



Willie Walsh
Director General

3 April 2023

The Honourable Chrystia Freeland
Deputy Prime Minister and Minister of Finance

The Honourable Omar Alghabra
Minister of Transport

Dear Minister Freeland and Minister Alghabra,

The International Air Transport Association (IATA) welcomes the opportunity to respond to the 2023 Federal Budget announcement on 28 March 2023.

As you know, IATA is the trade association for the world's airlines, representing some 300 airlines or 83% of total air traffic. In Canada, we proudly have Air Canada, Air Transat, CargoJet, and WestJet as members, as well as most of the international airlines operating out of the major Canadian airports.

We followed with great interest the House of Commons Standing Committee on Transport, Infrastructure and Communities recent recommendations on how to strengthen and enhance the overall Canadian air transport system and improve Canada's global competitiveness. IATA was hopeful that the Federal Budget would include some concrete measures to support these important goals. Unfortunately, that is not the case.

A core recommendation of the Standing Committee was to reinvest proceeds from the crown rent into airport infrastructure, together with a comprehensive review of all fees and service charges in the aviation system through a lens of how they affect other economic sectors such as tourism. We appreciate that the government proposes to provide \$1.8 billion over five years to the Canadian Air Transport Security Authority (CATSA) to maintain and increase its level of service, improve screening wait times, and strengthen security measures at airports. However, at the same time, it proposes to increase the Air Travellers Security Charge (ATSC) by a staggering 33% effective next year. Consequently, the Government is making air travel even less affordable for all Canadians.

We note that the budget also includes a proposal to strengthen the Canadian Transportation Agency (CTA) and make airlines more accountable to their passengers. We strongly encourage the Government to share these accountabilities across all components of the commercial air system (airlines, airports, CATSA, CBSA and Nav Canada) to support smooth airline operations and a positive traveler experience. Empowering CTA to impose a regulatory charge on airlines to help recover the cost of resolving passenger complaints also adds to the high cost of operating in Canada.

We were also hopeful that the budget would include a priority on Sustainable Aviation Fuels (SAF) in order to support the industry's commitment to 2050 net zero emissions. We urge the Government of Canada to open immediate consultations to further engage with industry on the 15\$ billion funds meant to incentivize biofuel development in Canada.

As you know, commercial aviation serves as a powerful economic engine for Canada that, pre-COVID, contributed C\$51.4 billion to the country's GDP and supported some 633,000 jobs. We urge the Government of Canada to take the steps needed to remove barriers to the continued growth of this sector and make it more competitive globally.

Thank you for your consideration.

Yours sincerely,

Willie Walsh

Director General

International Air Transport Association