

Canadian Aviation Executives' Safety Network Meeting



April 30, 2007
Gatineau, Quebec



**Transport
Canada**

**Transports
Canada**

Welcome



Franz Reinhardt
Director Policy & Regulatory Services, Civil Aviation
Transport Canada

Moving Forward: Changing the Safety & Security Culture



Marc Gregoire
Assistant Deputy Minister, Safety & Security
Transport Canada

Meeting Facilitator



Paul Ouimet
Executive Vice President
Inter *VISTAS* Consulting Inc.



2006 CAESN Meeting

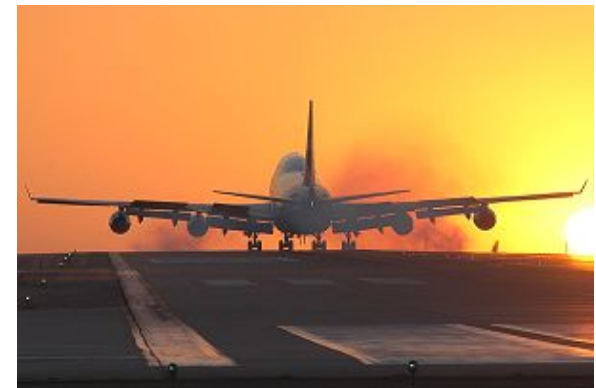
- Objectives & Agenda
 - Explore alternate regulatory schemes
 - System Oversight in the New Regulatory Era (Sidney Dekker, Lund University)

 - Discuss information sharing
 - The Opportunities of Sharing Information (Fred Jones, Canadian Airports Council)

2006 CAESN Meeting

Alternate Regulatory Schemes

- 3 major themes
 - Public confidence
 - Transparency
 - Clear and measurable targets and criteria



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Alternate Regulatory Schemes

- Maintaining accountability
 - Aeronautics Act
 - Transport Canada ultimately responsible for system oversight and setting standards
 - Traceability
- Addressing emerging hazards
 - Information sharing key
 - Non-punitive reporting
 - Clear criteria for different sectors

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Alternate Regulatory Schemes

- Criteria to be applied in determining which enterprises can participate
 - Support for national organization
 - Specific criteria
 - Technical expertise
 - Organization strength and stability
 - Funding capability
 - Neutrality
 - Efficiency
 - Good governance and accountability

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Information Sharing

- Value in pursuing more timely information sharing
 - Strong support
- Information collection and monitoring
 - Several potential models
 - Transport Canada
 - Transportation Safety Board
 - National Research Council
 - General support for neutral third party

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Information Sharing

■ Immunity

- Strong support to provide via legislation

■ Common reporting system

- Support for common reporting system Don't reinvent wheel (e.g. use existing databases)
- Need collaborative process to develop/implement

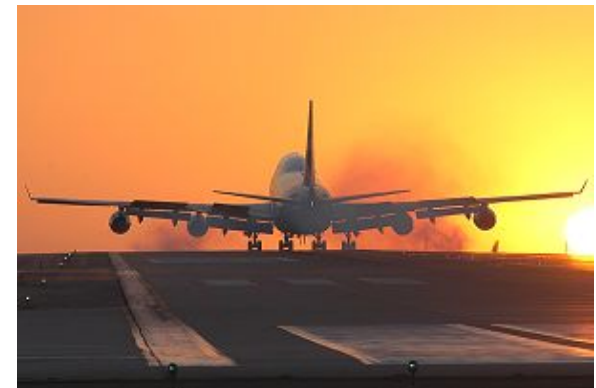
■ Funding

- Mixed opinions; Majority supported industry funding model
- Some support for Transport Canada funding and/or seed money

2007 CAESN Meeting

Objectives

- Discuss the business case for SMS
- Determine how to best communicate risks and safety performance



