



MAR 10 2016

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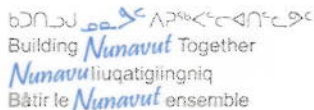
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ATT: <http://www.assembly.nu.ca/>



Office of Premier Peter Taptuna
Hivuliqtip Peter Taptuna Havakvingani
Bureau du Premier ministre Peter Taptuna

MAR 10 2016

RE: Public Meeting of Full Caucus on Codeshare/Nunavut Airline Service

I want to thank you for participating in the public meeting of the full caucus at the Legislative Assembly in the Committee of the Whole (COW), on codeshare and the airline industry in Nunavut and the North. I committed that I would follow up your appearance after reviewing the transcript of the questions and answers in letter form and make this letter public.

The session was well received across Nunavut. I believe that it did allow Nunavummiut to get a better understanding of the codeshare agreement and also many of the other issues in the airline industry in the North.

As I said in my opening comments, 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 connection to any other part of Canada, other than by airplane or the annual sealift.

You transport the food we have to eat, you move the goods we buy and the products we need. Airlines are truly the lifeline of Nunavut.

We understand that as a company you have to make a profit for your shareholders. Nunavummiut understand better than anyone, what it costs to work, live, and indeed survive in the North.

As the largest single contract customer for passenger, medical and government duty travel in the territory, and as the recognised elected advocate for Nunavummiut, we also wanted to bring to your attention concerns that continue to be raised across our territory.

I will not get into detail of every question asked and every answer given and in some cases non-answers that were given, but would like to address and raise some of the areas where more explanation is needed. I have provided the link <http://www.assembly.nu.ca/> for a copy of the PDF or full verbatim transcript of the discussions in the COW. for your reference.

You will note on Page 9 of the transcript, Mr. Bell suggested in his opening remarks that, and I quote from the statement:

"About six years ago, the Government of Nunavut changed the way we operated in the Kivalliq region by splitting the medical contract between two carriers, ourselves and First Air. Unfortunately, the decision to do that made those two carriers in that region uneconomical. The split revenue model by splitting that main contract that we rely on required us to examine every single one of our expense lines. We tried to operate with basically that large amount of revenue taken away by splitting that contract."

The contract awarded in actuality was through the open tendering process of the Government. However, in the case cited by Mr. Bell, Canadian North won the medical contract split with First Air as their competitor, not Calm Air, and then Canadian North sub contracted their award share to Calm Air, as Canadian North was not or did not intend to set up routes in the region outside of Rankin Inlet.

Thus the \$8 million loss referenced by Mr. Bell in the Kivalliq where you had been operating as a monopoly (after buying out Kivalliq Air) until First Air entered the marketplace, now meant that approx. 50% of the GN contract was now going to your competitor. See quote below on page 10 of the Transcript...

"At the end of the day, those changes were not enough. In the last two fiscal years before we announced this transaction with First Air, our company lost \$8 million in each of 2013 and 2014."

As of today, you will now get 100% of that market, as First Air has pulled out as a result of the codeshare. Thus, your airline should return back to profitability. Cargo as well as passenger traffic is moved by Calm Air, as no other airline is operating in the region. That is, if the reason as implied in your statement, was that competition made you less profitable.

The continued mantra from you (the three airlines) was that flying in the North/Nunavut was not profitable and that only by lessening internal competition between each other, could the airlines be profitable.

But how could that be? What changed in the marketplace? A market place that Calm Air says and I quote, from page 8 of the transcript, Calm Air has been in the Kivalliq for, "38 years". Canadian North and its successor companies have operated for 80 years in the North (see page 20 of the transcript) and First Air states on page 29 that they have been in Nunavut for 40 years.

So, why over the past three or four years has suddenly this robust , innovative and competitive industry begun to lose substantial revenue and this in turn forced you to gravitate toward a monopoly and /or advocate for a codeshare arrangement. It cannot solely be because of the recent down turn in mining (2011-13 were very good years for mineral exploration in Nunavut).

