

## Aviation

# Air Fare, Canadian Air Carriers, Level I

2007



### Highlights

- The all-fare index (2002=100) for domestic and international (including Canada-United States) scheduled services operated by Canadian Level I air carriers edged down in 2007 after two consecutive annual increases. It declined 1.6% from 2006 to 92.8. The air fare index for all fares for domestic scheduled services was 91.6, down 2.2% from the 2006 level of 93.7, while the all-fare index for international scheduled services posted a decrease of 0.8% from 2006 to 93.6.
- In 2007, the average domestic and international one-way air fare (all types) paid by passengers was \$246.70, down 2.1% from \$252.00 in 2006, reversing the upward trend that began in 2004. The average domestic air fare (all types) paid by passengers was \$190.00 in 2007, down 1.0% from \$192.00 in 2006. The average international air fare (all types) was \$342.10 in 2007, down 2.3% from \$350.20 in 2006. This decrease followed the 1.4% rise between 2005 and 2006 and the strong annual decline reported between 2004 and 2005 (-4.6%).
- In 2007, 96.4% of passengers on domestic and international scheduled services flew on discount fares, down 0.9 percentage points from 97.3% in 2006. On domestic scheduled services, 95.6% of passengers travelled on discount fares in 2007, down 0.8 percentage points from 96.4% in 2006. On international scheduled services, 97.9% of passengers flew on discount fares in 2007, down 1.0 percentage point from 98.9% in 2006.
- In 2007, average domestic air fares declined in three of four selected eastern Canadian cities of enplanement compared to 2006, while they edged up in three of six selected western Canadian cities of enplanement. From 2006 to 2007, the increases ranged from 0.5% in Edmonton to 2.9% in Halifax. During this period, the fares decreased in Montreal (-5.0%), Toronto (-2.7%), Ottawa (-2.5%) and Vancouver (-1.4%). In 2007, these four cities had average domestic air fares above the national average (\$190.00).

## Analysis

### Air fare indexes

The all-fare index (2002=100) for domestic and international (including Canada-United States) scheduled services operated by Canadian Level I air carriers (Air Canada, Jazz, Air Canada's Canadian regional code-share partners, Air Transat and WestJet) edged down in 2007 after two consecutive annual increases. It declined 1.6% from 2006 to 92.8. In 2007, the business class fare index was 144.2, up 18.8% from 2006 and the economy fare index was 85.6, up 3.0% from 2006. These increases were offset by the 1.7% decline in the discount fare index. The discount fare index weight is relatively more important than the business class and economy fare index weights due to the high proportion of passengers traveling on discount fares (96.4% in 2007). Between 1997 and 2007, the total all-fare index increased 30.5%.

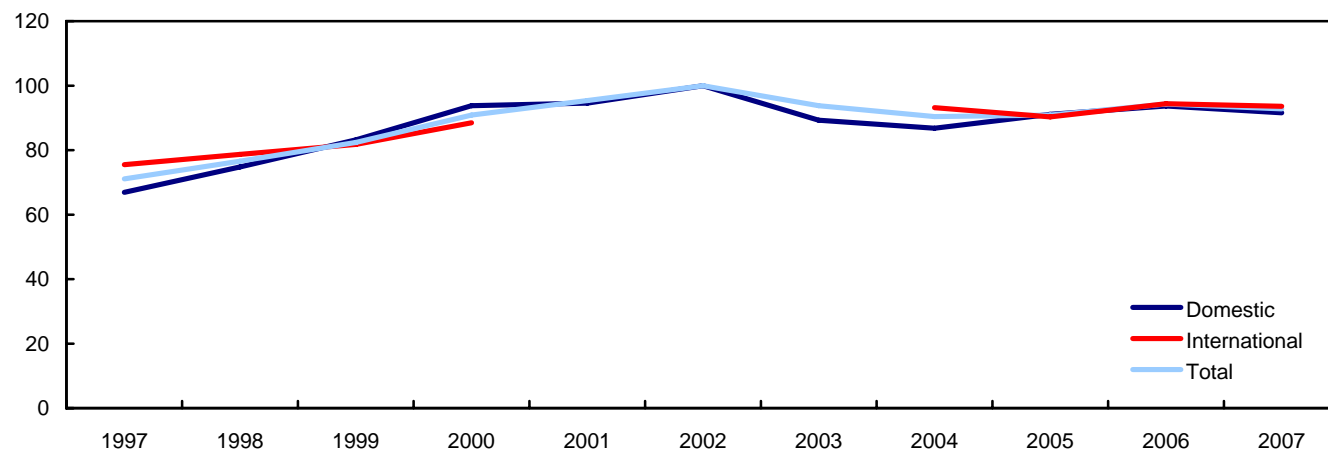
In 2007, the air fare index for all fares for domestic scheduled services was 91.6, down 2.2% from the 2006 level of 93.7. This deceleration was attributable to a lower discount fare index (-2.4%). As shown in Chart 1, the domestic air fare index increased steadily from 1997 to 2002 (+49.5%) when it started to trend down until 2004. In 2005 and 2006, the domestic all-fare index rose again and this second consecutive annual increase tended to bring the index back to the 2000 level.

