

# Quarterly civil aviation statistics, second quarter 2020

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## Highlights

The second quarter results reflect the severity and abruptness of the impacts of the COVID-19 pandemic on Canadian airlines.

Operating revenue for the 26 largest Canadian air carriers totalled \$1.3 billion in the second quarter, down 81.2% from the second quarter of 2019. This second consecutive year-over-year quarterly decline resulted in the largest net operating loss (-\$1.7 billion) since this series began.

Goods revenue (\$567.0 million) was almost at par with passenger revenue (\$579.3 million), as air cargo became a mainstream business for some airlines in the wake of the COVID-19 pandemic.

Canadian air carriers transported 1.4 million passengers on scheduled and charter services in the second quarter of 2020, down 93.7% from the second quarter of 2019—the largest year-over-year quarterly decline ever recorded. Volumes on transborder and other international flights were down over 98% amid border restrictions and quarantine enforcements.

With the decline in demand for air travel larger than the decrease in capacity during the second quarter, the passenger load factor for scheduled services fell sharply to 37.2%, down from 84.2% in the same quarter last year.

## The COVID-19 pandemic lowers passenger traffic and boosts cargo

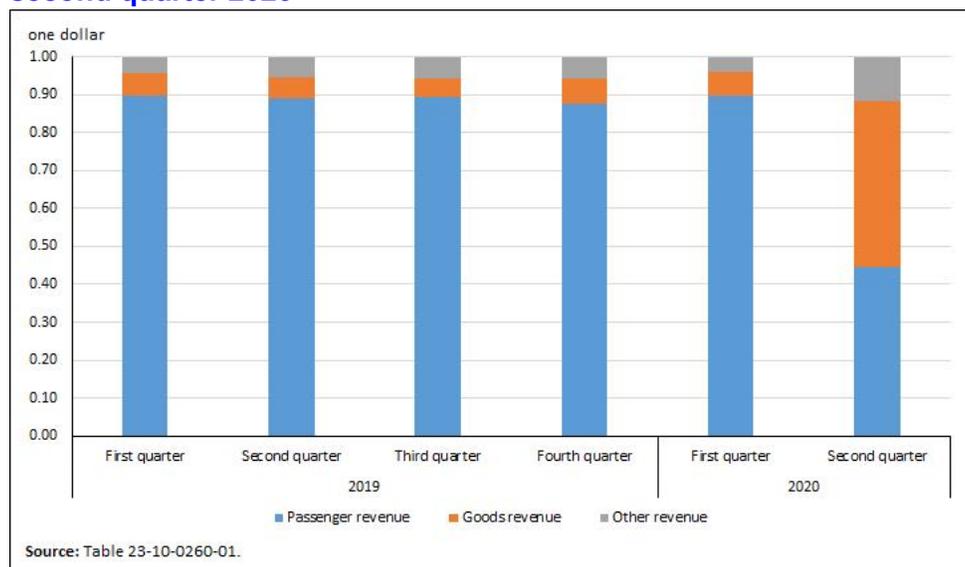
Early in the second quarter, the Canadian government imposed travel restrictions and border closures, which led to the sharpest drop in passenger traffic of all time. The crisis peaked in April and May, as international air travel almost entirely stopped in Canada and across the globe.

According to the [Monthly Civil Aviation Survey](#), which covers the seven major airlines, the number of passengers in April and May declined by about 97% year over year. By June, some airlines were operating minimal passenger services and had shifted operations to cargo flights, while others had suspended all their operations.

While passenger revenue plummeted 90.6% in the second quarter, goods revenue increased 46.6% to \$567.0 million. Passenger revenue accounted for 44.6 cents of every dollar of total operating revenue, while goods revenue accounted for 43.6 cents. Prior to the crisis, passenger revenue accounted for nearly 90 cents of every total operating revenue dollar, while goods revenue represented from 5 to 7 cents.



## Infographic 1 – Distribution of every dollar of total operating revenue, first quarter 2019 to second quarter 2020



### A devastating quarter with record net operating losses

During the second quarter of 2020, the airline industry generated little revenue, but still faced ongoing costs.

