

**House of Commons Standing Committee
on Industry, Science and Technology**

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Thank you for the opportunity to speak with you today as part of your study in to the current state of the Canadian tourism industry. Mindful of time, I will be brief.

The Canadian airports council is the voice of Canada's airports; our members handle 95% of the passenger traffic and 100% of the cargo traffic. You can see why the tourism business is important to Canada's airports.

As gateways to the communities they serve, Canada's airports have an integral role in the promoting and furthering tourism in this country. We are a key part of Canada's tourism value chain. Our airports are the "front door" to the Canada and the community. We are a significant part of the tourist's Canadian experience.

In order for Canada to be a competitive tourism business, each link in the value chain must be competitive, efficiently operated and customer focused. As an airport community, our competitiveness depends are three key areas. They are cost competitiveness. Air access, and passenger facilitation.

Canada's airports need a competitive business climate to compete. Air Canada today announced a seven per cent reduction in its capacity for the winter months. While high fuel costs impact airlines around the world, Air Canada notes that in addition to record high fuel prices, Canadian carriers must contend with federal and provincial fuel excise taxes, security fees and

high airport charges – charges that are largely the result of an airport rent policy that has outlived its usefulness.

In order to operate in a cost competitive business climate and provide a competitive product, we need the federal government to view aviation as an economic generator and not an industry to be taxed at will. Canada's airports have invested more than \$9.5 billion to upgrading airport infrastructure since the transfer of airports to local operating authorities, our members pay nearly \$300 million a year in rent. Since transfer, rent payments to the federal government have totalled more than our airports' initial asset value, CAC members have paid \$2.5 billion in rent.

The revamped rent formula in 2005 did reduce the expected rent that was to be paid by nine airports in Canada; however it did not go far enough. The new formula takes a percentage of gross revenues on a graduated scale regardless of the size of airport. To put this in to context, the Greater Toronto Airports Authority will pay 12% rent on each dollar of revenue over \$250M; the GTAA is a \$1.1B corporation!

The elimination of airport rent would help everyone. Airports generate income in to the federal treasury through job creation, both direct and indirect, and attracting tourist and investment. Airports in Canada are committed to passing along any saving from rent relief to their users, be it the airlines or passengers.

Another important pillar of competitiveness is "air access." Air access is a simple concept; "if they can't get here from there" then everyone suffers. For airports it means that Canada needs better air service agreements; we define better as Open Skies agreements. Open Skies means the unfettered access of carriers between two states. The current EU talks are vital to growing our tourist base in Europe.

Few things will leave a bad impression for tourists than line-ups in custom halls. Facilitation and the availability of customs officials is crucial. Currently, we do not have enough officers to meet the demands at Canada's airports. Whether it is a smaller airport or Toronto, Canada needs more officers at airports. We are using Nexus, and it has been a great boost, but tourists are not always members of trusted traveler programs, and making airports pay for services outside of core hours only adds costs to the business of any given airport.

Working with their local and provincial tourism sectors, Canada airports today are actively promoting their communities in the U.S. and overseas. They attend air service trade shows, they're meeting with air carriers from around the world, and they are making a case for Canada. We need federal policies that encourage more tourists not ones that will result in a less competitive business.

We urge this committee to recommend:

1. Elimination of airport rent.
2. More Open Skies air service agreements; and
3. Greater investment in custom officers at airports

Thank you.