

Bill C-27: Canada Airports Act
Submitted by: Thunder Bay Chamber of Commerce & Hamilton Chamber of Commerce

Issue:

The implementation of Bill C-27 represents a fundamental risk to the economic development and business competitiveness of communities across the country.

Background:

In 1994, Transport Canada introduced the National Airports Policy as, “a vision for airports that will ensure safe, secure and viable national Airports System that will serve Canada in the 21st century.” The policy both enabled and encouraged Airport Authorities to provide more “commercially-oriented and cost-effective” management while meeting the needs of users and the local communities.

Devolution of airports to local control has been instrumental in the evolution of Canadian airports from money-losing government run entities into full cost recovery operations under the principle of user pay. Over the past 8 years, Airport Authorities have succeeded in finding new revenue streams and reducing excess operating costs to not only become self-sustaining, but also pay approximately \$250 million in rents to the federal government in 2002 alone. In addition Airport Authorities have created new commercial opportunities, exporting expertise globally, creating new businesses and jobs in their communities, and by 2005 will have invested approximately \$5.1 billion in Canada’s Airport infrastructure.

Nationally, provincially and locally, the economic impact of Airport Authorities is significant. Airports support over 300,000 jobs in Canada and annually generate \$34 billion in economic output as well as contributing almost \$4 billion in taxes. Revenues from these successful activities accrue back to Canadian airports and communities. Limitations to, or removal of innovative business development revenue opportunities resulting from the proposed Canada Airports Act will cost communities in lost opportunities and jobs and cost travellers millions more in fees and charges.

The Canada Airports Act was tabled in the House of Commons on March 20, 2003 and seeks to undo much of the business-oriented and community-focused approach to airport management, which was advocated in the ’94 National Airports Policy.

The Act in its current form seeks to “**re-regulate**” Canada’s twenty-six Not-for-Profit National Airport System airport Authorities (which handle 94% of all air passengers and cargo), plus Windsor, Hamilton, and Toronto Island airports. It seeks to place airports back into the narrow “box” of activities of the pre 1994 NAP days. The Proposed Canada Airports Act:

- ✍* requires fundamental changes in the Governance of Airport Authorities giving the Minister of Transport more unilateral control and;
- ✍* seeks to regulate commercial relationships between Airport Authorities and users;

- ✍ includes approximately 40 sections wherein the Minister of Transport can impose additional regulations, (in addition to unilateral authorities assigned under the Aeronautics Act and the Canadian Aviation Regulations); and
- ✍ will dramatically increase administrative, legal and accounting costs, particularly at smaller airports.

The government's vision document "Straight Ahead" says that "transportation policy must provide a market framework that allows carriers and infrastructure providers to adapt, innovate, remain competitive..." yet the Act creates a static, inflexible governance regime. The Act includes 210 sections that effectively micromanage Canada's airports. By way of comparison, the entire Canada Transportation Act, which governs rail, transit, marine, and airlines, has only 280 sections. The Act is remarkable in that it embeds in legislation that which is normally dealt with through regulations. At a time when the federal government should be reducing the operating costs of airports, the proposed Act does just the opposite, effectively re-regulating an economic sector which the government successfully de-regulated eight years ago. The government of Canada is introducing these drastic measures without a single overarching public demand for change and without having conducted a single regulatory-impact or cost-benefit analysis.

This legislation will have a significant impact on Canadian communities and should be afforded an extensive review by the Commons Standing Committee on Transportation. It must include travel to affected communities to fully understand the implications of the Act and the effect it will have on the airline industry should it be passed in its current form.

RECOMMENDATIONS:

The Canadian Chamber of Commerce urges the Government of Canada to:

1. Withdraw Bill C-27 - The Canada Airports Act - and resume consultations with stakeholders in the aviation industry to draft a Canada Airports Act that maintains Airport Authorities as the commercially-oriented accountable organizations they have become under the 1994 National Airports Policy, to ensure that they do not lose local autonomy or face the unnecessary and costly regulatory burdens proposed in the draft legislation.
2. Prevent Transport Canada from **re-regulating** our national airport system by implementing legislation that will impede partnerships and commercial opportunities, interfere with good airport governance, and hugely increase administrative costs, when there exists no demonstrated need for such restrictions.
3. Recognize that Canada has airports serving both large and small communities across Canada; that these communities have different needs and the airports serving them often have limited financial capabilities and have different ownership/management structures; and that a 'one size fits all' approach to airport governance does not meet the needs of Canada or its communities.