

Quarterly civil aviation statistics, fourth quarter 2020

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Highlights

Air travel recovery slowed in the fourth quarter of 2020, and activity remained well below 2019 levels, reflecting the severity of the impact of the COVID-19 pandemic on Canadian airlines.

Operating revenue for the 26 largest Canadian air carriers totalled \$1.8 billion in the fourth quarter, down 72.8% from the same quarter in 2019 and the fourth consecutive year-over-year quarterly decline in 2020. In the wake of the pandemic, air cargo continued to be a key revenue stream for some airlines, generating \$570.2 million. Passenger revenue, at \$1.0 billion, remained the main source of revenue for airlines.

Canadian carriers transported 3.3 million passengers on scheduled and charter services in the fourth quarter of 2020, down 84.6% from the fourth quarter of 2019.

Lower revenue leads to net losses

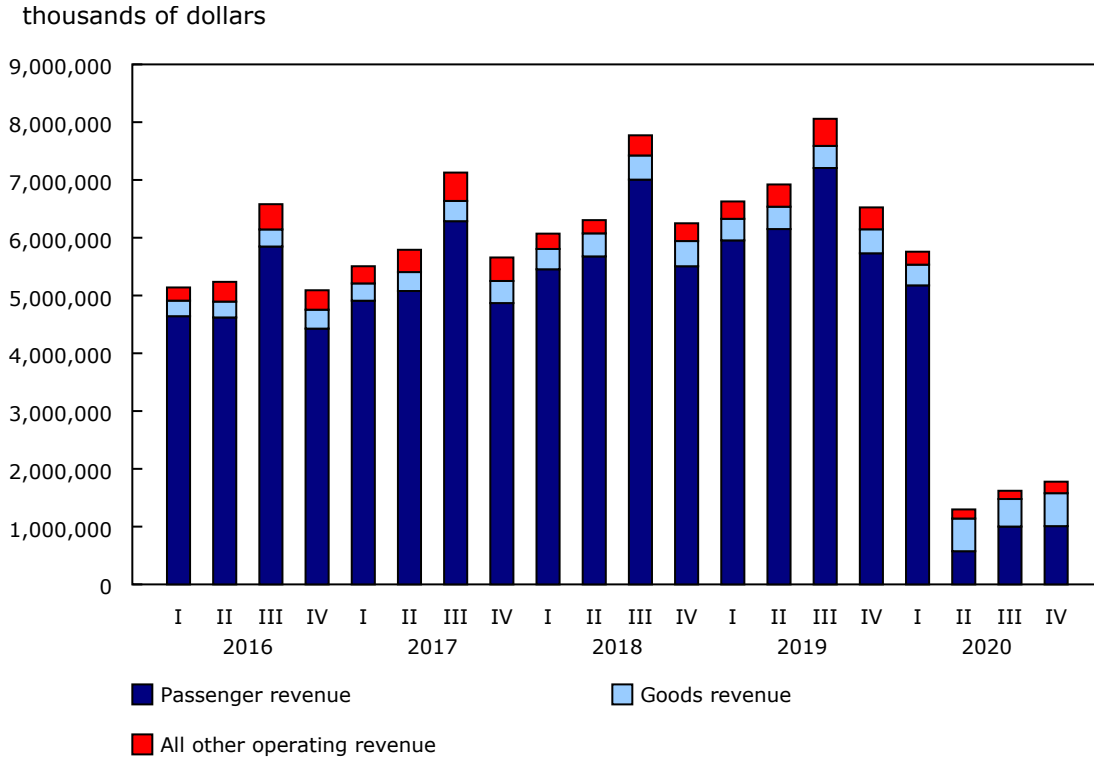
During the fourth quarter, operating revenue for the 26 largest Canadian air carriers (levels I and II) totalled \$1.8 billion, down 72.8% from the fourth quarter of 2019. The decline reflected an 87.9% decrease in traffic (scheduled and charter), which was partly offset by a 46.0% increase in yield (passenger revenue per passenger-kilometre).

