Minister of Transport,
Infrastructure and Communities

Ministre des Transports,
de l'Infrastructure et des Collectivités

Ottawa, Canada K1A 0N5

31 JUL/JUIL. 2007

Mr. Bill Fisch
Chairman and Chief Executive Officer
The Regional Municipality of York
17250 Yonge Street
PO Box 147
Newmarket ON L3Y 6Z1

Dear Mr. Fisch:

Thank you for your correspondence of June 29, 2007, regarding York Regional Council's resolution pertaining to regional airport development and the levying of airport rents.

I appreciate the support of York Regional Council with respect to advancing the planning process to ensure that key decisions can be made pertaining to the future of the Pickering Lands and the surrounding communities.

Please be assured that Transport Canada is moving ahead in a timely manner with this process, taking into account the need to update previous work on the role and capacity of airports in southern Ontario in meeting future needs of passengers, businesses and general aviation. As such, on May 9, 2007, I announced that a contract was awarded to the Greater Toronto Airports Authority (GTAA) to complete a previously announced Needs Assessment Study.

In addition to the Needs Assessment Study, the department will complete a due diligence review of all planning studies related to a potential future airport at Pickering. The results of the study and review will enable Transport Canada to move forward with decisions on the future of the Pickering Lands. On the basis of the review findings, the Government of Canada will decide whether to proceed with a federal environmental assessment. Only after all these steps have been taken would a decision be made on whether or not to develop an airport on the Pickering Lands. The decision will be made after the environmental assessment is conducted, in 2009.

In response to your comments regarding airport rent, I should note that capital investments currently represent a far more substantial cost than airport rent for many airports, including Toronto's Lester B. Pearson International Airport. Even in the most expensive scenario, airport rent makes up less than 1% of the price of an airline ticket.

The new airport rent formula, which was announced in May 2005, made considerable improvements to the previous policy. Real savings were achieved relative to the contractual commitments contained in existing airport leases, and the changes introduced aimed to ensure that all airport authorities would be treated on an equitable basis. Under the current federal rent policy, Canadian taxpayers are entitled to a return on the assets that are leased to airport authorities.

I am aware of the continued interest in achieving further rent reductions at National Airports System airports, especially on the part of the GTAA. However, I should emphasize that any further measures would depend on affordability and would need to maintain an equitable balance among airports.

I trust that the foregoing has clarified my position with respect to this matter. Thank you again for writing.

Yours truly,

Lawrence Cannon

The Honourable Lawrence Cannon, P.C., M.P.