



GLOBAL PUBLIC AFFAIRS
FROM INSIGHT TO IMPACT

Air Transportation: Can't We Do Better?

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Air Sector Doing Well Overall

- Good passenger and cargo growth
- Airport authority model is sound
- Airlines are profitable
- No major problems with safety and security
- Many and improved air bi-laterals



But When One Digs Deeper...

- Passengers are getting “loonied” and “toonied” for far too many items
- Up to 5 million Canadians use US airports
- Canada has the 4th most costly air transportation system in the world
- Complaints about a slow and complicated customs and security processing
- Canadians fly on average less than Americans
- Little real competition and poor, costly service for smaller centres



Can't We Do Better?

- Attract more passengers and cargo
- Make YVR, YYZ, et al much bigger international hubs and gateways
- Reduce the costs for passengers and the system overall
- Generate more competition, both domestic and international
- Stop using the air sector as a 'cash cow'
- Instead, use the air sector as a growth engine



Suggestions for Improvement

- GoC eliminates airport rent, excise fuel taxes, etc
- GoC absorbs half of air security costs
- Pass reduced costs on to passengers
- Remove all foreign ownership restrictions
- Negotiate real Open Skies agreements (cargo and passengers) with like-minded countries
- Faster and simpler air security, customs and transit/traveler processing
- Make airport authorities more efficient and less costly



Conclusions

- Overall one can make the case that all is well
- But are we not missing a real opportunity for much more growth?
- For a less complicated and less costly system?
- If so, how and when can this be done?