



**Airport Management Council of Ontario (AMCO)
Supplemental Submission to the
Partners for Regional Aviation Infrastructure
Airport Capital Assistance Program Improvements Submission**

Executive Summary

In May 2015 a coalition of airport associations (Canadian Airports Council, Regional Community Airports of Canada, Atlantic Canada Airports Association, Conseil Des Aéroport du Québec, and the Airport Management Council of Ontario) across the country joined together to advocate for changes to the ACAP program so that the program may remain a vital source of capital assistance for the next 20 years.

The Airport Management Council of Ontario is a signatory to the submission and fully supports all of the points addressed in the submission. The submission includes six recommendations for improving the ACAP program and these recommendations reflect the broad needs of airports across Canada. The submission further identified that while the proposal for restructuring ACAP eligibility reflects a consensus among the partnered associations, the representative associations may have additional recommendations more specific to the needs of their respective members.

With this in mind the Airport Management Council of Ontario is pleased to submit this supplemental submission to the broader coalition's submission. In particular, this submission looks into and questions the exclusion of certain segments of commercial passengers for the purpose of determining eligibility under the current funding formula.

Background

ACAP was created in 1994 as part of the National Airports Policy (NAP), which called for the commercialization of airports through divestiture to local authorities. According to the policy, the program was created to assist airports with financial projects related to safety, asset protection and operating cost reduction. Government recognized that airports with less than 525,000 passengers would require access to some varying levels of financial assistance in order to maintain safe and secure airport infrastructure for the travelling public. Currently, airports eligible to receive ACAP funding as outlined in the program guidelines:

- Are not owned or operated by the federal government;
- Meet certification requirements; and
- Offer year-round regularly scheduled commercial passenger service, meaning in each of the three most recent calendar years the airport handled at least 1,000 year-round regularly scheduled commercial passengers as reflected in Statistics Canada's "official" passenger statistics. If an airport is not captured in these statistics, it must complete a statutory declaration.

There are approximately 300 airports in Canada of which approximately 200 are eligible for funding based on meeting the above noted criteria. The above noted criteria includes the requirement to have not less than 1,000 year-round regularly scheduled commercial passengers as reflected in Statistics Canada's "official" passenger statistics in each of the three most recent calendar years. This narrow definition excludes airports which support the commercial passenger flights utilizing non-regularly scheduled flights including charter operations, medical flights, corporate flights, policing operations including criminal transfer flights and scheduled passenger flights of a seasonal nature.

The Impact of the Exclusion on Commercial Passengers

In order to fully understand the impact that the current exclusion of commercial passengers has on the ability of non ACAP funded airports to maintain a safe and secure airport infrastructure for the flying public it is important to understand the following key factors.

1. The Regulatory Changes relating to Air Operations Providing Services to the Flying Public;
2. The Size and Nature of Aircraft Operations Serving the Flying Public;
3. Airport Operations;
4. Measuring the Number of Commercial Passengers;
5. The Cost of Including all Airports that Support more than 1000 Commercial Passenger movements within ACAP; and
6. ACAP process changes.

Regulatory Changes relating to Air Operations Providing Services to the Flying Public

In 1994 when the National Airports Policy was initiated and the ACAP program was established not all aircraft operators carrying passengers were regulated and where the regulations did exist there was significant disparity within the regulations relating to the nature of the passenger operations.

Since then Transport Canada has made significant changes to standardize the regulations relating to all commercial and private aircraft operations where passengers are carried. One of the most significant changes is that the regulations now govern all aircraft operations utilized by the flying public and the flying public includes all passengers on non-scheduled charter flights, medevac flights, corporate flights and police related criminal transfer flights.

The regulatory distinctions are now based on the size and complexity of the aircraft and all flights used by the flying public are regulated. The Transport Canada rationale and premise for placing the regulatory burden on all flights utilized by the flying public is that the flying public expects and is entitled to the same level of safety regardless of the nature of the aircraft operations. In doing so and as previously mentioned the regulations consider patients on medical flights, staff on corporate flights, inmates on transfer flights and specialized workers on charter flights as commercial passengers. As such there is a significant disconnect between the fact that Transport Canada regulates all commercial passenger flights to ensure safety and the fact that Transport Canada excludes airports supporting the non-regularly scheduled commercial passenger flights from funding under the ACAP program.