Meeting Agenda

Update on Aviation Safety Issues

10:00 Follow-up to CAESN 2006 Panel

10:30 *Health Break*

Keynote Address

11:00 Making the SMS Business Case Prof. Peter Gardiner

12:00 *Lunch*

Safety Leadership

13:00 How to Best Communicate Risks & Safety Performance Panel

14:00 Breakout Discussions All

14:45 *Health Break*

15:15 Plenary Session All

Closing Remarks

15:45 Summary of the Day Paul Ouimet

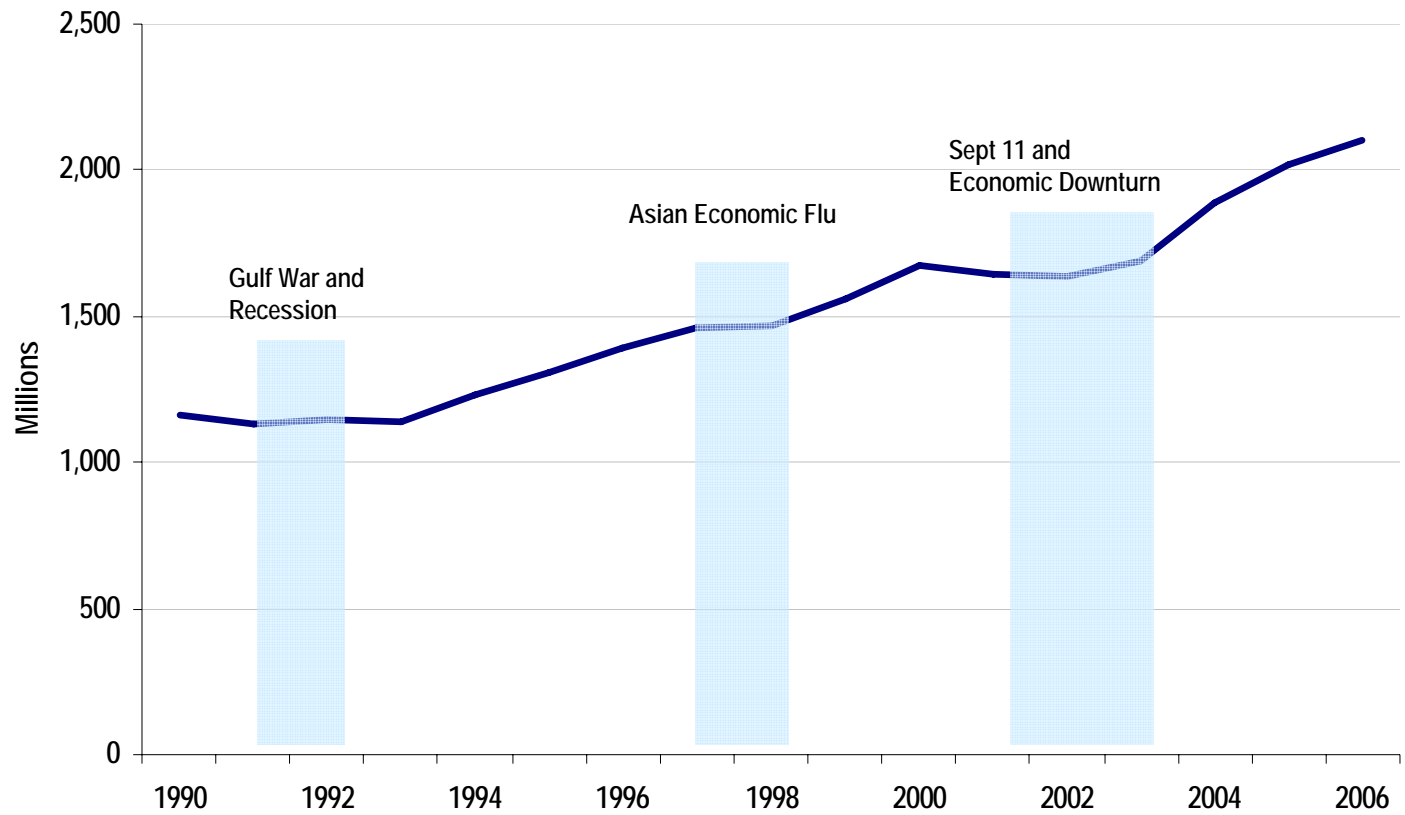
Closing Remarks Merlin Preuss

Setting the Stage...



