NACC CNLA
National Airlines Council of Canada
Conseil national des lignes aériennes du Canada

Airlines matter.

In Canada, they are vital for our country, a critical component of the supply chain, among the country's top employers, an economic enabler for the travel and tourism industry, and Canada's gateway to the rest of the world. A strong airline sector enables a more connected Canadian economy and society.

Yet, excessive government-imposed and third-party fees, charges, and taxes imposed on Canada's aviation system increases the cost of air travel, exacerbating the affordability crisis facing many Canadians. It does not have to be this way.

Ahead of the forthcoming federal election, Canada's airlines are calling on political parties to adopt the following policies:

Air Travel Costs

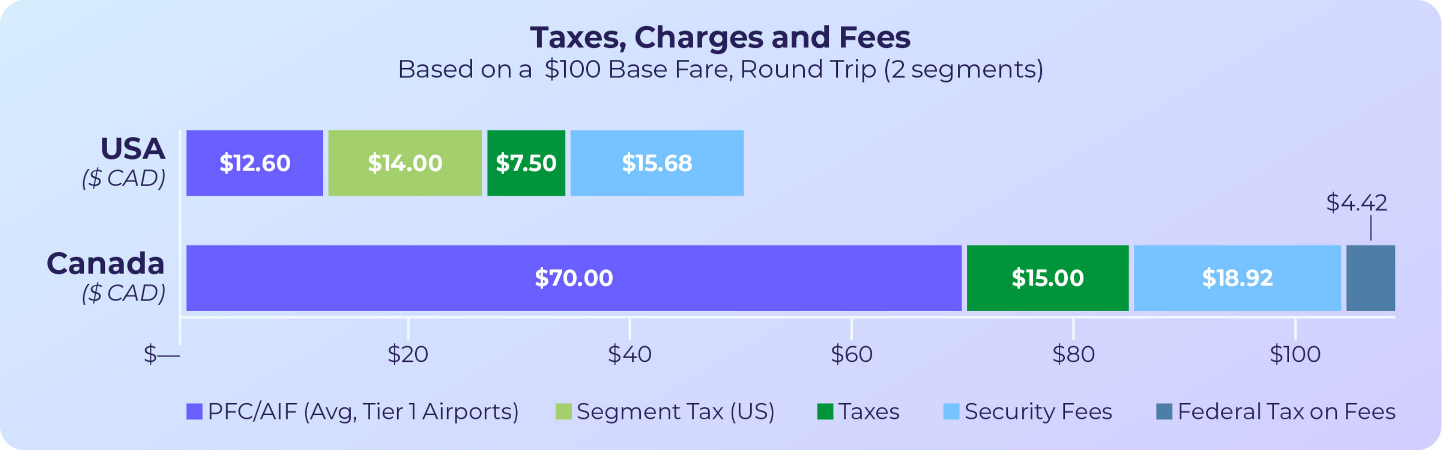
Canada ranks **101st** out of 119 countries for price competitiveness, which can be traced directly to government-imposed fees.[1]

1

Make air travel more affordable for Canadians

Canada's aviation system is marked by a long list of Government and third-party fees, taxes, and charges, most of which have significantly increased over the past two years. It is not unusual for **a third of the cost of an airline ticket in Canada to be comprised of fees and charges**, which is considerably more than in other countries like the US.

To make air travel more affordable, the federal government must **freeze fees, taxes and charges**, and adopt policies to reduce the fees and charges with applicable to air travel in Canada. In addition, the CTA claims process needs an immediate revamp before any new regulations or cost recovery regimes are put in place. This is the most effective way to reduce the backlog.



[1] *according to the International Air Transport Association, 2024.*

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2

Reinvest airport rent

In addition to high taxes, charges and fees paid directly by passengers, Canadian airlines are also subject to fees which impact the cost of air travel, including air navigation fees (which are not paid by US airlines for domestic flights in the US), and airports are subject to Payments in Lieu of Taxes (PILT) to municipalities, and rent payments to the Federal Government. In fact, Canada's airports currently pay about $480 million more to the federal government in rent payments annually. This money **should be reinvested into airport infrastructure**. Canada's airports pay on average 12% of their revenues on rent payments that go directly to federal coffers; funding that could otherwise be used to invest in airport accessibility, sustainability, safety, security, or to increase capacity.

3

Modernize aviation regulations

Air travel is heavily regulated by the federal government; yet many regulations have not kept up with technological or other advances. For instance, while many other countries have adopted advanced technologies to speed up the boarding process, in Canada, regulations require manual validation. **A more efficient air travel system requires streamlined approval processes that support digitization** at airports (for airlines, CATSA and CBSA) which will enhance the passenger journey. We do not want Canada to be left behind in this area.

4

Creating a Canadian SAF market

The economic potential of Sustainable Aviation Fuel (SAF) is driving investment across the globe. While Canada has significant potential to produce SAF, Canada has fallen behind most other countries due to a lack of government support, including meaningful incentives, production tax credits or contracts for difference. In fact, there is currently **NO SAF produced in Canada**. **A robust federal SAF incentive policy will not only stimulate production but will create new jobs** in the world-leading Canadian energy industry. NACC member airlines have all committed to net zero carbon emissions by 2050. 65% of the path to achieving net zero will come from switching conventional jet fuels to SAF.

With the right policy framework, Canada's airlines and the broader aviation sector can be one of the most competitive, most affordable, and most sustainable in the world – to the benefit of all Canadians.

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*The **National Airlines Council of Canada** (NACC) represents Canada's largest passenger airlines – Air Canada, Air Transat, Jazz Aviation LP and WestJet.*