

CAC Update

June, 2025



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Impacts of Tariff Threat on Transborder Capacity and Domestic



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What's the real impact?

- No data source is perfect
- OAG -70% number in media looks at travel intentions – methodology questionable
- We know the bridge had a real impact of -12.5% decline in US trips in February
- CAC is working with Intervistas to keep a close eye on the impacts on bookings and forecasts.

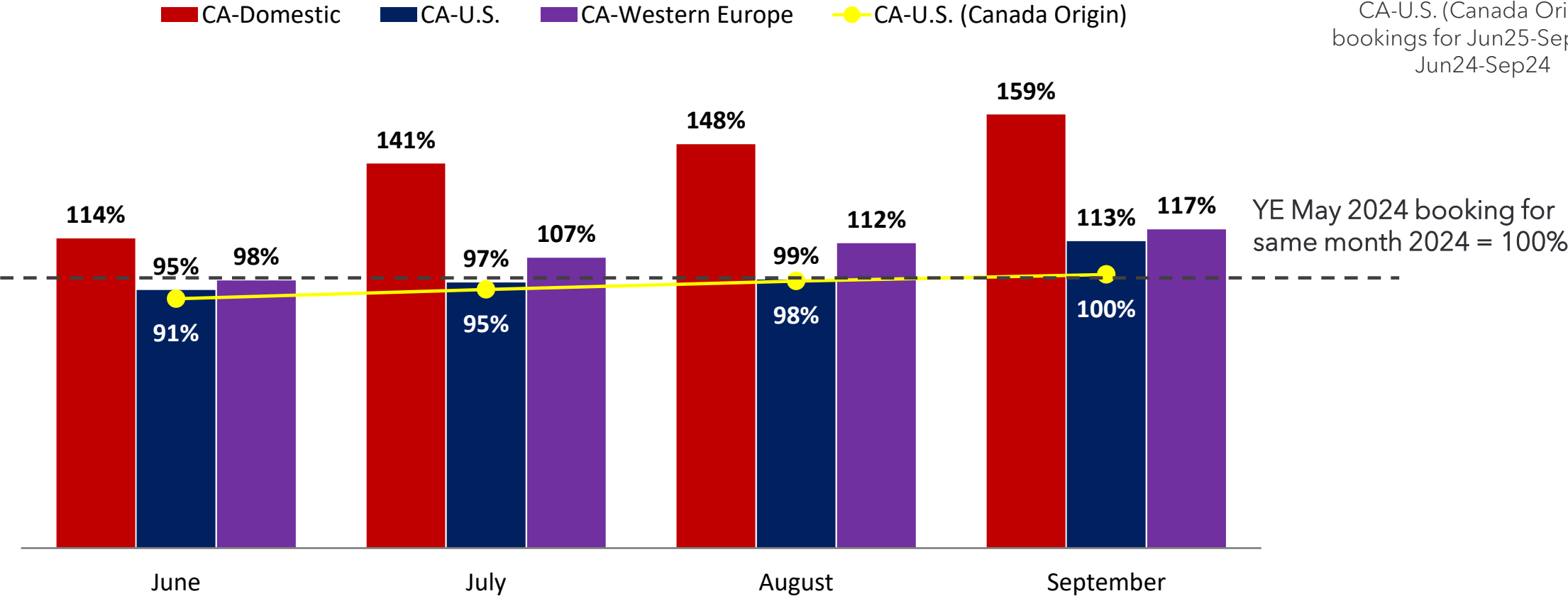
Our Latest Look in Advanced Bookings

DEMAND

YE May 2025 Bookings for Select 2025 Months vs. YE May 2024 Corresponding Months
Canada-Domestic, U.S. and Western Europe Bookings

