Canada Transportation Act Review Submission

January 30th, 2015

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Table of Contents

1.0 Introduction

Airports enable the movement of people, goods and services, which in turn supports trade and tourism. Airports also ensure connectivity from small communities and cities to the rest of Canada and the world. Atlantic Canada's Airports are not-for-profit Authorities and they exist to service their communities and ultimately fuel their local economies. Atlantic Canada Airports Association (ACAA) is pleased to provide input into the Canada Transportation Act (CTA) review process, as it is the hope that this review will allow for updated and modernized policy considerations related to aviation.

1.1 Overview

Atlantic Canada is a unique region in Canada, made up of four of the countries smallest Provinces - one of which is an island, and one which has a major island component - that rely heavily on air transportation to keep people, goods and the economy moving. In Atlantic Canada, air transportation is even more vital to our economic agenda than other modes of transportation. This is because our region`s rail system is limited and our major cities are more than a 10 hour drive from other major Canadian centres. Our region has experienced unprecedented economic growth and diversity in the past decade. That growth has been facilitated and accelerated by the expansion of air service in Atlantic Canada.

Atlantic Canada's economic survival depends on the ability of our businesses to compete in this global marketplace. Airports provide this fundamentally important access as did rail and seaports in the past.

ACAA has prepared this submission for the CTA review to provide insight on the importance of aviation in our region and the policy recommendations that should be considered to ensure the long-term competitiveness of the aviation industry. **ACAA and its member airports took part in the Canadian Airport Council (CAC) workshops and survey and are in support of the CAC submission.**

This submission will elaborate on the CAC submission, identifying important regional considerations including:

- Competitiveness of Air Travel in Canada
- Small Airport Infrastructure Funding
- Effective & Efficient Security Screening
- Canada's Strategic Gateways and Border Crossings

1.2 Atlantic Canada Airports Association

The Atlantic Canada Airports Association (ACAA) is a not-for-profit organization that speaks on behalf of the airport industry in the Atlantic region with a mandate to undertake on a region-wide basis collaborative action on policy issues. The ACAA represents 12 airports in the Atlantic region including:

- Bathurst Regional Airport
- Charlottetown Airport
- Deer Lake Regional Airport
- Fredericton International Airport
- Gander International Airport
- Goose Bay Airport
- Halifax Stanfield International Airport
- Greater Moncton International Airport
- Saint John Airport
- Stephenville Airport
- St. John's International Airport
- JA Douglas McCurdy Sydney Airport

While Atlantic Canada has a relatively modest population base of 2.3 million people, the region welcomes over 5 million visitors annually, making tourism an important sector and economic generator in Atlantic Canada. The region's airports move more than 7.3 million passengers per year – more than 3 times the total population of the region - and that number has grown by 22% over the last decade. The regions airports are not only moving a substantial number of passengers and important cargo in and out of Atlantic Canada – they are moving the fly in/fly out workforce and enabling the growth of the regional economy. The regions airports generate over 2.6 billion dollars in economic activity every year, supporting 16,700 person years of employment and over $500 million in wages alone.

This growth over the past decade has propelled the need for airports to expand infrastructure to meet the growing demand of the travelling public. Since the transfer of airports from the Government of Canada in the 1990's, airports in Atlantic Canada have self-financed over $500 million in capital improvements.

While the growth in air travel in our region is a success story, it also poses challenges for smaller airports. For the majority of airports keeping pace with infrastructure demands, safety, security and environmental requirements, while balancing the books, is an ongoing fiscal challenge.