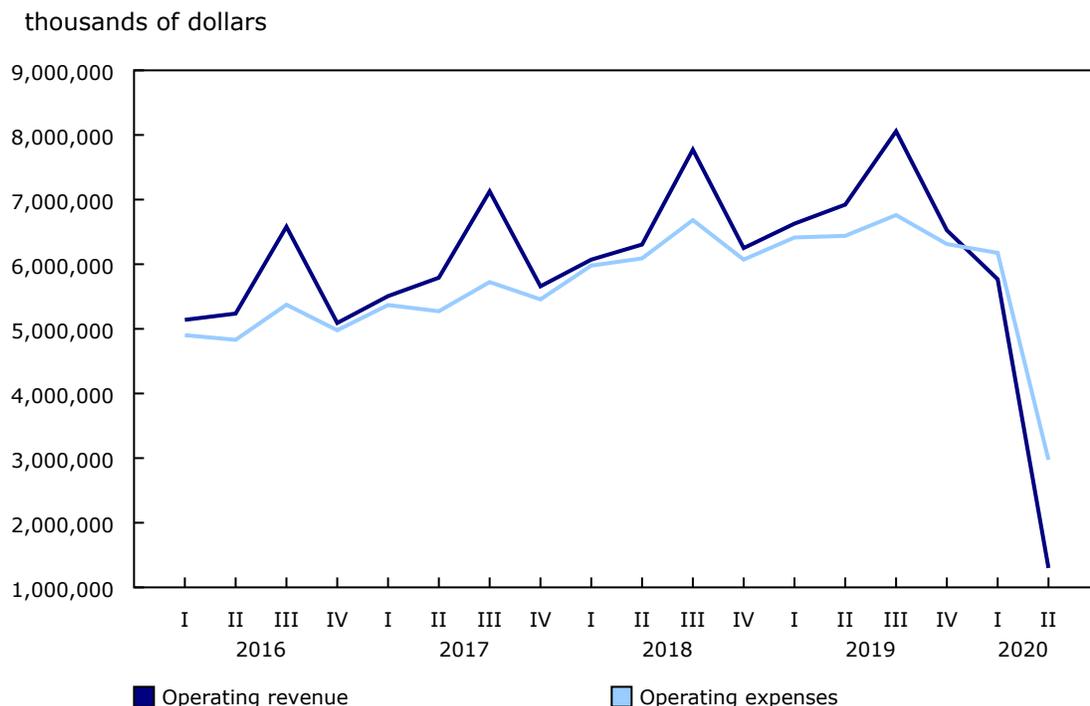
Operating revenue for the 26 largest Canadian air carriers (Levels I and II) totalled \$1.3 billion in the second quarter of 2020, down 81.2% from the second quarter of 2019. The decline reflected a 95.9% decrease in traffic (scheduled and charter), which was partly offset by a 127.0% increase in yield (passenger revenue per passenger-kilometre).

The higher yield stemmed from limited capacity due to the grounding of aircraft, as well as from upward pressure on prices. According to the [Consumer Price Index](#), prices for air transportation were 7.8% higher in the second quarter of 2020 than in the same quarter in 2019.

On the other side of the ledger, total operating expenses fell 53.8% to \$3.0 billion. The airlines' operating cost per available seat-kilometre (ASK, scheduled services only) was five and a half times greater than it was in the second quarter of 2019. This increase reflected the impact of grounded planes, which reduced aircraft capacity by 91.7%.

As a result, Canadian air carriers recorded a net operating loss of \$1.7 billion in the second quarter, compared with a net operating income of \$482.7 million in the second quarter of 2019. This is the second consecutive loss after 32 consecutive quarters of net operating income. This amount, combined with a net non-operating loss of \$154.5 million, produced a net loss of \$1.8 billion.

**Chart 1**  
**Operating revenue and expenses, Canadian air carriers**



Source(s): Table 23-10-0260-01.

With fewer flights and lower energy prices, Canadian air carriers spent \$291.4 million on turbo fuel, down 82.8% compared with the same quarter in 2019. The [Industrial Product Price Index](#) reported a sharp decline in jet fuel for the April to June reference months.

Total employment was down 43.6% compared with the second quarter of 2019, and airlines paid \$466.4 million in wages, salaries and benefits (-59.7%) to their 36,130 employees. Many airlines used the Canada Emergency Wage Subsidy to finance a portion of the salaries. Other operating expenses (74.5%) accounted for the largest share of total operating expenses in the second quarter of 2020, followed by wages, salaries and benefits (15.7%) and turbo fuel (9.8%).

