



February 20, 2020

The Honourable Bill Morneau
Minister of Finance
(via e-mail)

Dear Minister Morneau,

The Canadian Owners and Pilots Association (COPA) represents close to sixteen thousand pilots, aircraft owners, aerodrome and airport users in Canada, whose mission is to *Advance, Promote and Preserve the Canadian freedom to fly*. Our association is the largest Aviation Association in Canada and second largest in the World.

I am writing on behalf of COPA members and Canada's General Aviation (GA) community to express our deep concerns regarding the mandated 10% tax that was included in the Mandate Letter issued to you on December 13, 2019 by the Right Honourable Justin Trudeau, Prime Minister of Canada. COPA *does not* support and is totally against the mandated luxury 10% tax on "personal" aircraft nor any other aircraft. In fact, personal aircraft are not even defined in the Canadian Aviation Regulations (CARS). Civilian aircraft are either Private, Commercial or State. Though a new 10% tax on private "aircraft for personal use" may look good to the average citizen, it would create an enormous impact on the GA community and subsequent contributions to the whole Canadian economy, as well as being detrimental to an already over-taxed and declining industry.

GA in Canada accounts for over 90 percent of the aircraft on the Canadian registry, and the vast majority of airports in Canada are home to exclusively GA-type operations, including small and medium-sized businesses that use aircraft as business tools, not luxury items. GA is the starting point and breeding ground of all of aviation in the country. Local airports and aerodromes are the lifeblood of many communities and provide important economic activity including jobs and tax revenue to all levels of government, a fact acknowledged by Transport Canada through investments under the Airports Capital Assistance Program (ACAP). Recently, COPA completed an Economic Impact Study that demonstrated contributions to the Canadian economy by the GA community of over \$9.3 billion per year. Of that, \$5.4 billion is directly attributable to wages and economic spinoff generated by those employed in the GA industry at small, community airports in cities and towns across Canada who, in turn, raise families and pay taxes in those same communities.

We base our position on the fact that a typical moderately equipped used aircraft (around 40 years old) will easily cost in excess of \$100,000. COPA believes that such a purchase is far from a luxury item. In fact, these are aircraft people have saved up for (similar to the purchase of a recreational vehicle which can cost three times as much!) to get into flying or the types of aircraft that are used to provide flight training.

As you are well aware, the current pilot shortage has increased the demand for flight training and in fact, Transport Canada (TC) numbers of "Civil Aeronautics Summary of Personnel Licences" show an alarming 16%

Advance, promote and preserve the Canadian freedom to fly.

75 Albert Street, Suite 903, Ottawa, ON K1P 5E7 • 613-236-4901

www.copanational.org •  @COPAnational

decline of Canadian licensed individuals (59,427 to 49,875) in one single year, from Dec. 2018 to Dec. 2019 - this translates into an urgent need to either subsidize or promote aviation rather than taxing it further!

The GA community contributes billions to the Canadian economy as mentioned above and in the form of sales tax on aircraft imported into Canada, excise fuel tax, carbon tax, property tax (hangars), tax on services to maintain aircraft, and tax associated with purchases of avionics and equipment. The introduction of another tax on the purchase of an aircraft would increase costs to a recreational activity that is already taxed heavily.

This new tax could create a dangerous behavioural response from the GA community and the aviation industry that could impact the safety of aviation in Canada. Prospective purchasers / sellers may remove avionics, equipment, and safety items to reduce the cost of the aircraft to avoid the 10% tax. The industry is moving to improve / increase safety through the GA Safety Campaign and subsequent working groups. This work was recognized and praised by the Minister of Transportation in his yearly report in 2018¹. The outcome of the work from these industry partners is recommending more safety equipment and avionics which can be expensive and would increase the value of personal aircraft. If the new tax will deter purchasers / owners from installing, or including, these safety recommendations, then the efforts by the government and industry partners to improve aviation safety in Canada will be subverted for financial gains of the same government.

The GA Community is comprised of a variety of citizens, not just “wealthy Canadians that should be taxed more”. It is COPA’s opinion that putting this regulation in place and the corresponding enforcement infrastructure will cost more than the benefits it could reap. COPA believes that the projected revenue income from the new tax will be heavily outweighed by the associated consequences in safety, reduction in flight training due to cost, the inability to ensure the future of aviation and pilots in Canada by Canadians, and the loss of jobs and tax revenues due to the impact of the new tax on the GA community.

Respectfully,



Bernard Gervais
President and CEO

Cc: The Honourable Marc Garneau, Minister of Transportation

¹ [Transportation in Canada 2018](#), p.18