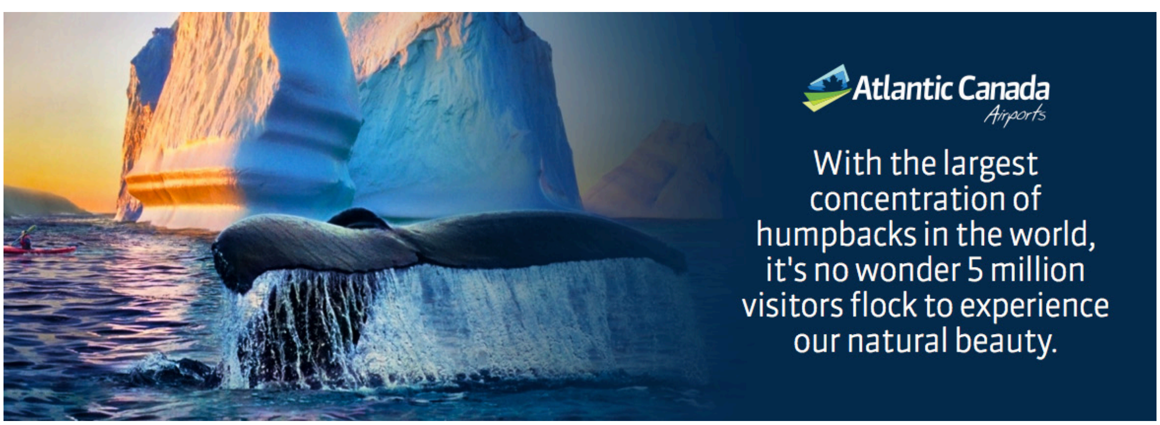
2.0 Market Opportunity and Challenges

2.1 Atlantic Canada Traffic History

Similar to the Canadian passenger travel market context, Atlantic Canada has had steady growth rate over the last decade, with passenger traffic growing by 22% since 1994. Atlantic Canada makes up 6% of the Canadian air travel market with 7.3 million enplaning/deplaning (E/D) passengers annually. Two key carriers Air Canada and WestJet mainly service the region. The region is also supported with additional regional and provincial carriers including Porter, Provincial Aviation Limited (PAL) and Air Labrador, as well as US regional carriers, sun charter providers including Sunwing and Air Transat and mobile workforce charter carriers.

2.2 Atlantic Canadian Market Outlook

In the spring of 2015, Air Canada and WestJet lower cost subsidiaries Rouge and Encore will begin service in Atlantic Canada. Encore has added new routes within the region and will provide additional frequency on existing routes both within Atlantic Canada and with connections to Canada's major cities. This is WestJet's largest increase in service since they first landed in the region in 2003. This increase in seat capacity and competition will lead to lower fares and help stimulate growth in the market.



In 2015 WestJet's seat capacity in Atlantic Canada will increase by 30% over 2014, adding another carrier in the region will create significant demand and give air travel in our region a boost for years to come. In addition, sun charter business continues to grow from our region, in 2015 Celebrity Cruise Lines will add two non-stop services from our region to Florida to service cruise passengers.

International service has also been slowly growing in Atlantic Canada. The region is strategically located only hours from Europe, providing the closest access point in Canada to continental Europe. Air Canada has increased service to the UK in recent years and in 2014 WestJet launched their first trans-Atlantic flight from St. John's, Newfoundland to Dublin, Ireland utilizing its 136-seeat 737-700s.

Keith Collins, CEO of St. John's International Airport and Gregg Sarestky CEO of WestJet celebrate WestJet's first transatlantic service from St. John's to Dublin Ireland in 2014.

There is more growth potential for this type of service, with our region's existing connectivity to secondary markets in the rest of Canada; there is an opportunity to connect these markets to Europe quickly. This is a unique business case in Canada because of the proximity to Europe from Atlantic Canada carriers can connect these markets using a regional carrier, which provides more opportunity and access for our region's secondary markets. Airlines continue to take advantage of our strategic location and are establishing new air service. Westjet and Europe Airpost have announced new Glasgow and Dublin service to take off from the region in 2015.

WestJet and Halifax Stanfield International Airport VIP's celebrate with Government officials wearing Nova Scotia tartan to announce WestJet's new non-stop daily service from Halifax to Glasgow in 2015

2.3 Cargo History and Growth Potential Outlook

Our location directly on the great circle route with close proximity to Europe also provides opportunity for growth in cargo service. Both Greater Moncton International Airport and Halifax Stanfield International Airport are designated multimodal trans-shipment hubs. With the support of the Atlantic Gateway Funding Program both airports completed runway extensions in 2013 and 2014. The 10,000 plus foot runways enable these airports to handle larger cargo aircraft to move our regions seafood to Europe more seamlessly. When the new Canada-EU trade agreement comes into effect, nearly all EU tariffs on fish and seafood products, including the 8 percent tariff on Canadian lobster, will be immediately eliminated. The elimination of tariffs will make Atlantic Canada's fish and seafood products more cost competitive and create the conditions for increased exports and more cargo volume from the region.

