publicly last time we met, if there are examples of specific routes where you think adjustments need to be made in terms of capacity, schedules, or frequency, we welcome a discussion with you on each of those examples provided they make economic sense to us. At the end of the day, we run a business. We welcome similar feedback like we received from your office and feedback that we have received from others as well on some of these routes.

As you can see in the presentation that we have distributed that should be in front of you in your package, there are a number of examples where we have made adjustments already and we look forward to continue doing so, as I said, provided they make economic sense to us. Thank you very much. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Taptuna, are you done for now? Mr. Taptuna.

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Hon. Peter Taptuna: Thank you, Mr. Chairman. I'll save my minutes for later on. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you, Mr. Taptuna. The next name on my list is Ms. Angnakak.

Ms. Angnakak: Thank you, Mr. Chairman. Good morning to you all. Welcome to the House. I think this is a great opportunity to have these kinds of discussions. We're able to voice, I think, a lot of the concerns you probably already heard, but it's good to be able to publicly ask the questions and hopefully get good answers so that we can all understand the situations that you're facing as an industry and also the stress of Nunavummiut who need to use your service.

I'm going to get right down to money. In 2008, it was reported in *Nunatsiaq News* that approximately \$1.5 million was paid in bonuses to members of First Air's board of directors. Were any bonuses paid in 2014 or 2015 and, if so, how much was paid? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen... . Proceed.

Mr. Adams (interpretation): Thank you, Mr. Chairman. I'm on the board of directors of First Air. Ever since I became involved with First Air, the airline was in a very good financial situation. The First Air board did not get a bonus; it was Makivik that brought out bonuses to the board of directors. I can say that to date, we have never done that. Ever since you have heard about those bonuses, I can say that we've never had any additional bonuses.

Chairman (interpretation): Thank you. Ms. Angnakak.

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Ms. Angnakak: Thank you, Mr. Chairman. I guess the same question for Canadian North, were any bonuses paid in the 2014-15 fiscal year? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. To answer the Hon. Member's question, no bonuses were paid, to my knowledge, in 2014 or 2015 and as a matter of fact, for my staff at the airline through 2015 and 2016. Despite inflation in price, we have given no raises to anyone within the company. We take our job seriously. There are about 280 laid-off people. Every dollar counts because I do have to give shareholder return at some point to continue to recoup my fleet, but no bonuses have been given whatsoever. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Ms. Angnakak.

Ms. Angnakak: Thank you, Mr. Chairman. Thank you for your answer. It leads me into my next question. When you appeared before us in-camera last spring, you said that there was going to be basically no change to staff or very little impact on layoffs. You just mentioned 280, so I want to get better clarification. What do you mean by that? Is that both airlines together? Maybe I'll ask the president of First Air the same question. What kind of impact has codeshare had on your employees? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: Since I came back to Canada and joined First Air, our staff numbers are down about 100 on a base of about 1,000. There have been some layoffs,

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but they're not large-scale layoffs. Most of the reductions have come from what might be called back office administrative functions.

In Nunavut, I don't believe there would be any net reduction in staffing. I would have to go back and check that in detail, but generally speaking, for frontline positions, we did have some pilot reductions as a consequence of selling the Hercules, but our ATR operation is robust up here, so we need the pilots.

We have an active program of encouraging local hires for good jobs, not just heavy-lifting jobs, but good jobs and we are quite successful at it, so we're quite happy. I can confidently say that codesharing has really not led to any layoffs or, more correctly, any layoffs in the north.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. To answer the Hon. Member's question, I can say that codeshare has probably had an effect on a handful of people, and then I'll get to the second question. Most of the codeshare impact has been driven out of contractors, which have actually increased employment at either ourselves at First Air in certain bases.

By way of example, I'll use Ottawa. Those that ride up on a codeshare flight that my airline operates, when you go to the Canadian North counter, it's right beside First Air's, but if you actually look at the nametags on the staff in Ottawa, it's First Air staff doing the check-in. I used to use a third party called Service Air Swissport. We have terminated that contract and in fact, we provided that to First Air staff. Conversely, the exact opposite has happened in Edmonton. If you ride a First Air flight out of

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Edmonton, it's my staff behind the First Air counter. So codeshare may be a handful of people.

Mr. Chairman, the biggest reason for the layoff status is our charter division and I'll just put it in dollar values. We have gone from about \$250 million a year in charters to \$150 million a year. Pilots, flight attendants, engineers, and charter staff are where the majority, 95 percent, of our layoffs have taken place. We're in the process of re-jigging and getting more work. We go to Mexico three times a week now from Air Transat. We're trying to work to get all our staff back, but there's very little impact from codeshare at all. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen, you would like to add to your response.

Dr. Brock Friesen: One of the things that have happened as a consequence of codesharing is that, as Mr. Hankirk has elaborated, we do some groundwork for them and they do some work on the ground for us. As and when there has been a need to reduce staff, we have been very good at hiring each other's staff. I think Calm Air in particular has done that.

I don't want to start local discussions, but together with Canadian North, we're about to shift some additional handling between ourselves and we're going to offer the Canadian North people jobs as a consequence of that and they have done the same for us. There's a lot of sensitivity to employees and we have done our best to keep the number of employees whole as we look for efficiencies in our own companies.

Chairman (interpretation): Thank you. Just a reminder that if you're going to be responding to a question, please make sure

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that you don't say anything until the little red light in front of you lights up. Ms. Angnakak.

Ms. Angnakak: Thank you, Mr. Chairman. Thank you for your answers. That's good to hear because we don't want to see that kind of impact. People need to work in order to afford to live up here.

I guess this is more for Canadian North. Are you currently in any form of discussions with your counterpart, the Makivik Corporation, concerning the airline industry in the north? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. To answer the Hon. Member's question, there have been discussions for three years. At this point, our discussions are around codeshare. Could that change? Possibly, but that's really up to our shareholders. No one has asked me yet why the merger didn't go ahead. Really, what came down to is the shareholders couldn't agree on the terms. Whether, at some point down the road, they decide to agree on terms and try to proceed again, really, I'm not in control of that. What I do know is that the codeshare for my airline, my shareholders, my employees, and I believe the residents of Nunavut, for a sustained safe airline, the codeshare at this point is working for me. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Ms. Angnakak.

Ms. Angnakak: Thank you, Mr. Chairman. I guess, from your point of view, yes and it's for us to understand how that's also going to benefit Nunavummiut because a lot of people are just so frustrated, I guess, the change. Everybody has had to adapt. I think any of kind change is often very difficult. The

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Federal Competition Bureau publicly confirmed that they are reviewing the codeshare agreement between your airlines. What is the Inuvialuit Development Corporation's official position regarding airline monopolies and mergers in the north? Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. That question is kind of difficult for me to answer. If I went to go to the cornerstones of what they want from me, they want some return out of the airline and the scheduled service.

We have just elected a new chairman to the IRC yesterday. I haven't met with him yet. I know from Mr. Gordon's letter, who I report to at the IDC, they're very supportive of what we do at the airline. We're one of the few businesses that actually make money in the south and ship it to the north. They're very supportive of codeshare, understanding that they're in this for the long-term play. I couldn't say what their exact comments are because they have all changed. What I can say is what I know from the past, that they did support a merger. It didn't happen because they didn't come to commercial terms between each other, which really, I'm not privy to because of the *Competition Act*.

Through this whole process, be it a merger or the codeshare agreement, we have been cooperating fully with the Competition Bureau. I have shared every financial statement month over month for the last three years. I have shared every memo I have written about how we need to fix the scheduled service.

I hope I answered your questions. Thank you, Mr. Chairman.

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Chairman (interpretation): Thank you. Ms. Angnakak.

Ms. Angnakak: Thank you. Just talking about the Competition Bureau again, have there been any discussions between the Competition Bureau and both airlines in regard to public concerns about codeshare? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: Mr. Chairman, to answer the Hon. Member's question, the answer is yes. They approached us fairly early on. I don't have the exact date in front of me.

We were given 14 undertakings to provide information through our competition lawyer in Toronto to the Competition Bureau. That has been an ongoing process. I think every concern raised by the residents of Nunavut, the Hon. Members, and the Premier has been passed onto to the Competition Bureau given the questions we have taken from them.

We do continue to cooperate fully with them. I haven't heard from them in a couple of months now. I understand they're very busy, but we do expect to hear from them in the future. My expectation is they will continue to monitor the situation to make sure we don't do anything wrong. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Ms. Angnakak.

Ms. Angnakak: Thank you, Mr. Chairman. Thank you for your response. I think we're all looking to make sure you guys don't do anything wrong.

When you met with the Competition Bureau and they talked about concerns from the

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public, what stands out to you? What was the biggest concern? What was the number one concern? Maybe if both of airlines could answer. What was the number one concern, do you feel, that the public was bringing forward to you to address? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: I think probably the biggest concern they had was that they understand that a business has to make money and provide a return to be sustainable. I think the biggest concern they had is that we don't, in the near term or future, increase prices that are not justified other than costs of living or fuel or some outside influence. I would say that was their biggest concern.

The second biggest concern would be that we follow the *Competition Act*. I can only speak for myself, but I do know Mr. Friesen has been using our competition more because actually he and I don't get to talk about this kind of the thing; the lawyers talk. I do know we're being very careful with it and I do know that their concern is we get a captive audience and we raise prices. That's the underlying theme in every discussion we have with them. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Friesen.

Dr. Brock Friesen: The Competition Bureau doesn't actually say very much to us. They ask a lot of questions and they ask them directly and through our lawyer. We provided them with three years of financial statements and some targeted analysis to explain the situation in the north.

Their fundamental concern is that we operate our business within the *Competition Act*, which is the Act that they administer.

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ዎልታዊ ምርጫ፡ ዋና ለሚከተሉት ምክር ቤቶች ምርጫ ማድረግ ይገባል፡

$$\Delta^b \rho \otimes C^b: {}^c d^a \otimes \dot{\Gamma}^b, \Gamma^c H \dot{\Delta}^a d^b.$$
[illegible][illegible]

ᐃᔭᑦᓴᑦ (ᐅᕈᑦᓴᑦ): ᑦᓴᑦᓴᑦ. ᑦᓴ ᐅᕈᑦᓴᑦ.

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ᐊᕐᓂ ᑕᐃᓐᓇ ᐊᑭᑦᑐᑦᐅᑎᑦᑲᓂᑦᑕ ᐱᑦᐅᕐᓴᑦᐊᑦᑲ
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They're obviously interested in the public interest and they're interested in having efficient businesses in Canada that are able to provide services at a low cost and a high quality.

As Mr. Hankirk has mentioned, they have been a little bit silent since, I would say, early December. I'm not sure whether they have other priorities or what's going on, but we remain and we stand ready to provide whatever they would like us to provide.

Chairman (interpretation): Thank you. Ms. Angnakak.

Ms. Angnakak: Thank you, Mr. Chairman. I just want to get to know a little bit about what triggers codeshare. When the Competition Bureau looks at your financial statements, for example, where's the line where they say, "Yes, you should go into codeshare" or "No, we're not going to allow this"? How does that work? Can you give us a better understanding about that process? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: There is no set line where codeshare triggers when you look at and I'm going to take it to basic codeshare in North America. There's no line that makes it trigger. For example, let me use the one case that got taken to the Competition Bureau. It was actually Air Canada and United. I guess at the time, both airlines were struggling a little bit.

Understanding that they're both competing and I'll use Calgary-Denver as an example, Denver is a great place that a lot of people want to go, but when all said and done, both carriers had too much capacity in the marketplace. Capacity drives more codeshare

LPL^cNΔ^{sb}σ^b αLΓσ^sdNΠ^γ▷^rσ^b CdRLU^c.

[illegible]

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$\Delta^b \mathcal{P} \mathcal{C}^b$: $\mathcal{P} \mathcal{L}^a \mathcal{L}^b$. $\Gamma^b \triangleleft \mathcal{L}^b \mathcal{L}^b$.

[illegible]

Δ⁶/Δ⁶C⁶: ၄၀^၆၁၂၆. ၇၄ ၅၃၅. ၇၄ ၇၁၁၂.

[illegible][illegible]

than profits, I would say, and I'll get to that for my own company in a second and then let Mr. Friesen answer for his. They did it to take capacity out. For example, if you book a Calgary-Denver flight, you could be on an Air Canada flight on one flight and the very next flight, it could be United. When you book, it will just say, "Air Canada 114 operated by United."

It's capacity that drives most of the codeshare agreements down south. In the north, I knew that there was overcapacity. I was pretty honest with you guys saying that we were cross-subsidizing some of our schedules from our charter business unit. I can tell you what triggered doing the deal with First Air on the codeshare was purely financial and it was driven on certain routes, not all routes, and it was the right thing to do if we administered it properly. In our case, it was financially driven. Some of the stuff you will read on codeshare is capacity driven. Thank you, Mr. Chairman.

I'll let Mr. Friesen answer for himself.

Chairman (interpretation): Thank you. Mr. Friesen, answer the question.

Dr. Brock Friesen: Just two comments. The Competition Bureau doesn't have any sort of threshold around codesharing. They're interested in promoting competition and their legislation works best in large markets where you have abundant opportunities by six cellphone companies or four cellphone companies in southern Canada.

The legislation provides for competition or how to deal with competition concerns in thin markets. This is a classic thin market. They understand that in all cases, you might not be able to sustain having large airplanes running wing to wing in large markets. That legislation provides a way to deal with

[illegible][illegible] $\Gamma^{\text{C}} \gg \dot{n}^{\text{A}} \ll \sigma^{\text{B}} \gg \rho \gg n^{\text{A}} \ll \sigma^{\text{B}} < \zeta.$

Δ^b/∇^cC^{ab}: $\epsilon^d{}_b \omega^a{}_d$, $\Gamma^c{}_{bc}$, $\Delta^a{}_j{}^j{}_b$.

[illegible][illegible]

unique situations here and I don't know how the Competition Bureau ultimately will choose to do this, but the legislation is flexible.

One thing I should mention is that competition isn't just the three of us beating each other to death in the marketplace with low prices. Competition is also the threat of competition. If we don't behave in the marketplace, somebody else will enforce our behaviour or somebody else will launch an airline to prove that they can do a better than we can. You always have to be aware that there's somebody else out there, so you have to compete with the unknown as well. We do that every day in our business. We have to drive ourselves to be efficient. If codesharing doesn't result in efficiencies, somebody else will "eat our lunch" for us.

Chairman (interpretation): Thank you. Ms. Angnakak.

Ms. Angnakak: Thank you, Mr. Chairman. When you talk about competition and somebody might be coming out with a new airline, I think that's very true. Even if you just look at the government here, they provide a lot of contracts to the two airlines worth millions and millions of dollars, so there's some power in that as well and they're going to look to you to provide in terms of service.

Talking about government contracts, can you tell us what percentage of your airline passenger volume and revenue is accounted for by medical travel passengers under your contracts with the Government of Nunavut? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Who is she asking the question to? Mr. Friesen.

Dr. Brock Friesen: I think the Minister of

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$\Delta^b \not\vdash \nabla C^b$: $\text{rd}^a \text{rd}^b$. $\Gamma^b \nabla \text{rd}^b b^b$.

[illegible][illegible][illegible][illegible]

Health knows as well as we do, if not better than we do, the number of people and how much money has been spent on medical travel. There are formulas in the agreements for the division of air traffic between us and our competitors, our partners at the same time. I don't have those particular numbers, but as the customer, the government will have those numbers. Chairman: Thank you. Mr. Hankirk. Mr. Hankirk: I have to agree with Mr. Friesen. I can't mention a number, quite frankly, in front of these two guys. >>Laughter I'm happy to show you, I have it right here, but I'm being watched by our competition lawyer as to my behaviour and I know the exact amount for my line and I'm happy to show you after. I just can't talk about it in front of these two guys. Chairman (interpretation): Thank you. It sounds like you asked a question to all of them. Ms. Angnakak. Ms. Angnakak: Thank you, Mr. Chairman. I appreciate that. Since it is public and not everybody has that privilege to that information, I wanted to ask publicly. We are on TV. I was going from that angle. I want to talk about something that I actually spoke about in the House as an MLA. High Arctic transportation and transportation in general in Nunavut is very expensive for many people, including this government, who have to pay for a lot of the services. I want to just do a little bit of a preamble here. In his letter that has come to the Premier, the president of First Air wrote that the Canadian federal government "mandates	ክልሉን ለመገናኛት ይገባል። ይህም ማለት ሲሆን የጉዞ ወጪዎችን ለመቀነስ ማድረግ ነው። ርዕሴ ሲነግረኝ ለጉዞ ወጪዎች ለመቀነስ ማድረግ ሲሆን ለጉዞ ወጪዎች ለመቀነስ ማድረግ ነው። ፊርማዎች (ጋራነጋገር): ማረጋገጫ፣ ገንዘብ ዘዴዎች። ዘጋጅ (ጋራነጋገር): ለጉዞ ወጪዎች ለመቀነስ ማድረግ ሲሆን ለጉዞ ወጪዎች ለመቀነስ ማድረግ ነው። >>ፈረድ ርዕሴን ለመገናኛት ሲሆን ለጉዞ ወጪዎች ለመቀነስ ማድረግ ሲሆን ለጉዞ ወጪዎች ለመቀነስ ማድረግ ነው። ፊርማዎች: ማረጋገጫ፣ ገንዘብ ዘዴዎች። ፊርማዎች (ጋራነጋገር): ማረጋገጫ፣ ገንዘብ ዘዴዎች። ርዕሴን ለመገናኛት ሲሆን ለጉዞ ወጪዎች ለመቀነስ ማድረግ ሲሆን ለጉዞ ወጪዎች ለመቀነስ ማድረግ ነው። ርዕሴን ለመገናኛት ሲሆን ለጉዞ ወጪዎች ለመቀነስ ማድረግ ሲሆን ለጉዞ ወጪዎች ለመቀነስ ማድረግ ነው።
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a self-sufficient airline industry in all regions.”

