

3 August 2016

Canada Jetlines gets local support for changes to foreign ownership rules

Canada's a great place to invest, but the rule around foreign ownership a roadblock, CEO says

By Kate Bueckert

A new ultra-low cost airline hoping to take flight in Canada – including from the Region of Waterloo International Airport – is asking for changes to ownership rules surrounding airlines.

Jim Scott, president and CEO of Canada Jetlines, said his company has applied to Transport Canada to be allowed an exemption to the rule that says an airline based in Canada is only permitted to have 25 per cent foreign voting interest.

The company has an investor from Europe who would like to help the airline get started, but Scott said the investor is concerned once the airline starts trading on the Toronto Stock Exchange, they would lose any say of the future of the airline.

"Otherwise they said Canada's great," Scott said. "It's the last G7 country not to have ultra low-cost, the model works everywhere."

Support from local politicians, airport GM

The application for an exemption was filed in the spring and Scott hopes to hear from the federal government later this month.

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He said he is optimistic it will get approved, especially because the company's request has received support from politicians in Waterloo region as well as Chris Wood, the general manager of the Region of Waterloo International Airport.

Wood said the letter of support sent to the government suggested changing the foreign ownership rules would benefit smaller airports all over Canada.

"We are in support of raising the limits to increase competition," Wood said. "We're supportive of any new competition in Canada, especially for airlines that target smaller, regional-sized airports and communities that are underserved."



Jim Scott is the president and CEO of Jetlines (Canada Jetlines)

'Could be very significant'

Scott said the company plans to begin operations about six months after they receive approval from Transport Canada and secure full funding. They would start selling tickets 60 days before the first flight.

Then the plan is to roll out about five planes a year across Canada. The eight year plan would see 18 planes in southwestern Ontario at airports like Waterloo, Hamilton and London. Over time, he said the company hopes to be able to fly to every major Canadian and U.S. city.



Chris Wood, general manager of the Region of Waterloo International Airport, says they support changing the foreign ownership rules because it will increase competition and will benefit smaller, regional-sized airports.

He said there is definitely the customer base to support a low-cost airline.

"Waterloo is a perfect example of an airport which is too close to Pearson to get its own service, yet it has a big enough catchment area that it can support its own point-to-point service almost anywhere in North America," he said.

Wood said getting a new airline flying out of the airport in Breslau "could be very significant for us."