

# CBAA ACAA

Canadian Business Aviation Association  
Association canadienne de l'aviation d'affaires

60th Anniversary | 60e anniversaire



## FEDERAL ELECTION 2021

### **Business Aviation and Canada's Future:**

*How business aviation can contribute to  
Canada's green agenda and economic growth*





## Business aviation is...

A critical asset that creates economic opportunity and jobs

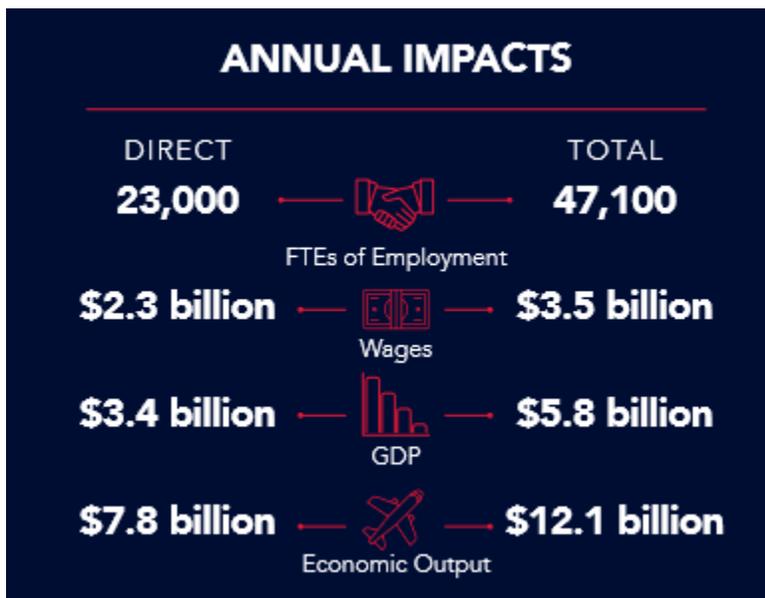
A world-leader in the creation and adoption of technologies that reduce our environmental footprint

A corporate advantage that connects Canadian entrepreneurs and corporations to remote locations and world markets

## Business aviation is part of Canada’s past – and its future

The pandemic was a turning point for business aviation, an industry that contributes \$12.1 billion to the Canadian economy every year. Business aviation has proudly served Canadian communities and companies with safe, reliable and efficient flights both before and during COVID-19. Today, we have emerged a stronger sector with a clear vision of how we can contribute to Canada’s most important goals: a robust, resilient and equitable economy that supports a green and sustainable future.

Through much of our history, Canada has depended on reliable, nimble and tough aircraft to keep our communities connected and our companies competitive. Today, we estimate there are more than 1400 business aircraft flying in Canada, covering virtually every square mile of our vast country, and taking us to every corner of the globe, no matter how remote or seemingly inaccessible.



**We don’t just fly the airplanes; we build them.**

For decades, Canadian aerospace and aviation companies have led the world in designing and operating some of the most technologically advanced and sustainable aircraft available anywhere, from workhorses like the STOL Beaver and Twin Otter to today’s state of the art long range Global 7500. Altogether, Canadian business aviation operations and manufacturing is a

\$12.1 billion sector, employing just over 47,000 people at an average salary of approximately \$96,000.

Safety is in our DNA. Our expertise and excellence, developed over decades of hard work and experience in some of the most unforgiving climates and terrains on the planet, has helped Canadian business aviation – specifically corporate aviation, operating under CARs 604 – to become the safest form of aviation in the world.

Business aviation’s extraordinary levels of safety and responsiveness proved to be an invaluable ally in Canada’s battle against COVID-19, as our people worked around the clock to repatriate Canadians, deliver medical and other essential personnel and cargo, and keep businesses and

people safe, healthy and connected even as scheduled airline service to dozens of communities across the country ground to a halt.

The CBAA is committed to working with the new federal government to create policies and programs that will support Canada’s dynamic and essential business aviation sector while at the same time, contribute to the twin goals of sustainability and economic growth.

***Business Aviation Direct Employment, Wages, GDP and Economic Output by Province/Territory<sup>1</sup>***

<b>Province/Territory</b>	<b>Number of Based Aircraft</b>	<b>Employment (Person Years)</b>	<b>Wages (\$ Millions)</b>	<b>GDP (\$ Millions)</b>	<b>Economic Output (\$ Millions)</b>
Ontario	504	3,080	240	420	1,100
Alberta	419	2,560	210	290	670
Quebec	364	2,220	150	270	610
British Columbia	288	1,760	130	170	380
Manitoba	93	570	30	50	100
Saskatchewan	69	420	30	40	110
Northwest Territories	45	270	20	40	90
Newfoundland and Labrador	28	170	10	20	30
Nova Scotia	23	140	10	10	30
Yukon	22	130	10	20	30
New Brunswick	21	130	10	10	20
Nunavut	12	70	10	10	20
PEI	3	20	1	2	10
<b>Total Canada</b>	<b>1,891</b>	<b>11,550</b>	<b>860</b>	<b>1,350</b>	<b>3,190</b>

<sup>1</sup> Economic Impact of Business Aviation Operations and Business Aircraft Manufacturing in Canada, 2017 – Final Report (27Sep2017)

## What should happen next?

During this pre-election period, the CBAA is pleased to provide political leaders and parties with a series of recommendations that we believe will support the business aviation sector, while also helping to create a resilient, green and prosperous future for all Canadians.