Our region's airports move approximately 60,000 metric tonnes of cargo annually. Following the investment in Halifax and Greater Moncton's runway extensions, both airports have been working with private sector partners to further grow the cargo handling and warehousing infrastructure and capabilities. Both airports are working tirelessly to grow inbound cargo service by working with European cargo airports and cargo carriers in Asia, Germany and Iceland to ship goods to Atlantic Canada by air and then truck the goods to the US border cities. Cost savings, less restrictions and less congestion at our airports has provided a business case to grow cargo volumes to the region. It is anticipated that as new business networks and relationships are formed, this type of service and cargo volumes will continue to grow.

3.0 Competitiveness of Air Travel in Canada

There has been significant media over the past few years about the cost competiveness of the Canadian air transportation system. It has become evident that the most significant challenge facing Canada's aviation industry today is that it has become uncompetitive. **The price of flying in Canada is too high.** Canadian carriers are forced to contend with federal and provincial fuel excise taxes, security fees and airport charges that are amongst the most expensive in the world today.

Canada's aviation related federal fees and charges (many of which are on the user pay principle of cost recovery) include; Federal Fuel Tax, Air Traveller Security Charge, Payments in Lieu of Taxes to Municipal Governments, Air Navigation Charges, and Cascading GST/HST taxes.

3.1 The Need to Facilitate and Foster Growth

Federal government policies have put a significant burden on airports, airlines and ultimately our communities. The net result is that Canada is at a competitive disadvantage for air transportation in comparison to the rest of the world. Our high prices are resulting in leakage of traffic to airports located across the border. In Atlantic Canada - especially in New Brunswick, we are losing as high as 20% of airport passenger traffic in Saint John and Fredericton to airports across the border in Maine.

In addition to the fees and charges noted above, Canada's National Airport System (NAS) airports have been paying rent to the federal government since the National Airports Transfer Policy was instituted in 1992. Over $5 billion has already been paid for the infrastructure associated with these Canadian airports, infrastructure that was valued at only $2 billion at the time of transfer.

The net result of all of these fees and rent is that Canada is at a competitive disadvantage for air transportation in comparison to the rest of the world. In fact, Canada's global ranking as a tourism destination has dropped from 8th in the world in 2000 to 17th in 2013. Competition for tourism is heating up as more and more countries are investing in tourism marketing and aligning both their visa and aviation policies to attract more travellers.

Canada's lack of investment in marketing Canada as a tourism destination combined with the government user pay policy, is putting our country at a competitive disadvantage with the U.S.

Canada's airports pay nearly $300 million a year to the federal government in airport rent - a heavy financial burden that is passed on to airlines through airport landing fees and ultimately passengers. Canada is competing in a global economy and our aviation sector must be globally competitive. This is currently not the case, as Canada is one in only a handful of countries in the world today that collects rent from airports. Airport rent is a significant burden to airports the size of Halifax and St. John's that are working to invest in operations and infrastructure in order to grow passenger and cargo traffic to improve Atlantic Canada's economy.

In addition, the rent policy is of concern to Atlantic Canada's five smaller NAS airports including; Greater Moncton, Fredericton, Gander, Charlottetown and Saint John as the current federal government airport rent policy stipulates these small NAS airports will begin paying rent by 2016. Small NAS airports have challenges in fully self-financing their capital-intensive assets, as they do not qualify for federal funding assistance for airside safety projects through the Airport Capital Assistance Program (ACAP) or capital support for infrastructure improvements through Build Canada Program. Next year, the federal government will add another cost (airport rent) to these small NAS airports, further compounding their financial constraints for keeping up with airside safety infrastructure requirements. Airport rent for these five airports will range from $40,000 to $500,000 in the first year alone and then escalate from 2016 onwards based on revenue growth at each airport.

A new airport rent formula was announced by Transport Minister Jean C. Lapierre in May 2005. The former complex rent formula was changed to a simpler one based on a progressive percentage of gross revenue. Transport Canada calculated that this change would provide $8 billion in rent relief, reducing rent collected from an expected $13 billion to $5 billion over the remaining term of existing airport leases. However, airports are now paying approximately $300 million a year in rent and, even if rents were capped at current levels, this would still result in rental payments of over $12 billion over the next 40 years.