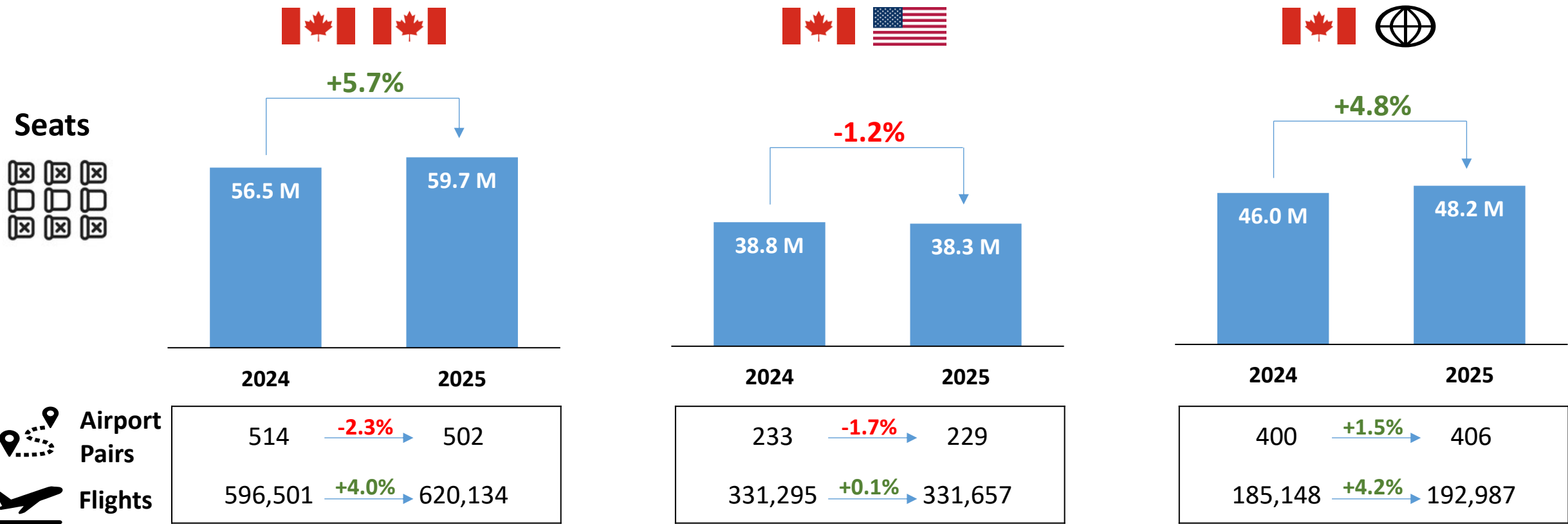
94%

CA-U.S. (Canada Origin)
bookings for Jun25-Sep25 vs.
Jun24-Sep24



Canada's Air Capacity in 2025

SUPPLY & DEMAND







Will these patterns continue into 2026?

