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***President and CEO*  
Ottawa International Airport Authority**

Mr. Chairman, members of the committee. I am here today as a director and representative of the Canadian Airports Council, whose membership of 45 airport operators is a key component of safe and secure travel for more than 90% of the commercial passenger traffic in the country. In my day job, I am president and CEO of the Ottawa International Airport.

Je suis reconnaissant de la possibilité de préciser notre soumission prébudgétaire. Par souci du temps, je mettrai l'accent sur le thème général de notre soumission; c'est-à-dire l'impact qu'a le financement des services gouvernementaux aux aéroports sur notre capacité de satisfaire les attentes des passagers et notre capacité concurrentielle.

Some countries are struggling with how to properly fund their aviation infrastructure. And, while in many ways, we're in a good position in Canada, we're 20 years into a model that has seen a transfer of the cost burden from the government to the traveller who now broadly funds the industry. Responsibility for security screening remains partly in government hands. To fund this screening activity, the government charges air travellers a fee, despite the fact that aviation security is truly a national issue and the costs of this security should not be borne by a single sector.

The Air Travellers Security Charge (ATSC) paid by passengers is designed to fund CATSA, the crown corporation that is charged with security screening, and it's our understanding that the fees collected have amounted to \$1.87 billion between 2010 and 2013. These revenues go into government's general fund and, although it is difficult for the CAC to confirm if CATSA has been receiving the full amount collected over the years or only a portion, according to the National Airlines Council of Canada, during the same period, \$136 million in accumulated surplus was not directed to CATSA. In simple terms, it is CAC's view that CATSA

has not been properly funded for growth at the expense of the travellers who continue to experience longer wait times and delays.

The CAC would also like to see adequate resources for another critical airport partner - the Canada Border Services Agency. From CBSA we are seeing increased value for travellers from innovative programs like Automated Border Clearance kiosks. These kiosks have been introduced at our largest airports with millions of dollars invested by airports to improve the passenger experience.

Similarly, around the world countries are cooperating on trusted traveller programs that allow governments to provide better security with fewer resources by concentrating on travellers that represent the greatest risk. Our government partners mentioned above and Transport Canada, need this work to be supported. Currently, our throughput statistics at peak times for screening and processing passengers are simply not competitive with throughputs being achieved in the U.S. and in Europe.

We have other files in our submission – briefly, a request to review federal infrastructure funding rules that exclude National Airports System airport projects to benefit from Airports Capital Assistance Program for small airports. NAS airports should be eligible to apply for funds in the same way that any other entity would. Smaller NAS airports are vital to community prosperity and require that a portion of the millions they pay to provincial and federal governments flow back to them to allow major capital projects to proceed. The smaller NAS airports need to be able to receive funding from an expanded ACAP or other federal infrastructure program.

We also have a long-standing request to support arrivals duty free, similar to a growing number of airports around the world. This would not only enhance passenger convenience, but it would also repatriate sales, grow employment, reduce airline operating weights carried and result in faster turnaround times. Really there is no down side to this initiative, but rather many positive possible outcomes.

I will finish by touching on the topic of cost competitiveness. The decision earlier this year by the Province of Ontario to raise its fuel tax is symptomatic of a bigger challenge in Canada. When it comes to costs that get passed on to air travellers, an in-depth assessment of the negative impact that these numerous taxes and fees have on the higher cost of flying in Canada compared to flying in the U.S. is badly needed. Sunwing, a Canadian airline, has announced that it will be flying from Buffalo, New York, a U.S. border airport, instead of a Canadian airport to take Canadians to at least two southern sunshine destinations. If this doesn't set off alarm bells then what will? Adding and increasing fees and costs to the price of a ticket cannot continue. It is time to address the high burden of all government fees and taxes that are specifically aimed at air travel.

Again at the federal level, we also have airport rent, and we would certainly support efforts to review or revise what is currently a \$290 million burden that gets passed on to travellers.

So one final thought to leave you with: aviation is an important enabler of economic activity in Canada. This is an industry that pays for itself, and then some. The bottom line is that aviation enables Canada to participate more fully in the global economy. We need to acknowledge the role the industry plays. We need to stop the leakage to airports located south of the border. We need to reduce the amount of taxes and fees layered on air travel so that we can remain competitive. We need to have an aviation industry that encourages Canadians to fly from Canadian airports. We need a competitive industry that facilitates growth in inbound international tourism and travel, which will result in significant economic benefits for Canada and for the government.

Merci pour votre attention.