We look forward to engaging more fully with you to advance our mutual goals.

***Recommendation #1: Support Canada's climate goals by reducing carbon emissions with federal financial stimulus programs that encourage the purchase and environmental modernization of business aircraft, materials and service.***

Stimulus programs could take several forms, including an accelerated capital cost allowance, expense tax deduction, tax credits and/or a rebate program.

These programs would be particularly crucial for leading Canadian companies such as Bombardier, CAE and Pratt & Whitney Canada as well as hundreds of other small medium and large companies that are part of the business aviation community, employing Canadians in such diverse fields as avionics, engineering, design, and many more. In 2017, the CBAA estimated that business aviation directly generated almost 12,000 highly paid and highly skilled jobs in Canadian aerospace and aircraft manufacturing and R&D, including companies such as Bombardier, CAE and Pratt & Whitney Canada.

These programs would also enhance Canada's global standing as a leader in business aviation aircraft, engine and simulator manufacturing and technologies, encourage worldwide sales and contribute to Canada's economy.

***Recommendation #2: Ensure that business aircraft are treated fairly under the federal tax system by excluding all aircraft that are used for business purposes from proposed "luxury" tax schemes.***

An outcome of travel restrictions and uncertainties is the increased interest in using business aircraft as a means of essential and safe transportation. This trend is expected to continue, as business aviation flights become more accessible to greater numbers of Canadian individuals and businesses.

In the 2021 federal budget, the government announced a new 10 percent luxury tax on “personal” aircraft. The business aviation community is deeply concerned as to the scope of this proposed tax.

Such a tax would have a punitive and disproportionate impact on the aviation industry and by extension the almost 50,000 people employed directly and indirectly by business aviation in Canada. In addition, we believe this action to be unfair and unsupportable as Canadian taxes such as GST and applicable PST are already applied to the purchase of these aircraft and the personal use of an aircraft is already recognized as a non-deductible taxable benefit to the individual. Moreover, the Income Tax Act does not specify or limit the type or size of aircraft: an airplane of any size can be used for business purposes.

Today, the possibility of a new tax is not only unfair but can have the perverse effect of stifling an area of economic growth and reduce the ability of Canadians to conduct business and connect by using aircraft. Moreover, the proposed tax also puts the industry’s ability to leverage the latest technology at risk, impacting our ability to meet our shared environmental goals.

It should be noted that Canadian business aviation already remits almost \$900 million in taxes every year, with the lion’s share - \$560 million – to the federal government.

***Recommendation #3: Ensure that we support climate change goals by promoting sustainable aviation fuel (SAF) in any Government of Canada programs that reduce the applicable fuel tax rate and provide other incentives to companies that manufacture or adopt the use of renewable fuels.***

The importance of managing our environmental footprint has not lessened over the past few months: in fact, as our economy recovers, our commitments will be more important than ever. Sustainable (alternative) aviation fuels can help us move towards sustainable flight.

Using incentives, the Government of Canada can play a decisive role in creating the appropriate environment to encourage Canadian companies to manufacture and for the operators to use SAF

***Recommendation #4: Support the future of aerospace in Canada by making a portion of the R&D investment tax credit refundable to companies in the aerospace industry and have the remaining portion of the credit remain non-refundable and subjected to a 20-year carry-forward period, after which point any unused credits would expire.***

The international business aviation community, Canada included, is supported by our country's world-class aerospace sector. A net exporter, it is being severely impacted by COVID-19. Rather than look at direct financial assistance to specific companies, this recommendation would have wider beneficial impact to the industry and economy as it incentivizes companies to invest in R&D.

***Recommendation #5: Speed up Canada's economic recovery by allowing corporations to renounce R&D expenditures to flow-through share investors, similar to what is currently permitted in the mining, oil and gas industries.***

The Canadian aerospace sector has proven itself as a strategic industry that can be a source of future economic stability, similar to what is available to the extractive industries listed above. Applied to aerospace/aviation, this program has the added benefit of supporting a sustainable sector.

***Recommendation #6: Support growth and investment with a tax holiday for corporations carrying out large investment projects in Canada. Quebec currently offers a 15-year tax holiday in such cases.***

Canadians should not rely solely on the government of Canada to make strategic investments in infrastructure. In order to access corporate capital, the government should incentivize corporate spending.

***Recommendation #7: Work with industry to create a modernized set of Canadian Aviation Regulations (CARs) for business aviation that is more flexible and responsive to business aviation operations, particularly for small operators, including the increased use of appropriate delegations and exemptions.***

The CBAA commends the Government of Canada on its actions to modernize CARs and eliminate outdated regulations. A more modern, risk-based approach to regulating our sector will enhance the safety of our operations, increase efficiencies, reduce the burden of red tape and reduce costs.