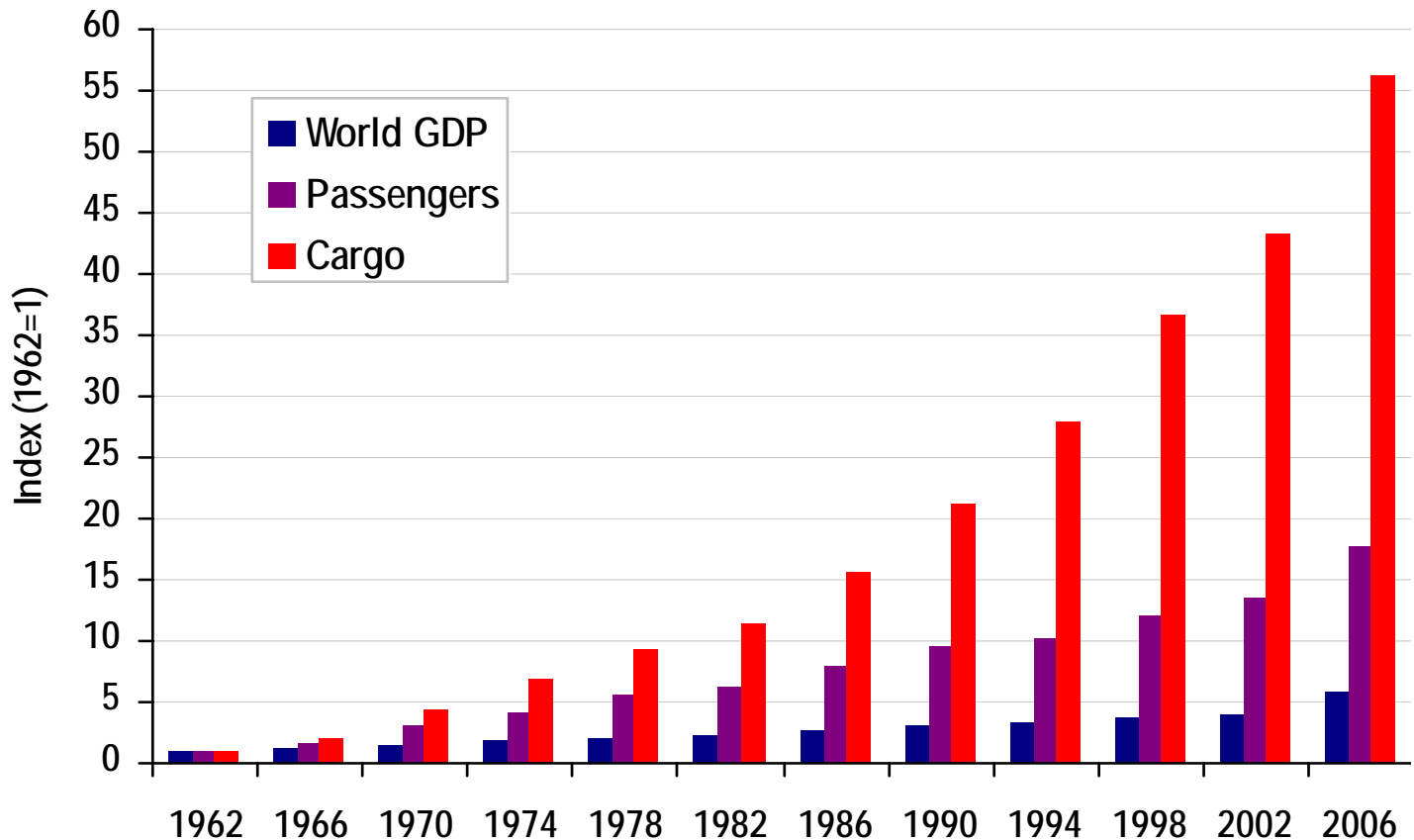
Global Air Traffic

Passengers



Growth of Air Transport

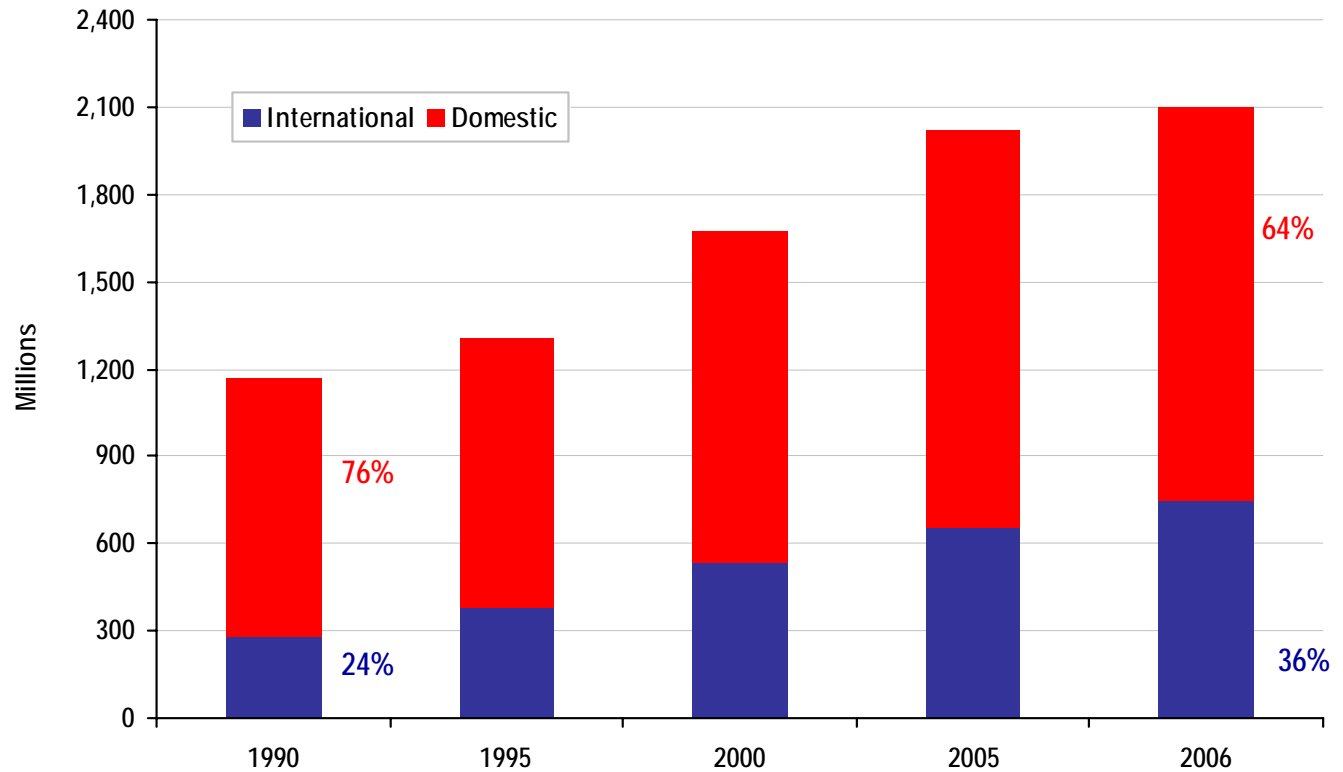
World GDP versus Air Transport



Source - World Bank and International Civil Aviation Organization.