Additionally, another issue identified with the rent formula is that it is based on a percentage of revenue, therefore low margin business opportunities may not be pursued by an airport. For example, if the expected profit margin on a new source of revenue is 10% or less and Transport Canada receives 10% of the revenue as rent, then there is no incentive to pursue the revenue opportunity. A rent formula based on “net income”, however, might result in airports pursuing new airport revenue opportunities, which would improve cost competitiveness while increasing rent paid to the federal government.

It is time to re-evaluate the rent equation to create some relief on the high cost of air travel in Canada. Following are recommendations.

3.2 Recommendations

As gateways to the communities they serve, Atlantic Canada’s airports have an integral role in furthering the economic prosperity of this region. In order to remain competitive, federal policies and programs should aim to facilitate and foster growth. The time has come to ‘fine tune’ the airport model and reduce the cost gap of taxes and user pay policies. Over the past decade airports have invested in infrastructure, expanded business and diversified revenue streams, however, in order to have a more competitive aviation system in Canada we must evolve the airport ‘user pay’ model and implement a phased in approach of tax policy reform. We are recommending the following:

1. Reinvest federal aviation fuel taxes into the air transportation system such as air navigation system and airport infrastructure. This would in turn lower NavCanada charges and airport aeronautical fees and Airport Improvement Fees (AIF).
2. Allocate airport rent revenue to an airport development fund (expanded ACAP) to finance airport infrastructure projects across the system, with priority to the needs of smaller airports.
3. Eliminate artificial criteria (like airport classification or ownership) with respect to eligibility of airports for any capital assistance programs in favour of more objective criteria, such as size, infrastructure and financial needs of individual airports.
4. Reform airport rent to better position the industry competitively over the long term, including such options as a cap on rent, changes to the airport rent formula from revenue-based to profit-based. In addition, rent should be eliminated for airports with less than 2 million passengers annually.
5. Reverse the plan to introduce rent payments in 2016 for small NAS airports, there are 5 airports located in Atlantic Canada that are not currently paying rent, and are scheduled to begin rent payments in 2016. Airports of this size already face financial constraints and adding another layer of payments is not good policy. We cannot continue with a "one size fits all" approach.
6. Implement supportive commercial policies like Arrivals Duty Free (to increase airport revenues) and value-added Foreign Trade Zones to stimulate air cargo growth and international trade.

4.0 Small Airport Infrastructure Funding

4.1 The Availability of Capital

Generally the privatization of airports in Canada has been a good story. Since the transfer of Canada's airports to their respective communities, the airports have developed well and the respective airport authorities and commissions and their communities have done very well in fulfilling their mandate of building and maintaining their airports.

Airports have generally high fixed costs and revenue, which is directly related to traffic. Smaller airports do not enjoy the economies of scale as do their larger counterparts. In fact, airport expenditures can be viewed as occurring in four sets; 1. costs of operating and mobile equipment; 2. costs of restoration projects to maintain buildings and airside surfaces; 3. costs of large capital expansion projects to meet growing demand; and finally 4. costs of large capital expansion projects to facilitate growth in air services.

Only Canada's larger airports will be able to cover all four of these categories with their own revenue streams. Some smaller remote airports cannot cover even the first set of expenditures. It is clear that the mid range airports require some level of capital assistance and that level of capital assistance is primarily dependent on the scale or the traffic handled at that facility. The options for increasing the availability of capital are through grants such as Transport Canada's Airports Capital Assistance Program (ACAP), the federal "Build Canada" funding initiatives in partnership with federal and provincial governments, or through raising airport fees and charges even further.

To remain viable, regional/local airports require adequate and predictable funding for essential, safety-related airside capital projects. Since these smaller airports have less stable traffic, less than favourable balance sheets and aging assets, they also have greater difficulty in obtaining capital through commercial markets for infrastructure maintenance and upgrades.

4.2 ACAP and The Challenge for Regional/Local Airports

ACAP was created in 1994 as part of National Airport 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. The federal 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.

Regional/local airports operating in Canada have access to federal funding for airside safety related projects, asset protection and operating cost reductions, through ACAP. There are approximately 200 regional/local airports in the country that are eligible for ACAP funding.

ACAP is a continuing program administered by Transport Canada and projects are funded in three priority categories as noted below:

1st Priority: Safety-related airside projects such as rehabilitation of runways, taxiways, aprons, associated lighting, visual aids, sand storage sheds, utilities to service eligible items, related site preparation costs including; directly associated environmental costs, aircraft firefighting equipment and equipment shelters which are necessary to maintain the airport's level of protection as required by regulation.

