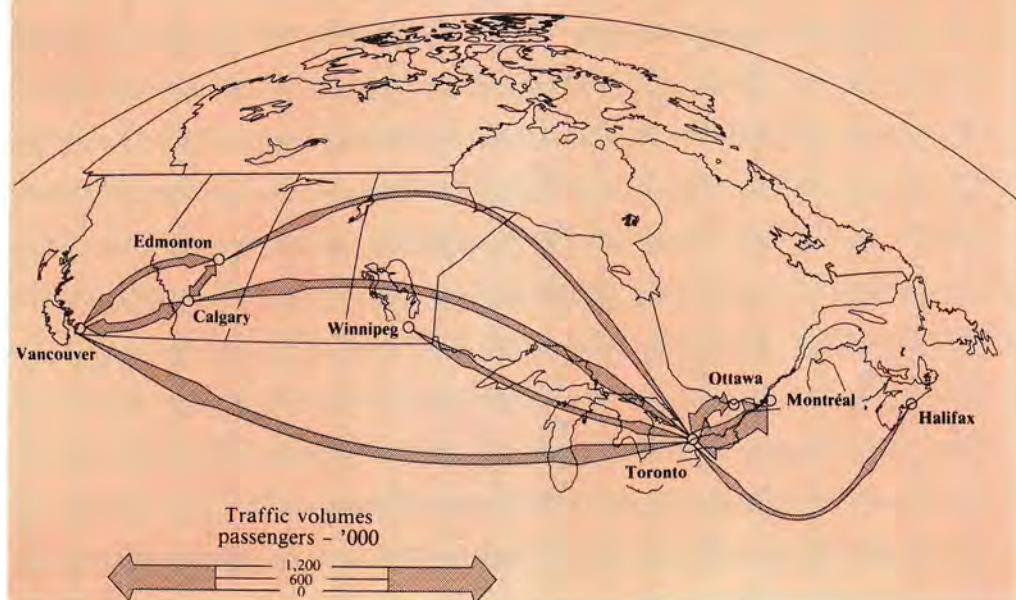


Chart 13.1

Scheduled air passenger origin and destination, top 10 domestic city pairs, 1985

The results of these changes have literally changed the scope of Canadian commercial aviation. For example, major transcontinental routes, previously served exclusively by Air Canada and Canadian Pacific Air Lines, are now served by an additional four or five carriers, depending on the route. For the passenger, this has meant extended options. For example, in 1986, a traveller flying from Toronto to Winnipeg could fly Air Canada, Canadian Pacific, Pacific Western, Air Ontario or Nordair.

The resulting competition has inevitably led to increased competition in fares. In 1985, 53% of all domestic scheduled passengers travelled on discount fares, compared to 45% in 1983.

Other major carriers in this new, more competitive environment are those specializing in charter services. For example, in 1980, Wardair started offering charter services between major Canadian cities, in direct competition with other major carriers. By the end of 1985, Wardair was licensed to operate international scheduled services, and in May 1986, was licensed to operate domestic scheduled services.

The long-standing Canadian aviation structure, based on two transcontinental carriers and four regional carriers, has thus been dismantled.

The new structure, while more complex, is a dynamic and changing one. Operating in a less regulated environment, carriers now introduce (and withdraw) their services more freely, while offering competitive fares.

13.2.2 Carriers

Canadian carriers. For statistical purposes, Canadian carriers were assigned to new reporting levels under revised air carrier regulations implemented at the beginning of 1981. Level I was comprised of the seven largest carriers: Air Canada, CP Air, Eastern Provincial, Nordair, Québecair, Pacific Western and Wardair. In 1985, these airlines earned 82% of total operating revenues for Canadian commercial air carriers. The remaining 18% was earned by 955 smaller air carriers providing public transportation services which are assigned to Levels II through V depending not only on revenue but on licences held, number of passengers carried and tonnes of goods enplaned. Many of these operate in areas of Canada which are relatively inaccessible by surface transport. Some of these carriers provide a variety of specialty or non-transport services involving activities such as aerial surveys and crop dusting.