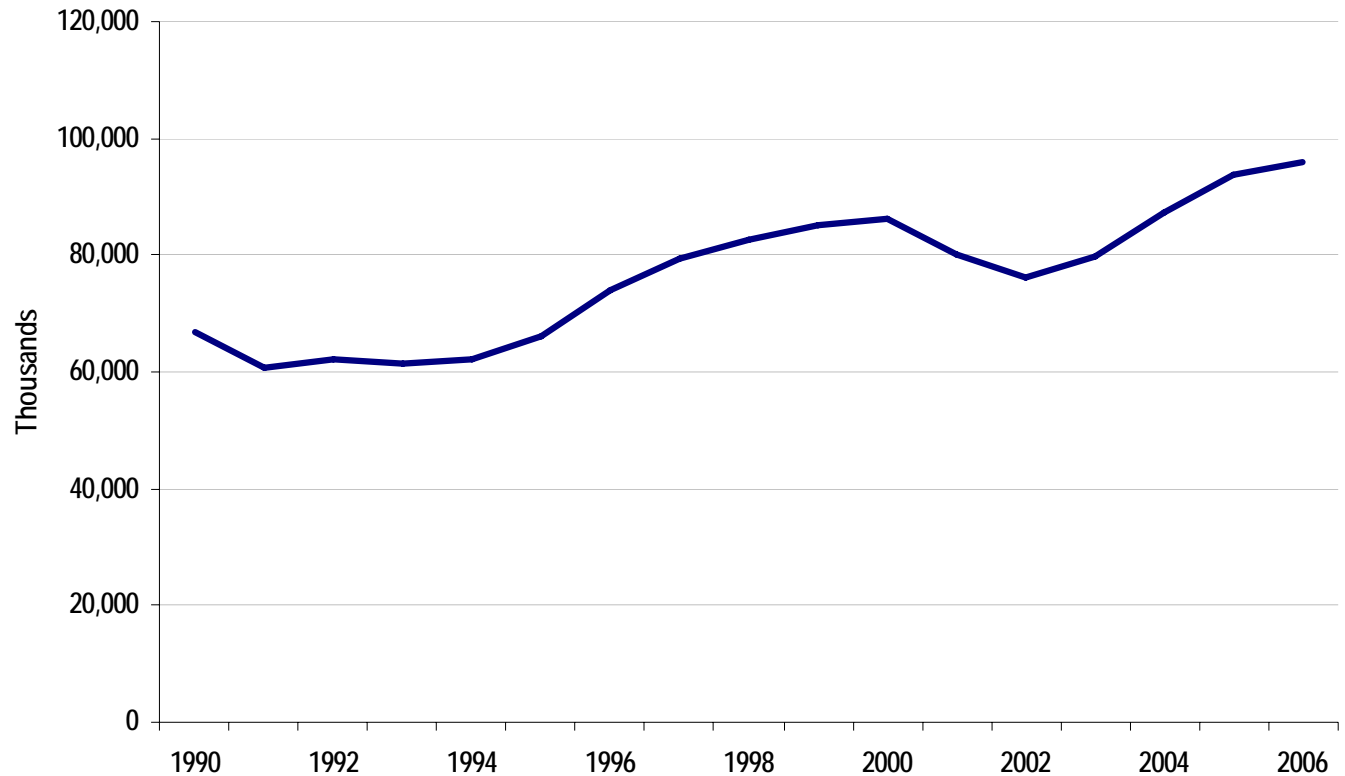
Global Air Traffic

Passengers by Sector



Canadian Air Traffic

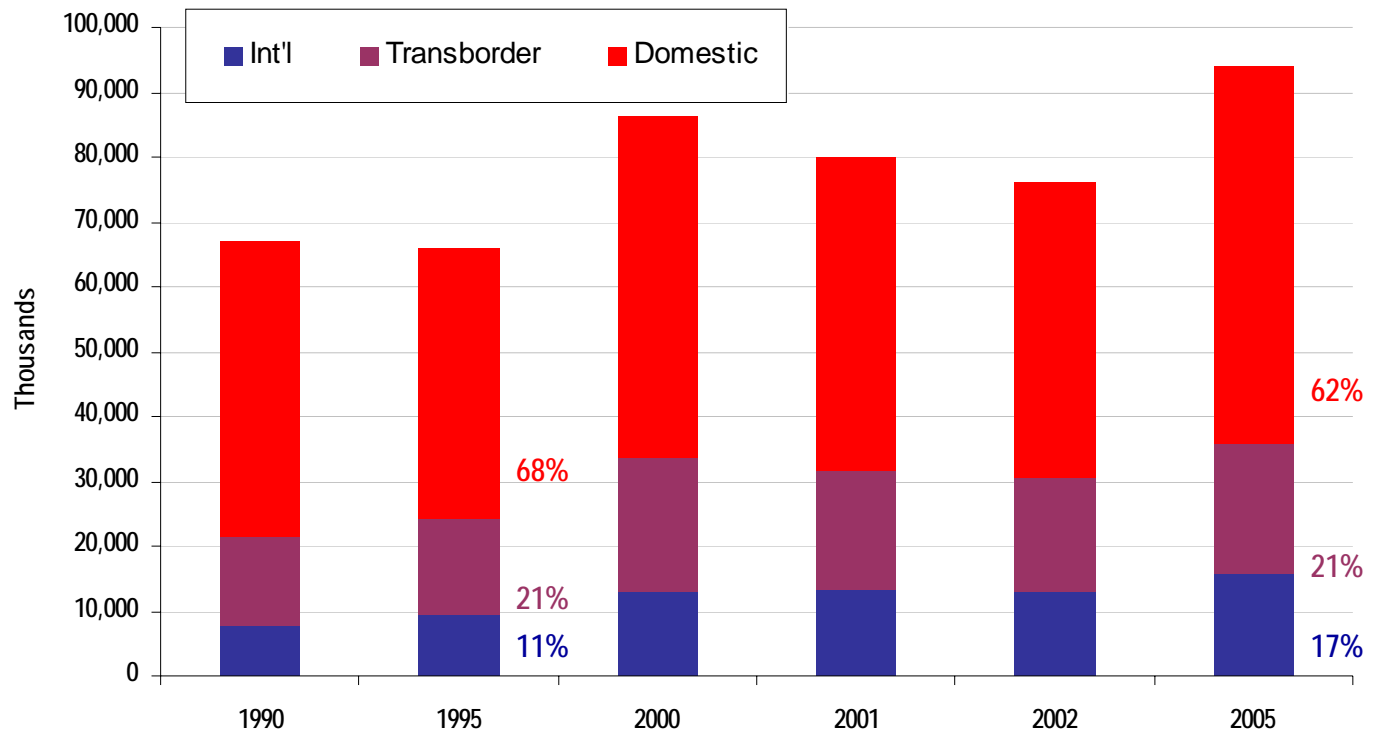
Passengers



InterVISTAS

Canadian Air Traffic

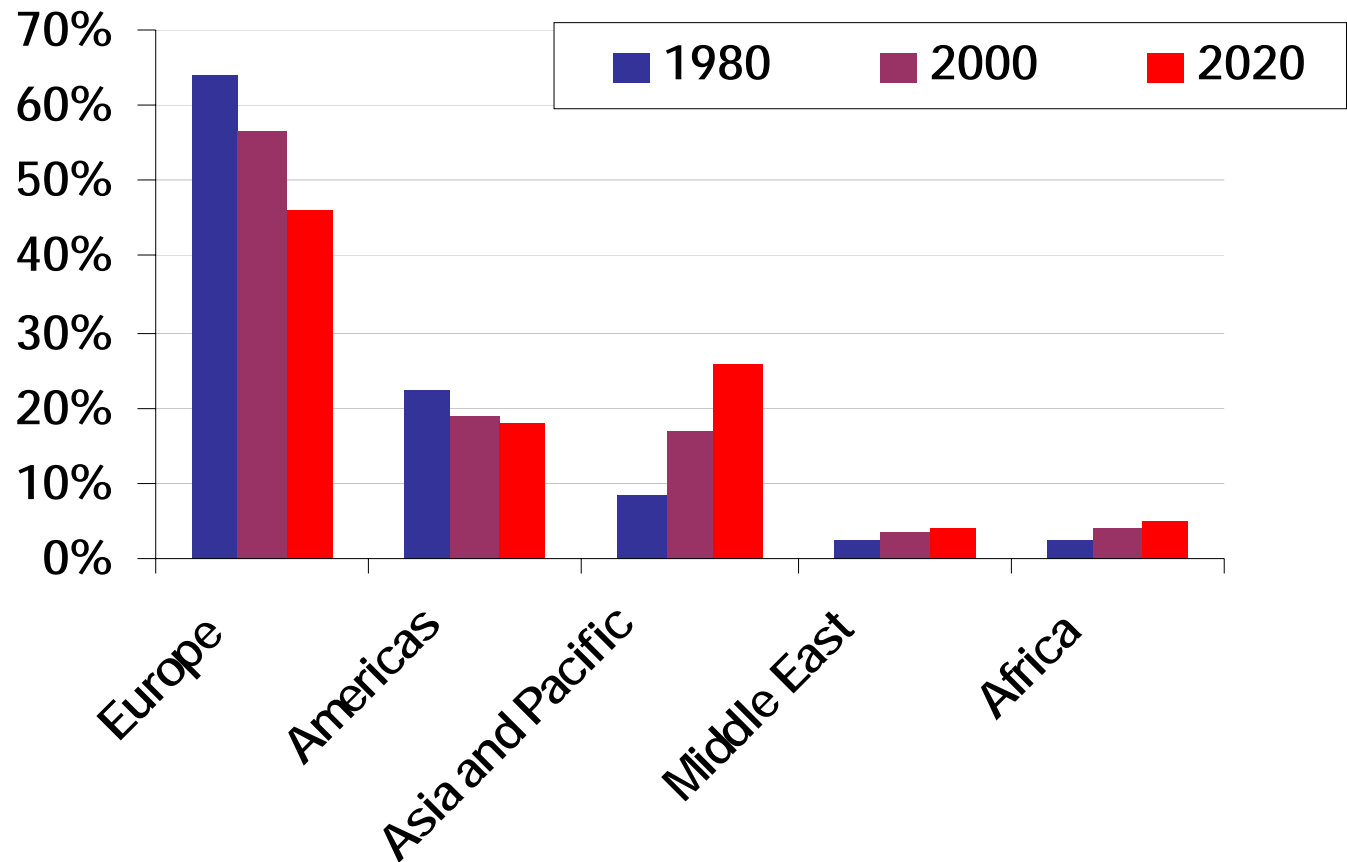
Passengers by Sector



InterVISTAS

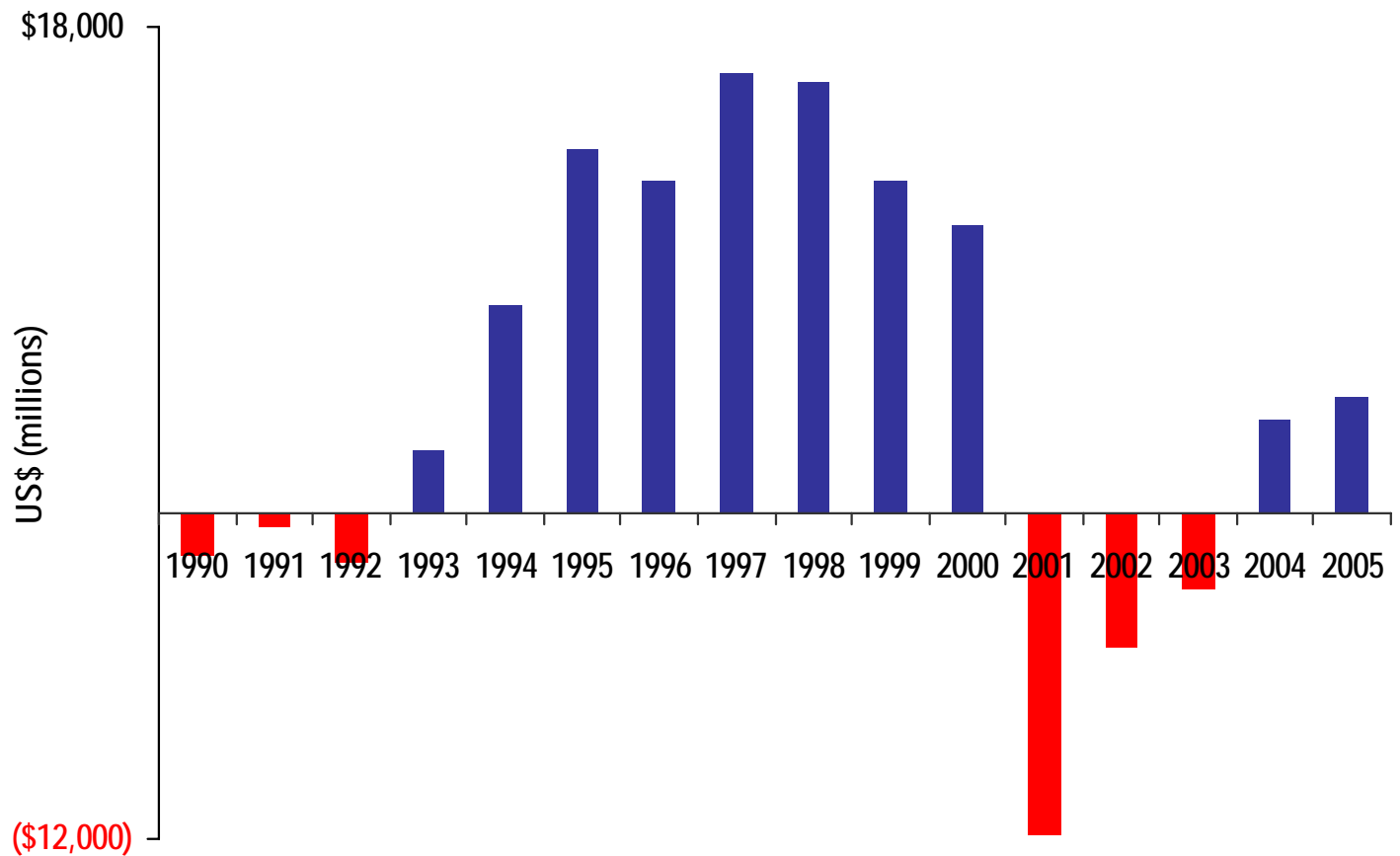
Global Tourism Markets

International Tourist Arrivals by Region



Financial Results








Global Air Carriers Operating Profit/Loss



InterVISTAS








Financial Results

Network Carriers

Airline	Operating Income (US\$ Millions)		
	2004	2005	2006
 AIR CANADA	\$103	\$283	\$231
 American Airlines	(\$355)	(\$89)	\$1,060
 Continental	(\$238)	(\$39)	\$468
 Delta	(\$3,308)	(\$2,001)	\$58
 nwa NORTHWEST AIRLINES	(\$505)	(\$919)	\$740
 UNITED	(\$854)	(\$219)	\$447
 US AIRWAYS	(\$20)	(\$217)	\$558





Traffic and Capacity

Network Carriers

Airline	% Change 2004		% Change 2005		% Change 2006	
