

## **Canadian Airports Council**

### **Responses**

#### **1. Economic Recovery and Growth**

*Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?*

Sustained economic recovery in Canada requires sustained investment in critical infrastructure, including aviation. This requires a rebalancing of the federal approach to infrastructure funding that reconsiders aviation in a manner consistent with other modes of transportation. As critical components of Canada's transportation infrastructure, Canada's airports enable aviation in this country. It is a role that crosses virtually every sector of the Canadian economy. Unfortunately during the most recent round of stimulus funding, the aviation sector was the neglected "step child" of federal infrastructure programs. The criteria established for project funding largely excluded aviation while similar projects off-airports were deemed eligible. Some airport projects were funded under other programs, but the industry would have benefited from a better defined and consistent set of criteria. Since the devolution of airports began in 1992, airports in Canada have invested more than \$14 billion in capital infrastructure improvements, the vast majority of which have been self-funded. The industry does not seek to reverse this practice. Nevertheless, federal funding programs should not exclude airports from consideration for projects similar in nature to those located off airport. As the Standing Senate Committee on Transport and Communications noted in its recent report, there also is great variance in the size, role and needs of Canadian airports. NAS status as a blanket consideration/disqualification for public infrastructure funding eligibility ignores the disparity of needs between airports of different sizes. A flexible, nuanced approach is more appropriate for the Canadian reality. Recommendations: 1. Include Canada's airports sector in consultations on the future of Canada's long term infrastructure funding programs. 2. Revise infrastructure funding eligibility criteria to include consideration of airports for projects, in a manner consistent with transportation modes. 3. Evolve an approach to infrastructure funding eligibility for airports that takes into account the variance in the size, role and needs of Canadian airports.

#### **2. Job Creation**

*As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?*

Aviation is a critical enabler of tourism in Canada – a \$74 billion industry equivalent to that of the fisheries, forestry and agriculture sectors combined. More than 1.6 million Canadians hold a job in the tourism but Canada's approach to the tourism, and aviation in particular, treats this sector differently from other industries. Canada's current approach to aviation was born in the 1990s in a different era with a different competitive context. Today aviation is a much more competitive sector. Canada's fiscal approach to aviation now results in a cost competitive disadvantage for Canada. Nobody expects an about face on an approach to aviation that has achieved many positive outcomes. However, a new fiscal approach is needed – one that reconsiders the valuable role of aviation to the Canadian economy and the more competitive environment in which the sector operates. Our member airports are

witnessing an increase in “cross border shopping” of air travel in which Canadians get in their cars and drive to the U.S. to access lower fares. Some 4.8 million Canadians did this in 2011. Federal airport rent, one of the highest security charges in the world, and the GST/HST: These put Canada at a disadvantage. Cross border shopping is just a very visible symptom of a much bigger cost competitiveness problem. Canada’s airports seek to make airports and airlines more competitive when benchmarked against international equivalents. This will create jobs and stimulate sustainable growth. Recommendations: 1. Consider recommendations contained in the recent Senate report on establishment of an Air Travel Strategy for Canada, revision/update of the National Airports System, phase out of ground rents and transfer of airport ownership to airport authorities 2. Put a moratorium on government fees and taxes on aviation and review the cumulative impact of existing charges. 3. Engage directly with NAS airports on Canada’s NAP toward long term reform of the policy. 4. Engage with Canada’s aviation sector on overall policy reforms to improve competitiveness and prosperity.

### **3. Demographic Change**

*What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?*

### **4. Productivity**

*With labour market challenges arising in part as a result of the aging of Canada’s population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?*

In recent years, technological advances have had a tremendous impact on the global aviation sector with benefits in customer service being just one of the positive impacts for travellers. Travellers today are able to conduct many transactions online or via self-service kiosks, greatly improving efficiency at the airport. These investments have been completely funded by industry. Meanwhile, two Canadian agencies with touchpoints on the passenger experience also have pursued the use of technology and other innovations to do “more with less.” The Canadian Air Transport Authority (CATSA) and Canada Border Services Agency (CBSA) each have important roles in the traveller experience. Both have taken advantage of the use of technology to more efficiently and effectively process travellers while maintaining safety and security. Examples of this include the latest technology in passenger and baggage screening equipment and the Automated Border Clearance program for international arriving Canadian travellers. Canada’s airports support this approach, which allows the two organizations to do more with less during a time of fiscal restraint. Continued investment in technology and innovation programs, however, is essential if these organizations are to realize the efficiency benefits. Recommendations 5. Continue investment in existing and new technology and innovation programs that allow federal organizations like CATSA and the CBSA to improve the efficient and effective processing of traveller and baggage.

### **5. Other Challenges**

*With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?*