This is really the question that needs to be answered. Why have your airlines with a combined history in the North of over 158 years so suddenly turned un-profitable and would seek to form partnerships through codeshares that have resulted in monopolies and non-competition? That is what we were trying to ascertain with your appearance at the Legislative Assembly, why the codeshare, why now? All we basically heard was that the codeshare was good, give it time, you (Nunavut Consumer) don't worry, and monopolies are good, and competition bad.

I suggested in my opening comments and in my questioning, that external factors were at play in your marketplace. The single most devastating external occurrence was possibly the elimination of the Food Mail Program. The Food Mail Program and its subsequent metamorphosis into the Nutrition North Canada program crippled an already seemingly precarious industry.

Mr. Friesen stated on page 32 of the transcript that, *"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 code sharing 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."*

Was it, or is it, just a coincidence, that Nutrition North replacing the old Food Mail Program which began in April 2011 is/was the beginning of the operating losses of the Northern Airlines?

The subsidy through Canada Post that went to the airlines for flying food cargo now goes to the shippers-Retailers, the stores, not the air carriers. This has resulted in probably a loss of several million dollars off of the bottom lines of some of the air carriers. Again, we cannot be certain or sure of this occurrence, as we do not have access to your companies' financial statements.

Cargo as stated during the hearings makes up almost 50% of your Northern revenue. We can only assume that the decreases in your profits and your viability, is also tied to the Nutrition North Canada (NNC) program which everyone agrees is flawed and needs to be fixed.

An unintended consequence of NNC was to basically unhinge the northern airlines marketplace. Thus, we would assume the new code share arrangement that is being implemented to stay in business and be profitable again. It will be interesting to see how the Federal Government addresses Nutrition North and what impact that will have on your industry and more importantly, us as your customer.

Your appearance and the transcript of questions and answers all point to the Codeshare, creating monopolies, limiting competition on the major (Winnipeg-Rankin, Iqaluit-Ottawa, Yellowknife- East) as the solution to the current "crisis" in the Northern Air Industry.

The focus of our hearings were to understand from you what the "Codeshare" was and why it was implemented and to see how Government and the industry can work together to ensure a safe, reliable, profitable, robust product for the Nunavut consumer.

You will note in the transcript, that several areas of follow up were committed by you and that the information would be forthcoming to the members. I have noted some but not all of them below:

I look forward as do the members, to seeing your follow up answers and addressing the concerns on translated documents in Inuktitut, the usage of pre-recorded safety messages in Inuktitut and Inuinnaqtun. As well the demonstration by your flight attendants of the safety briefings in Inuktitut and Inuinnaqtun as they are now done in most cases only in English and French.

You were also to provide clarification on freight charges from Iqaluit to Pangnirtung and why the difference in cargo rates charged to Pond Inlet for a snowmobile were so obtuse. Also noted and questioned, was why seemingly certain forms need to be sworn by a Justice of the Peace or Commissioner of Oaths. Why the shipment of Country food and certain airlines cargo practice of charging per single leg and not an inclusive/through freight charge that is occurring.

Members also noted and you committed to reviewing the seat load capacities for several routes as well as reviewing the allotment of the lower cost air fare seats and how the number available has been limited especially with certain routes. There were many other examples noted, but we will leave it to your staff to review the transcript and respond expediently and directly on those and other concerns raised. I would appreciate being copied on said responses and correspondence.

Again, I want to take this opportunity to thank you for appearing before the Assembly and note that during our upcoming winter session later this month, more questions and statements will probably be raised by members. I would suspect that you will have your staff monitor the session for said questions and statements by members.

As committed during the hearing, I will be making this letter available to all members and to the public.

I look forward to your expedient written responses.