	Traffic (RPMs)	Capacity (ASMs)	Traffic (RPMs)	Capacity (ASMs)	Traffic (RPMs)	Capacity (ASMs)
 AIR CANADA	9.9%	4.7%	8.0%	4.0%	4.8%	3.9%
 American Airlines	8.2%	5.3%	6.3%	1.2%	0.8%	-1.1%
 Continental	12.7%	9.5%	8.4%	5.9%	11.6%	9.2%
 Delta	10.8%	8.7%	5.9%	3.4%	-3.2%	-5.6%
 nwa NORTHWEST AIRLINES	7.1%	3.1%	3.4%	0.4%	-4.7%	-7.5%
 UNITED	10.3%	6.4%	-0.6%	-3.3%	2.9%	2.1%
 US AIRWAYS	9.6%	8.1%	1.9%	0.9%	-4.9%	-7.6%

Financial Results

Low Cost Carriers

Airline	Operating Income (US\$ Millions)		
	2004	2005	2006
 WESTJET	(\$8.7)	\$54	\$178
 SOUTHWEST AIRLINES A SYMBOL OF FREEDOM	\$554	\$725	\$934
 jetBlue	\$111	\$48	\$127
 AirTran FLY STATE	\$33	\$23	\$42
FRONTIER	\$27.5	(\$26.4)	(\$7.9)








InterVISTAS

Source: Air carrier press releases and financial reports.

Notes: Spirit Airlines and ATA are private carriers and do not publish their financial results.

