



St. John's International Airport Authority to Increase Airport Improvement Fee

ST. JOHN'S, Friday, October 2, 2020 – The St. John's International Airport Authority announced today that it will increase its Airport Improvement Fee (AIF) by \$7 effective January 1, 2021. The increase in fees will bring the AIF from \$35 to \$42.

The AIF increase is necessary due to the COVID-19 pandemic and the devastating impact it has had on the St. John's International Airport Authority.

The Airport Authority projects a total loss in passenger traffic of approximately 80 per cent for 2020. This decrease in traffic and reduction in air service has resulted in a projected 65 per cent loss in revenue for the year. A return to 2019 traffic levels is not expected until at least 2024.

When the pandemic was declared in March, the Airport Authority took immediate action to preserve cash flow including cutting the 2020 capital program, eliminating all discretionary spending, reducing its workforce, and more. These efforts, combined with the Canada Emergency Wage Subsidy do not offset the substantial loss in revenues.

The Airport Improvement Fee is a passenger fee set by each airport and collected by the air carriers on the airport's behalf. The AIF is used to build, improve or maintain airport infrastructure and is not used for costs associated with operating the airport.

The Authority has invested nearly \$370 million in infrastructure improvements at the Airport and has collected only \$234 million in AIF revenue. The consequence of the COVID-19 pandemic is that the Authority is now unable to meet the over \$6 million in annual debt service costs on these capital investments and is forecasting that it will fail to meet one of its debt covenants this year. This AIF increase is essential to ensure the Authority can meet its debt service obligations.

St. John's International Airport Authority is a private, not-for-profit, non-share organization with the mandate to provide the region with a safe, cost-efficient transportation facility that is a catalyst for economic growth. Under the provisions of a long-term Ground Lease with the Federal Government of Canada, the Airport Authority is responsible for the airport's operations on behalf of the community it serves.

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