The higher yield stemmed mainly from the change in traffic mix and the grounding of aircraft—however, the growth was slightly tempered by falling air fares. According to the [Consumer Price Index](#), prices for air transportation were 7.7% lower in the fourth quarter of 2020 than in the same quarter in 2019.

Passenger demand remained weak, but air cargo, driven by personal protective equipment and retail e-commerce shipments, was a bright spot for some airlines in the fourth quarter. While passenger revenue plummeted 82.4% year over year to \$1.0 billion, goods revenue increased 37.3% to \$570.2 million. Passenger revenue accounted for 56.7 cents of every operating revenue dollar, while goods revenue accounted for 32.1 cents. Historically, passenger revenue accounted for nearly 90 cents, and goods revenue for 5 to 7 cents.



Chart 1
Quarterly operating revenue by source, Canadian air carriers

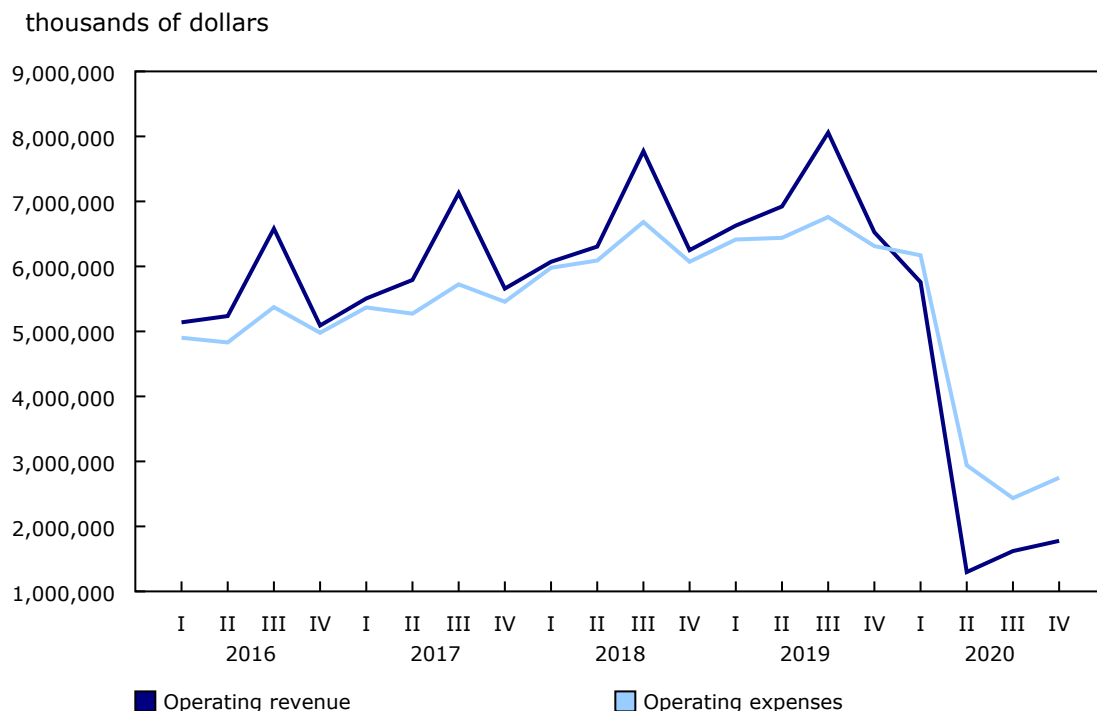


Source(s): Table 23-10-0260-01.

On the other side of the ledger, total operating expenses fell 56.5% to \$2.7 billion. The airlines' operating cost per available seat-kilometre (ASK, scheduled services only) was two times greater than it was in the fourth quarter of 2019.