By comparison, the federal government of the United States administers a program called the “Essential Air Service Program.” This program, which is run by the US Department of Transportation, subsidizes commercial airlines to provide scheduled service at over 160 remote and rural communities.

Would your airlines support the introduction of a similar federal program to serve remote and northern communities in Canada and, if so, how would you propose it should be implemented? Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Friesen.

Dr. Brock Friesen: You will notice that my letter carefully ducks the question of whether we would support it or not support it. We will not be the advocates for government subsidies on transportation unless something changes, but I can't think of it on the spot here. That's an option that governments could continue. We're not advocating it.

The one thing that we're advocating is more infrastructures in the north to help us serve the north at lower cost. Nunavut has virtually entirely gravel runways, which Mr. Bell noted, that when you have gravel runways, basically your maintenance costs are doubled because every time you land on gravel, it costs two landings. Your propellers get chewed up and your underbodies get destroyed.

I mentioned Pangnirtung in my opening remarks. Some of the runways aren't even adequate for the airplanes that are there right now. The one thing that we have done is advocate spending on airport infrastructure which will help us lower the cost and

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improve the quality of transportation in the north.

I think it's for government to decide if government wants to open the other issues that you have referred to. I'm actually more familiar with subsidies to airlines in Europe because that's where I have been for the past long time, but I have been in the US as well, whether Canada wants to go down that road or not. I know that the Emerson Commission, which is Transport Canada's review of transportation policy nationally, has considered it and they have considered all inputs to it.

Chairman (interpretation): Thank you. Ms. Angnakak.

Ms. Angnakak: Thank you, Mr. Chairman. I'm wondering if the president of Canadian North would like to comment about such a program. If there was, would there be support? Thank you, Mr. Chairman. That's my last question.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: At this time, I'm going to have to take the fifth because I really don't know what Brock is talking about, so I don't think it would be right for me to comment. I really don't have an answer on that, Mr. Chairman. I would have to review it and see what I think and get back to you.

I think we have to understand where Canada has come from. They have come off what was called “regulation” in the late 70’s and into the 80’s to what they call “deregulation.” The regulation used to, quite frankly, mean one thing and it was set fares that the government and airlines set that everyone had to pay. Prices did go down significantly when we went to deregulation.

[illegible]

Δ^bΓ^cΔ^cΓ^b: $\gamma\delta\gamma^a\alpha\Gamma^b$. $\Gamma^c\Delta^c\alpha^b\beta^c$.

[illegible]

Δ^bΓ^aΔC^b: ρ^a_{DL}. ΓC H^ad^b.

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I'm not aware of or have any knowledge or detail of the program that Mr. Friesen is talking about, so I'll save comment on that, but I think it would be a very tough road to hoe given that Canada went down the deregulation path many years ago. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Ms. Angnakak, you're done. I also have Mr. Okalik.

Hon. Paul Okalik (interpretation): Thank you, Mr. Chairman. First of all, I would like to ask a question specifically as the Minister of Health. It's complicated when people have to travel and we have to ship drugs and samples that are time-sensitive and they cannot just sit around. All of these airlines had discussions that medical samples need to go out right away and come back right away.

However, to date, we have come across barriers and we have challenges, especially in Rankin Inlet, Kugluktuk, and Sanikiluaq. We still have a problem and this has been an ongoing problem with your agreement. When will you make improvements in that area, especially with respect to medical patients who are ill and cannot just wait for samples and drugs? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. Thank you for the Member's question. To our knowledge, there were four to six medical samples or water samples that did not travel in a timely fashion in July and August. We did address that with the Government of Nunavut departments individually and we put in a system, as I mentioned in my comments, an email notification system where in addition to just sending the sample,

[illegible][illegible][illegible][illegible] $\Delta^b \vee \nabla^c C^{cb} : {}^c d \dot{\gamma}^a \omega_{\dot{a}} \dot{\Gamma}^b, \Gamma^c \wedge \Delta^c.$ [illegible]

they're also sending us an email to let us know that it's coming so that we have redundant system to look for it. To my knowledge, since that has been put in place, we have not had any issues with either water or medical samples. If there are any other more recent examples of it, I would be happy to know about them. Since we put in that system, we haven't had any known issues with it.

In Sanikiluaq, which we also service three times a week, Monday, Wednesday, and Friday, our issues with the medical samples are not that we haven't been sending them out, but that we have an extremely high amount of cancellations because of weather. We don't even get the weather until nine o'clock in the morning in that community, but because of its location, fog and freezing rain are a huge issue. There have also been a lot of issues with getting jet fuel in that community.

To my knowledge, the issues were resolved back in July and August through our working with the Government of Nunavut. I think the Minister of Government Services even acknowledged that we have been working closely with your staff. Thank you.

Chairman (interpretation): Thank you. Mr. Hankirk, do you want to respond as well?

Mr. Hankirk: I'm only aware of one problem that we had and it was from Ottawa to Iqaluit. I believe it was medical supplies that were not properly identified when the box was rendered to us in cargo and it went general cargo, so it didn't go with the priority that it should have gone with. Since then, we have put policies and procedures in place and we haven't had a repeat.

There was one concern brought to us about the Kitikmeot region that the connection was

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lost between Cambridge Bay and the eastern communities in the Kitikmeot and we actually changed the schedule to benefit the residents of the Kitikmeot, but also deal with the problem that had been brought to us with pharmaceuticals going from Cambridge Bay to the eastern Kitikmeot.

That's all I'm aware of at this point, Mr. Chairman. Like my colleague Mr. Bell said, I have given a letter to the Premier and to the Deputy Minister of Health, if anything that comes up, to please contact Cindy Twerdin and we will correct it right away, but we've had one issue that was an issue and one suggestion that you guys have made to us. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Friesen.

Dr. Brock Friesen: Fortunately, I can report that I don't know of any issues, that we've had no issues, but I think more importantly, whether we've had issues or not, the relationship between our company and the staff and the Ministry of Health is very good. They talk a lot. Bert was just there yesterday and they had a constructive meeting yesterday, and we will keep the dialogue up. Nobody is perfect in this type of thing. We strive for perfection and we work with the appropriate officials in the ministry to try and get there.

Chairman (interpretation): Thank you. Mr. Okalik.

Hon. Paul Okalik: My next question is generally for codeshare. I travel quite a bit and I get to see codeshare in practice and I have flown elsewhere, but where there has been codeshare, there continues to be competition. There's codeshare with SkyTeam with a few airlines and another one with Star Alliance, which is competing with the other. It makes sense where they partner

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Δ⁶/Δ⁵C^{9b}: γ δ²α₂Γ^b. Γ⁴C Δ^bC^{9b}.

[illegible]

with each other where there's competition, but here, there appears to be none. Can you please clarify my understanding of codeshare if I'm correct or not on that? (interpretation) Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: My career has included one world in Star Alliance in quite a large measure, so I think I understand how competition works there. Neither Star Alliance nor Oneworld nor SkyTeam actually sell seats. The individual airlines compete with each other, whether it's a SkyTeam member competing with a Star Alliance member. The difference between what they do and what we do is that all of those alliances have huge markets and huge ability to provide capacity. When American Airlines competes against Air France on the north Atlantic, the amount of capacity, the amount of revenue, and the amount of passengers are huge.

In the north, we're dealing with a very small population spread out over at least 25 communities with airports. We're lucky to have seven people on a passenger flight. We're flying a large airplane that costs several thousand dollars an hour to operate and to get seven people, you're happy.

We only have cargo in one direction, as both of my colleagues have mentioned, except Pangnirtung. You're full one way, hopefully with food, you're empty the other way and you're lucky to have, as Mr. Hankirk mentioned, load factors in the 40 to 60 percent range. That's typical. I can count on two hands the number of full flights that we've had in the last year or so.

Air Canada is full every day, even in November and December, on many routes in

(ጋኒሉባፓ^a ሙ^bጋ^b)

$${}^{\circ}d\zeta^a \underline{q}\Gamma^b, \Delta^b \rho \vartriangleleft \triangleright \dot{C}{}^{\circ}b.$$

Δ⁶/Δ⁵C^{5b}: ⁵0⁵Δ⁶. Γ⁵C 9⁵Δ⁵.

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ΔΔ b₀C^bd^cc CC^cb^cC^cL^cC Δ^ccC^cL^cb ΔΔ^cΔ^c

the south. This is a very thin market. You can't really compare us to Star Alliance and SkyTeam.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: I have to agree with Brock's comments and I don't have the experience in codeshare that Brock had at Canadian Airlines. I was an ops department guy, but one thing I do know is I still compete with First Air on every route. I could give numerous examples in the schedule world and in the charter world. For example, he launched a seat sale last week and I did exactly what I have done three years ago: I followed a day later. Conversely, I had a seat sale about a month ago; they did the same thing.

My staff does their own independent pricing. Whether it's for passengers or for freight, I bid my rates and, hopefully, people book on a code fare. Let me give you an example. Hopefully, they book my fare because then I get to keep the passenger. I will use Pond Inlet to Iqaluit as an example. I want them on the flight so they then connect to my flight. I price aggressively. I can't ever talk pricing with Brock or I violate the *Competition Act*. We do compete on a daily basis. All we have done is got smart about this and got efficiencies in place so that we can continue to provide safe, reliable, and sustainable air service.

We do compete every day. In the scheduled service, exactly the same thing goes on in the charter world, the mine work. I compete vigorously with First Air out of Edmonton and Yellowknife for the mining work. I have some work, First Air has the other. We do our own independent pricing. We do compete every day. Thank you, Mr. Chairman.

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Chairman (interpretation): Thank you. Mr. Okalik.

Hon. Paul Okalik (interpretation): Thank you, Mr. Chairman. Although I didn't get a response to the question I just posed, I do want to talk about the fact that gravel is damaging the airplanes. In your report, you have stated that you have come up with gravel reflectors. We don't have gravel on the airstrips in the wintertime, so I'm sure you would save money during that time because you don't need to put those gravel reflectors on the airplanes. Where is all the money you save during the winter? The ticket prices aren't decreased. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. I believe that question is for all the witnesses. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. Thank you for the Member's question. We price our tickets based on the year-round operations. We don't increase them in summer and decrease them in winter because of gravel. We do incur less damage in the winter when the gravel runways are frozen. There is still gravel that comes up during that period, but it's much less than the summer. The manufacturers of our aircraft still require the same penalties to be taken per landing, whether the ground is frozen or not.

We still have to require the same inspection intervals and the same replacement intervals, whether the landing gear, props, or any other parts have more or less damage, depending on the seasonality. We don't change our prices in winter to decrease them because we're getting less damage because that's not really the way it works. We're having the same interval inspections and the same replacement schedules based on a year-round amount of damage. Thank you.

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Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. I do agree with the Hon. Minister. You don't take as much damage in the wintertime. As you guys know, I'm a pilot by profession and I have flown the 737 in the north for a lot of years. I can say a couple of things, though.

To equip a 737, for example, or a Dash 8, just for the paperwork to land a 737 on gravel is \$600,000 USD and then there are all kinds of parts that have to go on the airplane to enable that airplane to land on gravel. Mr. Bell is bang on. The inspections that have to take place elevate when you put a gravel kit on an aircraft, meaning they're more frequent, because Boeing doesn't care whether it's summer or winter. They just care about you're landing on an unpaved surface. The inspections do continue.

The Hon. Minister is absolutely correct. If you look at things like tires in the summertime, it looks like someone has taken machetes to the Boeing tires if you actually go and take a close look at them. It's certainly not as bad in the winter. I'll tell you that on the 737, we replace the tires four times as much in the summer as we do in the winter for that very reason. Conversely, Mr. Bell is right that gravel does make its way to the surface in the winter from time to time.

The other thing to understand is that in the summer, it's not just tires that take the damage, especially on the 737. The flaps take a beating. The other thing to remember, and Mr. Bell brought it up and is absolutely correct, there is a performance penalty on every gravel runway. Each gravel runway has what they call a California bearing ratio, which really is how stiff it is, and there are minimum requirements for that. He's

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absolutely correct. Depending on the flap setting, you take in between a 10 and 20 percent hit on your payload.

That really doesn't help for landing or takeoff when, for example, Kugluktuk is better, it's got a longer runway. Cambridge Bay, for example, is 15,000 feet of pavement. To put it in perspective, that's like landing a Boeing on 4,000 feet of pavement, so you could to a roll on a better airport and actually land that thing. You have all ridden those airplanes for a lot of years. The problem is the landing is quite aggressive and that does take a toll on the equipment.

I do take the Hon. Minister's point that it's less in the winter, but yes, it's less on flap damage, it's less on tires. In the overall maintenance scheme of things, yes, there would be a slight class reduction. I can take that away and look at it, but I don't think it's going to be as significant as we think because the real cost comes from actually equipping the airplane and the inspections that you have to do. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: I've got nothing to add. My two colleagues have laid it out in some detail. That's exactly how it is.

Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: On another question, a response that I wanted to answer from the Member's question, we mentioned that we have installed a lot of gravel deflectors, which has reduced some of that damage. Last year alone, we replaced \$1 million worth of propellers in the Kivalliq region. We're hoping to spend a lot less than that with some of these gravel deflectors. You don't

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eliminate the damage; you're reducing it. We're hoping to spend less than \$1 million worth of propellers, but it's not going to get to the point where we eliminate it altogether. Certainly the fact that we were losing money in that territory, hopefully not having to spend \$1 million just helps our bottom line.

Chairman (interpretation): Thank you. Mr. Okalik.

Hon. Paul Okalik (interpretation): Thank you, Mr. Chairman. Thank you, Mr. Bell, for working on this to make sure that you provide more support. Perhaps this will be my last question. I just recently flew from down south and my luggage didn't arrive with me and I was to fill out a form.

I also collected the form from both airlines, First Air and Canadian North, and none of these forms are translated to Inuktitut. Unilingual Inuktitut-speaking people would not be able to fill the forms out.

I have filled out application forms in different areas. In the new form, I saw that I will need a witness to sign it from a board member. I just want to get compensated for what I lost. Why should I need a witness? In the smaller communities, it's very difficult to get a witness from the board members. Why is it so difficult to get this across? Perhaps you can resolve the situation. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. I acknowledged, the Hon. Minister, the forms are not in Inuktitut. Any airline that tells you they don't lose bags is not really telling you the straight goods. Bags get lost. All I can do today is I'll take away to get a form translated. I'm not so sure I understand

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exactly why we need a witness. I'm assuming the agent could do that. It's something that I'm going to have to take away and it's the first time that someone has actually talked to me about it. I don't know whether my colleagues have had that question before, but I undertake to take that away and fix it. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Okalik.

Hon. Paul Okalik: Yes, this is four pages that you've got to fill out. At the end of it, you have to get it sworn before a notary public or commissioner for oaths. In my business, that's called suppression, trying to deprive people of an opportunity to claim their losses. I found that rather troubling that you would try to go down that route. Can you correct this? (interpretation) Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: The short answer is yes. I mean I will undertake to take that away. We have absolutely no intention to take someone's bag away. I can say this: when Air Canada or WestJet loses my bag, I don't need a commissioner for oaths and I wasn't aware that we did, so let me take that away and fix it quickly. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen, did you also want to respond? Mr. Friesen.

Dr. Brock Friesen: I'm not sure if we have a translated form or not. I presume that the one you have is a Canadian North form. I have not seen our form yet. I will certainly look into whether we have it in Inuktitut or not and if we don't, we will. If we have the additional signatures that are required, we

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will certainly review that. I would be surprised if we do, but I'll certainly review that. Consider it on the list of things to be fixed.

Chairman (interpretation): Thank you. Are you done, Mr. Okalik? Looking at the clock, it's now lunchtime, so we will break for lunch and come back at 1:30. Thank you.

>>Meeting recessed at 12:02 and resumed
at 13:28

Chairman (interpretation): Thank you for coming back. We can now resume our meeting. I have quite a few names on my list for questions. With that being the case, I will not allow you to have any coffee breaks, but I would like to let you know that coffee and other refreshments will be available in the coffee room. We have to try and complete this by five o'clock and that's because some of the witnesses have to fly out.

The next name on my list is the Member for Tasiluk, Mr. Hickes. He's not here? Oh, he will not be here. I'm sorry.

The next name on my list is Mr. Qulaut.

Hon. George Qulaut (interpretation): Thank you, Mr. Chairman. It will be my very first time to ask a question in the House and it gives me a little smile. I have three main questions, but I would first like to explain that I represent the constituency of Amittuq. I was born in the Amittuq area and I grew up there. I remember the only means of transportation from Igloolik to Hall Beach and back was by dog team. I represent those two communities. We had to go by dog team for six hours from Igloolik to Hall Beach.

Quite recently, there was a woman who had cancer, who walked the distance and it took her two days to walk from Hall Beach to

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Iglolik. We really felt for her. That was an effort to raise funds. These days, we have snowmobiles that we can use for travelling and it takes about two or three hours to travel between the two communities. It's less than \$50 for the fuel to use the snowmobile.

