

The Chamber's President, Valerie Payn, recently sent a letter to John Manley, Deputy Prime Minister and Minister of Finance and David Collenette, Minister of Transport, again calling for the flight tax imposed by the federal Air Travelers Security Charge Act to be rescinded or substantially reduced. Following are excerpts of the December 23, 2002 letter.



Dear Sirs:

Re: Air Travelers Security Charge

We write to express our continuing and very substantial concerns respecting the \$24 per return domestic flight tax imposed by the federal *Air Travelers Security Charge Act*, effective April 1, 2002. This letter is further to ours of February 22, 2002 (and former Minister Martin's April 8, 2002 letter of response) concerning this same issue.

We call for that tax to be rescinded or substantially reduced.

As indicated by the Atlantic Region airports listed in the schedule to the *Air Travelers Security Charge Act*, close intra-region destination pairs characterize our Region. Our Region of course is smaller than other Canadian regions. Thus, with airline ticket costs being normally a function of distance to be traveled, the air security "flat tax" is more burdensome for Atlantic Region travelers than travelers within other Canadian regions.

We are very concerned that additional federal charges, particularly including this air tax, are increasingly driving air travelers away from intra-region air travel, in favour of utilizing slower travel modes between Atlantic Canada destinations. This potentially has a significant marginalizing effect on the quality of basic air transportation services that air carriers are prepared to offer in our Region, detrimentally impacting upon air service into and out of Halifax International Airport.

We understand that essentially your staffs are utilizing the "user pay" concept to justify this sector tax. However, we are unaware of any other Canadian economic sector being subjected, at least to any similar degree, to a "user pay" security charge in the wake of 9/11. Indeed, of the \$7.7 billion earmarked for security enhancement expenditures in Canada over the next five years as of April 1, 2002, \$2.2 billion is to be raised by the air security tax, leaving the bulk of the remaining \$5.5 billion to be funded out of general revenues. We do not argue with the need for enhanced security. We do urge that all of the \$7.7 billion be funded out of general revenues, rather than disproportionately focusing on air transportation. The "user pay" concept should be applied equitably, or not at all.

As stated above, we call for the end or a substantial reduction of this air security tax, particularly noting the undue burden it imposes on intra-region Atlantic Canadian air travel.

We would welcome an early opportunity to discuss this matter with you. Thank you for your attention to our representations on this important issue.