As a result, Canadian air carriers recorded a net operating loss of \$970.6 million in the fourth quarter, compared with net operating income of \$212.5 million during the same period a year earlier. After eight straight years of net operating income, this fourth consecutive quarterly loss combined with a net non-operating loss of \$97.9 million for a total net quarterly loss of \$1.1 billion.

Chart 2
Operating revenue and expenses, Canadian air carriers



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

Compared with the fourth quarter of 2019, employment was down roughly one-third (-33.8%), and airlines paid \$613.9 million in wages, salaries and benefits (-47.4%) to their 41,765 employees. Many airlines used the Canada Emergency Wage Subsidy to finance a portion of the salaries. Other operating expenses, such as depreciation and maintenance, accounted for the largest share (65.4%) of total operating expenses in the fourth quarter, followed by wages, salaries and benefits (22.3%) and by turbo fuel (12.3%).

The operating ratio—operating expenses expressed as a proportion of operating revenue—was 1.55 for these airlines in the fourth quarter, indicating that expenses of 1 dollar and 55 cents were incurred to generate 1 dollar of revenue. This compares with about 97 cents in the fourth quarter of 2019.

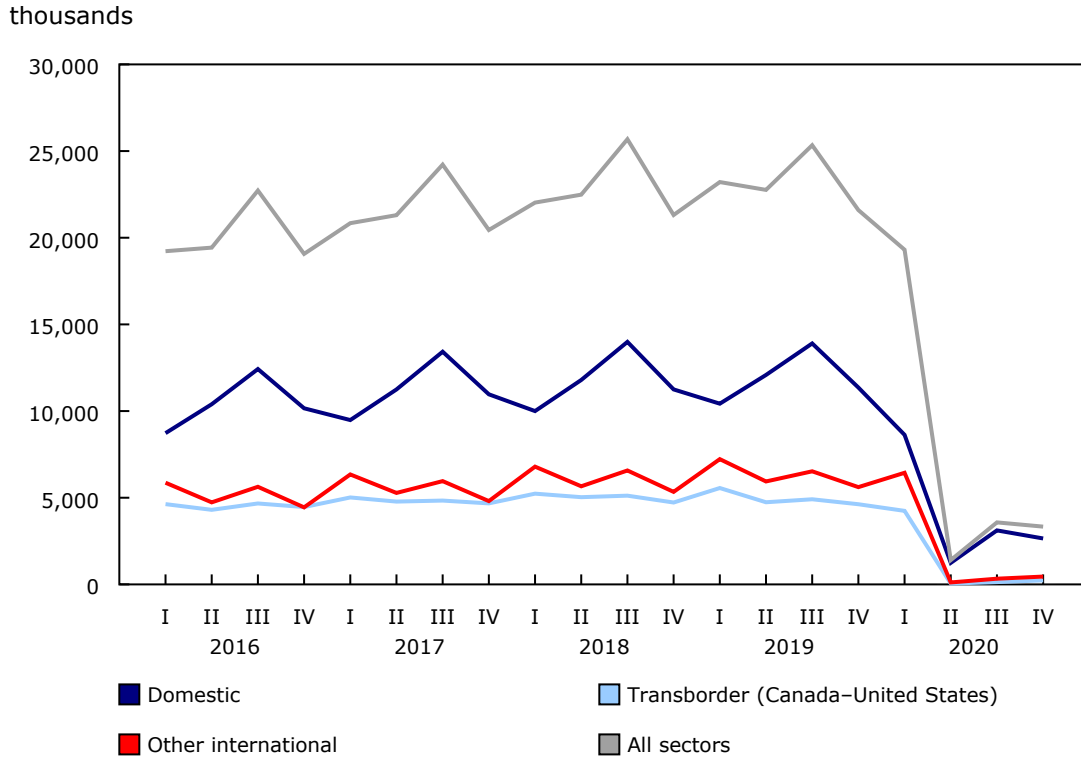
In the fourth quarter, operating revenue per employee decreased 58.9% year over year to \$42,566, as labour productivity—measured by tonne-kilometres (both cargo and passenger flights) per employee—declined to 29,676 tonne-kilometres, down 69.0% from the fourth quarter of 2019.