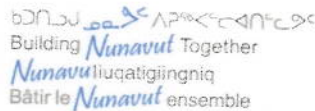
Sincerely,



Peter Taptuna
Premier, Nunavut

CC: Members of the Legislative Assembly

ATT: <http://www.assembly.nu.ca/>



MAR 10 2016

"Siksiuyut ukiut taimani, Nunavut Gavaman allanguqtihimavakhimayut aulavikhangit talvani Kivallirmi taima aviktuipugit aanniaqvilaqtuqtunik kaantulaangit tamangnin tingmiliqiyiunik, uvagut First Air-kutnilu. Mamianaugaluaq, ihumaliugiikhimangmat taimaliugiangat tamangnik tingmiliqiyut talvani aviktuqvingmi atuguminaiqman akitigun. Aviktuqhimayug maniliuqhimayug taima aviktuqhimanikkut kaantulaangit atuqtaptingnik ihumaliuqtivakhimayaptingnun qanuq akikhangit ihuatqiaq atugiaqaqtavut. Aulanahuaqpaktugaluuyugut taima anginiqagaluqtilunik atuqtaptingnik maningnik piqangitumik taima aviktuqhimayumik maniit kaantulaaqmi, atuguminaiman."

Tamna kaanutulaaq aituqtauhimayug aulavakhimayug talvuuna angmaumanikkut uuktugumayunun kaantulaarnik Kavamatkuni. Kihimi, talvuuna aulanikkut uqaqhimayainik Mista Bellmin, Canadian North-kut akimavakhimayaat kaantulaangit atautimuuqatigiplugit First Air-kut akigautigigaluaqhugit, Calm Air-ngituq, talvanganin Canadian North-kut kaanutulaaqtitivaktait aituipugit ilaqatigiikhugit Calm Air-kut, taima Canadian North-kut havakhimangitun havakniaqhimangitunlu aulavikhangit aihinungauyunik Kangiqinirmin.

Taima \$8 milian tallamik maniliungitun uqakhimaya Mista Bell talvani Kivallirmi aulahimaaqtulutin munaqtiulualiqtilutin (akiliqtuigiikhimaqaqhugit Kivalliq Tingmituutait) taima First Air-kut ilaulirmanik niuvrutiliqinikkut, naunaiyagiikhimaliqtuq taima katitihimayug 50 pusanmik Nunavutim Gavamangit kaantulaanga aulalirmiyug akigautiluaqtumun. Takulugu uqaqtan ataani mapirvianga Ilitugidjutigiyanik Titiraqhimayuni...

"Ubluq atugiikhimalirtuni, tapkuat allanguqtihimayut namaluangitun. Taima malruq ukiungit maniit atuqtauvingani taima tuhaqtitinata aulavikhangit First Air-kutni, havagvikput maniliuluangitun talvuuna 2013 2014-milu

Ublumimun, piinaliqtugut 100 pusanmik tapfuminga niuvaidjutikhanga, taima First Air-kut ilauyungnaiqtun talvani atautimuuqtunik tingmiliqidjutingnik. Talvaminun, tingmiliqidjutit utiqnialiqtun maniliuknikkut. Tuyuurutikhangit hunavalungnik tingmiyukhaniklu inungnik aulavikhangiat aulahimaaqtun talvuuna Calm Air-kut, taim allamik tingmiliqiyukharnik aulanginamik avaiktuqvingni. Taimaatiaq, ihumaliuqhimayan uqaqtangnik, tamna akigautiliqiniq, maniliuluangititahi.

Tamna aulahimaaqtumik uqaqhimaanginaqtangnik ilipfingnin (pingahuuyut tingmitiliqiyikkut) tingmiyaangat Ukiuktaqtumi/Nunavunmilu maniliuluanaqtuq ikikliyumiqtitihimaarniq akigautikharnik tamangningnin, maniliugiaqaqtun tingmiliqiyikkut.