Afterwards when we started having airplanes, I remember my grandfather at that time. That was probably when the airlines first started coming to the north. We didn't have service in Hall Beach and Igloodik yet. The return ticket seemed so expensive at the time. The return fare was \$10 from Igloodik to Hall Beach and back. Today, if I try to book a flight for tomorrow, it's \$865. I was asked to bring this up and I used our previous ways of transportation to open this.

I was asked to pose this question: why has the cost risen so much when it's less than an hour flight? It is 15 minutes from Hall Beach to Igloolik and another 15 minutes to make the return trip. That's how expensive it is. Why is it that expensive? I'm not asking about Pivut or seat sales; I'm asking about the actual ticket price. It's to either First Air or Canadian North, Mr. Chairman. Thank you.

Chairman (interpretation): Thank you. I will ask Mr. Hankirk to respond first. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. I honestly don't know. I would have to have one of my staff members check that right now that that is actually the price because I honestly don't know. I will have it checked while we're in session this afternoon and get back to you. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: I can't add very much to

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that. I don't know the details either from here. I do know that we fly a very expensive airplane between those places. We know how much fuel it takes. We know that the number of passengers is very small. If you have five passengers at \$800, it doesn't even pay for much of the operation. That's the problem, but I'll check. Thank you.

Chairman (interpretation): Thank you. They said that they will look into that. Mr. Qulaut.

Hon. George Qulaut (interpretation): Even still, when you go from Iqaluit to Hall Beach and Igloolik, I know that some people cannot get on because there is no room. I would really like you to look more into that.

Since this summer up to now, on both airlines, the Northern Store has a contract through the post office. Ever since the codeshare agreement, the post office is closed a lot more now because the mail has become so slow and there is no mail coming in. For people who rely on an elder's pension, sometimes they have their cheques arrive a week late at the post office. Can you tell us the reason why that is happening? Thank you.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: First of all, to answer the Hon. Member's question, Igloolik and Hall Beach aren't part of the codeshare agreement, so both airlines still serve Hall Beach and Igloolik. I have to check into the schedule to see if we made substantive changes, whether we have reduced the capacity considerably.

I would have to check into the mail. Canadian North has the mail contract for the Nunavut region and normally, if there's a delay, I am made aware. I'm going to have to

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again take that away because these are very specific instances. If we're delaying cheques by a week, that's not a good thing and we need to fix it, but I need to know dates and who and check those things. I will be happy to take those things away and respond to you myself when I have the facts. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Qulaut.

Hon. George Qulaut (interpretation): Thank you, Mr. Chairman. I'm not saying that post offices or the mail are slow in between Igloolik and Hall Beach. What I'm talking about is the mail coming from southern Canada. Sometimes the mail has become a week slower and my constituents want to know what the reason is for that sudden one-week delay in getting the cheques. You said that you would look into this and I thank you for that. I'm interested in hearing the answer.

This will be my final question. Calm Air stated that in the Kivalliq region, they carry country food free of charge. What about the partner airlines? I'm from Igloolik and when I'm in Hall Beach, for example, if I wanted to order country food from the Kivalliq region, it would go from Rankin Inlet to Iqaluit and then from Iqaluit to Igloolik. That is very expensive. Is there any way you can reduce the price for that? That is my final question. Thank you.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: Many years ago when I was a student and a consultant, I did some work on the regional economy of Nunavut and I looked at country food. I remember reading in there that country food was many times more nutritious than the stuff you bring up from the south. It's much better to eat

[illegible]

$\Delta^b \rho \leq \Delta^c \rho$: $\rho_d \leq \rho_c$. $\Gamma^b \subset \Gamma^c$.

[illegible][illegible]

Δ⁶/Δ⁷C¹³: 9.0‰, 1.0‰ 9.5‰.

ኃርና ኃርና ጽሕፈ (ጋኒገበጋ): ልዎሃዎሰር ሙዕር.
 ላናጋሪረሮናጋር ርልረ ላዎሃሪረሮናጋር
 ልሮሙላበወሰርኃሲ ነፍሳኑነበወርኃሲ ወዕጅር
 ሊዋረወሰሮሙ ነዋናዋላናርረረኑነሊፋሊሊ.
 ልዎሃወሰሙ ነዋናዋላናርረረኑነ ላሊ
 ዎናሮረረረኑነሊረኃሲናርረኑነ.
 ላፋሪላናሮሰጋሊሊረኃረኃረኃረኃ ሰፋፋ ለወሙናሃወሊር.
 ሙልላፋረኖናር ለወሙናሃረሊረኃረኃ.
 ጋናጋረኖናሮናርኃረኃ ላናረኃረኃሮናርኃረኃ ሀፋሊጋሙ.

caribou and char than to eat hamburgers and chips. No dispute there. It probably tastes better too, but I won't comment on the taste.

Now, we talked about Nutrition North this morning and we talked about subsidies or assistance to retailers to bring food to the north, right? Government is assisting to bring southern foods to the north, but not assisting to bring country food across the north. For us to do it at a very low cost service or at a loss service is difficult. We do a lot within our means to keep the prices as low as we can.

I would think that it's time that those kinds of foods receive the same treatment as southern food. Again, as I said this morning, I don't want to get into the government policy debate over how they should deal with food in the north. That's a social issue that you need to deal with, but why not northern foods as well?

Chairman (interpretation): Thank you. Mr. Qulaut, are you done with your questions?

Hon. George Qulaut (interpretation): Yes, I'm done. Thank you.

Chairman (interpretation): Thank you. Mr. Tom Sammurток.

Mr. Tom Sammurtok: Thank you, Mr. Chairman. (interpretation) Thank you. It's regrettable that you cannot be here for two days. I would have had a lot more questions. (interpretation ends) It's unfortunate that you guys are only here for the afternoon now because that kind of prevents me from my preamble.

However, before I go on to my question, I just want to express my appreciation to Gary Bell for taking the time in the Kivalliq to visit all the communities to explain the codeshare operations and how it affects his

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[illegible][illegible]

Δ⁶7C^{9b}: 9d7^aqΓ^b. Γ^cC 9dCΔ^c, CΔⁱ9^bΛ^c?

▷ᄃᆞᆫᄇᆡ ᄂᆺᄋᆯ ᄃᆡᆸᆡᄅᆡ: ᄂᆺ, ᆸᆡᆺᄃᆞᆫᄃᆡ, ᄃᆡᄃᆡᆸᆡ.

Δ^bρ^c▷C^a_b: ρ^aδ^a_αΓ^b. Γ^c C^L ^αΔ^c_α▷C^a_b.

[illegible][illegible]

airline and how it affects other communities, not by any means that everything is going nice. However, he did take the time to listen to concerns from the people in the Kivalliq communities, so I appreciate that.

My question here is mainly for Canadian North and First Air. I'm not going to go into a preamble, so I'm just going to lead right into my question here. Why is the trans-territorial schedule for flights between Iqaluit and Yellowknife through Rankin Inlet changed from Mondays, Wednesdays, and Fridays to Tuesdays, Thursdays, and Sundays? Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Friesen.

Dr. Brock Friesen: Previously, not that many years ago, we each flew Monday, Wednesday, and Friday, then Canadian North cut down the Wednesday. There were two flights on Monday, two flights on Friday, and one flight on Wednesday. Quite simply, that was one of the worst money-losing routes in the history of Canadian North. We had to do something.

Simply cutting down from six flights to five flights to three flights wasn't enough to make that operation work. What we had to do is we had to find a way to schedule our airplanes more efficiently, to use our airplanes more. Scheduling them more efficiently and providing all the services that we need to provide everywhere meant that we had to change the days of the week.

You can't fly every route at the same time, so that's basically it. It was driven by the days of the week plus the route itself. To operate a 737-200 combi, the route itself had such weak economics that we needed a lower cost solution. We used a slightly smaller airplane from Summit because it's considerably lower cost than we can operate our own. We have

[illegible][illegible]

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[illegible][illegible][illegible]

created a service that comes close to breaking even out of a service that was the biggest economic drain on, I think, both of our companies of all the routes that we had in the north.

The capacity is still abundant. The planes are not full. I know the issue of cargo capacity comes up. I'll let Mr. Hankirk address the issue of cargo capacity, but the load factor in the cargo compartment on that airplane before we started was about 8 percent across the company. When we put it all together, we can't even fill up one half a combi of cargo per week, but that's Mr. Hankirk, that's his combi.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: Just to follow on from Mr. Friesen's statement, he used Canada's North, not Canadian North. I think it was a context from Summit. For myself, I can say that that was a route that did have substantial losses for us. Even today, as I know the days of the week are driven out of the Summit aircraft, but it is about cost. Brock's comment to me about cargo, I can tell you this: when we are scheduled to fly in every Thursday now, people are learning that we have lots of capacity on Thursday.

In my business plan last year, I had 126,000 kilos carried between Edmonton, Yellowknife, Rankin Inlet, and Iqaluit and then reversing that routing. For this year, we're planning 126,000 kilos. What does that mean economically? It means that we have one flight a week at Canadian North, which means that 2,442 kilos of freight is on that whole route. I'm a pilot, so I do everything in lbs. That's 5,370 lbs. and that's for the return routing I just told you about, so Edmonton through Iqaluit and all the way back. That's 2,600 lbs. one way.

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[illegible]

Δ⁶/ΔC⁶: 50‰. ΓC H²d⁶.

[illegible][illegible]

We went in at 3 and 60 and we can put 15,000 lbs. in those pallets, and that just gives you a flavour that capacity is definitely there when the Boeing is operating. My suggestion, I believe Kivalliq Foods just came to us to put their country foods on our aircraft at our country food rate and I'm happy with that and that was Thursday.

My point is a follow onto Brock's that there is capacity, especially cargo capacity, available on that route. What I have planned doesn't even come close to breaking even on the airplane, but it's significantly better than it was when it was running that route twice a week. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Tom Sammurto.

Mr. Tom Sammurtok: Thank you, Mr. Chairman. My next question, I think, is for First Air. CBC North recently reported that First Air Vice-president Bert van der Stege stated that the Avro RJ85, and I quote, “may not be the ideal aircraft for cargo movements.” However, “It’s the right aircraft in terms of economics.” Can you clarify what was meant by that statement? Thank you.

Chairman (interpretation): Thank you. Mr. Van Der Stege.

Mr. Van Der Stege: Thank you very much, Mr. Chairman. Very good question. Thanks for bringing that up. I'm happy to clarify what I have told to the respective journalist from CBC North. The RJ85 is, indeed, not the perfect aircraft for cargo movements. That's the statement I made.

The aircraft is very suitable to what we need this aircraft for, which is to carry passengers on this route. As our President and CEO, Brock Friesen, just mentioned to you, we

[illegible][illegible]

Δ⁶/Δ⁶C^{9b}: 9d⁹q⁹. Γ⁹ C⁹ 4⁹Δ⁹Δ⁹.

[illegible][illegible]

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[illegible]

have reduced the losses that we incurred on this route as a result of using this Avro RJ85 on this particular route. However, there is not a lot of space for cargo on that aircraft. We're very well aware of the disadvantages of using that aircraft on this particular route.

However, as the president of Canadian North just outlined, in the cooperation we have on this route, we feel there is sufficient cargo capacity on the route in total on the trans-territorial route using the Thursday frequency where the Boeing 737-200 operates. In total, we believe that we have the right package on this route to passenger flights.

The Avro RJ85 is a very suitable and very efficient aircraft for us to use for passenger service. We do provide cargo space on that aircraft for priority cargo. We cannot take pallets of cargo on that aircraft. We cannot take large bulk of cargo on that aircraft. That's the cargo that goes on Thursday on the Canadian North aircraft. Thank you very much.

Chairman (interpretation): Thank you. Mr. Tom Sammutok.

Mr. Tom Sammutok: Thank you, Mr. Chairman. Thank you for that answer. However, that still doesn't alleviate my concerns with the type of aircraft because I know of situations where people have had to leave their luggage behind in Rankin Inlet because the aircraft is not able to take the entire luggage that the passengers are bringing with them. As a result, I've had friends and people whom I know sitting either here in Iqaluit or in Yellowknife waiting days for their luggage. My next question is: is First Air considering making changes to the aircraft types that are servicing Rankin Inlet? Thank you, Mr. Chairman.

[illegible][illegible][illegible]

Δ⁶Π⁶Σ⁶: ρ_{CH}^a, Γ⁶ C⁶ H⁶ Σ⁶.

[illegible]

I wonder if there is some way that,

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collectively, the airlines can see what can be done to improve your freight service out of Rankin Inlet. Thank you very much.

Chairman: Thank you. Mr. Bell.

Mr. Bell: Thank you, Hon. Member, for that question. If you could email either me or the three of us, we will provide you our contact information, if you don't already have it, and we can look into the case specifically that ended up in Baker Lake. Obviously, there was a mistake somewhere in the system, but we will take responsibility for it and, obviously, refund the customer. If you want to let us know the specifics of that customer, we will take care of it afterwards for you.

Chairman (interpretation): Thank you. Are you done? Mr. Quassa.

Hon. Paul Quassa (interpretation): Thank you, Mr. Chairman. First of all, I would like to thank the airline representatives for appearing before us. While you are in Nunavut, we do have our own regulations and pieces of legislation that are enacted by this House because, of course, we are legislators.

We place an emphasis on the usage of the Inuktitut language because the majority of the population speaks in Inuktitut, even in Nunavik, Northern Quebec. We have the *Inuit Language Protection Act* that was enacted here in Nunavut. I'm sure that you're well aware of that as air carriers. Let me first ask: are you adhering to the *Inuit Language Protection Act* as air carriers? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Perhaps I'll have Mr. Friesen go first.

Dr. Brock Friesen: I believe that we are. We do have announcements on the airplanes on

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 ፌዴራል ፖሊስ ማረፊያ ቤት

ፈኅረደሮርጌ (ጋኅገበጋ): ናዕረፌፍ. ገር ለፈ.

[illegible]

ᐃᑲᓯᕙᐅᑕᖅ: ᖁᐅᓴᐃᒥᑲ. ᑕᐃᒫᖅᐱᑦ? ᒥᑦ ᖁᐅᐳᓴ.

[illegible][illegible][illegible]

ኃርሮ ነጻ ፖለቲካ (ጋንዳስ)፡ ል፣ ሊጥጋጋ፣ ርልዕል
የኤምረርጎ፣ ዓይነት፣ የሆኑትና ርሰው

all of our own operated airplanes, but I'll admit that in some cases where we have used other carriers to do flying for us, such as the period from roughly September to December, we brought in another airplane on the Iqaluit-Ottawa route while ours was being made into a combi. We invested quite a bit of money. We sent it to Florida to be made into a different kind of 737. We know that they didn't have it and they were flying for us and we regret that. It's not so easy, in a cost-effective way, always to provide this service, but on our own airplanes, I'm quite confident that we're doing it, that we provide it.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Speaker. We do obviously have the announcements on our aircraft. We have it on our magazines. We have it on our safety features card. We obviously don't have it in our lost baggage, I found that out this morning, and we will correct that. For other documents, I really don't know. I just talked to the ones I do know about. I have talked to my staff this morning about getting the lost baggage simplified and in Inuktitut as well. Thank you, Mr. Speaker.

Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: Thank you. To my knowledge, yes, we are as well and as the other two carriers have stated, not only is it your legislation, but it's also Transport Canada's that we perform the announcements on the aircraft and the safety feature card. To the best of my knowledge, we comply with all the rules. If, for whatever reason, you should find a document like the baggage claims that isn't, please let us know so that we can have it translated as well.

[illegible]

Δ⁶/Δ⁷C¹³: 9.0‰. Γ¹³C H¹³C¹³C¹³.

[illegible]
$$\Delta^b \gamma \nabla^c C^b: \gamma \partial^a \partial^b \Gamma^b, \Gamma^b \Delta^c.$$
[illegible]

On to another subject, sometimes during fundraising campaigns, you provide free passes to youth groups or athletic organizations from point A to point B in Nunavut. Maybe I'll speak in English so that you can understand better, even though we have very good interpreters. (interpretation ends) What was the total value of donations made by your airlines in 2014 to registered charities, sports teams, and other organizations in Nunavut, the northwest Territories, and Nunavik? Certainly, that goes for both First Air and Canadian North. (interpretation) Thank you, Mr. Chairman.

[illegible]

Mr. Hankirk: Thank you, Mr. Chairman. In response to the Member's comment on Inuktitut language for safety demonstrations, I'll correct Mr. Bell here. It's not legislated by Transport Canada. That's English and French. We put it on there because, of course, we serve Nunavut.

Secondly to our charitable donations, I thought it was \$3 million a year that we did, but my VP over there corrected me. In 2013-14, we did about \$2 million per year. Thank you, Mr. Speaker.

Dr. Brock Friesen: With respect to the safety announcements, essentially, my response is the same as Mr. Hankirk's. We will try and do a better job.

[illegible][illegible]

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In addition to that, we actively recruit to have local Inuit flight attendants, Inuktitut speakers. We aggressively have job fairs every year and we try and hire as many as we can. Our philosophy as a company is to hire as many locals as we can rather than bring people from the south and put them in houses and rotate them, etcetera. We want to have as many locals from the north, whether it's pilots, flight attendants, mechanics, cargo agents, everything. The real cure or the real fix is to get more of those.

