

**Presentation to the House of Commons Standing
Committee on Transport, Infrastructure and
Committees on High Speed Rail**

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President and CEO, Canadian Airports Council

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Ladies and gentlemen, thank-you for the opportunity to address you on the subject of high speed rail in Canada. I speak to you today on behalf of on behalf of Canada's airports. The Canadian Airports Council has 45 members representing more than 150 airports, including our nation's largest but also many of our smallest.

The potential introduction of high speed rail in Canada has been an ongoing subject of discussion for many years. Its proponents point to systems in Europe and Japan as models and urge significant public investment and government intervention in our transportation system as a sort of environmental nirvana for Canada. Canada's airports have some concerns with the direction of the debate.

Canada's airports believe there may be a place for high speed rail in Canada; however, it will be difficult for us to support an approach to rail if it is pursued in a manner that disregards the importance of our aviation sector or severely risks our sector's prosperity.

Like members of this committee, we eagerly await the outcome of Transport Canada's study due out early 2010. We hope it provides some answers to the many questions we all have.

Canada has a sparse population largely strung along the vast Canada-U.S. border. On a per-capita basis our economy is highly reliant upon international trade and foreign tourism. As a nation, accordingly, we are highly dependent on aviation. I cannot make this point more strongly. Without aviation, Canada would have trouble functioning as a prosperous nation.

Much of the discussions of high speed rail suggest a heavy public sector investment would be involved; this includes Public-Private Partnerships. An injection of funds into rail would come in a fiscal environment for aviation in Canada that already is heavily criticised around the world for burdening our sector with high taxes.

For airports the most notable of these is the \$300 million in airport rent our members pay each year. At the same time, airports are responsible for their own infrastructure

improvements, and have invested more than \$9.5 billion in airport infrastructure since 1992.

These are investments paid for not by the taxpayer, but rather through airport improvement fees paid directly by users. If public investment in to high speed rail is inevitable, perhaps the government could make a step forward with the elimination of airport rent, the air travelers' security charge and other aviation fees.

Without structural change to the aviation sector, a public investment in high speed rail would be a double whammy for our industry, upon which more than 200,000 Canadian jobs rely. With airports already on the hook for infrastructure improvements and burdened by rent and other taxes, having to compete with an improved, subsidized passenger rail service clearly would be an unfair disadvantage for Canada's aviation sector and its workers.

Airports and airlines in Canada are in competition with rail. Further subsidies by the Federal and/or Provincial governments to support expansion of rail services would serve to further un-level the playing field in favour of the

railway operators and at the expense of Canadian airlines and airports that pay their own way.

That said, we also believe it is important to point out the highly integrated nature of air travel. The introduction of high speed rail has the potential to greatly impact Canada's complex airline networks.

For example, on any given short-haul flight into a hub airport like Toronto or Montréal, only a portion of those passengers are local. A significant number will be travelling on to a second or even third point in Canada, the U.S. or somewhere else in the world.

The integration of transportation modes and the connectivity between needs further examination.

The viability of a Canadian airline network depends on travellers being able to conveniently and seamlessly connect through a Canadian airport onto their final destination. Connecting traffic can make or break a decision on whether an air carrier will operate a particular route or even serve a community.

Europe understands this to an extent – its rail and aviation networks are highly integrated. If Canada gets this wrong, we risk losing our passengers altogether: we cannot forget that an Ottawa-Tokyo passenger can just as easily choose to fly over Detroit or Seattle as he or she can choose a Canadian gateway.

In addition the challenge going forward is for government being placed in a position of picking winners and losers. For example, high speed rail developments in the Alberta context are geared towards collapsing regions and economies, so governments will also be picking winner and loser communities/regions.

A high speed rail service that serves only the Calgary Airport but does not make stops at the other major airports in Alberta would essentially siphon-off and consolidate air traffic into a single airport from the other airports in the province.

Much has been made about the environment as the *raison d'être* for high speed rail in Canada, but high speed rail is not the environmental messiah that rail proponents would have you believe. At the distances needed to travel most of

Canada, rail may be less environmentally responsible than aviation. Even in short distance corridors in which rail may represent an environmental improvement, diverting air passengers to trains would have little overall impact on the environment: Aviation represents just 3% of emissions worldwide.

As I prepare to conclude, let's consider some numbers. Canada's airports handle about 100 million passengers a year without government subsidy, supporting about 200,000 jobs nationwide. Via Rail handles just 4.6 million passengers at a tax payer cost of hundreds of millions of dollars a year. Direct employment by Via Rail today is just 3,100 employees. More than 35,000 people work at Toronto's Pearson Airport alone.

As you explore the introduction of high speed rail in Canada, we ask that you consider these numbers. Around the world there are numerous examples of high speed rail that is properly integrated into a nation's transportation system as part of a carefully considered national transportation strategy. Passenger rail can be a valuable part of the transportation chain, but success is only ensured if rail is expanded in a fair, equitable manner. If it is introduced at

great public expense while aviation continues to suffer a tax squeeze, if it is introduced without regard to its impact on aviation, or if it is introduced as a parallel system of transportation not integrated with aviation, the introduction of high speed rail would not be right for this country.

Canadian Airport Council members are not opposed to the work this Committee is doing on high speed rail, it should be explored, but it should be considered as part of a long-overdue national transportation strategy that considers the entirety of our national transportation system.

We look forward to participating in this debate in the future.

Thank-you for your time.