



**NACC**  
National Airlines  
Council of Canada



**CNLA**  
Conseil national des lignes  
aériennes du Canada

# Changing the paradigm:

From Elite Accommodation to Disruptive Advocacy

June 12, 2018

# National Airlines Council of Canada

- Represents Canada's four largest passenger airlines: Air Canada, WestJet, Air Transat, and Jazz
- Our members fly over 92% of domestic flights in Canada and over 65% of international flights
- Collectively, we fly to 243 destinations in 64 countries around the world – including flights to 66 destinations across Canada
- Our members directly employ almost 50,000 Canadians across the country



# Elite Accommodation

*A process through which policy decisions on the allocation of scarce social resources “...are the result of negotiation and consultation among the elites concerned”*

Robert Presthus – Accommodation in Canadian Politics, 1971

# Disruptive Advocacy

An approach to advocacy and government relations that seeks to bring about change in the dominant policy paradigms by challenging their foundations and increasing the political cost of maintaining the status quo

# User pay: The dominant paradigm

*Other countries see the increasing importance of air transport for global competitiveness. Some, such as the U.S., Singapore, and the Persian Gulf states, actively subsidize their air sectors; others with user-pay models that promote self-sufficiency, such as countries in the European Union, still support their air sectors in other ways and minimize further tax burdens on the sector. **Canada is unique among its competitors in charging onerous rents and taxes that undermine competitiveness.***

Emerson Report (2015) – Page 190

# User pay – what it means

- As a result of narrow airline profit margins, incremental costs such as third-party fees, charges, and taxes, are often transferred, in whole or in part, to passengers
- Cost of air travel in Canada, relative to other jurisdictions, is therefore higher than in those that subsidize air transport infrastructure, such as the United States
- When coupled with the high price sensitivity of demand, and geographically dispersed population, Canada's user pay system:
  - acts as a drag on our industry's competitiveness
  - penalizes residents of smaller regional or remote markets
  - results in commercial and emissions leakage
  - has a built-in unsustainable cost compounding bias

# How we got here: A fiscal lens

- Until their transfer in the 1990's, Transport Canada owned and operated most airports across the country, as well as the air navigation system.
- Canada's spiraling public debt made the status quo fiscally and politically unacceptable
- Starting in 1994 the Government of Canada undertook a massive review of program spending
- Aviation user pay and devolution fell in the wheelhouse of the Chretien government's deficit hawks

# How we got here: A fiscal lens

- Culmination of a change in decision-making paradigm
- Shift of the political fulcrum from line departments to central agencies
- Under Paul Martin, Finance second only to PMO in agenda setting
- Trend continued under Harper government and continues today



# What does it mean for aviation?

- Weakening of agenda setting capacity of Transport Canada
- Weakening of open, consultative policy development processes
- Policy decisions driven by fiscal and political considerations

# What does it mean for aviation?

- Ultimately, it means embracing **disruptive advocacy**

# An example: Airport privatization

- Objective: avoiding reference to privatization in Budget 2017
- Strategy: Change the political calculus by increasing the political cost and injecting political uncertainty
- Tactics:
  - Development of a narrative
  - coalition building
  - proactive media relations
  - political engagement

# What NACC is doing

- Challenge the dominant, siloed policy paradigm
- Create awareness of the aviation ecosystem
- Advocate for coherent, holistic sectoral policy-making
- Change the frame

# The aviation ecosystem

<https://www.youtube.com/watch?v=7pAl79Ftndw>

# Thank you!

Massimo Bergamini, President and CEO  
National Airlines Council of Canada