Economic Impact of Airports

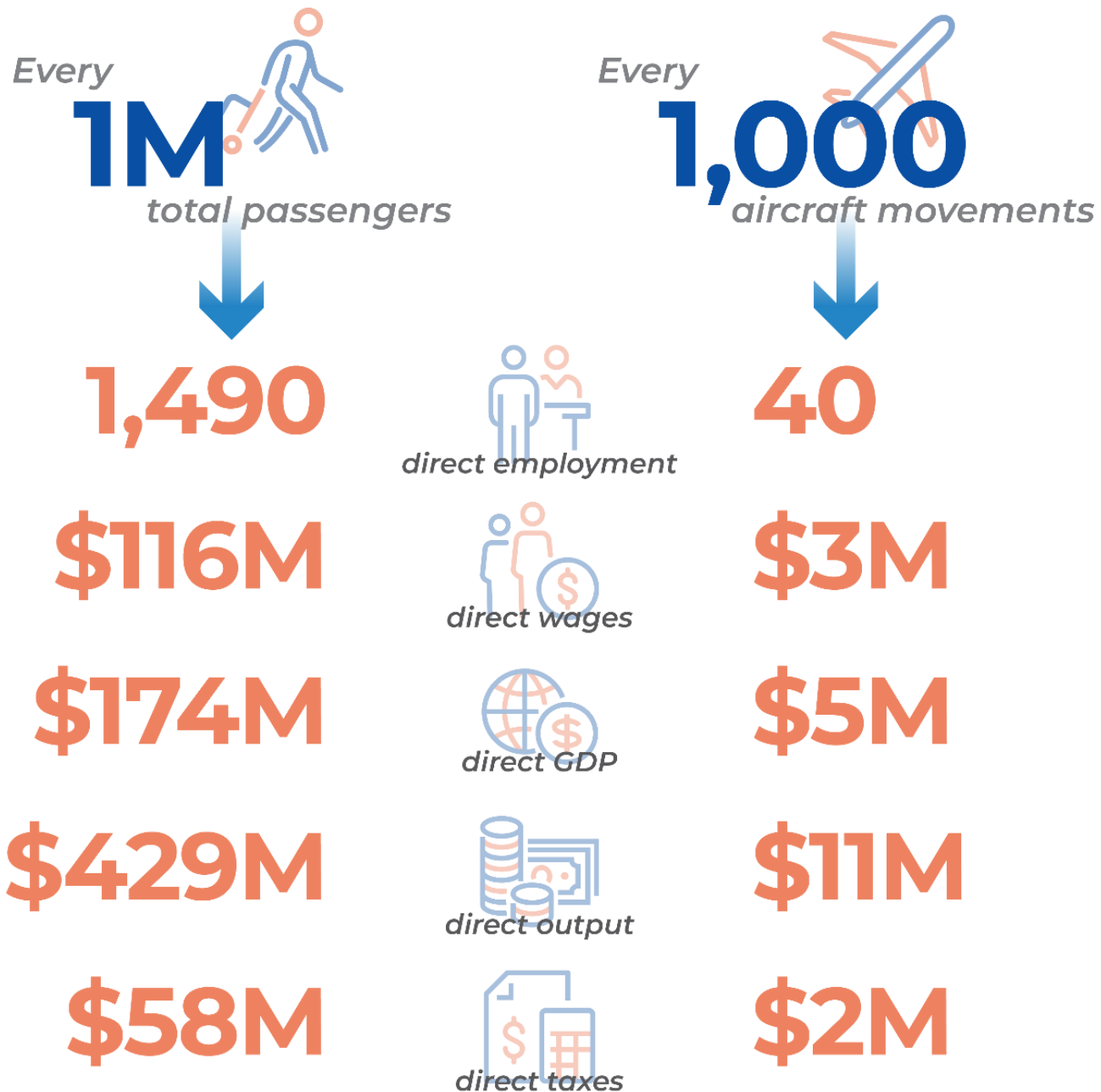


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Comparison to 2016 Study

	2016	2024	
 Employment	355,000	→ 435,800	→ +22.8%
 Wages	\$22.0B	→ \$32.9B	→ +49.5%
 GDP	\$35.0B	→ \$49.6B	→ +41.7%
 Output	\$79.0B	→ \$123.5B	→ +56.3%

Incremental Aviation Activity Benefits



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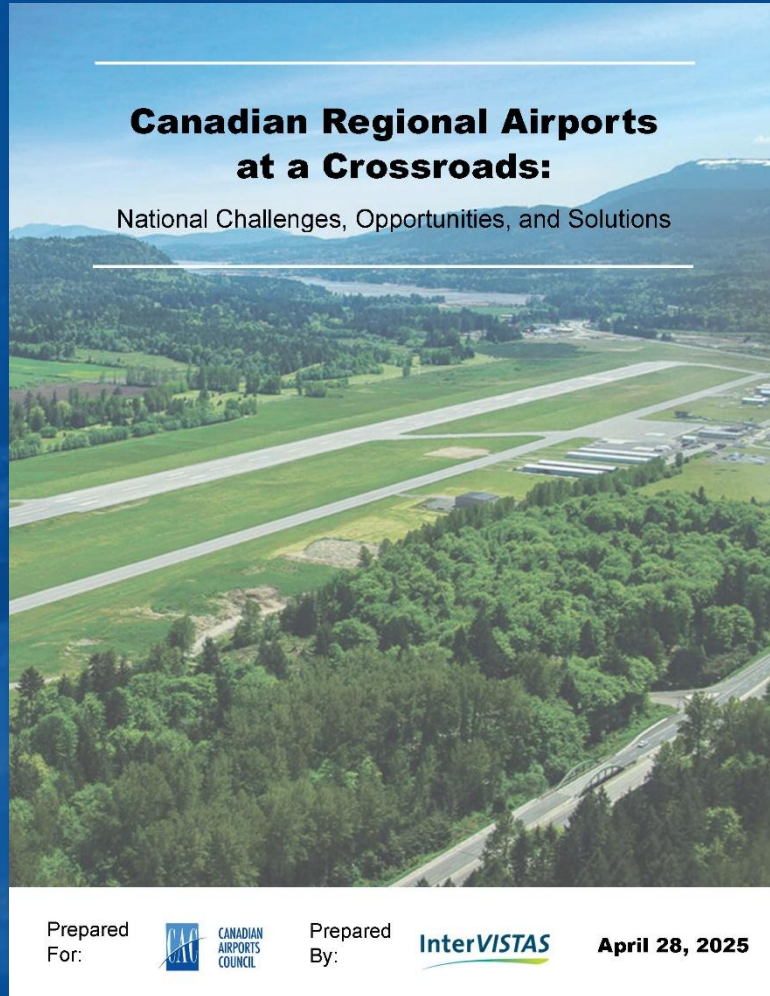