Qauqtauq taimaliugiaqaqtuq? Huna allanguqtihimaliqqa niuvialiqinirmi? Niuvailiqiyut taima Calm Air-kut uqallakhimayut uqaqniaqaga, talvani mapirviangani titirangniituni, Calm Air-kut aulaliqtun Kivallirmi, "38nik ukiunganik." Canadian North-kut himautigiyaingitlu tingmiliqiyiryuagit aulavakhimayut 80-nik ukiunik Ukiuktaqtumi (takulutin mapirviangani 20-mi uvani titiraqhimayuni) First Air-kut uqallaqhimayut mapirviangani 29-mi aulavakhimayut Nunavunmi 40-nik ukiunganik.

Talvanganin, huuq pinghunik hitamauyunikluuniit ukiunganik akhuqhahiyumiliqtuhi, nuutaanguqtiliqihiuk, akigaqtuunirmun havagviunguqa maniliunginaliqat taimalu una ayapiligiluarutiliqiuq munagidjutikharnik imaalu/imaaluuniit uqaqtiulualiqihiq atautimuurnikkut tingmiliqiyitkunihuaqhaidjutikharnik. Ilauqalimaituq talvuuna aulaluayungnaigamik uyaraqhiuqtit (2011-13 ihuagiyaavakhimayut ukiut uyaraqhiuqtun Nunavunmi).

Una apigiyauluaqniaqtuq kiudjutikharnik piqaqtukhaq. Huuq tingmitiliqiyiluagiyan katitihimayumik ukiuqaqtunik Ukiuktaqtumik aulavakhimayut 158-nik ukiunganik ihumalihaaliqtun maniliugungnaiqtun qiniqhimaaliqtunlu atautimuurniaqtun tingmitiliqiyiryuarnik allanik taima naunairutiqalimiyug munagiluaqtukharnik allamik akigaqtuyungnaiqhutiklu? Tamna ilitugittiaqnahugitavut hamaniitiluhi Maligaliuryarvingmi, huuq tamna atautimuurnikkut tingmitiliqiyinun allanun namagiliqihuk, atulakhiuk

namakniaqtuq, iliffi (Nunavunmi Niuvainginaqtun) ihumalugiaqhaituhi, tamnalun munagidjutikharnik allanun namaktuq, akigaqtuiniq nakuungituq.

Uqallakhimavaktunga angmaqtiginikkut uqaqtamnik apigiumayungalu, taima allat akigaqtuiqatigiyatin ilauvakhimayut munagidjutikharnik. Atauhiinauyungnaqhiyuq ayungnautigivakhimayahi tamna piiqtaungma Niqqinik Tuyungnikkut Havaaqhaq. Tamna Niqqinik Tuyungnikkut Havaaqhaq tapkuatlu malikhautigivaktun allanguqtiruti talvuna Niriuminaqtun Niqqit Ukiuktaqtun Kanatami havaaqhanga ayungnautigivakhimayahi tautuminaqtuqlu qayangnairutiqaqtuni havagvikyuanganani.

Mista Friesen uqaqhimayut mapirviangani 32-mi talvani titiraqhimayunik taima, "Taima aturuminaituq auladjutikhangit maniliukhimangitun talvanganin 2011mi, First Air-kut allanguqtigiyayut. Katimayivut apigivakhimayut munagidjutikharnik pivalladjutikharnik haayaangat allamun hanaqidjutikharnun. Tamna upalungairutikhaq, ilauqaqhimayut atautimuurnikkut tingmitiliqiyigit Calm Air-kut Canadian North-kutlu, ihuatqiyauhimayavut hivumuugiangani. Kanatam Ukiuktaqtunga mikivalaaqman qaffinik tingmitit tingmiyaanganik, talvuunattiaq, ikikitunik iniqainaqtun tingmitit. Nigiunginaqtugut taima ikikitunik piqainaqtun; ikikitpalaaqtunik tingmivaktun maniliugungnaiqhutiklu.

