

# NAVIGATING THE BUDGET LANDSCAPE: IMPACTS ON AVIATION

The aviation industry cringes when a new budget is tabled. Over the past twenty years we have come to expect a multitude of measures, including new fees and charges, and little or no support, or even reprieve, for the Canadian air transport industry.

Last year's budget announced increases of 33% in the ATSC that just came into effect this May 1. This went largely unmentioned as it was old news. Smuggled on the back pages of the 2023 Budget Implementation Act was an amendment to the Passenger Protection Law which did not undergo valid consultation before being legislated. The result is that the CTA is now stuck with a legislative framework that was not thoughtfully drafted and void of sound knowledge or real concern as to its impact on the air transport industry and the cost of flying in Canada. Serious issues that require knowledgeable consideration and stakeholder consultation shouldn't be dealt with through omnibus budget implementation acts as they are too often overlooked or cast aside in the rush to get the budget passed.

Surprisingly, this year's budget had some good news for the aviation community in that the government committed to "invest at least \$500 million in biofuels production under its green infrastructure investment stream". We praise that effort. We are encouraged by this initiative in that the Government seems to have heard ATAC's and other aviation associations calling for concrete measures if SAF goals of 10% by 2030 and 100% by 2050 are to be met. Of course, details of how much of that \$500 million will target Sustainable Aviation Fuel remains to be determined. The price of SAF must be commercially viable or subsidized if the Government expects air operators to use it.

We look forward to more specific information on SAF investments. What kind of incentives are being considered? Will the federal government introduce SAF incentives to stimulate production investment in Canada and to allow Canada's biofuels industries to compete against the US. SAF incentives are a critical element of a robust and comprehensive sustainable aviation policy to be further developed jointly by government and industry. As uncertainty over future revenues from renewable fuels production remains a high barrier to investment, a revenue certainty mechanism has to be introduced to reassure investors for a defined period of time, to drive investment in SAF production in Canada and to provide a transparent way to close the price gap.

The budget implementation act will most likely contain

important additional information and, hopefully, no unpleasant surprises. Budget language and announcement are one thing, ensuing action and its timing can be quite another.

The budget announcement is an encouraging start, but it is a modest first step considering the many urgent needs of our industry. Serious investments must be made to support the northern airport infrastructure, something that has been demanded for decades. Government investment is necessary as the user-pay model policy applied to this country's aviation is not a viable option in the north with its sparse population, large land mass and unforgiving weather conditions. In the north and remote regions economic development and connectivity to Canada depend on weather reporting, published approaches, appropriate runway surfaces, including resurfacing, lighting and fencing. These essential infrastructure elements are often deficient in our northern and remote areas and will affect essential service levels.

The skilled labour shortage is at a crisis level in this country. Student visas and work permits for foreigners wishing to come to Canada for flight or AME training and possible employment need to be made available to help stem the skilled shortages in aviation. Our industry is heading towards major disruptions of air service if foreign aviation students are blocked or limited. Flight cancellations due to a shortage of maintenance personnel or flight crews are already everyday occurrences and will worsen. It is incomprehensible that blanket policies are applied across sectors without recognizing critical shortages.

Government loan guarantees for flight training, reasonable Air Passenger Protection regulations that don't threaten the viability of regional air service, 5G radio frequency standards and necessary protections for aircraft operations that don't threaten aviation safety in Canada, are major issues. The aviation industry demands immediate attention and action to avoid reaching a point where we will have to seriously cut air services to Canadians.

ATAC and its Members have been calling for government-industry collaboration to address these issues that make the air transport industry extremely vulnerable. The Transport Minister must champion our collective effort and rally other key departments to join in maintaining safe, world-leading and sustainable air transport services in Canada. ATAC and its Members have solutions to offer and are offering their full cooperation to the Government to address these major challenges.