The operating ratio—operating expenses expressed as a proportion of operating revenue—was 2.29 for these airlines in the second quarter, indicating that expenses of 2 dollars and 29 cents were incurred to generate one dollar of revenue. In the second quarter of 2019, about 93 cents in operating expenses was needed to generate a dollar in revenue.

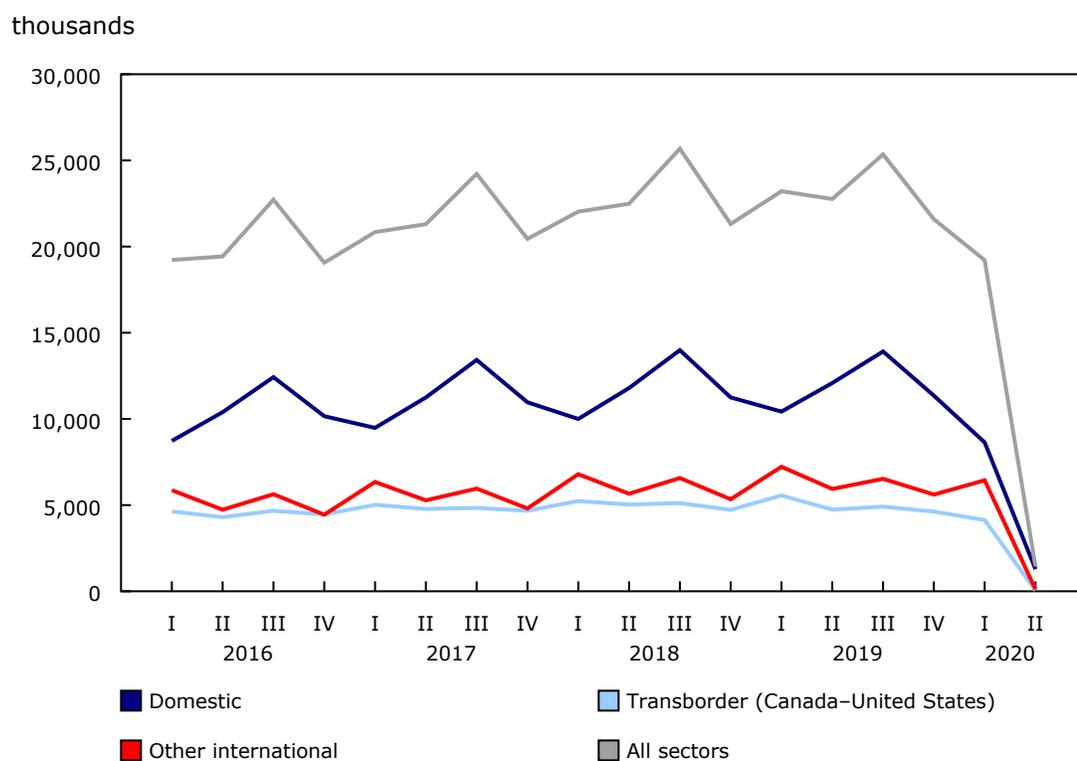
In the second quarter, operating revenue per employee decreased 66.7% year over year to \$35,981, as labour productivity—measured by tonne-kilometres (both cargo and passenger flights) per employee—declined to 20,460 tonne-kilometres, down 79.9% from the second quarter of 2019.

### Key operating metrics deteriorate amid pandemic

The 26 Canadian air carriers transported 1.4 million passengers in the second quarter. This decline of 93.7% from the second quarter of 2019 was driven more by passengers flying on scheduled flights (down 95.0% to 1.1 million) than by passengers on chartered flights (down 40.3% to 333,000).

The domestic sector (within Canada) declined 89.4% to 1.3 million passengers, while the international sector fell 98.5% to 163,000—a 98.9% drop in the transborder sector (between Canada and the United States) and a 98.1% decrease in the other international sector. As reported by the [leading indicator of international arrivals to Canada by air](#), arrivals from overseas countries and the United States as well as returning Canadian residents from abroad were all down significantly in the second quarter of 2020.