Taimaituq, taimaituqluuniit, atulihaalirman taima, tamna Niriuminaqtunik Niqqinik Ukiuktaqtuni himautauliqman tamna utuqangayuq Niqqinik Tuyuqtauvikharnik Havaaqhangit taima aulaliqtuq Qitiqauyaqvia 2011mi imaatan/imaatan ituqlu aulavikhangit aulavikharnik maniliugungnaiqqtun Ukiuktaqtuniitunik Tingmitit?

Tamna akikhilaarniq talvuuna Titiqivigini tingmitikkut tingmivakhimayut niqqinik tuyuqtaunikkut aulaliqtuq talvuuna tuyuqtiliqiyunun-Niuvaaliqiyununu, situakkut, talvuunauhimaitumik tigumiaqtiyunun tingmikkut. Talvuuna naunairutiqaqtuq maniliuluangitun qaffiuyunik milian tallamik talvanga naunairutmiituni ataani aadjikiiktuni tigumiaqtauyunin tingmitikkut. Talvuunalu, naunaigiluaqhimangituq taima naunailuaqhimangitugutluuniit aulaningani, pihimangitugut havagvikyuanganin maniliqidjutigiyangnik ilitagidjutikharnik.

Tigumiaqtiuyut ilitugidjutikhangit talvuuna tuhaqtitiunik maniliukhimavakhimayut taima 50 pusanmik Ukiuktaqtuni maniliukhimayainik. Ihumaliulimaitugut talvuuna ikikhilaarutigiyainun maningnik pigiaqaqtangniklu maniliurnikkut, aulaniqangman talvuuna Niriuminaqtunik Niqqinik Ukiuktaqtuni Kanatami (NNC) havaaqhanga inuit tamaita angrutiqaqhimayut nakuuluangituq ihuaqhaqtauliqtukhaq.

Upalungaiyagikhimaluangituq ayungnautikhaq tapfuminga Niriuminaqtunik Niqqinik Ukiuktaqtuni Kanatami (NNC) havagikhimavakgunnaqhiyuq nalluqhipkaiyaangat ukiuktaqtuniitunik tingmiliqiyut niuvailiqinikkut. Taimattiaq, ilituginiagaluaqut nuutaanik atautimuurnikkut tingmiliqinikkut angrutingnik aulatitiliqhimayut havaaqagianganik havagvingni maniliukfaagianganiklu. Ihumaliukniaqtitinaqtun qanuq Kanatami Gavamangit ilitugipkainiaqtiyut Niriuminaqtunik Niqqinik Ukiuktaqtuni kituniklu ayungnautiginaqtun havagvingni akhuqnatqiyuqlu, uvagut niuvailiqiluaqtiuyugut.

Ilaudjutikhat hamani titiraqhimayutlu apiqutingnik kiudjutigiyaffingnilu uvanga talvuuna Atautimuurnikkut Tingmitiliqinikkut, havakhimaarniq munagidjutikharnik, ikikliyumirutikharniklu akigaqtuinnikkut anginingnik talvani (Winnipeg-Kaniqlinirmun, Iqaluit-Ottawamun, Yellowknife-Kivanmunlu) ihuaqhaidjutiginaqtuq aulagikhimaluqtuq hadja "ayungnautigiliqtuq" talvani Ukiuktaqtuni Tingmiliqinikkut Havagviani.

Ihumagiluaqtakhat tuhaadjutikhangit ilitugiumapluta ilipfingnin hunauniaqtuq tamna "Atautimuurnikkut Tingmitiliqinikkut" hunauyuq huurlu aulatitihimavakhimayut takuyaangatlu qanuq Gavamangit havagviingitlu havaqatigiitaaqtun naunaiyaangat qayangnairutikharnik, atuguminaqtmiklu, maniliugiaqaqtunlu, akhurnaqtuqlu, hunavalungnik Nunavunmi niuvainginaqtun.