On the other question, I can't tell you how big our charitable donations are. I would have to take that away and look it up, but we give back a lot to the community. It's not a charitable donation, but I'm sure your community will be happy if the Stanley Cup comes in March.

Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. Yes, as President Hankirk already mentioned, the announcements are required in English and French. We do them in Inuktitut as well, but I don't think that we do a very good job demonstrating them in Inuktitut.

I can't comment further to Friesen's comment that we do have a couple of our flight attendants who can, but all of our future flight attendants hired in Calm Air, for at least probably next decade, will all be hired from the Kivalliq region. Our preference, of course, is to have those people hired that speak Inuktitut. We can't always guarantee that, but we certainly want to hire people from there. That's not just on the flight attendants side, but that's on the maintenance side and everything else as well. It's a little harder for us on the pilot side, but certainly, flight attendants are doable.

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$$\Delta^b \rho \leq \Delta^c \rho: \text{ } \rho \leq \rho \text{ and } \rho \leq \rho. \text{ } \rho \leq \rho \text{ and } \rho \leq \rho.$$

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[illegible]

In terms of donations last year, our donation number, we're not quite as big as Canadian North or First Air, but ours was over \$1 million in donations last year. Thank you.

Chairman (interpretation): Thank you. Mr. Quassa.

Hon. Paul Quassa (interpretation): Thank you, Mr. Chairman. Thank you for your responses. We will look forward to that in the future. Keep in mind too that in Nunavut, we have legislation. (interpretation ends) It is the law.

(interpretation) Maybe I'll ask one more question. I'll speak in English again as we were taught English. (interpretation ends) On January 13, 2016, CBC News reported that "reductions in the cost of jet fuel saved the world's airlines \$89.0 billion in 2015, according to the International Air Transport Association" and that "some of these savings are being passed along to travellers," like us. To what extent have your airlines passed along savings as a result of lower fuel costs? (interpretation) I look forward to hearing your response. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: That's not an easy question to answer because you have to do the before and after and there are lots of room to look at the numbers in different ways. I think it's more important to realize that we have not had the ability to take advantage of lower fuel costs the way Air Canada, United Airlines, and Lufthansa have done. We don't have that ability. Our fuel costs in Nunavut are three times what it is in the south.

We have a fleet of five or six ATRs that live here in Iqaluit, based here in Iqaluit, that

[illegible]

Δ^bρ^c▷C^{ab}: ρ^a▷_ΔΓ^b. Γ^c ρ^c▷_Δ.

[illegible][illegible]

Δ/∇C^{ab}: $\epsilon^a_{d}\epsilon^b_{e}$. Γ^c ρ_Λ^a.

[illegible]
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create lots of jobs and provide the services for the whole Baffin region. Those airplanes never fill up in the south, so they fill up only at the northern price, so there is no fuel savings whatsoever. The only time they ever fill up in the southern price is when we send them to Ottawa for heavy maintenance. Because of the gravel runways, we have to send them there more often. Otherwise, there is no change. The only routes where there has been a little bit of change have been the north-to-south routes. Some of that savings find its way in the form of pricing. It's very difficult for me to say directly what the impact is.

With respect to fuel surcharges that are built into the price, they're something the airline should never have done because it's very confusing. What people care about is what they pay at the bottom line. They don't care about whatever the airlines put in as service charges, taxes, airport fees, and all that. You care about what's on the bottom. I think there is a bit of mystery in the way airline prices are presented. Perhaps we can make that easier in the future. It's the bottom number that counts for you and for us. Thank you.

Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. As Mr. Friesen said, the price of our Nunavut fuel represents a significant amount of our fuel and that price, of course, hasn't changed. The other thing I would note is that not only is oil on a worldwide basis priced in USD, but so are probably 95 percent of our parts. While fuel has gone down so has the value of the Canadian dollar. We're making all of our purchases of oil and all of our parts in the currency that's also going down faster than the price of jet fuel.

We did an analysis at the request of our

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parent company. In 2015, the differential between what we saved, appreciating the fact that we have the substantial amount of our portions in the south... . We go to Thompson, Flin Flon, and Le Pas. Over the entire amount of Calm Air, the amount of differential that we saved on fuel versus what we had to pay extra in parts because of the US dollar was actually -\$200,000, meaning it cost us \$200,000 more to operate in 2015 than if those changes wouldn't have occurred.

When you look at the fact that we get basically no savings on our fuel in Nunavut, you would actually be able to argue that we should be increasing prices. Now, we're not going to do that as a result of telling you that we're not looking to do price increases and everything else that would have sent a terrible message. At the end of the day, we do benefit in the south from a lower fuel price, but we're affected by a higher value of the US dollar, which is unfortunately costing us a tonne of money on our oil and our parts. Thank you.

Chairman: Thank you. Mr. Hankirk.

Mr. Hankirk: Yes, Mr. Chairman, I just wanted to go on record as saying that I have exactly the same issue that Mr. Friesen and Mr. Bell do and that is that most of the fuel we pick up is in Nunavut or the NWT and the price hasn't changed. Our points where we do benefit where it can be trucked to are, really, Edmonton, Yellowknife, and Ottawa. I will take away to look to see if we have fuel charges on.

As cost goes, I have to echo Gary's comments. I'm closing on two 737s today to buy off the leasing company. The reason I'm doing it is that I've had enough of the Canadian dollar going down and we need to lower our exposure to foreign exchange. I

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can say that in my airline today, foreign exchange has cost me \$400,000 a month, not a year, over late 2014, early 2015. It's just when we need to buy the parts, when we need to buy the aircraft, foreign exchange is a huge part of our cost.

Albeit, the airlines or Air Canada's saving on fuel on WestJet is saving them fuel, I guarantee you that on every aircraft they lease, it gets offset. I have exactly the same issue at my airline. Thank you, Mr. Speaker.

Chairman (interpretation): Thank you. Mr. Quassa, are you done? Mr. Quassa.

Hon. Paul Quassa (interpretation): Thank you, Mr. Chairman. We will recall earlier that my colleague was talking as the Minister of Community and Government Services and he stated that “In Iqaluit, we have one fuel service provider and the cost of jet A-1 fuel is \$1.64 per litre. In Ottawa, we have two fuel service providers. The average cost of jet A-1 fuel in Ottawa is \$1.72 per litre.” I don’t quite get why that is.

As Nunavummiut, we all know that everything costs a lot more when you fly it in. It doesn't matter where we are in Nunavut or if we're travelling outside of Nunavut. A roundtrip ticket between Ottawa and Iqaluit on either Canadian North or First Air costs approximately \$2,500 for a 3-hour flight. A roundtrip ticket between Ottawa and Paris, France, can be purchased from Air Canada for less than \$1,000.

Can you explain your pricing methodology and clarify why flights between southern Canada and Nunavut are so much more expensive than flights between Canada and Europe? It's very hard for Inuit to understand that when you travel a lot farther distance overseas. I wanted that clarified.

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(interpretation ends) To what extent do revenues from flights between southern Canada and Nunavut's gateway airports subsidize flights between smaller communities within the territory?

(interpretation) Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: Mr. Chairman, I'm a little bit puzzled. Maybe if you could just restate the question at the end of it.

Chairman: Thank you. Mr. Quassa.

Hon. Paul Quassa (interpretation): Thank you, Mr. Chairman. (interpretation ends) First of all, I did say that the approximate cost between here and Ottawa and return is about \$2,500. That's quite expensive, but again, if you look at the flights coming in from Canada to other overseas [cities] like Paris, it's only less than \$1,000.

Now, to what extent do revenues from flights between southern Canada and Nunavut's gateway airports subsidize flights? Do they subsidize between smaller communities within our territory because of the revenues you get from flying from Nunavut to southern airports? (interpretation) Thank you.

Chairman: Thank you. Mr. Friesen.

Dr. Brock Friesen: Every airline has what we call city pairs, Ottawa-Iqaluit, Iqaluit-Pond Inlet, or whatever and every airline looks at the economics of every sector. Some sectors, quite simply, earn more than others. I can assure you that for Air Canada, Toronto-London makes a lot more money than Toronto-Rome, for example.

There is some cross-subsidy from one route to the other and I can't tell you, without the

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benefit of having some analysis done or have a tier, which routes subsidize which routes, but it is clear that some of the jet routes do help with the ATR routes. If the ATR routes lose too much money, then you can't operate them. If they lose a little bit, sometimes you can take money from one route to another route. It's a bit of an averaging game and all airlines do that. In order to maintain your network, the strong have to help the weak, but the very weak have to go and the very weak do go, such as Repulse Bay went. That's kind of the way it is. You can't subsidize every weak route in the system because you make a little bit of money on the other route. It's just not that rich an industry. Chairman (interpretation): Thank you. Mr. Hankirk. Mr. Hankirk: My answer would be exactly the same as Brock's, save one thing and, that is, my charter routes used to subsidize my scheduled routes as well and that revenue is down. Other than that, Brock's answer is the answer I would have given. Thank you, Mr. Speaker. Chairman (interpretation): Thank you. Mr. Bell. Mr. Bell: Thank you, Mr. Speaker. Again very much like the other two carriers, if you look at what we said in our opening comments, we were losing \$8 million a year in 2013 and 2014, so it was our routes in the south that absolutely subsidized the rest of the routes. Today, even after our transaction with First Air, the Winnipeg-Rankin Inlet route, if you were simply to do the route analysis based on Rankin Inlet to the smaller communities, you're still not going to like to see what	ΔβϰϰΔϰϰϰϰϰϰ ϰϰϰϰϰϰϰϰϰ ϰϰϰϰϰϰϰϰϰϰϰϰ ϰϰϰ, Δβϰϰϰϰϰϰϰϰϰ ϰϰϰ ϰϰϰϰϰϰϰϰϰϰϰ Δβϰϰϰϰϰϰ ϰϰϰϰϰ ϰϰϰϰϰϰϰϰ ϰϰϰϰϰϰ. ATR CLϰϰ ϰϰϰϰϰ ϰϰϰϰϰ ϰϰϰϰϰϰϰϰϰ ϰϰϰϰϰϰϰϰ ϰϰϰϰϰ ϰϰϰϰϰ ϰϰϰϰϰϰϰϰ Δβϰϰ ϰϰϰϰϰϰϰϰ ϰϰϰϰϰϰ Δϰϰϰϰϰϰ ϰϰϰϰϰϰϰ ϰϰϰϰϰϰϰϰϰ. CΔL ϰϰΔϰϰϰϰϰ. CLϰϰϰ ϰϰ ϰϰϰϰϰϰ ϰϰϰϰϰϰ ϰβϰϰϰϰϰϰϰϰ ϰϰϰ. ϰϰϰϰϰ ϰϰϰϰϰϰ ϰϰ ϰϰ ϰϰϰϰϰϰϰϰϰϰ ϰϰϰϰϰ. CΔLΔϰϰϰϰϰ ϰϰ Cϰϰ ΔβϰϰϰΔϰϰϰϰϰ ϰϰϰϰϰϰϰϰϰϰϰϰ ϰϰϰ. CΔL ϰ ϰϰϰϰϰϰϰϰϰϰ ϰϰ CL ϰ. Δβϰϰϰ: ϰϰϰϰ. ϰϰ Hϰϰϰ. Hϰϰϰ (ϰϰϰϰ): ϰϰϰ ϰϰϰ ϰϰϰϰϰϰϰϰ. Cϰϰ ϰϰϰϰϰ CLϰ ϰϰϰϰϰϰϰϰϰϰ ΔβϰϰϰΔϰϰϰϰϰ ϰϰϰϰϰϰϰ. Cϰϰ Cϰ ϰϰϰ ϰϰϰϰϰϰϰ ϰϰ CΔL ϰ ϰϰϰϰϰϰϰϰ. ϰϰϰϰ, ϰϰϰ. Δβϰϰϰ: ϰϰϰϰ. ϰϰ ϰϰ. ϰϰ (ϰϰϰϰ): ϰϰϰϰ, ϰϰϰ. Cϰϰϰ Lϰϰ ϰϰϰϰϰϰϰ CΔϰ ϰϰϰϰϰ LϰΔϰϰϰ \$8-ϰϰϰ ϰϰϰϰ 2014-15 Δϰ ϰϰϰ ϰϰϰϰϰ ϰϰϰ ϰϰϰ ϰϰϰϰϰϰ. Δϰ ϰϰϰϰϰϰ ϰϰϰϰϰϰϰ ϰβϰϰϰϰϰ ϰβϰϰϰϰϰ. ϰϰϰϰ ϰϰϰΔϰϰϰ ϰϰϰϰ ϰϰϰϰϰϰ CΔL ϰϰϰϰ ϰϰϰϰ ϰϰϰϰϰ ϰϰϰ
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those numbers are. You have to look at the whole, which is including the Winnipeg-Rankin Inlet route to justify doing the whole territory. Yes, there is still subsidy within our airline on certain routes.

The first question you asked was still comparing the price of jet fuel in the south and I think the difference there between what we actually pay, which I think Steve threw out about 50 cents, I think we're in the 55-cent region in Winnipeg, is the price that was given was for a retail price. If you pulled up with a private aircraft that was smaller and you just wanted to get what we call a retail price versus the three of us and WestJet and Air Canada all have major contracts with either Shell or Esso, then it's at a materially different price. I think that is the difference in that our price is still about one-third in the south of what it is in Nunavut.

Chairman (interpretation): Thank you. Your questions have run out.

I just want to point out to Mr. Friesen in regard to his comment. (interpretation ends) He just said that they were going back to Repulse Bay. I guess we did that in July too and said “hello” to Naujaat. (interpretation) I just wanted to make that point.

The next name on the list is Mr. Akoak.

Mr. Akoak: Thank you, Mr. Chairman. Last October, I had an opportunity to meet with the Kitikmeot Inuit Association. I think Peter McCart was there for a meeting. There was a resolution there made that delegates expressed concerns relating to scheduled air service causing delays in medical travel, freight delays, such as prescription medication deliveries, impacts on Canada Post mail delivery, passenger service delays, a drastic reduction on available flights in the Kitikmeot communities, and increased costs

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of airfares, which causes residents of the Kitikmeot who depend on air travel services a lot of grief.

With that, what specific responses have your airlines provided to the Kitikmeot Inuit Association? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. I have just one broad comment. With the exception of Kugluktuk, our schedule hasn't changed in the Kitikmeot materially other than we now run the Boeing seven days a week to Cambridge Bay.

I'm going to let Peter McCart answer the question. He is our senior VP of scheduled services because he was at your AGM and dealt with the issues that came out of your AGM and actually wrote back to the association. I'll turn it over to Peter. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. McCart.

Mr. McCart: Thank you very much for your question. Yes, I was in Cambridge Bay for the Kitikmeot Inuit Association meeting, which was very good. I received some very detailed feedback about the flight schedule and some difficulties our travellers were having.

We took that detailed information away. We did quite an in-depth study on that information and the information that was given to us was very useful. We not only, as Mr. Hankirk said, increased the service as a result of the codeshare to a daily Boeing jet in between Yellowknife and Cambridge Bay; we also looked at where our schedule shortfalls were.

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We heard loud and clear that there was a problem between Kugluktuk and Cambridge Bay. We immediately looked at that and said, “We need to increase the schedule,” and we did increase the schedule. It went from a flight in one direction per week to three times per week. That was a schedule change that was made immediately after that meeting based on some very detailed and very accurate information.

We also made other increases from Cambridge Bay into the eastern Kitikmeot, where there hadn't been many changes. In fact, I don't believe there were any at all. It was pointed out at that meeting that there was a schedule shortfall in that area, which again we took away and we studied. It made sense to add the extra flight and so we added the extra flight. Although it was not associated with the codeshare, it did improve the airline service in that area.

I very much appreciated the feedback that we got from KIA and we acted on it very quickly. Thank you very much.

Chairman: Thank you. Mr. Akoak.

Mr. Akoak: Thank you, Mr. Chairman. We have both airlines flying into the Kitikmeot East, but would you consider changing the schedules on both airlines? They're both going one way on the same day following each other to Cambridge Bay, Yellowknife, Taloyoak, Gjoa Haven, and Kugaaruk. They're following each other. I think it would be a lot better if they both went the opposite way on the same day. I think that would be reasonable. Thank you, Mr. Chairman.

Chairman: Thank you. Just to remind you that I'm the Chairperson, not the Speaker. We're televised. Just to remind you of that. Mr. Hankirk.

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Mr. Hankirk: Thank you, Mr. Chairman. I take the Hon. Member's comment and we will take that away. It's exactly what we're trying to avoid. I know that we didn't make big changes in the Kitikmeot, but we will take a look at that if you think there's some value to having the airplanes go around different ways. We will engage to take that away, Mr. Chairman. Thank you.

Chairman: Thank you. Mr. Akoak.

Mr. Akoak: Thank you, Mr. Chairman. For medical travel, we have elders travelling from Yellowknife to Kitikmeot East and we don't know how long that flight is. It's almost three hours from Yellowknife to go back home. It could be two hours and 58 minutes, it's still three hours. It's a long flight and it's a really long flight when you're an elder with a cane or after an operation. It's a tiring flight.

You say that you work with CARS operators. When the weather is bad, you still go fly the patients three hours one way and another three hours to go back to Yellowknife. There was one patient who did that for four days. On the fifth day, the patient made it home. I'm wondering if you are able to cancel flights if you know that there's bad weather where you're trying to go. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. I took this question just because of my technical background. Brock and I decided it is better I answer it. This person went five times and I can't apologize for that because that is the weather, but I'll talk from years in an airline. That's not a good thing for the passenger. It's definitely not a good thing for either airline, whether it was First Air or

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Canadian North, because we have gone there five times to get paid for one person. Certainly that's not what we want to do.

