

AIR ACCESSIBILITY IN NORTHERN CANADA: PROSPECTS AND LESSONS FOR REMOTE COMMUNITIES

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Abstract

Ensuring equitable air service to communities represents an important concern for Canada. Its geography features a sparsely populated Northern region with isolated communities. Many of these are highly dependent on air transportation, especially those with limited seasonal land access. Before Canada officially deregulated its aviation industry in 1988, it ensured service to remote areas through a cross-subsidization policy that relied on the government owned airline Air Canada and regional carriers. Deregulation and privatization of the flag carrier created the need to develop new mechanisms for providing transport to remote areas.

This paper assesses the impact of Canada's air transportation policy on air accessibility of remote and arctic communities in a context of liberalization of the aviation industry. Canada's phased long-term process of deregulation provides a history of service to remote communities from which we can learn. Unlike the U.S. that opted for full deregulation over its territory, and subsidies for low-density routes, Canada chose to maintain light regulation in its more remote Northern region. The experience shows that this approach promoted a degree of competition, by lowering control over entry into markets, and thus availability of discount airfares. The results may be used to guide other countries which now ensure service to remote communities using state-owned carriers, and that may have to develop new policies as they deregulate air transport.

The central objective is to examine policy's impact on essential air service. An observational study of the federal government's National Airports Policy (NAP) of divesting smaller airports to local entities is conducted using airport cases both inside and outside the National Airports System (NAS) covering 12 communities in Ontario (Ont.), Manitoba (Man.), British Columbia (B.C.), Quebec (Que.), the Northwestern Territories (NWT), and Yukon Territory (YT). The paper also evaluates the impact of Airports Operations and Maintenance Subsidy Program (O&MSP) and investigates the impact of several federal government departments in assuring air accessibility to remote areas. It is argued that: (a) local management allows for greater entrepreneurship and leads to some efficiency gains, (b) remote and arctic airports seem to be unable to sustain and operate their infrastructures without receiving local or federal contributions, and (c) Health Canada, Indian and Northern Affairs Canada (INAC), and Inuit organizations, such as the Makivik Corporation through its subsidiaries carriers First Air and Air Inuit, play a significant role in making air travel accessible.

It concludes that, although the decentralization strategy and the subsidy mechanisms are benefiting remote communities, Canada's policy success is constrained by its failure to incorporate changing conditions, loss of focus, and flaws in performance evaluation.

Keywords: Aviation policy, Deregulation, Canada, Remote communities, United States.