Ilihmaniaqtutin talvani titiraqhimayangni, taima qaffiuyunaqt ihumagiyayut atuhimaaqniaqtahi naunairutitlu hivunirmi aulaniaqtun ilaayunin. Titiraqhimayatka ilangit tamaitaungitun uvani ataani:

Niriuhimayunga ilangitlu ilaayut uvani, takuyaangat kiudjutiginaqtatin ilitugipkaiyaangatlu ihumagiyauvakhimayut numiktigikhimayunik ilitugidjutingniitun Inuktunguqhimayunik, atuhimayut nipiugiikhimayut qayangnairutikharnik tuhaadjutikhat inuktunguqhimayut Inuinnaqtunguqhimayutlu.

Taimalu atuqtaunginaqhimayut tingmiyunik munaqtiyunik talvuuna qayangnairutikharnik tuhaadjutikharniitun inuktunguqhimayut Inuinnaqtunguqhimayutlu taima havagiikhimaliqtun tamangnik kihimi ilangit Qablunaangunginaq Uviiitunguqhimayuniklu.

Tuniyauvakhimayuhilu naunairutingnik tuyuqtiuyut hunavalungnik talvanga lqalungni Pangnirtungmun huurlu allatqiingutiqaqtun tigumiaqtiuyut hunavalungnik akingit akiliktuivaktun talvunga Mittimatalingmun siikiitunik akiliktuiyuminaaitun akingit tuyugiangat. Titiraqhimayuqlu apigiyauhimayuqlu, huuq ilangit titiqat upigidjutiqaqtukhat talvanga Maligaliqiyunik Nunalaanin Commissionauyuqlu Uqagiikhimayut Upigiyauyukharnik. Huuq tuyurutikhangit Nunanin niqit ilangitlu tingmiliqiyiit atuqhimaanginaqtun akiliktuiddjutikharnik atahiiinaqmik kanaqmik ilaunikkutlu/talvuuna tuyuqtiuyut hunavalungnik akiliktuiyukhat aulahimaaqtuqaqtuq taima.

Ilauyutlu titiraqhimavaktun uqagiikhimavaktuhi havakniaqtaptingnik ikhivautakhangit amigaitilaaqharnik qaffiyyunun aulavikharnun ihivriunqiaqhugitlu pidjutikharnik akikhilaaqhimayukharnik ikhivautat niuviqtauyukharnik qanuq qaffiutilaangit piqaqniaqtunik ikikliyumiqhimaliqtun talvuuna kihimi kituliqaaq aulavingniituni. Amigaitugaluit naunairutit titiraqhimayut, kihimi ikhinaqniaqtavut havaktitit ihivriutakhangit titiraqhimayungniitun kiunagidjavuhi tapkuninga ihumagiyauluaqtun allatlu ihumagiyauyutlu. Piumayunga aadjiliukhimayumik uvamnun talvuuna uqaqhimayunik kiudjutit titiraqhimayuniklu.

Taitai, quyagiumayahi ilauqataugaffi uvani Maligaliuryuaptingni naunaiqhimalugulu una talvuuna katimayuarutiptingni ukiumi katimaqyuarutiptingni nuunguliqan una tatqikhiut, amigaitun apikutikharnik piqaqniaqtuq ilitugidjutikharniklu ihumagiyauhimayut tuhaqtitauniagungnaqhiyut ilaayunin. Ihumaginiaqtunga taima ilipfingnun havaktiit munagihimaaqniaqaqtun katimayuarutiptingnik apigiyauhimayunik ilitugidjutikharniklu ilauihimayunin.

Taima havakhimaaqniaqatamnik talvuuna tuhaadjutitigun, ilautitinaqtaga una titiraqhimayut tamangnun ilaayunun inungnunlu.

Nigiuqhimaniaqunga qillaminuaq kiudjutikharnik titiraqhimayumik.

Pittiarnikkut,



Peter Taptuna
Hivuliqti, Nunavut

Aadjiliukhimayut: Ilauyut Maligaliuryuarvingmi

TUHAQTITIUKHARNIKLU: <http://www.assembly.nu.ca/>