



Federal Rent announcement won't stimulate demand

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Ottawa - The federal government's decision to defer airport rent is a public relations gesture rather than a serious effort to help travellers and airlines, the Air Transport Association said today.

Responding to a government announcement that airport rent would be deferred for two years and then paid back by the airports, ATAC President Cliff Mackay said "The amount of money involved is pretty tiny – about a dollar per passenger. That won't buy you a coffee these days."

"In any case the terms don't even require the airports to pass the savings onto the carriers and passengers. So it's unlikely to have any major impact on passenger demand," he said.

Mr. Mackay said the announcement was a disappointment in light of the recommendation of the Parliamentary Standing Committee on Transport's April report, which called for a two year holiday for airport rent. "That would have made a major difference and clearly stimulated demand. This gesture falls far short of what Parliamentarians asked for."

The Association President said the only positive aspect of the announcement was that the federal government had finally conceded that its airport rent formula was not sustainable. "We have been asking for change for a couple of years, saying the model they were using was out of touch with market conditions. Today the government acknowledged that the model can't just keep increasing the government's take without regard for market conditions."

Mr. Mackay said although the government has announced the deferred rent will be paid back, it is unlikely that will happen. "The repayment clause is just a face-saving gesture. The government doesn't want to concede that the rent formula will have to be renegotiated. But we're battling just to get carriers back into the black, there's no reason to think they will be throwing off excess cash to fund the federal government. This rent will never be repaid, nor should it be."