



## ATAC NEWS FLASH

### ATAC Reviews the New Budget

Ottawa, March 4, 2010. The budget entitled “Leading the Way on Jobs and Growth” was released today. On a macro level view, the government proposes to reduce the \$53.8 billion deficit of the 2009-2010 fiscal year to a \$1.8 billion deficit in the 2014-2015 fiscal year. The budget purports to “not raising taxes”. However ATAC members were subjected to a pre-budget announcement of a 53% increase in Air Travellers’ Security Charge (ATSC). The Transport Minister characterized the ATSC as a user fee. However, the anticipated \$1.5 billion increase in ATSC receipts over the next five years is spoken to in terms of strengthening CATSA’s abilities.

The three point process envisioned by the government in reducing the deficit include:

1. Winding down the 2008-2009 Economic Action Plan initiatives on time.
2. Restrain government spending by \$17.6 billion over five years.
3. Conduct a comprehensive program review on all government departments.

### Spending

The government announced the following spending initiatives:

1. \$3.2 billion in personal tax relief
  - Raising the limit before tax is collected
  - Enhance the working income tax benefits through a higher child tax benefit and lower taxes for low and middle income.
2. \$4 billion to create and protect jobs
  - \$1.6 billion in additional Employment Insurance spending along with a freeze on employee and employer EI rates
  - \$1 billion in additional occupational training
3. \$7.7 billion in infrastructure
  - \$3.8 billion to support private home ownership
  - \$4.1 billion to improve social housing
4. \$1.9 billion to create “The Economy of the Future”
  - Spending on post secondary education infrastructure, research, technology innovation and environmental protection
5. \$2.2 billion to support industries and communities
  - Support forestry, agriculture, small business, tourism, shipbuilding and culture

Additional items that may interest air operators are:

- Streamlining the process associated with the taxation of cross-border activities (it remains to be seen if this is a nod towards cross-border leases).
- Instituting a code of conduct for credit and debit card institutions.
- \$87 million over two years to improve border efficiency through the purchase of vehicle and cargo scanners.
- \$37.9 million to Transport Canada to implement a comprehensive air cargo security regime.
- \$1.5 billion to CATSA over 5 years to strengthen its activities.
- A reduction by 2% in the interest paid by CRA to companies with credit balances in their income tax/GST/ATSC balances.

### Overview

This budget provided little (direct benefit) to air operators and sets the stage (through the program review) to either increase user fees (eg. CBSA & Health Canada) or alternatively to see a reduction in service levels.