CAC
CANADIAN AIRPORTS COUNCIL
CONSEIL DES AÉROPORTS DU CANADA

CANADA'S AIRPORTS:
IMPROVING, GROWING AIR TRAVEL



ECONOMIC IMPACT OF CANADA'S AIR TRANSPORT INDUSTRY

133 Million
Passengers in 2015

$34.5 Billion
Contributed to Canada's GDP

$7 Billion
Accrued Taxes

141,000
Direct Jobs Supported

Expanding opportunities for Canadians to travel and improving the experience along the way are core to the mandate of Canada's airports. The air traveller wants efficient, comfortable, affordable air services with competitive options to many destinations. Through sound management practices and supportive government policies, Canada's airports strive for an airports system among the best in the world, while providing a high-quality platform for competitive air services to Canadian and international travellers.

SECURITY SCREENING

The number of passengers using Canada's airports has increased by 27 per cent since the economic slowdown in 2009. This is putting a demand on airports, particularly at pre-board security checkpoints at Canada's largest airports.

The Canadian Air Transport Security Authority (CATSA) – a government crown corporation – provides security screening services at 89 airports across Canada. Screening is funded by passengers who pay a high Air Travellers Security Charge (ATSC), but these fees are not allocated completely to CATSA, and are used to pay for other security-related costs. As passenger numbers grow, and expectations of the travelling public rise, the ability of CATSA to handle the demand for services is diminishing. Since 2010, wait times have been growing with passengers waiting more than an hour at peak times at Canada's primary gateway airports.

Meanwhile, airports also await a decision on the screening of airport workers. Under the previous government, a proposal was floated to transfer financial and operational responsibility for this from CATSA to airports at an estimated cost of $150 million a year. As airports operate as not-for-profit businesses, these costs would have to be recovered through higher charges.

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CAPITAL FOR SMALL NATIONAL AIRPORT SYSTEM AIRPORTS

Canada's airports were transferred to local authorities starting in 1992 with the expectation that they would be financially self-sustaining their operations and capital needs. However, the federal government always recognized that small airports with fewer than 600,000 passengers a year would find it a challenge to self-fund both. Six National Airport System airports (Charlottetown, Gander, Saint John, Fredericton, Prince George and London) find themselves barred from most federal programs for infrastructure as a result of being on federal land – a federal policy quirk that never really made much sense.

These airports have a backlog of projects, and without a change in policy, they may have to raise their Airport Improvement Fees.

Non-NAS airports that are eligible for assistance through the Airports Capital Assistance Program (ACAP) also need more funding and a program that is easier to navigate.

AIRPORT RENT/COSTS

Even though airports are responsible for funding their own capital improvements, 21 airport authorities also pay "rent" to the federal government – an anomaly internationally. Since 1992, airports have paid $5 billion in rent. This cost is calculated at 5-12 per cent of all revenues – a formula that makes airports less competitive in low margin business lines. It also means airports pay millions of dollars a year in rent on revenue raised through Airport Improvement Fees and non-aeronautical revenue, which is used to pay for infrastructure on behalf of communities. These costs have to be passed on to passengers through higher charges.

DOMESTIC COMPETITION

One of the biggest determinants of ticket prices is the presence of two or more competitors in a given market. Unfortunately, access to capital has emerged as a barrier to entry for new carriers in Canada. Increasing foreign ownership limits on Canadian airlines from 25% to 49% would allow greater access to capital for carriers in need of financing, allowing new competitors to start in the market place.

CANADA'S AIRPORTS CALL ON THE GOVERNMENT OF CANADA TO:

- **Institute comprehensive reforms to screening in Canada, including the establishment of service level standards at pre-board screening checkpoints.**
- **Provide a funding mechanism that matches screening resources to growing demand on a more nimble and responsive basis.**
- **Dedicate fully all revenue from the Air Travellers Security Charge (ATSC) to cover CATSA's complete mandate for Pre-Board Screening, Hold Baggage Screening, Non Passenger Screening for airport workers and Restricted Area Identification Cards.**
- **Develop infrastructure funding vehicles for small National Airport System (NAS) airports' short/medium term needs to keep costs down, as part of a broader initiative to improve capital funding to small airports.**
- **Reform airport rent, such as a cap and/or changes to the rent formula, to better incent revenue diversification at airports and lower, over time, the impact on cost of air travel.**
- **Increase foreign ownership limits on Canadian carriers from 25% to 49% (100% for all cargo) to support increased competition in the Canadian marketplace.**
- **Eliminiate the eligibility ban on NAS airports participating in federal infrastructure funding programs.**

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The Canadian Airports Council (CAC), a division of Airports Council International-North America, is the voice for Canada's airports community. The CAC has 50 members operating more than 100 airports across Canada, including all of the non-governmentally operated National Airports System (NAS) airports. CAC member airports handle more than 90 per cent of the commercial air traffic in Canada, and an even greater share of international traffic.