2nd Priority: Heavy airside mobile equipment (safety related) such as runway snowblowers, runway snowplows, runway sweepers, spreaders, winter friction testing devices, and heavy airside mobile equipment shelters.

3rd Priority: Air terminal building/groundside (safety related) - such as sprinkler systems, asbestos removal, barrier-free access.

Currently Airports Eligible to Receive ACAP Funding (as outlined in ACAP guidelines)

- Are not owned or operated by the federal government;
- Meet certification requirements; and
- Offer year-round regularly scheduled commercial passenger service. This means that 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 "official" passenger statistics. If you are not part of these statistics, you must complete a statutory declaration.

ACAP is pivotal in providing regional/local airports with access to funding to complete essential safety projects. The last 5-year version of the program, 2005-2010 allocated $190 million, approximately $38 million annually, toward airport projects across Canada. Following a year gap, a new continuing program was announced in 2011, which is estimated to be funded at approximately $38 million annually. The funding levels for ACAP haven't increased in 15 years, however the cost of doing business has risen considerably during this time period.

A lot has changed since 1995; the cost of doing business has increased, flying is no longer a luxury mode of transport and has increasingly become a necessity to conduct business across the country and connect people and goods to global markets. As well a new market of fly in/fly out workers has contributed to the growth of aircraft movements at regional/local airports in our region.

4.3 Challenges with Airports Capital Assistance Program

4.3.1 ACAP is Drastically Underfunded

For 15 years the funding in this program has not increased. A total of $38 million annually to ensure the support for safety and security of 200 airports in Canada is not sufficient. The cost of construction and paving runways has increased substantially in this time period. For example, the cost to resurface or rehabilitate an average sized 7000 foot runway is now $7-10 million; a cost increase of 100% since 2000. Airports are currently struggling to maintain capital infrastructure as ACAP is drastically under-funded and in many cases it is the airports only source of capital.

While there are now three levels of priority for funding projects in the ACAP program, (priority level 4 was taken out of the program in 2011) the majority of projects being funded in Canada are Priority Level 1 and 2 projects. The reality is that many regional/local airports that were transferred to CAA's over 12 to 15 years ago are now facing another wave of rehabilitations to runways and aprons, and the realities of increasing operational costs and monetary inefficiencies that have accumulated over more than a decade. These airports have been operating in an underfunded manner for an extended period and the infrastructure and supporting equipment is becoming worn and aged and requires sufficient improvements and support for on-going operation.

An example of the fleet of 1980's vintage vehicles at Fredericton International Airport

4.3.2 Program Eligibility – Small NAS

The issue of availability of safety related infrastructure funding for the small NAS airports is a unique issue that due to program design **affects only six of Canada's smallest NAS airports** including; Prince George, Charlottetown, Fredericton, Gander, Saint John and London. Six Canadian NAS airports, spread between five provinces, require varying levels of financial support to maintain their capital-intensive assets. The following is a list of traffic levels at small NAS Airports and where they would fall in ACAP eligibility parameters for funding assistance if they were to be included in the program:

Airport	Traffic *	ACAP Percentage Funded
Saint John	233,793	60% ACAP funding eligibility
Charlottetown	303,819	45% ACAP funding eligibility
Fredericton	299,100	50% ACAP funding eligibility
Gander	133,797	80% ACAP funding eligibility
Prince George	430,409	20% ACAP funding eligibility
London	463,690	15% of ACAP funding eligibility

*3-year traffic average (2012-2014)

The National Airport Policy (NAP) recognized the importance of the integrity and viability of the whole system. In fact, NAP does state:

> "As a general rule, airports within the NAS system will be required to become self-sufficient (operating and capital costs), beginning 5 years from April, 1995. **However, for certain NAS airports it is recognized that under-capitalization in the past and future capital requirements may result in adjustments in this principle."**

It is now time to adjust this principle. It has been over a decade and this issue has been studied and referenced in airport viability reports dating as far back as 2002. The following is a list of studies that reference this issue:

1. Aug 2002 - Study of the Viability of Smaller Canadian Airports by the independent consulting firm Sypher-Mueller International Inc.,
2. July 2004 - Regional and Small Airports Study by Transport Canada
3. 2006 – Small Airport Sustainability Study – A Review of Small Airport Studies by the Canadian Airports Council
4. 2006 – A review of all of the reviews
5. 2010 – Financial Viability Framework for NAS airports, Part II: Qualitative Analysis by TC