**Chart 2**  
**Passengers carried, by sector, Canadian air carriers**

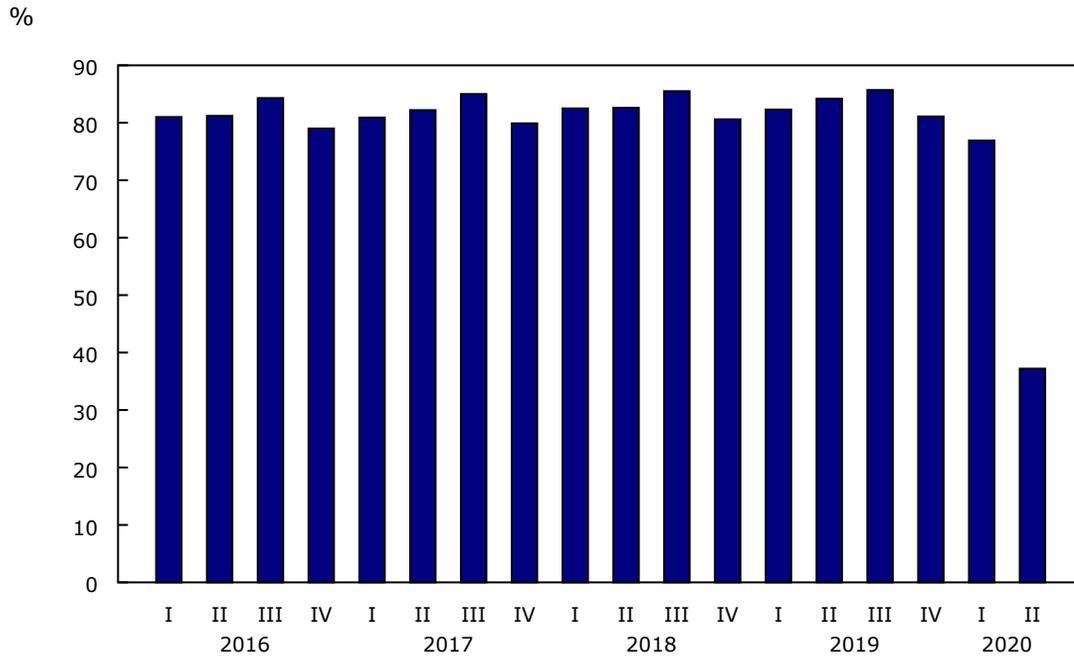


Source(s): Table 23-10-0259-01.

Year over year, scheduled (non-charter) traffic was down 96.3% to 2.1 billion passenger-kilometres, while capacity fell 91.7% to 5.6 billion available seat-kilometres.

With the decline in demand for air travel larger than the decrease in capacity, carriers recorded a lower passenger load factor in the second quarter (37.2%) than in the same quarter a year earlier (84.2%).

**Chart 3**  
**Passenger load factor, Canadian air carriers**



Source(s): Table [23-10-0258-01](#).

### Note to readers

*This release covers Canadian Level I and II air carriers. The number of air carriers remained 26 in 2020; however, one Level II air carrier was reclassified to Level I.*

**Level I air carriers** include every Canadian air carrier that, in the calendar year before the year in which information is provided, transported at least 2 million revenue passengers or at least 400 000 tonnes of cargo.

**Level II air carriers** include every Canadian air carrier that, in the calendar year before the year in which information is provided, transported (a) at least 100,000, but fewer than 2 million, revenue passengers, or (b) at least 50 000 tonnes, but less than 400 000 tonnes, of cargo.

**Net non-operating income and loss** are from commercial ventures that are not part of the air transportation services; from other revenues and expenses attributable to financing or other activities that are not an integral part of air transportation; and from special recurrent items of a non-periodic nature. Provision for income taxes is also included. **Non-operating income** can be, for example, capital gains from the sale of aircraft, interest income and foreign exchange adjustment, while **non-operating expenses** can include capital losses and interest on bank loans and other debt.

*Data in this release are not seasonally adjusted.*

*Data from the first quarter of 2019 to the first quarter of 2020 have been revised.*

*Because of rounding, components may not add up to the total.*

**Available tables:** [23-10-0258-01](#) to [23-10-0262-01](#) .

**Definitions, data sources and methods:** survey number [2712](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [STATCAN.infostats-infostats.STATCAN@canada.ca](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).