Unfortunately, whether it was at a previous airline or at Canadian North, we're always up against the factor. I remember when we started in the Qikiqtani region here, "Well, First Air gets into Pangnirtung and Qikiqtarjuaq more than you guys do." There are always two sides to that debate. Certainly, I can tell you that we don't dispatch a flight knowing it's not going to get in. I know what kind of cancellations we have and when the weather is bad in the eastern Kitikmeot, we're up at 20 percent cancellations. If it's Qikiqtani and the weather is bad, we're up to 30 percent cancellations. I can tell you that we definitely don't go to bring them back. It makes far more sense for us as an airline when we go to make the mission.

With that said, safety is always first. Having been a pilot for many years, I would be flying into Cambridge Bay and a Kenn Borek Twin Otter just got in ahead of me. I'm in with a Boeing right behind and I miss because it's what the pilot sees at the time and you can't try a couple of approaches, but then really, you're going back to your alternate. There's a lot of technical stuff involved, a lot of legal stuff involved, but it's certainly not what we want to do. Thank you, Mr. Chairman.

Chairman: Thank you. Just a reminder that all electronics have to be on silent mode. Mr. Akoak.

Mr. Akoak: Thank you, Mr. Chairman. My colleague was talking about language safety demonstrations on the airlines. I will correct First Air. They do not do the Inuit language from Kitikmeot East onto Yellowknife. That doesn't happen. All we hear is the English

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and French, no Inuktitut. This is happening with Canadian North. They are doing the Inuit language and we do recognize the voice as our colleague there just sitting beside us. I can tell you that with First Air, it's not happening.

We have tourism, I think, that's supposed to boom in Gjoa Haven [after] they found the boat. My question is in line with this. It has been noted that the high airfares between southern Canada and Nunavut act as a barrier to developing our territory's tourism industry. To what extent do your airlines work with such organizations as Nunavut Tourism to provide affordable fares to attract tourists to visit the territory? Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Hankirk.

Mr. Hankirk: I'll turn this over to Peter McCart as I think Brock will to Bert van der Stege. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. McCart.

Mr. McCart: Thank you very much. Thank you for the question. This is an area of the airline that we actually consider has great potential and we work with Nunavut Tourism. We work with tourism in the NWT. We work with tourism across the territories because we actually think that there is growth potential here and the airfares that we provide are specifically targeted at the tourist trade to help promote that growth.

We absolutely are partners with the tourism authorities and the tourism operators to help them develop their programs or develop their projects so that they're priced at a rate that will bring in tourists from several parts of the world. We would like to see that growth. Any opportunity that we have to actually participate more in the development of

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other players in the industry will need to their bit to try and offer a package to tourists that is attractive. As First Air, we're not only trying to support these tourism organizations and institutions that I was talking about, but we're also trying to show the beauty of the north.

Just this month, I did an interview in the largest US magazine, *Leisure & Tourism International*, talking about US Americans coming to Canada. As much as the current exchange rate does hurt us as Canadians or as Canadian enterprises, it is an opportunity for tourism development. We're trying to see if we can get more US American tourists to come to Canada that actually benefit from the current exchange rate.

I'm also pleased to say that we're working with National Geographic on a similar project where we are trying to see if we can show and broadcast the beauty of the north here. Thank you very much.

Chairman: Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. Similar to the other two carriers, we already have a deal in place with Nunavut Tourism and anticipate continuing that for some time. We provide a discount on their flights across the board. It's a big opportunity, as both Peter and Bert have already mentioned. We would like to see nothing but more tourists coming into the region and filling our planes. Thank you.

Chairman: Thank you. Mr. Akoak.

Mr. Akoak: Thank you, Mr. Chairman. I believe that you guys have contracts with the stores in the Kitikmeot like Northern and Co-ops to fly groceries in. I'm going to ask you: do you feel that you're part of the problem with the high cost of food in Nunavut? That's

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my question. Thank you.

Chairman: Thank you. Mr. Friesen.

Dr. Brock Friesen: There is no doubt that food is very expensive in Nunavut. I don't know if I would say that we're part of the problem, but I will say that we go to great lengths to try and make our operation as inexpensive and efficient as we possibly can. The codesharing project is one of them. We also have another partnership with Cargojet, which has enabled us to keep our costs of freight under control. We do our part to try and create efficiencies and lower the cost of food. I don't think we can do more than that. We might be part of the problem, but we're certainly doing our part to be part of the solution. Thank you.

Chairman: Thank you. Mr. Hankirk.

Mr. Hankirk: I would answer the question exactly like Brock did. I know that I can truck food forward to Yellowknife versus putting it on my aircraft to Yellowknife. There is a substantial difference. The airplane costs don't change. The airplane costs are the airplane costs.

I can tell you that on the food, our margin is extremely low. When you're flying food from Yellowknife to Gjoa Haven, that's a long Dash 8 flight and those costs have to be covered, so I would say we're definitely part of the problem. Geography is the biggest problem. You've got to move it and you've got to move it in chunks. We just talked about dirigibles and all those things, then you get into storage space issues, you get into freshness issues, and all of these things. We can't change the geography. The most efficient way to get the fresh food there is still aircraft, but it's absolutely not cheap. I can tell you that we're absolutely not making more than a very thin margin on it. Thank

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you, Mr. Speaker.

Chairman: Thank you. Mr. Bell.

Mr. Bell: I would echo the comments of the other two airlines. I can tell you that in Calm Air, our lowest margin is in our freight business. I think we recognize that the retailers are also under fire on that all the time. I think, together, we have come up with a couple of creative solutions over the last couple of years to try and keep prices down.

The other thing that I would put as an addition to that is appreciate that when you start hauling freight, not only is some of our lowest margin business; what makes it even worse is that you have an additional costs in terms of you have cargo handlers now. We have cargo handlers in all of our major hubs, both to load and unload the aircraft, whereas you don't have that expense necessarily in southern operations. If you were to look at the WestJets and Air Canadas of the world, their load factors are not only in the high 80s, as Brock mentioned earlier, but it's all customers.

The lowest margin product on our aircraft is freight. When it makes up a substantial amount of our capacity at the already low margin, it's one of the things that actually affect our profitability. The extra cargo handlers, which Air Canada and WestJet and all those guys in the south don't have, are certainly one of those things that affect our business. No, I don't see a whole lot of potential change there in terms of being able to reduce that cost.

Chairman: Thank you. Mr. Akoak.

Mr. Akoak: Thank you. Even the second hand is quite fast.

>> *Laughter*

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I was looking into freight. There were four biscuit boxes that were not very big totalling in weight of 56 kilograms from Gjoa Haven to Baker Lake. Those four boxes not even weighing 120 lbs. all together cost \$746. The person is being charged a fuel surcharge twice. Is that the normal procedure? Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. I just want to be clear if that was from Gjoa Haven to Baker Lake. First of all, we're going to take it away and look at it, but at first brush, I would say that that freight, whether it was on Canadian North or First Air, would transition from Gjoa Haven to Yellowknife to Rankin Inlet and then go on Calm Air to Baker Lake.

Probably there are going to be two air waybills there and again, we have to take it away, but my guess is it's because of the distance this thing travelled. It travelled a long way to go the other way and I do agree that Gjoa Haven and Baker Lake aren't that far apart, but there is no service. That's probably the case in this, but we will take it away to look at it.

My guess on the two fuel surcharges is one was First Air or Canadian North and one was Calm Air, but again, we need the detail and we will be happy to look into it for you. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Akoak.

Mr. Akoak: Thank you. Just to let you know, it went through First Air from Gjoa Haven to Yellowknife and the freight is still sitting in Yellowknife as of today.

The other one before my time is out is Calm

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Air is shipping country food free in the Kivalliq region. Am I correct? Can the other two airlines do the same for the Kitikmeot?

An Hon. Member: And Baffin?

Mr. Akoak: Thank you.

>> *Laughter*

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: We ship country food at a very attractive rate. I'm not going to volunteer to do it free, but as I said earlier, if governments are subsidizing hamburgers and chips to come up from the south to the north, why can't this be part of whatever program is in place to feed people in the north? That's basically all I have to say on that one. I think there's a government policy issue here.

Chairman: Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. I thought that I would answer this next because Premier Taptuna made a comment in his opening comments about the fact that there was no longer any competition in the Kivalliq region. One of the benefits of that is that we were able to pass along some other benefits that aren't apparent in some of the other regions where there still is competition.

One of the things that we did at the request of your community, Mr. Chairman, and at the request of the Kivalliq Inuit Association is address the rate on country foods. The other one is we're able to have a redundant aircraft sitting in Rankin Inlet because we're able to have the majority of that business and have those higher load factors.

While it doesn't seem that there are always benefits to having that carrier with a

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dominant share of the market like that, there can be in terms of some of these other benefits. That's one thing that we do offer to our region because we have that substantial part of the business. Thank you.

Chairman: Thank you. Mr. Friesen, do you want to add more?

Dr. Brock Friesen: If I could just add, there is one area where we do, I think, a really good job on country food. It's not free, but all of the fish...not all of the fish, I wish it was all of the fish, that comes out of Pangnirtung go south on our airplanes at a very attractive rate. The reason it goes south at an attractive rate is because, going north, we take all of the food freight up to Pangnirtung. The airplanes going south are largely empty. We're able to offer very attractive backhaul rates and we will continue to offer very attractive backhaul rates. It's good for our economics. We don't make a lot, but it's really good for the community economies. We hope that there are more communities that can send more things out of the north at these attractive rates.

Chairman: Thank you. Next on the list, Mr. Alex Sammurto.

Mr. A. Sammurtok (interpretation): Thank you, Mr. Chairman. (interpretation ends) Medical travel, they were mostly talking about patients. I would like to talk a little bit about doctors and specialists travelling to my region, which is the Kivalliq, as I represent Rankin Inlet South.

Since the codeshare agreement between Calm Air and First Air, implemented in July of 2015, the doctors or specialists have been having a negative impact due to the scheduling. The scheduling is now that sometimes they get into communities at

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midnight and they have to work with the patients the following morning, which cuts down the clinic time for the doctors or specialists.

Would you be able to look into the scheduling between the codeshare of First Air and Calm Air? (interpretation) Thank you.

Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. To be honest, I'm not quite sure if I understood the question that clearly. As we mentioned in our remarks, the number of seats that we have in the region now that Calm Air uses First Air 737 twice a day has increased dramatically. We send the first 737 up at seven o'clock in the morning. The afternoon flight is, I believe, at about three o'clock in the afternoon.

There is not a single community in the Kivalliq region where we can't connect a person in the same day. Even, Mr. Chairman, your community, which is probably the farthest away for us, we can still get a passenger to your community within the afternoon. I might have to take that question away from the Hon. Member, but we actually have more connectivity with the new schedule than we did with the old one.

Chairman (interpretation): Thank you. Mr. Alex Sammutok.

Mr. Sammurtok (interpretation): Thank you, Mr. Chairman. (interpretation ends) As you mentioned, you leave Winnipeg at 7:00 in the morning. The specialists have to be at the airport by 5:30 a.m. and then travel for a couple of hours. In order for them to get to Arviat or Whale Cove, they have to go through the north and then travel back south

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Δ⁶/Δ⁷C¹³: 9.0‰. Γ¹³C δ¹³C_{org} 14.2‰.

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On to another matter, this has been touched on by some of the other members regarding lost or delayed baggage. When it happens to medical equipment for use in the clinics and they have to delay it, they can't fully provide the patient any care.

Chairman: Thank you. Mr. Bell.

If we were to fly directly from Winnipeg to Arviat or Whale Cove, we would have to have a dedicated aircraft to do that. The capital cost to do that would be prohibitive in the pricing. What we did instead is we have the 737 that provides that service in the main corridor before we connect from Rankin Inlet into the individual communities. The reason that we did the deal with First Air is that 737 aircraft is materially faster. You're still getting into the community, even though you might have to backtrack a certain amount, faster because of the speed of the 737 in the

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first place.

In terms of customer service, if a doctor or any kind of medical person is travelling, we encourage them to travel with all of their equipment. If their equipment is too much, beyond the 120 lbs. limit or whatever the case may be, if they let us know in advance, either we can ship the equipment in advance or number two, we can make a note on file in their reservation that they're travelling with extra equipment, like we do quite often in our construction industry where somebody is travelling with their tools. They need to get their tools there with them. Otherwise, they're not very good at building or making repairs.

If the medical professionals are travelling with excessive amounts of equipment, they need to let us know so that we can either move it in advance or put a note in the reservation to make sure it goes as cargo on the same flight. Thank you.

Chairman (interpretation): Thank you. Mr. Alex Sammutok.

Mr. Sammurток (interpretation): Thank you, Mr. Chairman. (interpretation ends) On another note, as my colleague indicated, First Air had successfully reached a five-year agreement, and I am also aware that Calm Air has made an agreement with the two biggest retailers in the north.

My question in regard to that, or I have been asked, the smaller companies in our region have been waiting for freight right up to a month, five weeks, or six weeks. Is that because of your contract with the bigger retailers? (interpretation) Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Bell.

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Δ^bΓ^c▷C^{ab}: $\text{c}\partial\text{L}^a\text{q}\Gamma^b$. Γ^c $\triangleleft$ C^b $\text{H}\text{L}\text{J}^b\text{J}^b$.

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Mr. Bell: Thank you, Mr. Chairman. As I mentioned in my remarks, we certainly had growing pains when we both took on the integration as well as when we moved our hub from both Churchill to Rankin Inlet. We acknowledged that we had numerous delays in shipment of some cargo. I have never heard of a six-week delay. We certainly did have two- and three-week delays in some non-perishable items.

We had a lady the other day that was claiming excessive delays on a piece of perishable cargo. When we actually investigated it, it was a roll of fabric. The seven days it took us to get there was because Rankin Inlet had a three-day blizzard and Chesterfield Inlet had four days of weather disruption.

I would be happy to take back specific examples from the Member and take a look at it. We have contracts with basically all the smaller retail providers. I met with a couple of them the other day that acknowledged, since just before Christmas that the delivery times on their shipments has increased materially. They're no longer getting damages. They're no longer having claims. We are starting to work out some of those issues, but we certainly want to acknowledge here that we did have numerous issues in the first several months leading all the way up into Christmas and that's what we were working so hard on and the list of things that we were doing.

The final thing is we have put extra managers in Rankin Inlet and a specific customer service manager in Winnipeg to address any claims or customers that have questions about their freight. Thank you.

Chairman (interpretation): Thank you. There are quite a few names on my list.

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Please keep your questions and answers brief as the clock is ticking faster. The next name on my list is Mr. Joanasie.

Mr. Joanasie (interpretation): Thank you, Mr. Chairman. Welcome to the House. I send my regards to the people listening to the proceedings.

My first question is in regard to the Premier's letter to the air carriers on October 6, 2015. This letter raised concerns regarding such issues as "delays to receiving freight and cargo which have impacted fresh foods," as well as "time-sensitive" medical and water samples. In his October 14, 2015 reply to the Premier's correspondence, Mr. Hankirk, the President of Canadian North, wrote that "it is concerning that we have not received similar feedback from your staff on a regular basis through our normal channels."

How frequently do your airlines meet with Government of Nunavut officials to discuss issues related to the government's contracts with your airlines for medical travel, duty travel, and cargo shipments? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman and Hon. Member. I can say and I said in my letter to Premier Taptuna and to the Deputy Minister of Health that Cindy Twerdin lives right here in town and anyone can phone her or email her any time. One thing I do know about Cindy is she is very engaged in Nunavut and she meets on a very regular basis with all government officials from all different departments.

I can also say that on the medical parcels, prescriptions, and water samples, I'm only aware of one that happened right at the very

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ΓC 440.

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Δ^bΓ^aΔC^b: ρ^aΔ^b. ΓC H^ad^b.

[illegible][illegible]

beginning and it had absolutely nothing to do with codeshare, but I think I made it clear and I'll keep my comments short, Mr. Chairman, that Cindy is here and she will pick up the phone, she will come to your office and I know she does it. She's over there. I wish she could be on the mic saying exactly how often she does it, but she's in constant contact with the staff. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Joanasie.

Mr. Joanasie (interpretation): Thank you, Mr. Chairman. I thank him for the response. If I can go back to my colleague Mr. Sammurtok's comment, I also had a concern about it. This is regarding medical travel. When our constituents want service between communities and sometimes they have to leave for the south or to Iqaluit or to larger communities. They have to go to medical facilities because they can't be treated in their communities.

The Department of Health sometimes sends specialists like ophthalmologists or dentists to other communities so that the doctors can diagnose them. He also wrote a letter concerning these issues by the Deputy Minister. I know this was touched on, but we want more of these things. If you can work closer with the Department of Health when you're dealing with doctors and other personnel like dentists or eye teams, these are specialty clinics and we want to see more of that in the communities. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Who is that directed to? Mr. Joanasie, who are you directing that to? Mr. Joanasie.

Mr. Joanasie (interpretation): Thank you. It can be directed to all of them.

[illegible]

$\Delta^b \text{ } \not\vdash C^{\text{qb}}$: $\text{}^q d \nabla^a \underline{d} \dot{\Gamma}^b$. $\Gamma^b C$ $\nrightarrow \Delta \underline{d}$.