The National Airport System as a whole is financially self sustainable, however some of the parts of the system require financial capital assistance for safety related projects to maintain the integrity of the entire transportation network. These six airports located either in capital cities or locations deemed to be strategic to Canada's national aviation system network need financial assistance at varying levels. This situation has also been studied by Transport Canada in recent years and it is evident the financial viability challenges that these airports face is not going away. For some airports it has reached a critical point, equipment needs to be replaced and runways are in need of rehabilitation immediately. Infrastructure projects requiring funding support have been submitted to Transport Canada staff in 2012, 2013 and 2014, but the response to the infrastructure need has been that "there is no current capital infrastructure program for small NAS airports." Transport Canada staff have completed multiple financial assessments on this group of small NAS airports and have agreed that these airports are not fully financially sustainable without access to some form of capital funding support.

The ACAP program exists to support airports with less than 525,000 passengers annually, but it excludes airports that are located on crown land. Although the 6 small NAS airports serve less than 525,000 passengers they are not eligible under exiting ACAP parameters because the airport land is owned by the federal government and leased to Airport Authorities to operate. If additional funds were added to the program, changes could be made to **one line item** in eligibility that would allow the small NAS airports access to the program without being detrimental to the current eligible airports.

4.3.3 Regulatory Burden

Over the years, the regulatory burden on airports has become more demanding. Smaller airports across Canada bear this burden more heavily than larger airports, as safety standards are not diminished relative to airport size. Through the implementation of Safety Management Systems (SMS), updates to TP 312, and incoming Runway End Safety Areas (RESA) requirements, small airports are required to invest heavily and maintain a level of safety vigilance that did not exist when ACAP was first formulated. In many cases, Transport Canada established guidelines and approvals based on older criteria and not on the optimum business case or long term plans of the airport. For example, in some cases airports are only funded through ACAP for one plough truck or one sweeper. Regulatory requirements, turnaround times and changing climatic conditions see many airports require two units in order to meet SMS and regulatory requirements. However, it appears that these considerations are not being given weight in the ACAP approval process.

4.4 Recommendations

1. The funding envelope for the ACAP program annually needs to be increased from $38 million per year to **$75 million** per year to meet the needs of approximately 200 eligible airports across the country that have commercial passenger traffic and to allow for the 6 airports located on federal land to access the program.

2. With additional funding, a change could be made to one line in the eligibility parameters to allow the 6 small NAS airports located on federal land to access the existing ACAP program without being detrimental to airports that are currently eligible.

3. The threshold levels for heavy mobile equipment need to be re-evaluated to account for changes with the implementation of SMS and extensive maintenance on specialized equipment that is aging. Ultimately the thresholds need to be expanded to meet the safety and operational requirements for airport winter operations.

5.0 Effective and Efficient Security Screening

As passenger numbers continue to grow and expectations of the travelling public rise, the ability of the Canadian Transport Security Authority (CATSA) to handle the demand for services is diminishing. Atlantic Canada Airports Association supports the Canadian Airport Council submission and recommendations to create more effective and efficient security screening in Canada.

6.0 Canada's Strategic Gateways and Trade Corridors

The long-term viability of strategic infrastructure will ensure that Canada's transportation networks can facilitate efficient trade and travel flows. With the support of the Atlantic Gateway initiative, a number of Atlantic Canada airports have made strides in establishing new multimodal networks to move cargo through the region.

