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Good morning, and thank you for the opportunity to present today on Bill 14. I am here to discuss the aviation sector's sincere concern with the bill's proposal to phase in a 148 per cent, four-cent-per-litre increase to the province's aviation fuel tax over the next four years.

My name is Marc-André O'Rourke, and I am the Executive Director of the National Airline Council of Canada. The NACC represents Canada's four major passenger airlines – Air Canada, WestJet, Jazz and Air Transat. We advocate for safe, sustainable and competitive air travel so that Canadians can have the best and most affordable flying experience when traveling within Canada and abroad. We are the largest airline users of Ontario's airports. Collectively, our member airlines carry over 50 million passengers annually and directly employ 43,000 people.

The NACC member airlines are proud of the investments we make in Ontario and of our contribution to the province's economy. Our industry is doing its part to grow Ontario and we hope to continue hiring more people, making aerospace purchases and expanding services in the coming years. This requires a stable economy, a competitive tax environment and a partner in a government committed to the health of this dynamic sector. Unfortunately, the proposal to increase the aviation fuel tax is inconsistent with this objective.

Today, I want to share some information with you on how increasing aviation fuel taxes by 148 per cent will harm Ontario's economy across many vital sectors, and how Ontario communities, consumers and businesses in Toronto, the south-west, the Ottawa region, and the north will be negatively affected.

First, I would like to illustrate how the aviation sector in Ontario is already disadvantaged in comparison with the rest of Canada, the United States and the world.

At the existing 2.7 cents per litre tax on aviation fuel, Ontario is both out of step with most provinces and competing U .S. jurisdictions. Ontario already has one of the highest taxes on aviation fuel and is one of the only jurisdictions in the world that still imposes a tax on fuel used for international flights.

British Columbia is an interesting case study. In 2012, as part of its Jobs Action Plan and despite facing significant budget constraints, the government actually decided to eliminate its aviation fuel tax for international flights to attract new air service and create more jobs. It seems to be working. Since then, it is reported that 22 airlines have added flights to Vancouver, each of which brings new jobs and economic activity. In fact, the B.C. government has indicated that the initial loss of revenue ($12 million) has been significantly superseded by an estimated $20 million in new payroll and consumption taxes in the first year. The proof is the pudding.

If Ontario's aviation fuel tax goes up by 148 per cent as proposed, the consequences for the province's economy will be significant. Dr. Fred Lazar of the Schulich School of Business at York University has estimated that the fuel tax increase could result in a decrease of up to $97 million in GDP for the province. The tax increase could also mean a loss of more than 2,000 jobs and 400,000 air travellers in Ontario.

By 2030, the catalytic effect of a four-cent increase could cost the province up to $1.0 billion in lost GDP.

The air travel sector is an economic driver and part of a high value supply chain. Many industries rely on aviation to thrive, including manufacturing, financial services, and particularly tourism. This is why important groups such as the Ontario Chamber of Commerce, the Conference Board of Canada, the Tourism Industry Association of Canada, and the Association of Canadian Travel Agencies have come out in strong opposition to this increase.

Over the past 20 years, the aviation sector has repeatedly been told by governments that a given fee increase, or the imposition of a new tax or charge, "will only add a small amount" to the airfare and will have no impact on demand. This approach to taxation policy of continuously adding charges, has resulted in Canada having the dubious distinction of being one of the least competitive jurisdictions in the world with respect to high aviation taxes and fees, according to the World Economic Forum which ranked us 136th out of 140 countries in 2013. It is unrealistic to believe that such taxes and fees can continue to be added without them having significant impact on demand and the economy.

We don't need to look much further than the jobs and dollars that are lost because of the 3 million Ontario travellers and more than 5 million Canadians who choose to drive across the border to fly out of U.S. airports. Increasing the fuel tax will only exacerbate the leakage of jobs and economy-stimulating spending to the U.S.

Higher fees are pushing families in southern Ontario across the border, but the problem is also very real in northern Ontario. The Thunder Bay airport already loses up to 40,000 Canadian passengers a year to airports in Minnesota. In Sault Ste. Marie, the estimate is 30-45,000 passengers. The increase in the fuel tax will make the problem worse for people and businesses in the north.

Even the small New York town of Ogdensburg is taking advantage of the situation. In Ogdensburg, a town of less than 12,000 people in upper New York State and less than an hour's drive from Ottawa, the airport is aggressively pursuing plans to attract new airlines and offer new destinations. The Ogdensburg Airport will extend its runway to accommodate jetliners and expand its passenger terminal. It is safe to say that attracting passengers from the Ottawa region is high on their list.

Although the entire Ontario aviation and travel sector will suffer from this policy, I want to speak to the specific impacts on Toronto Pearson.

As Canada's largest and busiest airport, Toronto Pearson directly supports over 40,000 jobs. The airport is not only in competition with Buffalo and Detroit, but also with other international gateways like New York's JFK Airport, Chicago's O'Hare Airport, and the Newark Liberty International Airport.

Passengers have a choice when deciding where to fly from and where to connect to flights abroad. Higher taxes and fees in Ontario means that Toronto will lose out on more passengers and flights and the well-paying jobs these flights support.

I believe the case is clear that increasing the aviation fuel tax by 148 per cent is inconsistent with the interest of Ontarians as it will hinder job creation, economic growth, trade and the development of Ontario's vital travel and tourism sectors.

We know that the government is committed to jobs, growth and keeping Ontario's recovery on course. As such, we ask the government, and this committee, to defer implementing the aviation fuel tax increase until a full study of its economic impacts can be completed, with meaningful input from Ontario municipalities, consumer organizations, airports, tourism operators, airlines and other affected parties.

Thank you for your time, and I'm happy to take any questions you may have.