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ᐅᑳᖃᑎᓴᓂᓶᑦ? ᑭᑕ ᔨᐱᓚᑦ.

✓**Ques:** $\varphi_d \vdash a \vdash b$. $CL\Delta^a \vdash J^a a \vdash b \supset c$. $CL\Delta^a \vdash \varphi_b \Delta$.

Chairman (interpretation): Thank you, Mr. Joanasie. Mr. Hankirk.

Mr. Hankirk: I can say for my airline, Canadian North, my staff sat off to my left and they heard what you said loud and clear. Hon. Member, I heard what you said loud and clear and we will continue to follow up with that department on a continual basis to make this thing work. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Friesen.

Dr. Brock Friesen: In response to the Hon. Member, we have a very close contact with the medical services department here on all aspects of the contract. Mr. Van Der Stege, who is probably in the washroom, just had a large meeting with them yesterday, a very good meeting, and that dialogue continues together with members of his staff. I think we have a pretty good understanding of what their needs are and we try very hard to fill them, and the door is always open.

Chairman: Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. Thank you for the question, Hon. Member. As the two other presidents have said, we have a fantastic relationship with the individuals that work in the departments and by no means do we even require them to send us a letter or have a sit-down meeting. If they want to just shoot us an email or a phone call, we're always open to any of those communications, whatever makes it easier.

It's not just medical services; it's all the departments. We had government services call us the other day. They had a part for a sewer truck that absolutely needed to make it to Coral Harbour. We received it on a Wednesday afternoon and it was in the

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Δ⁶/Δ⁷C¹³ (‰): 9.4 ± 0.2. Λ¹³.

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community by Thursday. If you have an important freight or passengers or anything else or medical professionals that need to go, all you need to do is shoot us an email or a phone call and we can make those accommodations. Thank you.

Chairman (interpretation): Thank you. I would like to point out that there are still a lot of names on my list for questions, nine of them to be exact, and with that being the case and recognizing the clock, using my discretion, the next Members will have five minutes to ask their question and they can only ask one question each. Mr. Joanasie.

Mr. Joanasie (interpretation): Thank you. Perhaps I'll make my questions short.

I thank them for their responses. This was probably touched on by the Premier. In the October 6 letter, it indicates that there are limits to discounts for beneficiaries. Before the codeshare agreement, it used to be unlimited beneficiary discounts for airfares. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen, do you want to respond?

Dr. Brock Friesen: I think it's still unlimited, Hon. Member. I still believe that it's unlimited. However, in cases where we have reduced capacity, which are not that many cases, but if we have fewer seats and if those seats get sold early, it may be more difficult to get them as the day of the flight approaches. I can assure you it's a lot easier to get one of these seats on First Air five or ten days out than it is to get a cheap seat on any of the major airlines operating in the south five or ten days. We still have abundant seats. It's not unlimited seats, but it abundant seats at the low prices. Thank you, Mr. Speaker.

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Chairman: Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. We are not unlimited in our Pivut seats and we never have been, but I can tell the Hon. Member that we have not changed that allotment on any flight at all. Thank you, Mr. Speaker.

Chairman: Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. We are unlimited in ours. Again I would say that that's one of the benefits to the Premier's questions earlier about having the dominant market shares. It does allow us some of those privileges and that would be the one in our territory.

Chairman (interpretation): Thank you. Mr. Joanasie.

Mr. Joanasie (interpretation): Thank you, Mr. Chairman. I would like further clarification. For instance, do you identify on one aircraft that there are four seats available on beneficiary fares? For instance, is there a limit per aircraft or can you fill up the plane with beneficiary discounted fares? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you, Mr. Joanasie. I think it was clear that they have unlimited seats. Mr. Hankirk.

Mr. Hankirk: Mr. Chairman, I just want to reinforce that Canadian North does not have unlimited seats. We have a proportion of our seats that's allotted per flight. I can't tell the Hon. Member the exact number, but Cindy will be able to follow up with the Hon. Member. It is yes, Canadian North has an allotment per flight. It could be four seats, it could be two seats, or it could be six seats. I'm not sure, but Cindy will undertake to get the Hon. Member the answer on specific

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Δ^bΓ^aΔC^b: $\gamma\delta\zeta^a\eta\Gamma^b$. Γ^bC $\zeta\Delta\eta\zeta$.

[illegible][illegible][illegible]

routes. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you.
Please respond, Mr. Friesen.

Dr. Brock Friesen: Thank you, Mr. Chairman. In response to the Hon. Member's question, it isn't an open allotment on First Air. It's not open. On a few peak flights, which are probably not more than 10 or 20 in the year, it would be a smaller number. On all other flights, it would be quite a large number. It's a dynamic. It's not always the same.

You set it at the beginning and then if the flight doesn't fill, you may open up additional seats at the lower prices. You don't want to fly empty. The whole name of the game is to fill the airplane with a mix of revenue to try and get a decent average fare, but you want to fill the airplane. That's exactly the way all other airlines operate in order to try and make an economic operation in a market like that. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. Yes, ours is unlimited in terms of we have no limit on the number of seats. We would sell the whole plane that way. We rarely have an issue in terms of running out of seats. Number two, if a beneficiary wanted to book every single day of the year, we would let them as well. Thank you.

Chairman (interpretation): Thank you. Mr. Joanasie.

Mr. Joanasie (interpretation): Thank you. (interpretation ends) I'm going to move on to another topic. It's a federal *Canada Transportation Act* under subsection 67 (1)(c). It requires a carrier to, and I quote,

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Δ^bΓ^cΔ^cΓ^b: $\varphi_d^a \varphi_c^b$. Γ^c Δ^c Γ^b.

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“retain a record of its tariffs for a period of not less than three years after the tariffs have ceased to have effect.” Over the past three years, what has been the average annual change in base fares charged by your airline? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: Mr. Chairman and Hon. Member, I can't give you three years, but in your package today, I can give you before and after, which is probably one year or a year and a half or something like that. I have been here for two and a half years. From memory, there have been minor fare increases in the past, but not a lot of fare increases in the past three years. I can assure you that nothing has changed before and after the codeshare and I believe Mr. Hankirk can give you some similar numbers on similar routes, similar but different routes with the same finding.

Chairman: Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. My answer is going to be the same as Mr. Friesen's. I do have the before and after it was in the package I handed out. I won't be surprised if there were any more than very small percentage raises year over year, but I don't have that information with me and we can undertake for Cindy to get that information to the Hon. Member within about a week or so. We will have to dig back to look at that. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. I don't have those numbers with me today, but we certainly provided them to the Competition Bureau and I would be happy to provide

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Δ⁶7⁸9C¹⁰: 5d⁷9f¹⁰. Γ¹¹C 9h¹².

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Δ⁶/Δ⁷C¹³ (ጋኒቦጋ): ኖልግዊ፣ ዘፈጋጋ፡

[illegible] $\Delta^b \rho \triangleright C^b$: $\text{rd}^a \underline{\alpha} \dot{\Gamma}^b$. $\Gamma^c \wedge \triangleright^c$.[illegible]

Would anyone like to respond from the witness table? Mr. Friesen.

Dr. Brock Friesen: Thank you, Mr. Chairman. In response to the Hon. Member, my understanding is the same as Mr. Hankirk's. In fact, the agreement has a life until August 2017 as a result of extending it. As and when the time comes to make another proposal, I think it's very clear that codesharing doesn't mean one company. We still would submit our own proposals. We make our own sales contracts with our customers, including the government. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. The same as the other two airlines, we will be submitting our own response to any contracts or RFPs.

Chairman (interpretation): Thank you. Mr. Savikataaq.

Hon. Joe Savikataaq: Thank you, Mr. Chairman. It's too bad I only have five minutes. We're here about codeshare, to talk and question about it. All three airlines have said that without codeshare, then there might not be three airlines. I'm just wondering why First Air and Canadian North doesn't have codesharing anymore between Iqaluit and Ottawa, they started off and now they don't have it, if they couldn't survive without codeshare. Thank you.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: Thank you, Mr. Chairman and Hon. Member. Indeed, we do have codeshare. There was a period, because of aircraft availability and the fact that we brought in another airplane, where the

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Δ⁶/Δ⁷C¹³ (‰): 9.5-10.5. Γ¹³ C_{org}.

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Δ⁶/Δ⁷C¹³: 9.0‰. Γ¹³C 46.6‰.

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codeshare stopped while our 737-400 was being turned into a passenger combination airplane in Florida for four months. That's over and the codeshare is up and running.

I'm going home this afternoon on a First Air seat on the Canadian North operated airplane at 5:15, so it's very much alive. Mr. Bell and Mr. Hankirk will tell you that it meant that they could come on the same day from, respectively, Winnipeg and Calgary for the first time ever. It's very much alive. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. I believe he responded on behalf of his other colleagues. Mr. Savikataaq.

Hon. Joe Savikataaq: Thank you, Mr. Chairman. On another matter, all of you have stated that the airplanes aren't flying full, roughly about 40 percent capacity. We have heard from many people that freight is not being moved. Is there any reason that freight can't be moved quicker if the planes aren't flying full? Thank you.

Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman and Hon. Member. For our region, with respect to freight delays or delay in cargo shipments, again it largely resulted in moving our hub from Churchill to Rankin Inlet. Not only the integration and the movement of those hubs, but largely, our delays were a result of the inclement weather that we've had from July until just before Christmas. I mentioned the number of cancellations that we had.

If that Winnipeg-Rankin Inlet corridor is out because of either runway or weather conditions, it can result in backlogs. When we do have those backlogs, what we're trying to do is either bring in third party

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$$\Delta^b \gamma^a \triangleright C^b: \gamma^d \gamma^a \alpha \dot{\gamma}^b, \Gamma^b C \wedge \triangleright^c.$$
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carriers, such as a Cargojet, to help move and eliminate those backlogs or we're repositioning our own freighters down to Winnipeg to reduce those backlogs.

Since just before Christmas, I think we finally got a lot of that worked out. It's not to say that we won't have problems again, but I think that since just before Christmas time until last night, the backlog has been materially resolved and we're not having those kinds of issues. Again, when we do have those backlogs in delay of cargo, the vast majority of the time, they're related to weather delays and not because we don't have room on the plane. We do have room on the plane for that. Thank you.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: Mr. Chairman and Hon. Member, providing cargo service in the north is incredibly challenging. As Mr. Bell mentioned, you have weather which results in backlogs. Sometimes airplanes break and that results in backlogs. Sometimes our customers have a hard time telling us how much they're going to move next week, next month, or tomorrow. Quite often, you end up with a large stack of cargo to be moved, totally surprising us at the point where we receive it, either in Ottawa or Iqaluit or Yellowknife. We manage cargo in a world of uncertainty.

I'm happy to say that I have walked around our warehouse on my last two trips here, including this one. It's really good right now. There will be other times when, let's say, pre-Christmas peak when there's a lot of cargo coming up here or in the summertime when, suddenly, there's a bunch of building materials that come up, there will be times when there's a bit of congestion, but we're getting increasingly good at it. Particularly in

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ρ^aυ^bϕ^bC^cC^dL^c.

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Hon. Joe Savikataaq: Thank you, Mr. Chairman. Mr. Bell stated earlier that he's had growing pains with moving cargo up there from Churchill to Rankin Inlet. I don't know if this is part of the growing pains, but before codesharing, if I wanted to ship cargo

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Hon. Joe Savikataaq: Thank you, Mr. Chairman. I know that all you three airlines have medical travel. I guess what I want to know is: is it an absolute necessity? In your guys' opinion, can an airline survive in operating in Nunavut without having the medical travel contract? Thank you.

Chairman: Thank you, Mr. Savikataaq. I guess that's a question to all of you. Mr. Friesen.

Dr. Brock Friesen: Hon. Member, I'm not sure I would use the word "survive." If we didn't have the medical contract and the revenue for the medical contract, our network would probably be significantly different and there would be a number of routes that would be uneconomic for sure.

The way we operate in Nunavut with the ATR aircraft, which are basically half cargo and half passenger, you have to have the amount of revenue that we forecast in the passenger compartment and you've got to have the freight in the front. If we were to lose the critical mass of passenger revenue and/or the critical mass of freight revenue - in fact, I would say passenger or freight revenue because it's such a marginal operation - we would have to cancel some routes. It's a delicate balance. I can't sit here now and say that we would cancel all routes, but the impact on us would be probably devastating. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Hankirk.

Mr. Hankirk: I would have to answer exactly the same as Mr. Friesen. The reason we have done this codeshare in the regions is to balance the revenue that we currently have today as separate airlines and to make ourselves sustainable with the larger aircraft. Even if someone was given the whole contract, I think it would be difficult just to

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[illegible]

survive on your own on just that contract. I have to go with what Mr. Friesen says.

I think that if you awarded it just to one carrier, you've got issues you've got to deal with like what other business is out there; infrastructure is going to be a huge issue. My answer would be it would tough. You would have to make some really tough choices, tougher than the codeshare choices, and deal with the fact that a large portion of your revenue, which I can't say the number, would have disappeared. It would not be an easy task. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. I'm going to go back to our opening comments and when we were talking about a split, so not zero but 50 percent, Calm Air was losing \$8 million a year. To go from 50 percent to zero would kind of make that an obvious answer. To survive, I suppose we could. We wouldn't be offering the kind of aircraft that we're offering today. We would be operating in very small aircraft, possibly single engine type aircraft. You wouldn't be getting anywhere near the frequency that you're getting today.

There are a number of communities specifically in the Kivalliq region that may lose scheduled service altogether or alternatively, you could be certainly surviving without it, but your prices would be massively increased. It's a large percentage of our overall passenger traffic and to contemplate dealing without it would be one of those three options. Thank you.

Chairman: Thank you. Mr. Savikataaq.

Hon. Joe Savikataaq: Thank you, Mr. Chairman. Going on to the presentation here from First Air in their pamphlet on page 2,

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when you say you have roughly 250,000 passengers per year, I'm just going to make an assumption here. Would it be correct to say that if each passenger fare is roughly \$1,000, just in passengers, you would gross \$250 million a year? Thank you.

Chairman: Thank you. Mr. Friesen.

Dr. Brock Friesen: Mr. Chairman and Hon. Member, no, it wouldn't be accurate. It wouldn't be at all accurate. That is not our average fare system-wide by a wide margin. We rely a lot on cargo. I have to be careful because of what I'm supposed to say and not say without competition board lawyers present, but cargo is a big percentage of our business. Thank you.

Chairman (Mr. Mapsalak)(interpretation): Thank you. Mr. Savikataaq.

Hon. Joe Savikataaq: Thank you, Mr. Chairman. This is to First Air again on the same page. If cargo is a big part of your revenue and you say it's roughly 65,000 kilograms every day and most of the distance are far, I could make another assumption again, which I think is conservative. If it was \$4 a kilogram, I mean, you would gross \$250,000 a day. Is that reasonable? Thank you.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: Mr. Chairman and Hon. Member, I'm not sure where your question is leading to, but I'm not in a position to give you the inside information on our financials. Our airline is privately held and I'm not about to do that. Moreover, I probably would be violating some aspect of competition laws if I was just sitting in front of my two partners/competitors and tell you all of those numbers. I can't do that. Thank you.

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ፈኅረዮጋርጽ (ጋካጉበሀኖ): ኖፊኑፌገጽ. ገዢ ግሲካፊ.

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 ርፅዎሲረ ልጋረሰዎፅጋር ሶዊድረሲፋሰሮ
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 ርልሊጋዊዎሲሮጋሲ. ፍድዊሮ፡

Chairman (interpretation): Thank you. Mr.

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Mr. Bell: Thank you, Mr. Chairman. I do appreciate that comment, Hon. Member. I know that part of our growing pains has been a lack of communication within the Rankin Inlet Airport as well and that's one of the reasons why we're interviewing right now for a base manager. We notably haven't done a good job of communicating within that

[illegible]

airport and we aren't happy with that and we want to do better on that. It's not a secret why we have delays. We should be telling people that at least if there's lengthy delay, they can either make the decision to go home or fly on a different day. We have addressed that and that's certainly something that we're taking away in advance of these meetings, so I do want to appreciate that comment. Chairman (interpretation): Thank you. (interpretation ends) Next on the list, Mr. Mikkungwak. Mr. Mikkungwak: Thank you, Mr. Chairman. I'm MLA for Baker Lake. First of all, welcome. My questions will be somewhat similar to some of my colleagues but more focused at what I have been hearing from my constituents, but this first question that I'm doing will be directed to all three. On October 6, 2015, the Premier sent correspondence to Calm Air, Canadian North, and First Air. The Premier's letter referred to "the inconvenience placed on Elders and medical patients experiencing repeated delays and longer connection times." What specific actions have your airlines taken to respond to the Premier's concerns regarding these issues? Thank you, Mr. Chairman. Chairman (interpretation): Thank you. Who is that question for? Mr. Friesen. Dr. Brock Friesen: Hon. Member and Mr. Chairman, scheduling in this business is much of the business. In many ways, it's the key to success. We're always trying to refine our schedules to create more connectivity, which means more convenient connections everywhere for two reasons: one, the customers like it and two, you get more	ბავშვებისთვის ბავშვების დანიშნულებით რაღაც შესწორებებს უნდა იქონიებდნენ. იმ შემთხვევაში, როდესაც დიდ დროს ვიწახვლიყავით, უნდა გვთქვას ან დაბრუნდეთ, ან გადმოხდეთ. ჩვენ ეს საკითხი უკვე განვიხილეთ და ეს ნაწილობრივ უკვე მოგვარებულია. დღევანდელ დღეს უკვე მოგვარებულია. დასკვნა: დღევანდელ (უპასუხი) ჩვენ პირდაპირ გვითხრეს, რა გეგმები გქონდათ. გეგმები (უპასუხი): დღევანდელ, დასკვნა. ჩვენს დასკვნაში უნდა გვითხრეს, რომელი დასკვნები უნდა გვითხრეს. ჩვენს დასკვნაში უნდა გვითხრეს, რომელი დასკვნები უნდა გვითხრეს. ჩვენს დასკვნაში უნდა გვითხრეს, რომელი დასკვნები უნდა გვითხრეს. დაახლოებით 6, 2015-ის ივნისში მოხდა იმის შესახებ, რომელიც ბავშვების დასკვნაში უნდა გვითხრეს. ჩვენს დასკვნაში უნდა გვითხრეს, რომელი დასკვნები უნდა გვითხრეს. ჩვენს დასკვნაში უნდა გვითხრეს, რომელი დასკვნები უნდა გვითხრეს. დასკვნა: დღევანდელ. დასკვნა? რა უნდა გვითხრეს. დასკვნა (უპასუხი): ჩვენს დასკვნაში დასკვნა, უნდა გვითხრეს, რომელი დასკვნები უნდა გვითხრეს. ჩვენს დასკვნაში უნდა გვითხრეს, რომელი დასკვნები უნდა გვითხრეს. ჩვენს დასკვნაში უნდა გვითხრეს, რომელი დასკვნები უნდა გვითხრეს.
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customers. We constantly work on our schedules to try and get better.