The all-fare index for international scheduled services posted a decrease of 0.8% from 2006 to 93.6. This reduction followed the 4.5% growth registered between 2005 and 2006 and the 3.1% decrease registered between 2004 and 2005. Between 1997 and 2007, the international all-fare index advanced at a slower pace (+24.0%) than the domestic all-fare index (+36.9%).

#### Chart 1

#### Air fare indexes — All fares, by sector, 1997 to 2007

index 2002=100



**Note(s):** Missing data points in the international sector are confidential.

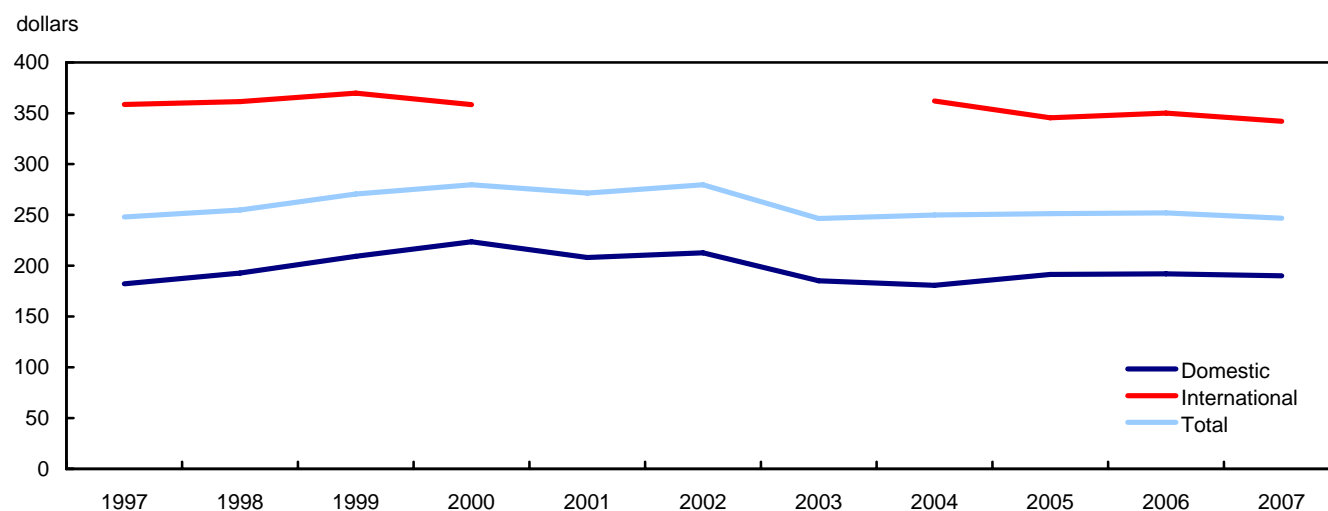
### Average air fares

In 2007, the average air fare (all types, all sectors, on a coupon origin-destination basis) paid by passengers was \$246.70, down 2.1% from \$252.00 in 2006, reversing the upward trend that began in 2004. The recovery in fares in the three previous years had slowly neutralized the strong annual decline reported between 2002 and 2003 (-11.8%). The expansion of services by low fare airlines with low-cost structures, the slowdown in demand due to the war in Iraq and the negative impact of SARS partly explained the decrease in air fares in 2003.

The average domestic air fare (all types) paid by passengers was \$190.00 in 2007, down 1.0% from \$192.00 in 2006. This decline followed the 0.3% rise between 2005 and 2006 and the strong annual progression reported between 2004 and 2005 (+5.9%). As can be seen in Chart 2 below, the average domestic air fares registered in the last three years were approximately at the same levels as the average domestic air fare posted in 1998.