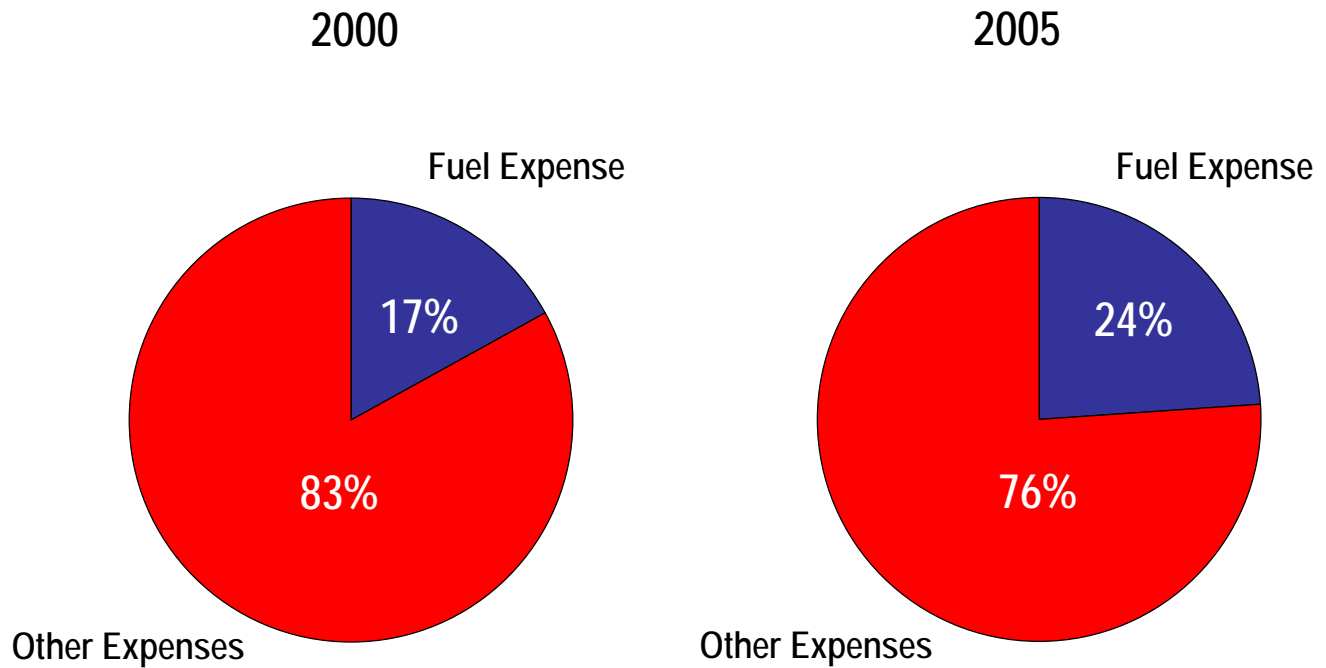
Traffic and Capacity

Low Cost Carriers

Airline	% Change 2004		% Change 2005		% Change 2006	
	Traffic (RPMs)	Capacity (ASMs)	Traffic (RPMs)	Capacity (ASMs)	Traffic (RPMs)	Capacity (ASMs)
 WESTJET	29.4%	30.4%	26.8%	19.0%	23.0%	17.3%
 SOUTHWEST AIRLINES A SYMBOL OF FREEDOM	11.4%	7.1%	12.7%	10.8%	12.4%	8.8%
 jetBlue	36.5%	38.6%	28.4%	25.3%	15.4%	20.6%
 AirTran	18.7%	19.2%	33.3%	28.3%	22.4%	23.7%
 FRONTIER	34.6%	30.0%	14.7%	8.8%	15.4%	14.1%
 SPIRIT	N/A	N/A	N/A	N/A	1.3%	1.9%
 ATA	5.5%	4.4%	-46.1%	-44.2%	-39.9%	-46.7%