Regional Connectivity



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Scope of Work



A. Review of Air Service in Regional Markets in Canada

- *Definition of Regional and Local Airports*
- *Importance of Connectivity*
- *Examination of Activity Trends*
- *Impacts of Regional Connectivity*
- *Economic Impact – 3 Regions*

B. Situational Analysis: Air Connectivity Shifts

C. Comparative Analysis of Regional Connectivity Policies

D. Regulatory and Economic Framework

E. Recommendations for Improving Regional Air Service

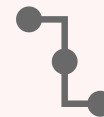
Report Findings



Regional air service is vital for hundreds of communities across Canada, connecting them with the national transportation network and by extension, the world.



Canada's regional airports have experienced a significant reduction in flight frequencies and overall seat capacity, with frequencies falling to 64% of 2014 levels and seat capacity at only 83% of 2019 levels.



The connectivity of Canada's regional airports to the domestic and international markets has tumbled since 2019, with the IATA and Onward Connection indices showing a greater than 10% decline in domestic connectivity.



Regional air services are left mostly to market forces, and this is limiting service to many communities.

Report Findings



Canada is not keeping up with policy tools used in other jurisdictions: A scan of international programs identified several programs to retain air service using subsidies for airlines or other policy tools such as revenue guarantees, passenger reimbursements, and slot restrictions, among others.



Canada's National Transportation Policy permits limited, strategic market interventions in the aviation sector when they are in the public interest, and this should be exercised.



Core principles include (1) housing any action within a broader national aviation policy framework and (2) identifying clear agency roles and responsibilities.

Ongoing Issues



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Top Advocacy Files

- **Lease Extension:** Leveraging the Airport Investment Policy Statement, CAC is pushing hard to get a blanket 50 year extension for all NAS airports
- **Airport Infrastructure:** Requesting a \$500 million funding program for airports to support market diversification and strengthen supply chains

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Unlocking Growth

Connecting Canadians
In a country as geographically wide and sparse as Canada, air travel provides vital connectivity needed for our society to function. Not just for our economy but our essential goods, services and the health and safety of our citizens and communities. In these times of market shifts and uncertainty it is essential to work in partnership with the government of Canada to ensure this sector is thriving, sustainable and fully contributing to the economy in communities across the country.

150 Million Passengers
194,000 Jobs
1.4 Million Tonnes of Cargo

Airports Investing in Growth
Canada's major airports were privatized in the early 1990s to operate under a more efficient and effective business model. Since that time, they've invested over \$30 billion in growing, improving and expanding infrastructure to meet the ever-expanding needs of air travel in this country. Canada chose this self-funding model to privatize these national infrastructure assets so they could nimbly and efficiently meet the demands of air travel and capitalize on trade opportunities.