The Size and Nature of Aircraft Operations Serving the Flying Public

The size of the aircraft is not solely a determining factor in whether an air carrier service is regularly scheduled, non-scheduled or charter. Small aircraft ranging in gross weight from 2000kg to 8000kg are routinely used in year round regularly scheduled passenger operations and the same small aircraft are routinely used in medical patient flights. Large commercial aircraft are widely used in year round regularly scheduled passenger service and the same large commercial aircraft are widely used in contract non-scheduled charter operations common to moving large volumes of workers into and out of specialized work environments such as the oil patch of western Canada. In all of these cases the flying public has an expectation of safety and this safety is enhanced through the regulatory burden placed on each of these aircraft operations by Transport Canada. As such there is significant disparity within ACAP between the ability of an airport to count or not count the commercial passengers on identical aircraft simply based on whether the flight was regularly scheduled or not.

Airport Operations

There are approximately 300 airports in Canada and the regulations apply to all airports regardless of whether the airport has regularly scheduled year round commercial passenger flights or not. The submission made by the coalition of airport associations outlines a number of challenges that airports face and these challenges are equally true for all airports. As stated previously the passenger threshold for the funding under ACAP is 1000 regularly scheduled commercial passengers and all airports with more than 1000 commercial passengers should be able to apply for ACAP funding regardless of whether the passengers were from regularly scheduled flights or not. Most importantly, in the absence of funding airports servicing the non-regularly scheduled commercial passengers may not be able to maintain a safe and secure airport infrastructure for the flying public.

Measuring the Number of Commercial Passengers

Currently an airport is eligible for ACAP based on the passenger numbers as reflected in Statistics Canada's "official" passenger statistics. Statistics Canada also publishes the number of aircraft movements at airports by weight category and the majority of aircraft carrying the flying public have a gross weight of 2000kg or more. With this in mind non-regularly scheduled commercial passenger numbers could be determined by relying on the annual total number of aircraft movements over 2000kg as published by Statistics Canada for any airport. As a means of determining the effectiveness of this type of approach if you examine the number of aircraft movements over 2000 kg for those airports which currently have more than 1000 regularly scheduled commercial passengers you will note that of the 200 airports currently eligible for ACAP approximately 60 have less than 1000 aircraft movements over 2000kg. Therefore it is reasonable to expect that any airport with more than 1000 movements annually over 2000kg as published by Statistics Canada has more than 1000 commercial passengers annually. As such, a reliable transparent process for determining eligibility of airports with more than 1000 aircraft movements over 2000kg currently exists.

The Cost of Including all Airports that Support more than 1000 Commercial Passenger movements within ACAP

Utilizing the existing aircraft movement data published by Statistics Canada there are 17 airports that have more than 1000 annual aircraft movements over 2000 kg. These airports collectively have a capital requirement over the next 20 years of approximately \$144 million based on the priority one and two categories as listed in the ACAP funding criteria. With this in mind the annual cost to fund this group would be approximately \$7 million based on funding at the 98% level.

ACAP Process Changes

The expectation is that airports eligible under this new category would utilize the same process as all current ACAP eligible airports and as such the administrative burden would be minimal.

Conclusion

The Airport Capital Assistance Program is a vital source of funding for safety related investments at small airports across Canada. After over 20 years in existence it is clear that the program needs improvements in order to keep pace with the forces of inflation, regulatory burden, and time in order to be a viable resource for small airports across Canada.

Recommendations

1. Restructure the current ACAP into a three category program: Category one for existing ACAP eligible airports, category two for the small NAS airports and category three for airports that have more than 1000 annual aircraft movements over 2000kg. ACAP should continue to utilize the same contribution funding criteria and formula for each category.

For this recommendation to be viable, separate additional funding for categories two and three is required.

The Airport Management Council of Ontario believes that the addition of two new distinct categories with distinct funding for each category is an appropriate supplemental approach to the original consensus of the Partners for Regional Aviation Infrastructure and is an appropriate way forward in keeping with the intent and commitments within the NAP.

2. Increase the funding envelope for ACAP in its new three category structure. Funding for current ACAP eligible airports should be increased to \$70 million annually, a separate \$7 million annually should be provided for the small NAS airports category and a separate \$7 Million annually for category three covering those airports with more than 1000 aircraft movements over 2000kg. Funding levels should be reviewed biennially to ensure program funding keeps pace with industry needs.