The average international air fare (all types) was \$342.10 in 2007, down 2.3% from \$350.20 in 2006. This decrease followed the 1.4% rise between 2005 and 2006 and the strong annual decline reported between 2004 and 2005 (-4.6%). The decline of air fares in the international sector between 2004 and 2005 and between 2006 and 2007 and the relatively small growth between 2005 and 2006 can be partly explained by the increased fare competition between the major "legacy" scheduled carriers and the low-cost carriers or charter carriers.

**Chart 2**  
**Average air fares — All fares, by sector, 1997 to 2007**



**Note(s):** Missing data points in the international sector are confidential.

### Average domestic air fares at the city level

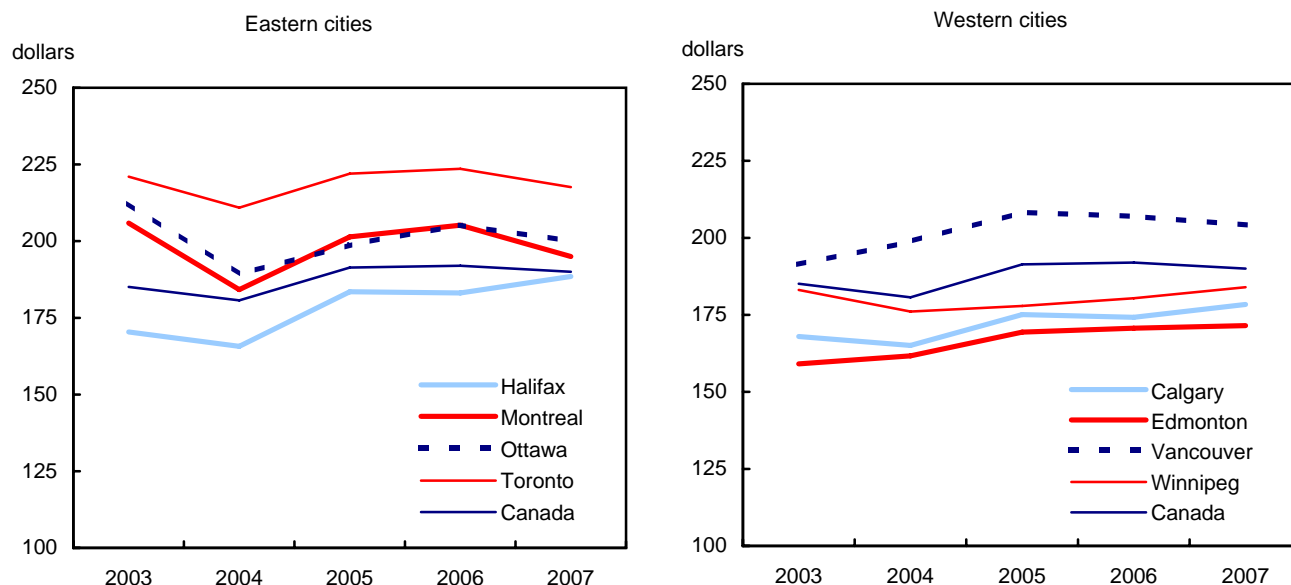
In 2007, average domestic air fares declined in three of four selected eastern Canadian cities of enplanement compared to 2006, while they edged up in three of six selected western Canadian cities of enplanement.<sup>1</sup> From 2006 to 2007, the increases ranged from 0.5% in Edmonton to 2.9% in Halifax. During this period, the fares decreased in Montreal (-5.0%), Toronto (-2.7%), Ottawa (-2.5%) and Vancouver (-1.4%). In 2007, these four cities had average domestic air fares above the national average (\$190.00).