With respect to delays, as my two colleagues have used examples, most of our delays are weather and some are mechanical. Weather delays are quite often frustrating delays because you're either sort of sitting there wondering, "Geez, if we fly, can we land or can we not land? What do you tell the passengers?" You're trying to fly because you know everyone wants you to fly, but you won't do anything that's unsafe.

Reality is you don't actually know what the weather will be like two hours from now when you're going to land. We struggle with that as best we can. We have very good equipment, very good people, very good forecasters, state-of-the-art technology, and we try and deal with that as much as we can, but delays are a difficult part of doing business in the north. Thank you.

Chairman: Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. Thank you, Hon. Member, for that question. Certainly for us, the number one delay factor is weather. As we mentioned, we have the redundant aircraft that sits in Rankin Inlet, so the number of delays that we've had because of mechanical or crew issues has been materially reduced since our deal with First Air.

The one thing that I would appreciate your feedback as well as the other Members from the Kivalliq region is we're often in a quandary of whether to cancel the flight altogether or whether to delay it and hope that we can get a forecast where the weather has cleared up later on. That may not seem like a big deal other than the fact that if you just cancelled it and rescheduled the passengers for either later that day or the next

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The downside is, as good as our equipment is or some of the CARS operators that are trying to forecast weather, it's still very uncertain. We don't know what weather is going to do necessarily. Certainly, the farther the community or the longer the flight in there, it may be fine at noon, but by the time you land at 1:00 or 1:30, the weather could be out again. For us, we often debate whether to put a delay on a flight because of weather and hope that we can get in later in the day. If we had a little more feedback from the communities as to their preference, whether they would rather cancel and reschedule or whether they would like us to try it later on, it would help.

For us, Rankin Inlet is the hub. With us connecting those ATRs into Rankin Inlet and then down, if we're delayed on a flight, let's say, to your community, do we delay the 737 waiting for passengers that were delayed because of weather earlier in the day or do we simply move the 737 down, accommodate all the other passengers that are on it, and make the passengers that were coming from that particular community that were delayed by weather wait for another flight? Those are often the issues that we have.

If we could predict weather at 100 percent, we would never have those issues, but that is unfortunately one of the biggest factors that we have in the north. Again, in your individual communities - and we don't need an answer today by means - but we would appreciate more feedback from your constituents as to whether they would like us to delay the flight and try and get in for weather or whether they would like us to cancel it and go either the next scheduled flight or later in the day. Thank you.

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Mr. Bell: Thank you, Hon. Member, for that question. Our priority is the following: medical and water samples are top priority because of the sensitive nature of those shipments. Number two is mail and included with mail is usually the prescription. They usually go together in our airline. So that

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would number two. Perishable food from either the two large retailers or the small air carriers, together, perishable food is number three priority, and then general freight being any dried goods or anything like that is after that.

Chairman (interpretation): Thank you. Mr. Mikkungwak.

Mr. Mikkungwak: Thank you, Mr. Chairman. I guess my next question here would be: in your reply to the Premier of October 26, 2015, the president of Calm Air wrote, and I quote, “the reality is that airline operations in the Far North are extremely capital-intensive and require many communities to be served with very small populations. Splitting traffic between carriers creates significant excess capacity and leads to uneconomic operations that cannot be sustained or forces significantly higher prices.”

Do you believe that [having] a single air carrier would be better for consumers in Nunavut and, if so, what mechanisms would ensure that the carrier did not take advantage of its monopoly position with respect to prices and service? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. Thank you, Hon. Member. Another great question. I believe my answer is fairly obvious given the transaction that we completed with First Air. Yes, we do believe that. What are the benefits? We have gone through that, whether it be able to move country food at no charge, whether it be able to have a redundant aircraft. All these kinds of things are benefits, obviously, to the consumers.

ገናኖስጥራልፍ ማዕድን፣ ለጥንታዊ መንግሥታዊና ለዲፕሎማሲያዊ ጥራትና ለጥንታዊ ልምድ ማዕድን

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[illegible][illegible] $\Delta^b \vee \nabla^c C^{cb} : {}^c d \dot{\gamma}^a \omega_{\dot{a}} \dot{\Gamma}^b, \Gamma^c \wedge \Delta^c.$ [illegible]

If you can just repeat the last part of your question again.

Chairman (interpretation): Thank you. Mr. Mikkungwak.

Mr. Mikkungwak: Thank you, Mr. Chairman. Do you believe that having a single air carrier would be better for consumers in Nunavut and, if so, what mechanisms would ensure that the carrier did not take advantage of its monopoly position with respect to prices and service? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: Thank you for repeating that. The mechanisms that we put in place in our territory are the following:

When the three of us presented to the legislature in June, we said that we weren't going to increase pricing. At that time, we offered both the Government of Nunavut as well as the large food retailers long-term contracts based at existing prices at that time. It was actually the Member from Arviat, sorry, not Mr. Kuksuk but the other Member from Arviat, thank you, Mr. Premier, that said, "Well, that's great for the big guys and for the government, but how about the little guy, the individual consumer, or the smaller shops?"

We actually took that feedback back and we met with the Kivalliq Inuit Association about that. That's why we have signed the agreement with the Kivalliq Inuit Association that protects all the little guys. Number one, we haven't increased the Pivut fares and in fact, what we did to put that mechanism in place is we said that we were going to keep that fare constant for three years. At the end of the three years, we still

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Δ⁶7⁸9C^{9b}: 9d7^a9d7^b. 7^c 7^d9d7^e.

[illegible]
$$\Delta^b \rho \leq \Delta^c \rho: \text{ } \rho \leq \rho \text{ and } \rho \leq \rho. \text{ } \rho \leq \rho \text{ and } \rho \leq \rho.$$
[illegible][illegible][illegible]

have to go back to the Kivalliq Inuit Association and get their permission, in consultation, to increase it if we needed to increase it for inflation after the fact. We have continued to make a long-term offer available for both the Government of Nunavut on medical and duty traffic and the larger retailers. We have offered long-term contracts to even the smaller consumers in our region. For us, the whole transaction that we completed with First Air was not about price increases; it was about greater efficiencies. We have tried to back that up by offering long-term contracts to individuals through the Kivalliq Inuit Association as well as the Government of Nunavut and larger retailers.

Chairman (interpretation): Thank you. Mr. Mikkungwak.

Mr. Mikkungwak: Thank you, Mr. Chairman. Could I also get First Air's perception on that last question I did? Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Friesen.

Dr. Brock Friesen: Mr. Chairman and Hon. Member, I won't repeat everything that Gary said. Obviously, you can't take that word for word and apply it to the rest of the north, but the principles are the same. We have strived to make sure that our prices remain in line with the way they were before the codeshare. If we're able to lower them as we become more efficient and better, as the tourism industry grows, for example, we will. We're certainly not there yet.

I will repeat something I said once before today and that is that Canada is a deregulated aviation market. Anybody can start an airline in Canada tomorrow. If somebody thinks they can do a better job than us of delivering the kinds of service we deliver with relatively

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 ፍድራጅ፣ ልሳላጅ።

ᐃᑲᓯᕙᐅᑕᖅ (ᐅᕈᓂᐱᑭ): ᖁᑦᑦᑲᑲᒃ. ᑦᑕ Ꮜᑲᑦ.

[illegible][illegible]

large airplanes, with the cabin features of stand-up and food, and so on, that Gary has alluded to, the 737s both Canadian North and us operated, if they think they can do it better and they can provide the same schedule and the same quality of service... I will not say safety because that should be a given for the airline industry in this country, but for us, it's safety. If they can do it better and cheaper, go for it.

We think we have done it efficiently and as efficiently as it possibly can be done. By combining forces at this table with the three of us, we think we can be more efficient in the future and it will be very hard for anyone else to start because we will always have the best service and the lowest price for what you can do up here. This is not the Toronto-Caribbean winter market; this is quite a different market. For what you can do up here, we're quite confident that we have found the formula and we're going to keep working on that formula to make it more efficient, better service, and more cost-effective for everybody. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Mikkungwak.

Mr. Mikkungwak: Thank you, Mr. Chairman. Looking at the time, I guess this would be my last question, so I'll be very precise. I'm seeing codeshare right before my eyes and at the same time, I have heard a lot of questions and a lot of responses. When I look at the responses and codeshare right before my eyes, split revenue, in some essence, has changed the structure of operations.

To all three, my question is: when you look at split revenue and it has changed the structure of operations of the three airlines within Nunavut, who is really benefiting?

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Δ⁶/Δ⁵C^{5b}: ၄၀၇.၁၂၆. ၂၃၁.၅၂၄၆.

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The airlines or the people? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen. (interpretation ends) Sorry. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman and Hon. Member. This is my opinion only and maybe not that of my colleagues. I think both are benefiting.

If codeshare hadn't moved ahead in its current form, the things that we talked about earlier in the day, pulling out of markets, going to smaller airplanes, for example, I could go to Pond Inlet with a Beech 1900 for about 60 percent of the price I can go there with a Dash 8 with. Another option was to down-gauge the aircraft or pull off the route.

I think that when all said and done, overall, the airlines benefited only inasmuch as it has pulled costs out so it's sustainable. When we appeared in front of you earlier on this year, we tried to be very clear that this was just a cost exercise. It had nothing to do with gaining any more revenue.

My answer would be I think both have benefited because all three options that Mr. Bell laid out today, if they didn't do their deal, I can absolutely say that they were going to happen in my deal and I don't think anyone wants to see Beech 1900s for two and a half hour flights. We had to do something and this was the best thing that we could come up with, that the airline survived and was sustainable, and that passengers got safe, excellent service on airline category aircraft. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Friesen.

Dr. Brock Friesen: Mr. Chairman and Hon. Member, in my introductory remarks, I

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mentioned a couple of sentences which I think stick with me.

First Air needs a healthy and sustainable airline and our shareholder, our owner, Makivik, needs a healthy and sustainable airline, but it's not only us that need a healthy and sustainable airline. It's also our customers because we provide the vital services in the north. It's also our employees. We're a large employer up here. We need to make sure that First Air is safe, strong, viable, and able to live up to the job of serving the people in the north. We are the vital infrastructure for the north.

I think that kind of says it all from our perspective. Sustainability is in everybody's best interest. Thank you.

Chairman: Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. You asked a great summary question there. I would echo my colleagues' comments. What I wanted to add to that is a comment. I wanted to acknowledge that our growing pains during this integration and this move of hubs have certainly masked some of the benefits to the residents of the Kivalliq region. We think that we're getting better every day. By no means are we perfect yet. We have a long ways to go and we're still striving to get there.

I think the other comment that Brock made earlier as an answer to one of your questions is that the virtual competitor or the potential competitor out there, in addition to the fact that the residents in the Kivalliq region in Nunavut do not have a lot of extra discretionary dollars, is always going to keep prices in check. If we were to materially increase prices, number one, a potential competitor could come in and number two, the amount of that discretionary traffic that's

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not GN traffic would fall off the floor if we had material price increases.

Those two things alone really keep pricing in check, whether it be passengers or cargo fares, but as you're all here today and we're on TV, these three carriers probably get more scrutiny because of the territory and the media coverage that we have up here versus any other carrier in North America. I think those are the safeguards and mechanisms that you have in place. Thank you.

Chairman (interpretation): Thank you.
(interpretation ends) Next on my list, Mr.
Mike.

Hon. Johnny Mike (interpretation): Thank you. Good afternoon. I'm Johnny Mike, Member for Pangnirtung and Minister of Environment with the government. I am very pleased that you're here regarding the codeshare agreement between the airlines because we have been affected in all ways.

It was indicated earlier that there is a requirement to use the codeshare agreement. That was during the meeting we had last spring. It indicates here that codeshare would come into effect and it would have an effect on the freight, passengers, and better alignment of providing the services to the people Nunavut.

Last year, we were also told by Canadian North that in the Baffin region, they will not be providing flights to Pond Inlet, Clyde River, Pangnirtung, and Qikiqtarjuaq. That's what it indicates here. It has had a huge impact on those communities. Even though we might not be part of the codeshare agreement, it has had an impact on the residents of Pangnirtung.

We have been having more problems since the agreement came into place. There are a

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lot more problems with the medical passengers. There are a lot more problems with the retail outlets and the supplies. We see a very limited availability of products for sale on the shelves now.

When it came into effect, we were told that it would provide better services, but it hasn't done so for the community of Pangnirtung. I just wanted to get that information out. Again, there was a reduction of employees in Pangnirtung. We were told that they were going to be able to get other employment. I would like to know if the Canadian North employees are now employed by either First Air or other airlines. Thank you.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: Mr. Hankirk will go.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. Yes, we did pull out of Pangnirtung, Qikiqtarjuaq, Clyde River, and Pond Inlet. Those decisions were made for business reasons. I have had to share all of that with the Competition Bureau. It has all been submitted to them. I can't share that with you in front of my colleagues nor do I have permission to release our financials on those routes to you guys. Certainly, if it becomes a big issue, I would try and take that forward to our ownership group.

I don't think we have cargo issues, but the person I really want to give the mic to, because she knows how Canadian North's operation is running, is Cindy Twerdin. I would ask her to speak to medical issues. We did have some medical issues initially, but I would rather you hear it from her because she's the person who fixed it with our IT

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people. Cindy, if you don't mind.

Chairman (interpretation): Thank you. Ms. Twerdin.

Ms. Twerdin: Thank you, Mr. Chairman. Hon. Johnny Mike, we did have some medical travel issues at the beginning of the codeshare with a Sabre glitch, which is our system. We fixed that with Lorraine Bonner and also First Air's Paul Ford, who is in charge of our Sabre system. We did have some issues with cargo, but that was weather-related as well. As far as we know, we don't have any more cargo issues, but if there is, I would like you to contact me and we will work together with our cargo department as well as First Air's cargo department. Thank you, Mr. Chairman.

Chairman: Thank you. Mr. Mike.

Hon. Johnny Mike (interpretation): Thank you. I thought I was going to get a response. I can look further into this. I brought this up last year and I was going to get a response. I used Pond Inlet and Pangnirtung as an example for snowmobile freight costs because they need to ship them sometimes. It was \$1,600 for a snowmobile and \$1,700 to Pond Inlet. I was going to get a response last year. They said that I would get correspondence on this. Pond Inlet is a lot farther than Pangnirtung and it's almost the same price. I wanted clear information as to why this is the case. Can you clarify this now while the Inuit are listening? Thank you.

Chairman (interpretation): Thank you, Mr. Mike. Who is that question for? Do you want a response from Canadian North or all the airlines? Mr. Friesen.

Dr. Brock Friesen: I can't answer that off the top. I would have to go back and get some facts, Hon. Member.

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I would mention that with respect to snowmobiles, I would encourage everybody to ship them on the sealift. Snowmobiles are very difficult for airlines to ship because when you put a snowmobile in, you get a large tube and you put the snowmobile there and you can't fill up the airplane. They're incredibly expensive for us to ship them. We struggle. We find places to put snowmobiles on. That doesn't answer your pricing question, but it's my opportunity to tell you that snowmobiles are difficult for us.

With respect to cargo on Pangnirtung generally, we don't have any backlogs for Pangnirtung in our cargo warehouse right now. I went through it and found out where we have backlogs. There are no backlogs. The biggest single problem we have in Pangnirtung is the weather and that's compounded by the facilities or the runway. That's the biggest single problem. We're actively monitoring right now to take the fish out, which we're looking forward to doing, but we can't control the weather and that's the issue. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. I don't think you got the answer you wanted to hear, but please note that the witnesses will have to leave at 4:30. I'll have to shorten the length of time you can ask questions. Mr. Mike, do you have another question?