Expanding Markets and Unlocking Infrastructure Growth
Every 1 million passengers moving through Canada's airports directly supports \$50 million in taxes to all levels of government. Currently there are no federal funding programs aimed at supporting trade enabling infrastructure for this vital mode of transport: \$28 billion needs to be invested to keep up with growing demand and diversify supply chains. To do this, airports require flexible financial options and for government to:

- Create a \$500 million annually infrastructure program to invest in aviation infrastructure aimed at accelerating trade diversification and strengthening supply chains
- Extend federal land leases by 50 years to unlock lower-cost investments on airport campuses
- Increase funding for the Airports Capital Assistance program to \$95 million to help small airport make key safety and security investments

The Voice of Canada's Airports®

Automation of the Traveller Journey

- Need an end-to-end biometric travel journey
 - Reduce bottlenecks
 - Enhance security and certainty of identification
 - Increase infrastructure efficiency and use

The New York Times

Your Face Is, or Will Be, Your Boarding Pass

Tech-driven changes are coming fast and furiously to airports, including advancements in biometrics that verify identity and shorten security procedures for those passengers who opt into the programs.

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Travel new

NEWS TRAVEL PROFILES TRIED

Singapore Changi Airport Unveils Passport-Free Travel with Biometric Controls

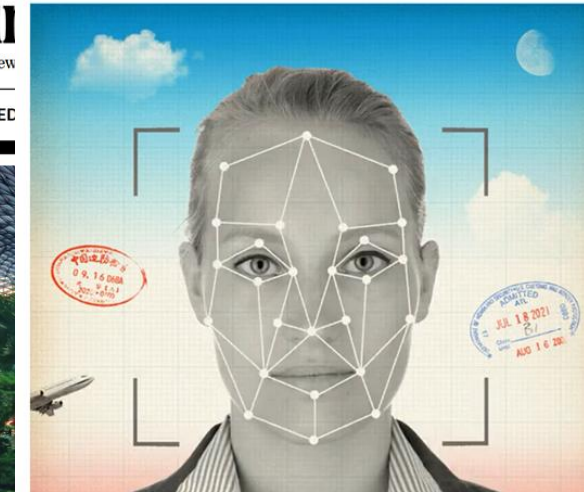
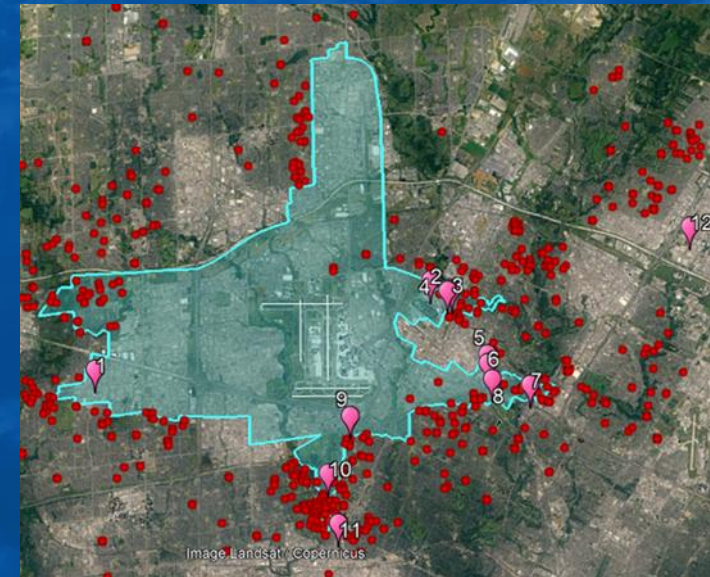
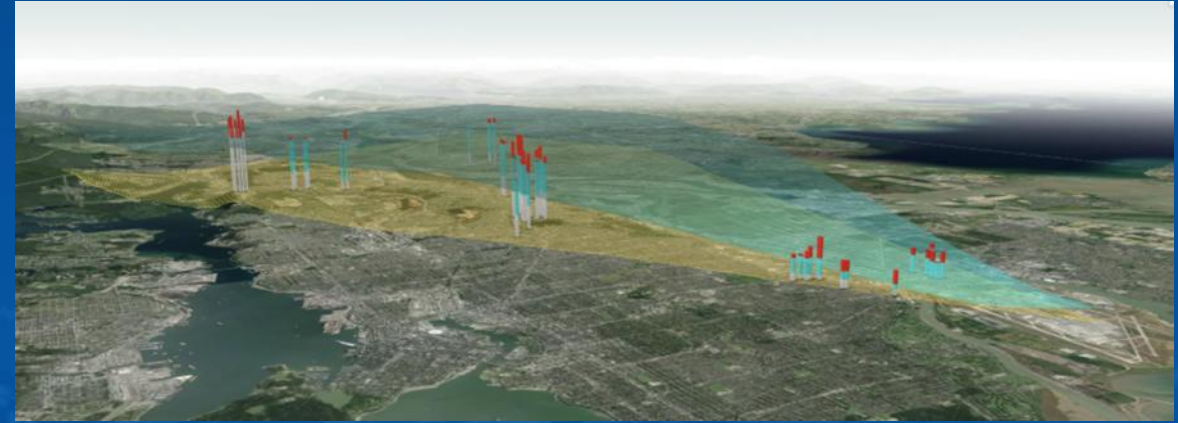