As shown in Chart 3 below, in each year between 2003 and 2007, all selected eastern Canadian cities of enplanement, with the exception of Halifax, registered average domestic air fares above the national level. During the same period, all selected western Canadian cities of enplanement, with the exception of Vancouver, registered average domestic air fares below the national level. From 2003 to 2007, average domestic air fares advanced in one eastern city and in all western cities. Halifax posted the highest increase (+10.6%) followed by Edmonton (+7.8%), Vancouver (+6.7%), Calgary (+6.2%) and Winnipeg (+0.5%), while Ottawa registered the highest decline (-5.8%) followed by Montreal (-5.3%) and Toronto (-1.5%).

1. Due to the confidentiality of data, the results for 2006 and 2007 for Regina and Saskatoon cannot be disclosed.

Chart 3

Average domestic fares for selected eastern and western Canadian cities of enplanement, 2003 to 2007



**Note(s):** Due to the confidentiality of data for 2006 and 2007 for Regina and Saskatoon, the results for these cities cannot be disclosed.

For historical annual data at the city level, please refer to the CANSIM table 401-0004.

#### Notes:

The estimates are derived from a sample of flight coupons collected as part of the Fare Basis Survey. The estimates relate to the operations of major Canadian air carriers. For 2007, the air carriers included are the Canadian Level I carriers (Air Canada, Jazz, Air Canada's Canadian regional code-share partners, Air Transat and WestJet). Imputation has been performed for incomplete and missing data.

For purposes of statistical tabulations, fare codes reported by the air carriers are grouped by general fare type. These fare types are defined as follows:

- **First class.** The transportation of a passenger or passengers for whom premium-quality services (e.g. larger seats, complimentary bar) are provided.
- **Business class.** A fare level which is less expensive than first class and more expensive than the basic fare level. It includes different amenities (e.g. larger seats, advanced seat assignment).
- **Economy.** A basic fare level which is less expensive than first class but does not include the amenities (e.g. larger seats, complimentary bar) of the first class fare.
- **Discount.** A reduced fare usually subject to one or more travel restrictions, the price of which is usually calculated as a percentage reduction from the normal full fare. It includes various discount fares such as charter class, seat sales, advance purchase excursion, group.
- **Other.** Represents industry and agency discount fares, military as well as unknown fare codes.

The air fare index is a measure of the rate of price change, providing indications of the overall trend of domestic and international fares over time, while average fares measure the actual level of fares paid by passengers. The different series of air fare indexes produced by the Aviation Statistics Centre were calculated on an annual basis using the chain Laspeyres index method linked at the annual level, with annual updated weights (the time base is 2002=100).

The average fare is obtained by dividing the carriers' revenue by the passenger volume, as measured by coupon origin and destination.

The average domestic air fares at city level are the average for all coupons originating in that city, for all domestic destinations. The level of average fares can be affected by changes in travel patterns, as well as prices.

Additional information on Fare Basis statistics can be obtained directly from the **Aviation Statistics Centre**. Tables are available in print form or in electronic format. For further information, please contact the Aviation Statistics Centre (telephone: 1-866-500-8400; Internet: [aviationstatistics@statcan.gc.ca](mailto:aviationstatistics@statcan.gc.ca)).