At the same time, we can increase safety and reduce costs of business aircraft operations even further with the increased adoption of delegates and exemptions by enabling greater throughput at Transport by leveraging proven capabilities of associations and their subject matter experts (SMEs).

While discussions between Transport Canada and the CBAA to seek further options for delegates and exemptions and to modernize business aviation CARs were well underway in the

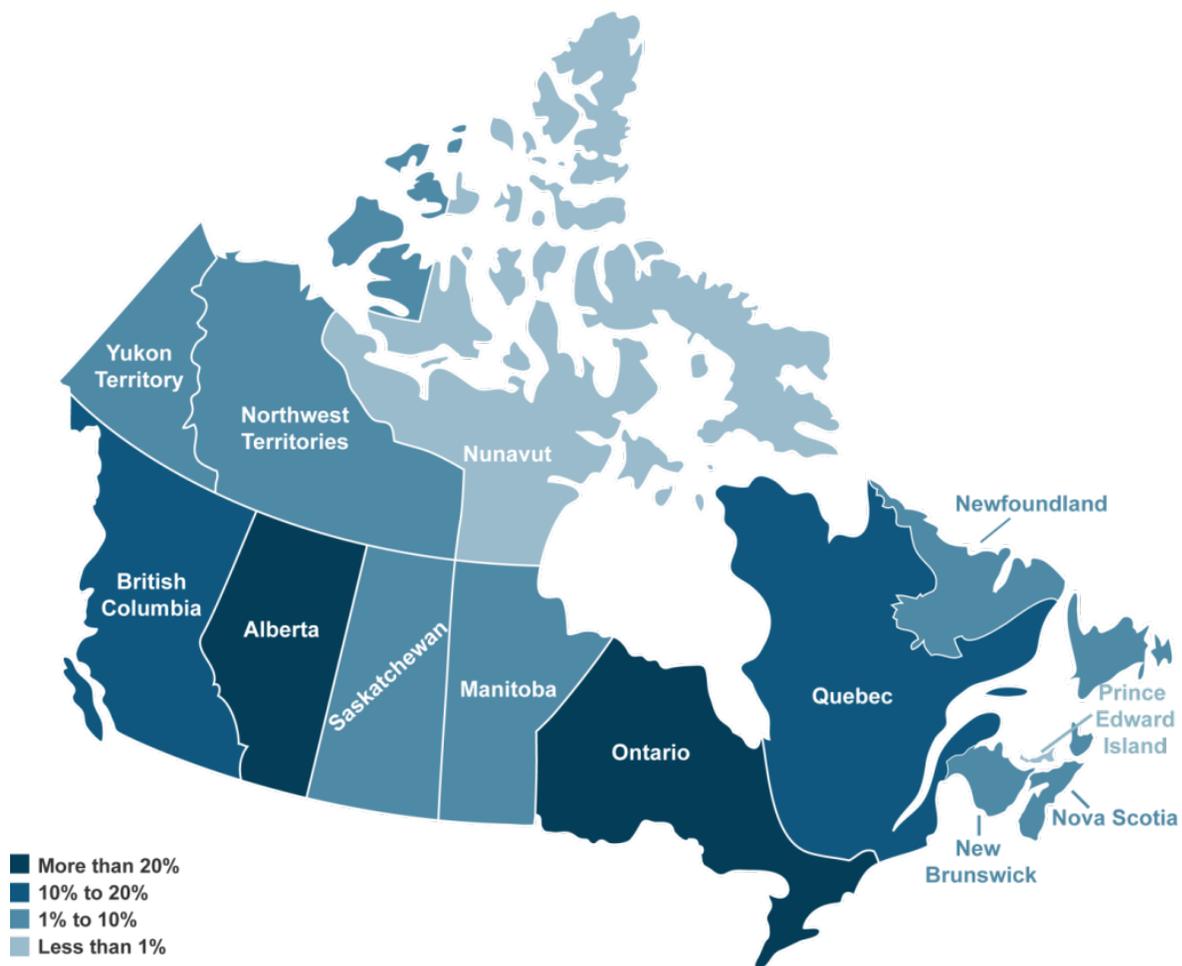
early part of 2020, they have been understandably slowed by the intense focus on COVID-19. But we must continue to work on these regulatory improvements to find efficiencies that improve the system and enhance operations as we recover from the economic effects of the pandemic.

### Conclusion: Business Aviation Works for Canada

Business aviation is an essential transportation tool that connects Canadians to each other and to the world, using some of the most technologically advanced and sustainable aircraft flying today. Canada’s entrepreneurs and corporations count on business flights to give them a much-needed competitive edge, ensuring the safe, reliable and rapid transportation of key personnel and goods.

With new government policy incentivizing new and sustainable technology, aircraft and fuel, as well as the elimination of the threat of a new tax, business aviation can make an even larger contribution to our economy and our communities.

*Distribution of Business Aviation Aircraft Across Canada (Source: InterVISTAS analysis of JetNet data)*



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