Photo Credit: IDEMIA

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Land Use File Update

- Raised with DM's, ADM's and Minister's office
- Changes at staff lead level in TC
- TC Air Policy seeking more economic impact data
- Need to build a more robust case
- Airport meeting to build out and adjust narrative



Accessibility

- Consulted with accessibility community, looked at best practices and engaged extensively with airports
- Voluntary and aspirational
- Guide the work of 32 member Accessibility Working Group



Firefighting

- M-96 Passed the House of Commons Unanimously
- Transport Canada issued a Preliminary Issue and Consultation Assessment (PICA)
- Industry is awaiting results of the PICA to see where the conversation moves



Official Languages

- CAC was an intervenor in the SJIAA vs Thibodeau case at the Federal Court of Appeals
- Appeal was lost in a split decision
- SJIAA has filed leave to appeal to the Supreme Court of Canada
- Awaiting decision, but odds are better than most cases



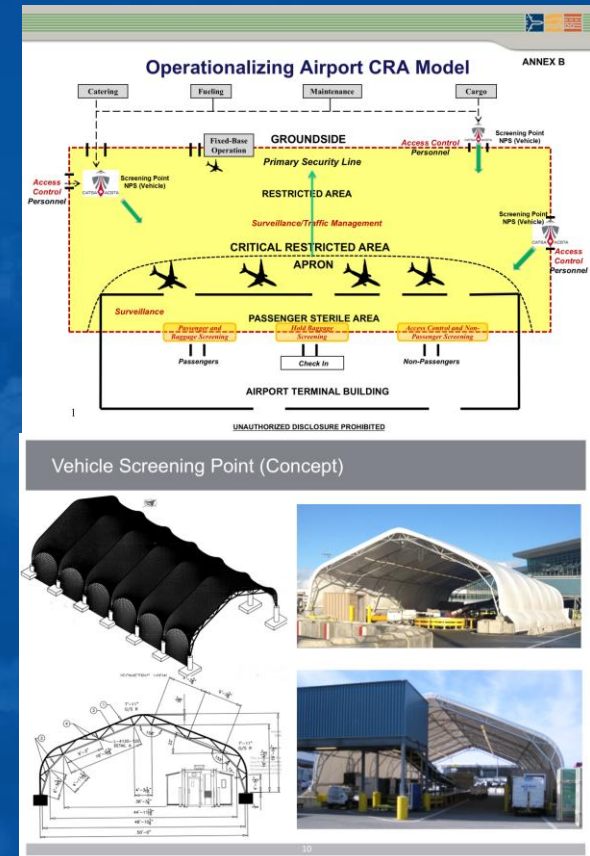
NPS @ Small Airports

Transport Canada has announced an acceleration of their enhanced NPS/V Plans

- 14 airports with seasonal international service captured
- Infrastructure Investment Required (\$30 million)

CAC is asking for:

- Alternative Compliance & Clarity ✓
- Timeline Changes ✓
- Financial Assistance ?



Other Issues

- APPR
 - Second Tranche of Regulations increasing penalties and expanding provisions.
 - Gazette I comments submitted March 6
 - Strongly opposed
- CTA Complaint Cost Recovery Regime
 - Proposal to charge air carriers \$790 fee for every complaint
- Competition Bureau Air Sector Study
 - Airports carved out but.....
 - Originally expected in June but could be sooner

Questions?



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