

Capital Funding Stability for Canada's International Airports

As Canada's economy continues to grow and mature, international and regional airports in the provinces and territories will play an increasingly vital role in providing the essential air connectivity to the major central hub airports.

While Canada's major international hubs have invested significant funds into upgrades and improvements there is a demonstrable and consistent need for investment in Canada's smaller international and regional airports to support Canada's ability to move goods and people by air.

These "feeder" airports, post federal devolution, now run under a variety of systems and ownership with the predominant commonality being a free enterprise model.

Depending on the size and scope of the airport, a number of outside funding sources are available.

The ACAP (Airport Capital Assistance Program) processes requests from airports far in excess of funding available each year. In addition, ACAP is a line-budget item and, as such, is subject to changes of government and ministers, budget constraints and capital funding burden shift between government priorities.

Federal provincial infrastructure grants are available that generally offer \$0.66 funding for each capital dollar of expenditure. The criterion varies for each program. These programs have no predictability or guarantee for future years.

It is essential that the entirety of Canada's airport network have the ability to operate within generally accepted business practices. This includes multi-year capital expenditure program planning.

Currently these airports are forced to institute business plans based on, at best, uncertain levels of capital funding to complete their planning process. The object of running an airport in a generally accepted free-enterprise business model becomes extremely onerous under this funding model.

Recommendation

That the federal government create a long term, consistent, and predictable capital funding model for Canada's international airports including local, regional and small National Airport System (NAS) airports where traffic is less than 400,000 passengers per year.