Aéroports de Montréal - Meeting the Challenge of Financing Airport Development

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THE CANADIAN AIRPORT MODEL

- National Airport System comprised of 26 airports operated by local airport administrations under long-term leases from Transport Canada.
- Airport authorities such as ADM are not-for-profit, financially independent companies.
- Receive no government grants or subsidies; pay rent to Transport Canada and municipal taxes.
- Canada’s airports invested more than $9.5 billion CDN in infrastructure improvements over the past decade.

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SOURCES OF FUNDS

- Excess of revenues over expenses fully reinvested in airport infrastructure.
- Aeronautical activities accounted for only 35% of ADM’s $362 million revenues in 2008.
- 29% came from Airport Improvement Fees but insufficient to fund capital programs.
- 36% of revenues derived from non-aeronautical activities such as commercial concessions and real estate.

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CREATIVE FINANCING

- Challenge is to find new and creative ways to raise funds for continued development.
- Issue bonds ($1.3 billion CDN outstanding) and generate additional revenues through commercial activities and real estate development.
- Innovative third party financing used for de-icing centre, baggage sorting rooms.

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AERONAUTICAL CHARGES

- ADM does not yet fully recover its aeronautical charges.
  - ADM has reached agreement with airlines to raise airline charges over a 10 year period to recover costs.
- Airline charges have remained stable below 4% of overall airline operating costs (ICAO).
- Consultations with airlines and other stakeholders essential to good relationships and successful capital investment programs.

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