**Rural Canadians’ economic opportunity requires well-funded regional airports**

*By Daniel-Robert Gooch, President, Canadian Airports Council*

Canadians need to be connected. While high-speed internet is a priority for rural Canada, it’s only part of the solution. Canadians in remote or rural communities must also be able to connect in the real world – and that means reliable and proximate air service.

And that requires well-funded, safe and accessible regional airports.

When the National Airports Policy was introduced in the mid-1990s, a founding principle was that most of Canada’s major airports should be financially self-sustaining, which they have been.  But, the policy also acknowledged that some airports with low traffic volumes would need federal help.

The enactment of the National Airports Policy (NAP) resulted in the transfer of financial responsibility for airports from the Government of Canada to local authorities. This financial model was a boon for taxpayers, resulting in a net transfer of funds from airports to the federal government of $396 million in rent in 2018 alone. In fact, airports have paid more than $6 billion in rent to the federal government since it transferred management of Canada’s airports to non-share capital airport authorities in 1992.

Canadian airport revenue comes from three sources:

* Aeronautical Revenue:  Landing and terminal fees charged to air carriers and other airport users.
* Non-Aeronautical Revenue:  Generated by businesses deployed and developed on airport land (hotels, shops, restaurants, parking, etc.).
* Airport Improvement Fees on airline tickets: Used exclusively on capital infrastructure programs that benefit travellers and other airport users.

Airports generally have high fixed costs with revenue that is directly related to the nature and volume of air traffic. Smaller airports do not enjoy the same economies of scale as their larger counterparts, but their cost areas are the same. In fact, all airport capital expenditures can be viewed as occurring in one of four sets:

* The cost of operating and maintenance equipment;
* The cost of restoration projects to maintain buildings and airside surfaces;
* The cost of large capital expansion projects to meet growing demand; and;
* The cost of large capital expansion projects to facilitate growth in air services.

The government recognized that lack of funds could have a significant impact on Canadians ability to access air service and created the Airports Capital Assistance Program (ACAP) as the funding vehicle to provide support for many, but not all, small airports.

In many ways, it has been a success: ACAP has become an invaluable resource of funding for eligible airports. But, while program improvements have been made in recent years, funding has failed to keep pace with demand for ongoing safety and security maintenance and new regulations.

ACAP funds multiyear projects, which is boon for complex airport improvements. However, at times the total funding package may be announced at the start of the project, making it appear that ACAP is allocating higher levels of funding in a fiscal year, which is misleading. The actual annual ACAP funding is capped at $38.5 million, an amount that has not changed since its inception. And as there are approximately 200 airports that are eligible for ACAP, this amount has to go a very long way.

Because of this, ACAP, which was designed to support three types of projects typically only funds safety-related airside projects. That means that other types of projects, like terminal safety (e.g. asbestos removal, barrier-free access) are rarely funded.

Unfortunately, the need to fund new projects is increasing. Newly introduced safety requirements are raising costs significantly. As well, new regulations for travellers with disabilities have been proposed for airports with 100,000 passengers a year.  This is a welcome development that will ease travel for many people regardless of where they live, but at 100,000 passengers, it includes many very small airports, with limited revenue streams.

The CAC does not oppose these regulations, but they will have a financial impact.

We have a solution. Bring ACAP up to 2019 standards. The CAC, along with colleagues at the Regional Community Airports Canada (RCAC), BC Aviation Council (BCAC), Airport Management Council of Ontario (AMCO), Réseau québécois des aéroports (RQA), and the Atlantic Canada Airports Association (ACAA) have organized themselves as the ACAP Partners to call on the government to increase ACAP funding to $95 million a year, and support a simpler, more transparent and predictable program for eligible airports. This increase accounts for inflation in materials, equipment and labour for ACAP eligible projects, as well as accumulated demand due to chronic underfunding.