## Statistical Tables

Table 1

Air fare indexes, by sector and fare type group — Canadian air carriers, Level I – Scheduled services

	Fare type group			
	Total	Business class	Economy	Discounted
	2002=100			
<b>Domestic</b>				
2003	89.3	110.3	88.0	88.9
2004	86.8	124.4	85.0	86.2
2005	91.1	115.2	84.0	90.9
2006 <sup>1</sup>	93.7	121.3	79.7	93.9
2007 p. 1	91.6	159.2	81.1	91.6
<b>International</b>				
2003	x	x	x	x
2004	93.2	112.5	98.7	92.6
2005	90.3	107.0	86.2	89.8
2006 <sup>1</sup>	94.4	119.2	96.9	93.6
2007 p. 1	93.6	139.6	107.3	92.6
<b>Total</b>				
2003	93.8	109.1	90.8	93.4
2004	90.4	117.3	87.3	89.8
2005	90.9	111.0	84.4	90.5
2006 <sup>1</sup>	94.3	121.4	83.1	94.0
2007 p. 1	92.8	144.2	85.6	92.4

1. For 2006 and 2007, the air carriers included are the Canadian Level I carriers, which are comprised of the Air Canada Family (Air Canada, Jazz and regional code-share partners), Air Transat and WestJet.

**Note(s):** The different series of air fare indexes were calculated, from 1995 to 2007, using the chain Laspeyres index method linked at the annual level, with annually updated weights. The index number 100 was assigned to the year 2002 and the base year is always the previous year.

**Table 2**  
**Average fares, by sector and fare type group — Canadian air carriers, Level I – Scheduled services**

	Fare type group					
	Total	First class	Business class	Economy	Discounted	Other
	dollars					
<b>Domestic</b>						
2003	185.10	F	923.40 <sup>E</sup>	289.90 <sup>E</sup>	177.10	18.80 <sup>E</sup>
2004	180.70 <sup>E</sup>	F	956.50	F	175.00 <sup>E</sup>	F
2005	191.40 <sup>E</sup>	F	1,032.00	F	184.80 <sup>E</sup>	F
2006 <sup>1</sup>	192.00 <sup>E</sup>	F	1,041.30 <sup>E</sup>	F	189.40 <sup>E</sup>	F
2007 p, 1	190.00 <sup>E</sup>	F	1,499.60	F	188.30 <sup>E</sup>	17.40
<b>Short-haul</b>						
2003	137.70	1,047.30 <sup>E</sup>	478.80 <sup>E</sup>	222.30 <sup>E</sup>	131.30	14.30 <sup>E</sup>
2004	131.50 <sup>E</sup>	F	632.20	F	126.40 <sup>E</sup>	F
2005	141.60 <sup>E</sup>	F	588.50	F	136.80 <sup>E</sup>	F
2006 <sup>1</sup>	143.60 <sup>E</sup>	F	596.10 <sup>E</sup>	F	141.60 <sup>E</sup>	F
2007 p, 1	138.50 <sup>E</sup>	F	886.20 <sup>E</sup>	F	136.50 <sup>E</sup>	18.30
<b>Long-haul</b>						
2003	227.60	F	1,450.70 <sup>E</sup>	365.90 <sup>E</sup>	217.60	23.50 <sup>E</sup>
2004	227.90 <sup>E</sup>	F	1,313.30	F	221.40 <sup>E</sup>	F
2005	x	x	x	x	x	x
2006 <sup>1</sup>	237.90 <sup>E</sup>	F	1,305.40 <sup>E</sup>	F	234.90 <sup>E</sup>	F
2007 p, 1	x	x	x	x	x	x
<b>International</b>						
2003	x	x	x	x	x	x
2004	362.10	F	2,537.40	993.30 <sup>E</sup>	351.60	164.30 <sup>E</sup>
2005	345.50	F	2,201.70	564.10 <sup>E</sup>	335.30	162.50 <sup>E</sup>
2006 <sup>1</sup>	350.20	F	2,286.00	F	348.60	146.30 <sup>E</sup>
2007 p, 1	342.10	F	2,901.70	F	342.60	101.40 <sup>E</sup>
<b>Total</b>						
2003	246.50	F	1,383.60	319.70 <sup>E</sup>	240.20	28.10 <sup>E</sup>
2004	249.90	F	1,846.50	F	243.60	128.00 <sup>E</sup>
2005	251.20	F	1,593.60	F	244.10	152.60 <sup>E</sup>
2006 <sup>1</sup>	252.00 <sup>E</sup>	F	1,970.80	F	250.70	126.70 <sup>E</sup>
2007 p, 1	246.70 <sup>E</sup>	F	2,675.10	F	246.70	58.40 <sup>E</sup>