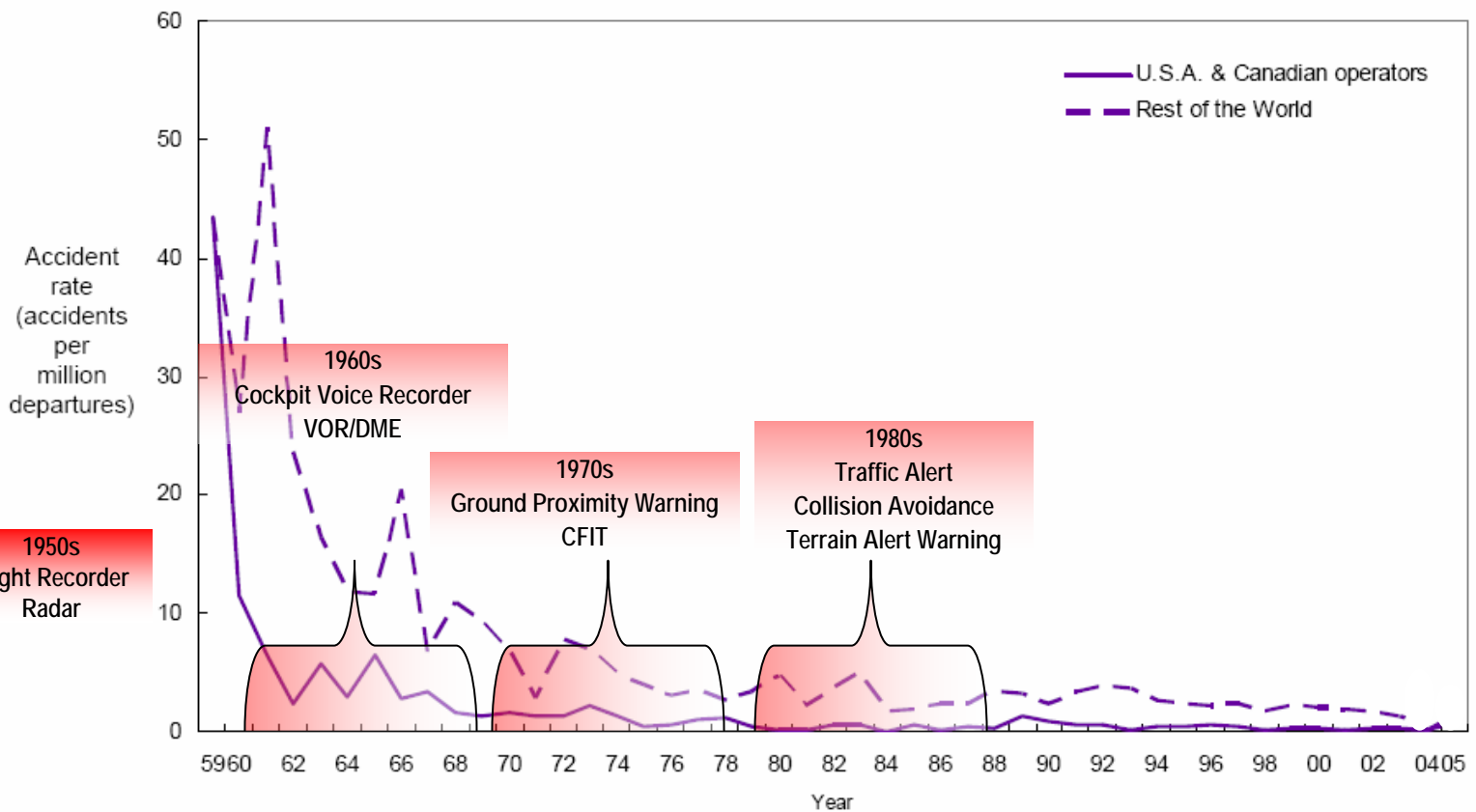
Rising Jet Fuel Prices

Increasing Fuel Burden



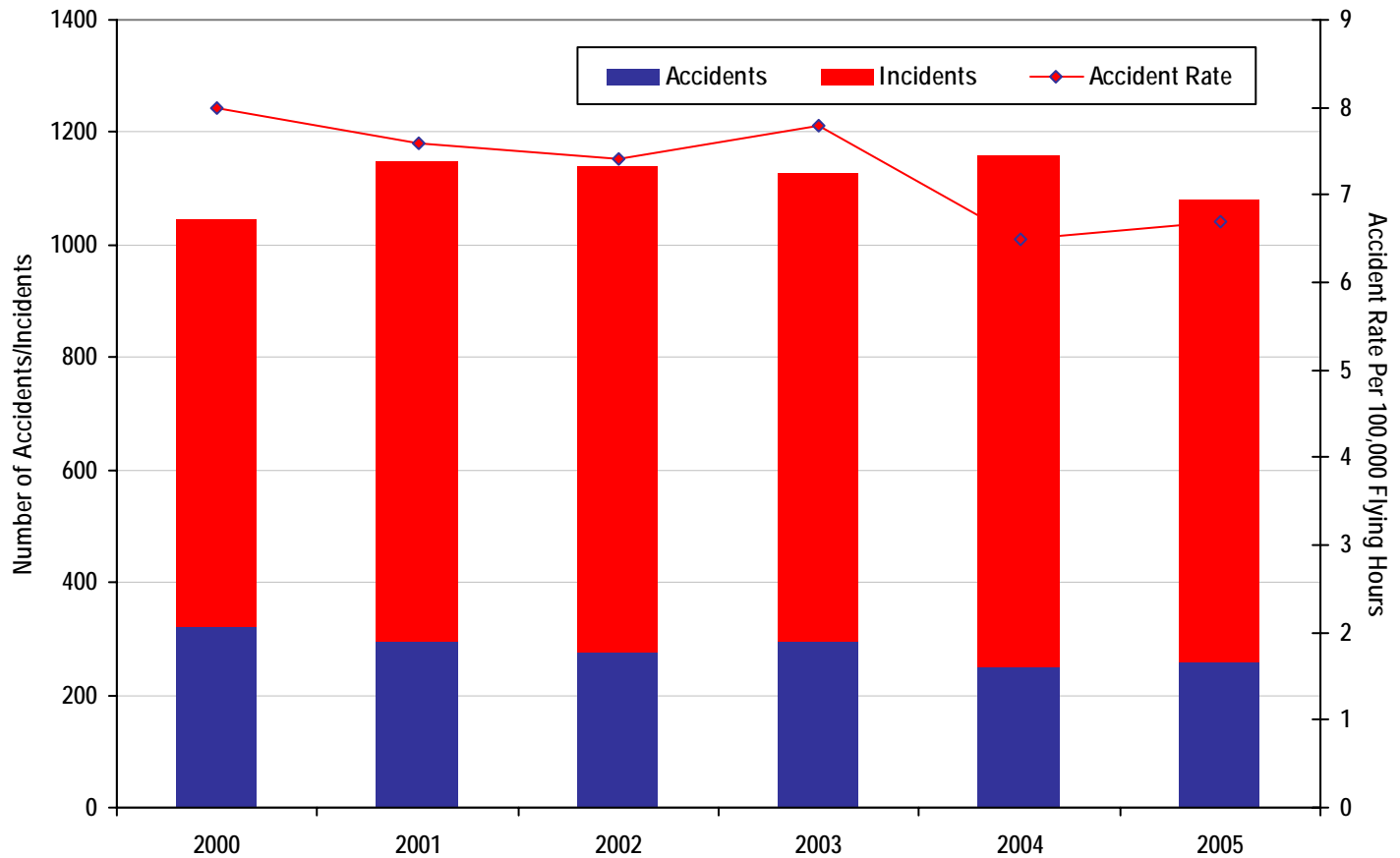
Air Transport Safety

Global Record



Air Transport Safety

Canadian Record

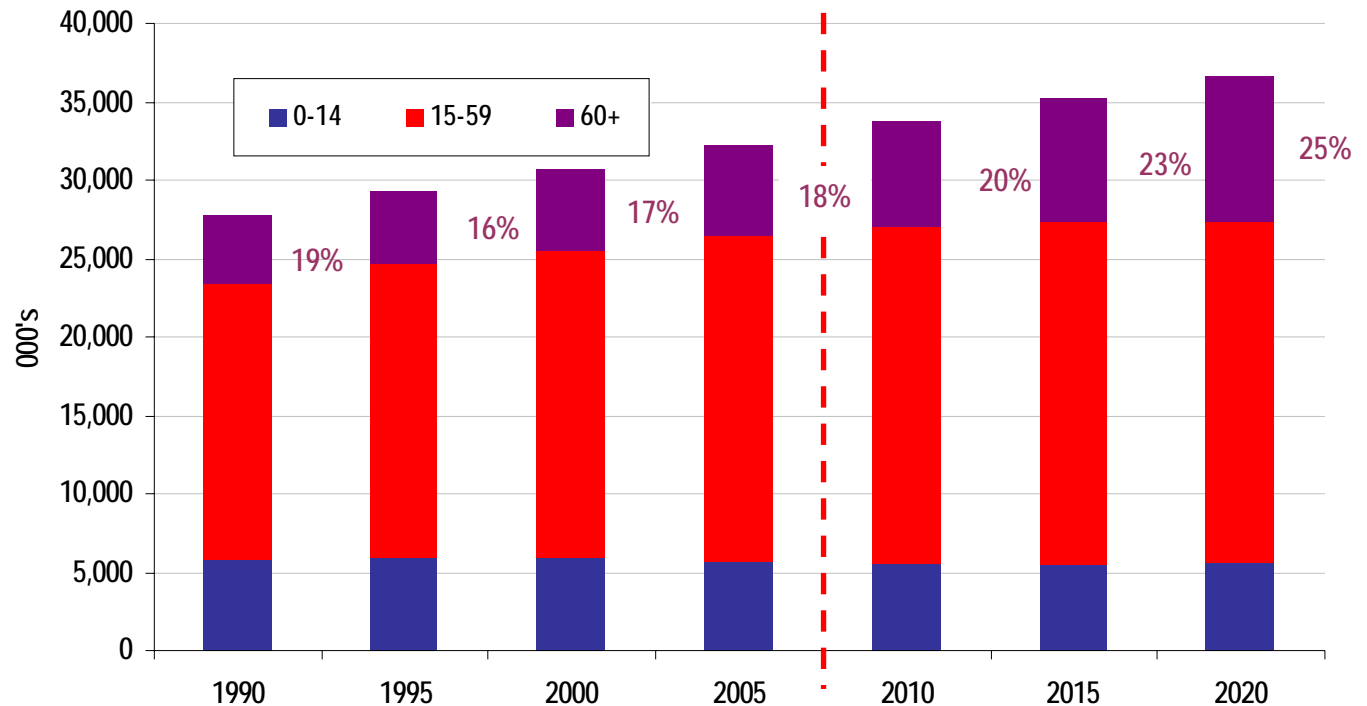


InterVISTAS

Source: Transport Canada.

