

Community Resupply Services to those isolated communities and villages requiring supplies. The issuance of the licence is subject to an evaluation of the demand and supply of such service, the support of shippers and the ability of the applicant to provide the service.

The new provisions will ensure a consistent regulatory environment capable of adjusting to changing circumstances while preserving stability and reliability of service to communities. Licensing on the basis of total fleet tonnage will give carriers more operational flexibility in terms of choosing the most suitable vessel for each task. Other marine operations are not subject to this Act.

13.2 Air transport

13.2.1 Historical perspective

In 1909, the first flight in Canada by a powered, heavier-than-air machine took place in Baddeck, NS. By the end of World War I, 2,500 Canadian flyers had been trained for military action and more refined aircraft had been developed and manufactured both for training and military action. As a result, a strong and viable aviation industry was launched in post-war Canada.

In 1924, regular airmail services commenced in Ontario and Quebec and between Winnipeg, Regina, Calgary and Edmonton. Although work was underway developing a transcontinental route for passengers and mail, aviation made a strong impact in the development of the North where it provided the only available year-round transportation to many points.

In 1937, Trans-Canada Airlines (TCA) came into existence as a non-profit Canadian airline, guaranteed by the government against any loss. Its first regular service, the same year, was between Vancouver and Seattle and a new era had begun. In 1943, TCA launched the first regular transatlantic service to regularize sporadic mail deliveries between Canadian soldiers overseas and their relatives at home. In 1964, TCA was renamed Air Canada and this name change marked a period of tremendous growth in passenger and freight services.

Canadian Pacific Railways was determined to start a national airline of its own. In 1941, it acquired 11 aircraft operating companies and established its air services under the name United Air Services Ltd. A year later, the name was changed to Canadian Pacific Air Lines (CPAL). This airline was very limited in its domestic routings initially but expanded rapidly internationally from its Vancouver base.

Services offered by Canada's two national airlines were complimented by regional carriers. These included Québecair formed in 1945, Pacific Western Airlines which started services in 1946, Eastern Provincial Airways formed in 1949 and Nordair formed in 1957.

Wardair began operations in 1953 at a base in Yellowknife, NWT. In 1962, its base was moved to Edmonton and in 1966, it became the first Canadian airline to introduce the Boeing 727 on transatlantic passenger service. Wardair became one of the world's largest charter carriers. In 1985, it began to offer international scheduled services and in 1986, to offer domestic scheduled services.

13.2.2 The era of deregulation

Since the era of deregulation began in 1984 and the Minister of Transport's white paper "Freedom to Move" was circulated in 1985, many changes have taken place in the structure of the Canadian air transport industry.

Canadian Pacific Air Lines had already purchased control of Eastern Provincial, Nordair and indirectly, Québecair, in April 1987, when Pacific Western obtained control of Canadian Pacific. The result was a new airline, Canadian Airlines International, large enough to compete domestically with Air Canada and to compete internationally with the world's major foreign airlines.

Wardair, Canada's third largest carrier was acquired by Canadian Airlines International in January 1989. For many years this airline flew only charter services, primarily to Europe, the United States and the Caribbean. In 1985, it introduced scheduled services on some of its well-established international routes. In 1986, it commenced scheduled domestic operations, however, Wardair did not have any working agreements with feeder airlines. As a result, its services were restricted to major cities.

In October 1981, Air Canada, previously totally Crown owned, made shares available for purchase by its employees and the general public which represented 45% of the company.

In order to compete effectively in the domestic sector, both Air Canada and Canadian Airlines dropped a number of shorter routes that had previously been difficult to service profitably with their large jet aircraft. Both major airlines entered into agreements with "feeder" airlines which provide scheduled service from smaller airports to and from the main centres with smaller aircraft. The agreements are primarily concerned with the co-ordination of timetables and the sharing of reservation systems and baggage handling.