Hon. Johnny Mike (interpretation): I'm not asking another question. Canadian North also has to respond to my question. Canadian North was involved at the time. I'm trying to ask why it would cost \$1,600 to Pangnirtung with a 50-minute flight and it takes hours to fly to Pond Inlet, but costs \$1,700. They didn't answer that question. Unfortunately, we're running out of time.

Pangnirtung has a real issue with airlines.

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Two years ago, we had 700,000 lbs. of turbot to ship out from the community. Tourism is also operating. Why do they have such high operating costs to Pangnirtung for freight and passenger fares? Thank you.

Chairman (interpretation): Thank you, Mr. Mike. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman. I'll have Cindy look into it right away. It does make no sense to have a ski-doo going to Pond Inlet for \$1,700 and to Pangnirtung for \$1,600. It makes no sense to me at all. The driving force behind the operating cost of airlines is actually operating the aircraft and that's on a block hour basis and I do know exactly how long it takes to get to Pangnirtung and how much to Pond Inlet.

What you're saying, Hon. Member, makes perfect sense to me. I'm sorry if we didn't respond. We obviously took that away and didn't get back to you, but I'll commit Cindy will take it away and try and find out. We will give you what it costs to send a ski-doo to Pangnirtung and a ski-doo to Pond Inlet and the actual pricing.

One of the things is unless we have very specifics or if there's a quote or all of these things, it's tough for me to track these things down, but what you're saying doesn't make sense, but obviously it happened, so we need to find out and Cindy will be back to you very shortly. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. There are still six names on my list. We're running out of time, so you can only ask two questions now and you have two minutes. Also on the list is Mr. Shooyook.

Mr. Shooyook (interpretation): Thank you, Mr. Chairman. I'll keep it short as other members have questions. I represent the three

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communities of the High Arctic: Arctic Bay, Resolute Bay, and Grise Fiord. In the High Arctic, you have to travel the farthest distances by air.

Grise Fiord is the farthest northern community. They have the most difficult time living there and First Air doesn't go there. They go through real difficulties. I'm asking: can you describe how your airline's codeshare agreement has affected travel to the High Arctic? Kenn Borek flies to Grise Fiord, not First Air. To what extent has your codeshare agreement affected your working relationship with Kenn Borek? How have you worked with them? Can you clarify that for me? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. He directed the question to First Air. I forgot your name. Can you respond?

Mr. Van Der Stege: Thank you very much, Mr. Chairman. I can respond to this question in great detail. First of all, I remember the last time we met, I did tell you that I was going to visit Grise Fiord, Resolute Bay, and Arctic Bay and I am happy to tell you that I very much enjoyed that visit to the three communities last year. It did provide me with an opportunity to actually see first-hand what the challenges are operating into Grise Fiord. The reason we don't fly to Grise Fiord is a very simple one: the smallest aircraft we have is an ATR 42. It cannot land in Grise Fiord. The runway is simply too short and the approach is very challenging.

We have to work with another airline that can operate into Grise Fiord with much smaller aircraft. Kenn Borek is the perfect partner for us. We do exactly the same arrangement using their Twin Otter into Kimmirut. This relationship that we have with Kenn Borek is completely unrelated to the codeshare arrangement with either

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Canadian North or Calm Air.

I am pleased to say that as a result of our overall network adjustments and changes, we have been able to increase the frequency to Arctic Bay and Resolute Bay to six times a week in the summer and that's what we will continue doing in 2016. Even though it's unrelated to the codeshare, as a result of aircraft availability and First Air being able to adjust supply and demand, we have been able to increase the frequency to six times weekly in summer. Thank you very much, Mr. Chairman.

Chairman (interpretation): Thank you.
Please keep your responses clear and short.
Mr. Shooyook.

Mr. Shooyook (interpretation): Thank you, Mr. Chairman. He answered the question, but please keep in mind that in the High Arctic communities, it's hard to get fresh foods and they're just losing them because the airlines are not keeping up. They get only two flights per week. Can they get service more frequently than two flights a week? Can you put that into more careful consideration to provide better service to the community? Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen.

Dr. Brock Friesen: Mr. Chairman and Hon. Member, I think I got the gist of the question. The Grise Fiord operation is determined by Kenn Borek and what Kenn Borek is able to provide on an economic basis, so there isn't a lot we can say about that. I would hope the community could support more, but it's not really us that will determine that one. Thank you.

Chairman (interpretation): Thank you. Mr. Kuksuk.

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listen to all the problems that are occurring.

In regard to cargo rates, I can't remember who it was, but one of my colleagues stated today that when there's any cargo coming in through Calm Air or First Air, it would cost a certain amount of money to send cargo and when arrives to its destination, the price was doubled. It's probably due to the lack of understanding. I know that there's no understanding between the two airlines and I know that they have to compete with each other. I know that had increased the price of cargo.

I know that the communities are not aware of all this information. As my colleague for Uqqummiut had stated, you have to consult with the communities to make sure that they understand what codeshare is all about, especially in the smaller communities where there are no retail stores or only one retail store and they have to send cargo there and back. I'm talking about smaller communities, not the larger communities. I'm talking on behalf of the smaller communities that don't have economic development or retail outlets. In the smaller communities, family ties are very tight and so they travel back and forth.

You are providing service to the Inuit in Nunavut. I am very pleased to see the airline providing Inuktitut language service for the beneficiaries and I see a lot of Inuit beneficiaries working within your airline, but one thing that has to be considered further within your corporate office or your dispatch, whether it be down in Thompson or Ottawa, should have Inuktitut-speaking staff. You should have that incentive or promote Inuktitut-speaking people in your dispatch areas and hire more Inuktitut-speaking people in your dispatch areas. When unilingual Inuktitut-speaking people try to call the 1-800 number, they don't understand anything because everything is in English.

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That's a problem that we face.

Mr. Chairman, some of the questions that I wanted to pose personally, I would like to have ample time to pose them to either one of the airlines, but if Mr. Bell would like to respond, I would appreciate it. Thank you.

Chairman (interpretation): Thank you. The questions will now only be responded to by one of the witnesses because there's only 10 minutes left. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. Thank you, Member Kuksuk. You presented a couple of different questions. I think the easiest way is to acknowledge the fact that I would be very happy to come into the communities that you represent and not just yourself but that offer is open to any of the Members in the communities that Calm Air services. I would be more than happy to have town halls with you present to answer questions and provide more information to the communities.

I was in Arviat and Whale both in October and I think the beginning part of November. I will be coming out probably in February, but I can touch base with you and make sure that our schedules align and we can pick those dates. I would be happy to do that.

With respect to your question on, I believe you called it dispatch, but I think what you're meaning is reservations, when they call in to make a reservation. We actually have a lady starting hopefully next week or the week after and she will actually be in the new Rankin Inlet facility. That lady will be there to address the question that you exactly have, which was also a concern from the Kivalliq Inuit Association.

We will have somebody in reservations
Monday through Friday to start 8:00 'til 4:30,

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who speaks Inuktitut, and that person will be based right in Rankin Inlet, not in Winnipeg, so that we can hire more Inuit people. There's no reason why that job needs to be in Winnipeg; it can be in Rankin Inlet. That's starting either next week or the week after, but that person has already been hired. I can tell you who it is after.

Again, so that you have more time to ask not only your questions but those of constituents, I would be happy to come to the communities that you represent or even touch base with you after and get a list of the questions so that I can respond in writing beforehand.

Chairman (interpretation): Thank you. The clock is ticking very fast. Mr. Enook.

Mr. Enook (interpretation): Thank you, Mr. Chairman. Good afternoon and thank you for appearing before us. Mr. Adams, thank you for appearing before us. I am very pleased that you are here to listen to the proceedings. I have numerous questions that I wanted to pose because all our communities in Nunavut have been impacted by the codeshare agreement. However, as Mr. Adams stated this morning, perhaps six hours ago, I remember what he said, that he wants to have discussions.

With the airlines all day here and the questions and concerns that we have, after the codeshare, it seems like we're not useful to you anymore. You said that the codeshare is improving the scheduling and it's good for the airlines and I agree with you, but for the people that you provide services for, I believe it didn't improve. Yes, codeshare is very good for the airlines, but it doesn't improve the services to the people that you serve.

One thing that I'm quite concerned about is

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For distribution of meat, I hear the problem with providing service. I envy Calm Air. They provide the shipment of country food at no charge. In our community, we have a lower discount fare for country food distribution and we try to do that in the three regions of Nunavut. We were able to work closely together

After the codeshare, due to financial losses... . Calm Air, our airline, and Canadian North are separate airlines. For the issues that we're trying to resolve, we wanted to use the Nunavik airline service as a model. For example, we provide services to the departments of Education, Health, and Transportation. They meet annually with Air Inuit and I believe that similar meetings should occur in Iqaluit too with the three airlines so that we can resolve the issues that we face.

While I have the opportunity, I'm saying that I want you to expect that we will be working on the improvement and to meet together to resolve the issues. That's what we would like to see in the future. Mr. Chairman, I just wanted to say that and thank you for bringing that issue up, Hon. Member.

Chairman (interpretation): Thank you. Mr. Rumbolt.

Mr. Rumbolt: Thank you, Mr. Chairman. I don't have much to say because I'm in one of the communities that is least affected by codesharing, but I would like Mr. Bell to clarify something that he stated earlier for the record.

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Earlier when Mr. Okalik was expressing concerns about the medical samples getting to southern destinations on time, some of Mr. Bell's response was weather-related issues, which I agree. If you're going to fly to Sanikiluaq for three hours, you've got to make sure your plane can land.

He also stated that Calm Air does not get adequate weather information from the community until 9:00 a.m. in the morning. That's the second time I have heard him state that. He stated it, I think, about a year ago when I was in Winnipeg. I know the CARS operator in my community. He goes to work at eight o'clock in the morning, which is 7:00 a.m. in Winnipeg.

I wonder if he can explain why he made a statement about not being able to get weather [information] until 9:00 a.m. in the morning. Thank you.

Chairman (interpretation): Thank you. Mr. Bell.

Mr. Bell: Thank you, Mr. Chairman. The comment about weather at 9:00 a.m. was not just directed at one community; there are a handful of communities that we have some of those issues with. I can specifically get back to you on our dispatch department's issue with getting the weather department in your community specifically.

Obviously I'm not the one who gets the weather reports in the morning, but we actually changed our flight time so that it leaves at 9:00 or 9:30 now instead of 8:00 in the morning because of that issue. If it's not nine o'clock, I'll specifically tell you exactly what time and apologize if it's not quite that late, but I know that we actually changed our schedule time to depart over an hour later because of getting the weather reports out of that community.

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Chairman (interpretation): Thank you. Mr. Rumbolt. (interpretation ends) Sorry. Mr. Peterson.

Hon. Keith Peterson: Thank you, Mr. Chairman. Thank you for the airline folks for coming here today. I was just sitting here all day patiently and listening to the questions and answers. There was a lot of good information. I learned a lot about your industry.

It's got to be quite challenging being an airline executive these days. I was reflecting back over the last 40 years and evolution to the airline industry in Nunavut. Nunavut is two million square kilometres, 25 communities, and we have three time zones. I know that as a politician, it's very hard to govern and look after such a large territory. It must be very difficult as airline executives to provide that airline service.

I come from the Kitikmeot and Cambridge Bay has been mentioned a few times. I have concerns about the linkage of east-west travel back and forth and I often wonder if, at some point, whether the airlines are going to just be able to provide that service. As a government, how are we going to govern our territory and look after all our citizens?

I'm wondering if one or two of the executives of the major airlines could, perhaps kind of like Zoltar, look into their crystal ball and tell us where they see the airline industry going, where it will be in five years or in ten years in terms of will we still have an airline industry that can connect this very territory of ours. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Friesen.

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Dr. Brock Friesen: Thank you, Mr. Chairman and Hon. Member. I'm delighted to address that question because our board has just given us permission to spend \$110 million CAD on more modern airplanes to serve Nunavut. It used to be only \$100 million until the USD went up. It used to be \$90 million until the USD went up. Nevertheless, we're making that investment in what we think are the most efficient, comfortable, economic aircraft for serving Nunavut. We're hoping to be here for the long term. Five years from now, I would hope that we would have all of these newer airplanes well into service and we stop using the older airplanes.

We have built this service together with our partners, Canadian North and Calm Air. We're not dating; we're actually quite seriously involved. This is not a fly-by-night quick solution. This is a well-thought-out codeshare arrangement that we have made to try and create longevity and sustainability in the business without detracting from service and, where possible, improving service. I think, in the Kivalliq, we have improved service. In parts of Nunavut, we have maintained service and in some cases, we have improved.

We're here for the long term. We're trying to find the right airplanes and the best means of operating them to provide the essential services that we need to sustain as a business. We are a going concern. We have our shareholder behind us. Your customers need it. You need the infrastructure. Our employees, which are your taxpayers, your citizens, need it.

We think the future is rosy, but as Johnny and others have said, there have been bumps getting the codeshare in place. It has had its bumps. Most of the bumps, we hope, are over. We're getting on with as many projects

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sustainable service to you guys. We need to think five and ten years out, exactly what your question was and it was a very good question. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Peterson.

Hon. Keith Peterson: Thank you, Mr. Chairman. I thank both executives for answering my question. This will be my final question as the clock is running out.

Is there a role for the Government of Nunavut to play in helping develop our airline industry and support the airline industry? Is there a role to play with policies or lobbying the federal government to invest in Nunavut or to put policies in place that will support the industry so that five or ten years out, we still actually do have a viable airline industry and we're not again having these meetings, concerns, and worries that the airline industry is going to collapse?

Let's face it, without the airline industry, we can't travel up here. It's just a fact of life. We need the airline industry for travel, freight, medical, and all sorts of other things. It's impossible to conceive a Nunavut without an airline industry. I'm just wondering if there's a role for the Government of Nunavut or the Government of Canada over the next five to ten years, if you can see a role for us. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. Mr. Hankirk.

Mr. Hankirk: Thank you, Mr. Chairman and Hon. Member. Again a good question. I don't think there's a reasonable chance that we would ever get regulation back into the air industry. I just don't think the federal government would move in that way.

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What could help us as an airline is to have infrastructure at the communities where we could run more modern aircraft that are fuel efficient and quite frankly, faster. The economics of some of the distances you're going, I'll give you a short example.

Cambridge Bay, in a Boeing, is about an hour and 20 in the air and that airplane is about \$8,000 an hour. If you do the math, you're at the \$11,000 mark to go to Cambridge Bay in a Boeing, but you're holding 30,000 lbs. of people and freight. If I do that with one of my Dash 8s like I used to, it takes two hours and 20 minutes to get there at a little over \$4,000 an hour. Now, for \$9,500, I'm moving about a quarter because you haul 8,000 lbs.

If we put infrastructure in place where we can run faster aircraft, and they could be turboprops like a Q400 or something like that, if we put that kind of infrastructure in place, I think it would help our airline on the routes I fly because I don't have very many communities that are close to Yellowknife or Iqaluit. If I was to leave you with one thing, it's that it would be: build the infrastructure.

As airlines, we have to be more transparent and I think, today, I can't share stuff in front of these guys because that's against the Canadian law, but in one-on-one sessions, I think all of our team, with our shareholders' permission, sit down and show you and be transparent about our costs and what it's like running an airline in the north. Thank you, Mr. Chairman.

Chairman: Thank you. (interpretation) We have run out of time. Mr. Friesen, do you want to make a comment? Keep it short. Mr. Friesen.

Dr. Brock Friesen: Thank you, Mr. Chairman and Hon. Member. I agree

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community, but if you're sending 80 percent of the money south, if you use us, you will keep a lot of the money in your community and generate jobs in the community.

I'm not a government policymaker; you're the government policymakers, but you might want to think about that. Most airlines, even the mighty United States, are supported in a soft way by their governments. Government travel in the US goes on American carriers. You think about it. It's not for me. I'm not the policymaker, but it would certainly help if we could get more of the business up here. Thank you, Mr. Chairman.

Chairman (interpretation): Thank you. The last one will be Mr. Taptuna.

Hon. Peter Taptuna: Thank you, Mr. Chairman. Very quickly, I'm going to be asking a question to Mr. Friesen and that can be responded to by correspondence, as we don't have a lot of time here.

Mr. Chairman, if we look at the opening comments of First Air, the first sentence of the first paragraph and the first sentence of the third paragraph, which states that “from 2011 onwards, First Air was experiencing unsustainable operating losses” and the third paragraph, first sentence, “Because of the unsustainable operating losses since 2011, First Air had to change.” It seems like in 2011, you hit a brick wall.

Through correspondence, I could try and respond to that. I know there are a number of factors, but you have been operating for over 70 years. These things always have been there. There are ups and downs in the economy. Again, just for clarification for the viewing public, remember that I'm going to be tabling these letters and responses.

However, in your annual report of 2012 and

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Again, Mr. Chairman, I want to assure you

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that this committee hearing televised across Nunavut demonstrates the concerns and the serious manner we take this industry in Nunavut. Your cooperation has been noted as well on your answers and in some cases and a few cases, non-answers. I will be following up with a formal letter to all of you concerning these hearings and I'll be making that letter public.

Again, I want to thank everybody for their participation and cooperation. Thank you very much, Mr. Chairman.

Chairman (interpretation): Thank you. The Premier indicated that he would be sending some correspondence to the air carriers. Yes, we have run out of time. I will skip the closing remarks and I'll just thank you for appearing in front of the Full Caucus meeting. (interpretation ends) Thank you.

>>Meeting adjourned at 16:49

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