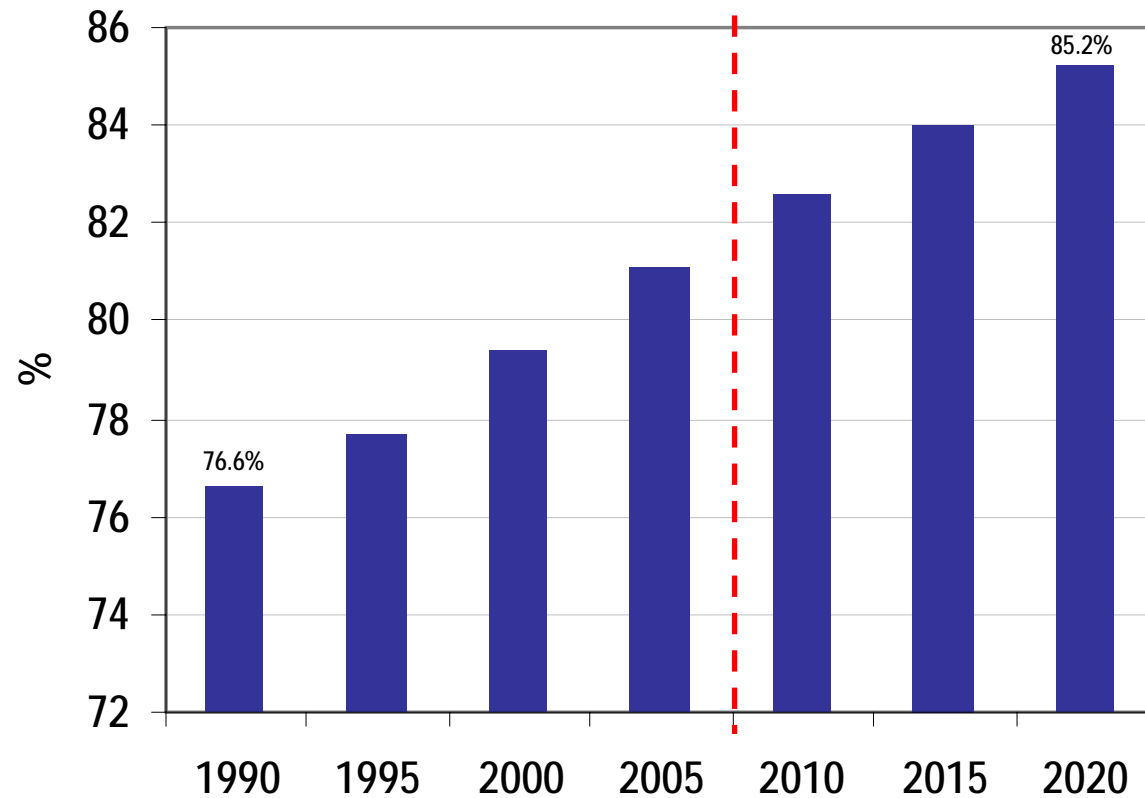
Changing Demographics

Canada's Age Distribution



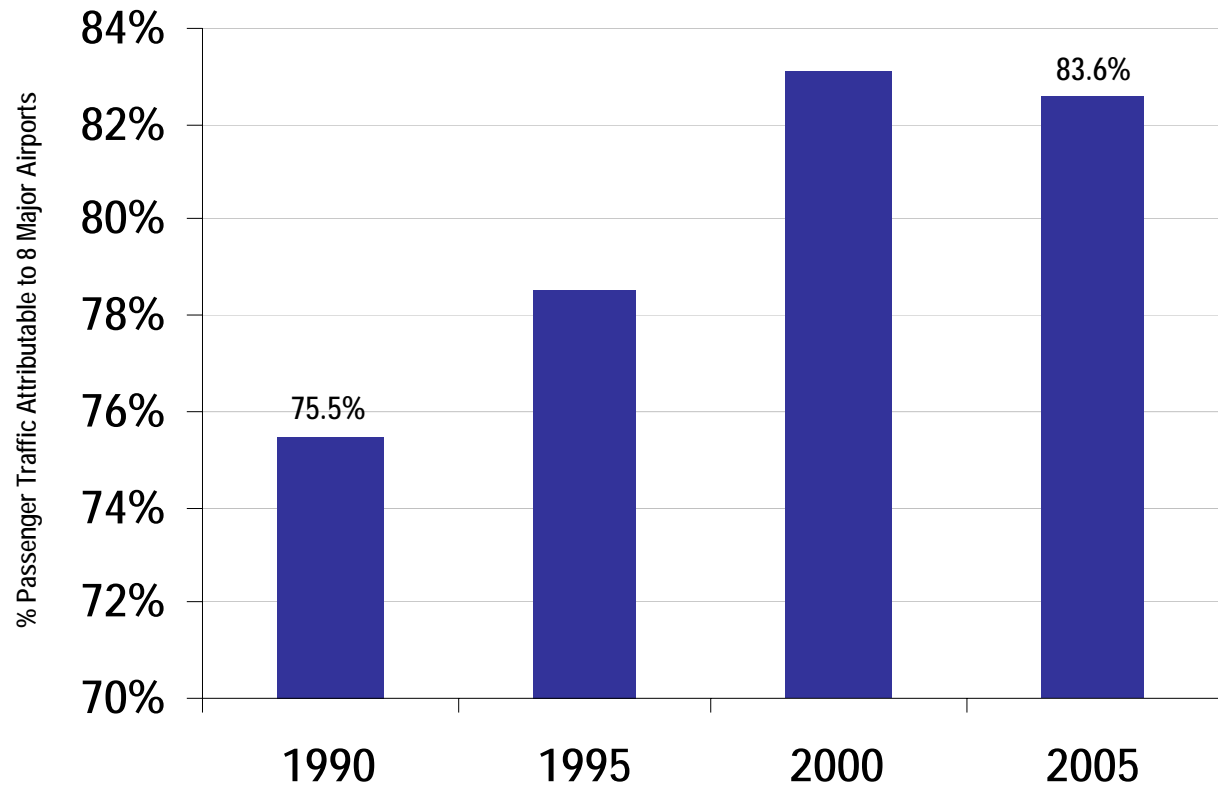
Urbanization

Canadians Living in Cities



Airport Concentration

Airport Passengers



Notes: Top 8 Airports – YYZ, YVR, YUL, YYC, YOW, YHZ, YWG, YEG
Source: Transport Canada