ATAC'S VIEW ON THE NEW DESIGNATED SCREENING AUTHORITY

ATAC appeared before the House Standing Committee on Transportation, Infrastructure and Communities on May 7 and before the Senate Standing Committee on Transport and Communications on June 4 to comment on Bill C-97, an act which allows the creation of a new screening authority to take over from CATSA.

ATAC supports the transformation of CATSA or the creation of a new Designated Screening Authority (DSA) on the condition that it be granted the necessary tools to maximize efficiencies in the short term and be able to keep pace with the growth of our industry.

We caution, however, against high expectations of immediate efficiency gains at the operational level, as the benefits of privatization will be realized through a greater autonomy of the DSA in its long-term planning, staffing and financing.

ATAC supports the amendments proposed by the National Airlines Council of Canada with regards to compensation for the cost impact of ministerial directives related to security and the abolition of the Air Travelers Security Charge (ATSC).

The Government is anxious to apply the framework which led to the successful privatization of Air Navigation Services (ANS) and the creation of NAV CANADA. A very short deadline, however, has been set, which some would even qualify as unrealistic if the commercialization of airport security screening is to produce a net advantage in terms of cost and efficiency which would improve the passenger experience.

A price tag of over $500 million is being shamefully attached to this privatization in an effort by the Government to cash in on the CATSA book value. This is totally unacceptable as the traveling public has already paid for CATSA's capital assets. In fact, passengers have already paid for them twice because the ATSC has generated well over $500 million in surpluses over the CATSA budget allocations in the past 5 years alone.

Transport Canada is not clear on the price tag issue. One day we are told that the book value price is non-negotiable, and the next day we are told that everything is on the table.

Let us not forget that every year the Government of Canada imposes on the aviation industry a Fuel Excise Tax – collecting over $100 million, Airport Rent - $350 million, the ATSC - over $700 million, and now the Carbon Tax.

The Government collects well over $1 billion each year, not even including consumer, corporate and income taxes, but doesn't reinvest any of it back in aviation. Airport infrastructure is entirely paid for by the passenger, as is aviation security. Airlines assume all costs of air navigation in Canada. No other mode of transport left to completely finance its infrastructure and operations, the Canadian air transport industry has been made into an important revenue stream for the Government, seriously impacting our competitiveness, domestically against other modes of transport, and internationally against foreign operators.

We believe that anything other than a nominal price of $1 for CATSA's assets is unacceptable and could very well compromise the process. A clear precedent was set when the Government divested itself of hundreds of airports across Canada in a previous Liberal Government.

A major concern is that to pay for this outrageous price tag, the new DSA will have to include the debt payment when setting the new passenger screening charge. Need it be said again that Canada already has one of the highest aviation security charges in the world, which negatively affects our competitiveness in the international market.

Finally, the Government does not deny that it would probably seek compensation for the loss of the hundreds of millions generated by the ATSC surpluses. This is probably why the Bill doesn't abolish the current ATSC. If not through the current charge, how else would the loss of this revenue for the Government be compensated other than by additional fees and charges to our passengers and carriers?

Minimizing the cost to the public is critical to maintaining Canada's competitiveness and to address the leakage to the US market. It is the Government's responsibility to ensure that its policies support rather than hinder the competitiveness of the air travel services to Canadians. Further milking the air transport industry and its passengers is unacceptable and detrimental to our industry.

Once established, the new DSA will be in place for a long time before changes are made again. Canadians deserve that the process of transforming or replacing CATSA not be governed by an electoral agenda, that air travelers not incur an increase in costs, and that all concerned take the time required to develop a strong, efficient, autonomous, transparent and well governed model.

John McKenna
President and CEO
Air Transport Association of Canada

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ATAC
Air Transport Association of Canada
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Air Transport Association of Canada
1505 - 222 Queen Street, Ottawa, Ontario, K1P 5V9
Phone: (613) 233-7727 • Fax: (613) 230-8648
Website: www.atac.ca