Key operating metrics remain low amid COVID-19 resurgence

The 26 Canadian air carriers transported 3.3 million passengers in the fourth quarter, down 84.6% from the fourth quarter of 2019. The drop was steeper for passengers flying on scheduled flights (down 85.9% to 3.0 million) than for those on chartered flights (down 34.2% to 361,000).

Domestic traffic (within Canada) declined 76.7% to 2.7 million passengers, while international traffic fell 93.3% to 683,000—almost equally distributed between transborder (Canada and the United States) and other international traffic. As the [leading indicator of international arrivals to Canada by air](#) showed, international arrivals of non-residents and returning Canadians remained historically low in the fourth quarter of 2020.

Chart 3
Passengers carried, by sector, Canadian air carriers



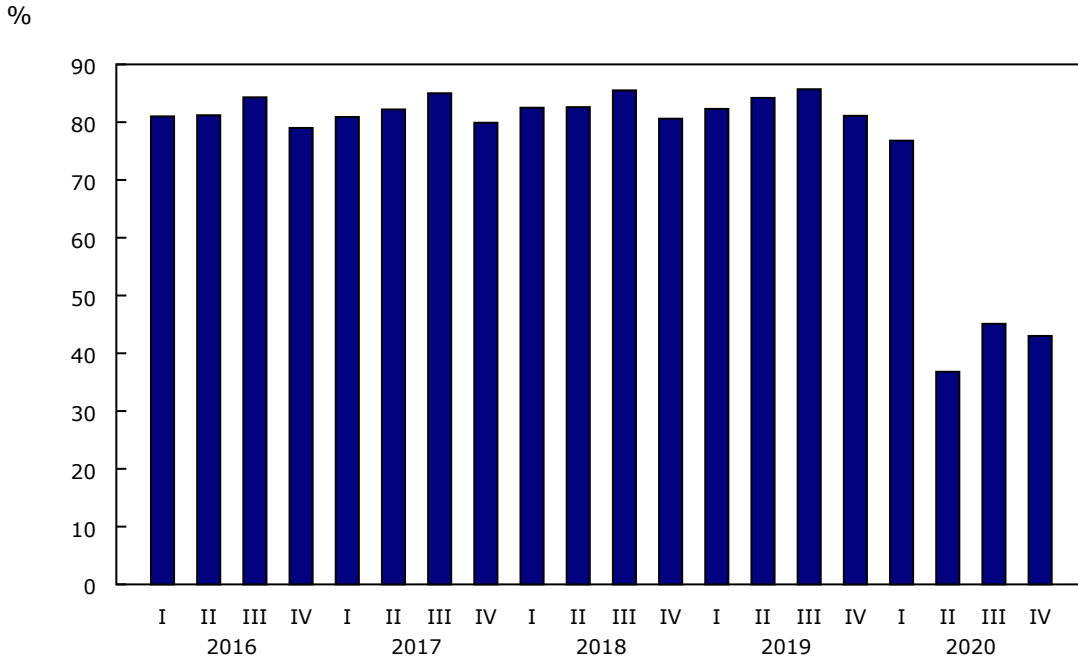
Source(s): Table 23-10-0259-01.

Because of border closures and travel restrictions, domestic traffic has outpaced international demand since the beginning of the second quarter. Despite this, international traffic advanced in the fourth quarter, while domestic traffic fell back slightly, compared with the third quarter.

Year over year, scheduled (non-charter) traffic was down 88.5% to 5.9 billion passenger-kilometres, while capacity contracted 78.3% to 13.8 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 fourth quarter (43.0%) than in the same quarter a year earlier (81.1%).

Chart 4
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 second quarter of 2018 to the third 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) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).