6.1 Atlantic Gateway Success

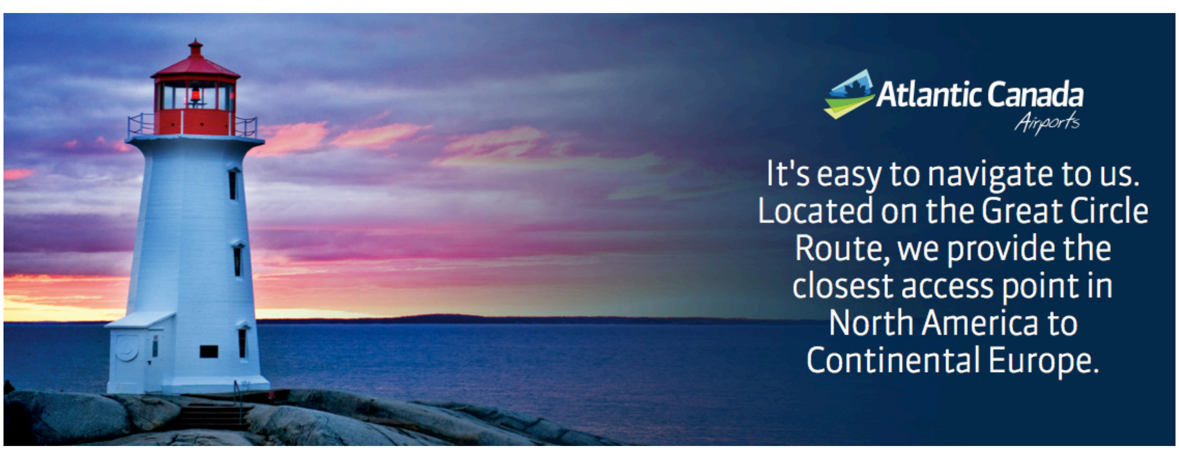
Loading a shipment of seafood destined for Europe on a new cargo carrier in Atlantic Canada.

Atlantic Canada's airports are the links to our towns and cities, but they have also become gateways to markets and destinations throughout the world to move goods through our provinces. Over the past five years our regions airports have worked together to establish our region as the Atlantic Gateway through the Atlantic Gateway initiative.

With the support of the Atlantic Gateway Infrastructure program, six infrastructure projects were undertaken at our region's airports with an investment of $100 million. $50 million of this was invested by our regions airports, which leveraged support from the Federal Government Atlantic Gateway program and the Provinces for $50 million.

These projects have propelled our regions infrastructure forward by improving and extending runways, creating improved safety conditions to land in inclement weather and growing the ability to move passengers and goods more seamlessly. **Our strategic location combined with these infrastructure investments has given our region more capability to compete with the US for more international cargo business.**

For example, Greater Moncton International Airport and Halifax Stanfield International Airport have been able to extend their runways to over 10,000 feet, which has enabled them to secure contracts with larger cargo aircraft. Both airports have been working diligently to establish our region as a multimodal trans-shipment hub and have had success in landing new cargo carriers and establishing new markets in an industry that has long entrenched relationships and processes.



Since extending their runways, the airports have secured new international cargo service. In Moncton's case they have been able to find new routes to export the provinces goods and seafood faster internationally, and as well they have been successful in using the region as a hub to import goods to Canada that are then trucked to the US. This is business that the airports wouldn't have been able to secure without the support to grow our airports infrastructure through the Atlantic Gateway program.

In addition significant improvements supported by the Atlantic Gateway program are now underway at the St. John's International Airport. CAT III ILS will be installed on the runway by the end of 2015, which will increase accessibility to the Airport up to 99 per cent. This project will be transformational for Canada's foggiest city. Newfoundland relies heavily on air transportation for tourism, transporting a fly in/fly out workforce and business and this CAT III ILS project will be transformational for the airport and the entire province of Newfoundland and Labrador.

Atlantic Canada's Airports delegates and Airline representatives at World Routes forum 2014 promoting Atlantic Gateway and meeting one-on-one with carriers

In addition to infrastructure, through the marketing and promotional elements of the Atlantic Gateway program, Atlantic Canada's airports have been working with the federal government and all four provincial governments over the past five years to increase air passenger and cargo traffic. Working together we have raised awareness of our region on a world stage that has enabled us to **attract 13 new direct flights to new destinations in Canada and the United States and establish new direct flights to 4 new international destinations. In addition, airlines increased capacity on service to 11 existing destinations and 4 new cargo services were established.** Our joint business development initiatives are working and we would like to continue our marketing initiatives to grow air access and cargo service to our region. Due to the size and limited budgets of the airports in Atlantic Canada, these joint marketing activities would not be feasible without access to marketing programs like Atlantic Gateway.

6.2 Recommendation

Continue to support strategic and significant infrastructure investments at Atlantic Canada's Airports that have the ability to drive the economy in the region.

7.0 Conclusion

Air service growth is critical to the success of the Atlantic Canada's economy and the region's airports are committed to continuing to work with all stakeholders to enhance the economic agenda of our region. Atlantic Canada Airport Association supports the need for a National Air Travel and Trade Strategy that will be supported by an updated and integrated policy framework.