1. For 2006 and 2007, the air carriers included are the Canadian Level I carriers, which are comprised of the Air Canada Family (Air Canada, Jazz and regional code-share partners), Air Transat and WestJet.

**Note(s):** All estimates shown above (except those marked with the codes E and F) have a coefficient of variation of less than 10% and can be considered reliable from a sampling point of view. An E indicates a coefficient between 10% and 25%. The estimates with a coefficient of variation greater than 25% cannot be released and are shown with the code F.

Estimates are subject to periodic revisions to reflect carrier updates and further refinement of the fare code assignment system.

**Table 3**  
**Distribution of passengers, by sector and fare type group — Canadian air carriers, Level I – Scheduled services**

	Fare type group				
	First class	Business class	Economy	Discounted	Other
	percent				
<b>Domestic</b>					
2003	F	0.3 <sup>E</sup>	5.6 <sup>E</sup>	93.4	0.6 <sup>E</sup>
2004	F	0.2 <sup>E</sup>	3.7 <sup>E</sup>	96.1	F
2005	F	0.3 <sup>E</sup>	3.8 <sup>E</sup>	95.9	F
2006 <sup>1</sup>	F	0.0 <sup>E</sup>	F	96.4	F
2007 p, 1	F	0.0 <sup>E</sup>	F	95.6	0.7 <sup>E</sup>
<b>Short-haul</b>					
2003	F	0.4 <sup>E</sup>	6.3 <sup>E</sup>	92.6	0.7 <sup>E</sup>
2004	F	0.2 <sup>E</sup>	3.8 <sup>E</sup>	96.0	F
2005	F	0.2 <sup>E</sup>	3.9 <sup>E</sup>	95.9	F
2006 <sup>1</sup>	0	0.0 <sup>E</sup>	F	96.6	F
2007 p, 1	F	0.0 <sup>E</sup>	F	96.2	0.3 <sup>E</sup>
<b>Long-haul</b>					
2003	F	0.3 <sup>E</sup>	5.0 <sup>E</sup>	94.1	0.6 <sup>E</sup>
2004	F	0.2 <sup>E</sup>	F	96.2	F
2005	x	x	x	x	x
2006 <sup>1</sup>	F	0.0 <sup>E</sup>	F	96.2	F
2007 p, 1	x	x	x	x	x
<b>International</b>					
2003	x	x	x	x	x
2004	F	0.4	0.4 <sup>E</sup>	99.0	0.2
2005	F	0.5	0.8 <sup>E</sup>	98.3	0.4
2006 <sup>1</sup>	F	0.1	F	98.9	0.2 <sup>E</sup>
2007 p, 1	0 <sup>E</sup>	0.1	F	97.9	1.2
<b>Total</b>					
2003	0 <sup>E</sup>	0.4	3.8 <sup>E</sup>	95.4	0.4 <sup>E</sup>
2004	F	0.3	F	97.2	0.1 <sup>E</sup>
2005	0 <sup>E</sup>	0.4	2.6 <sup>E</sup>	96.8	0.2 <sup>E</sup>
2006 <sup>1</sup>	F	0.1 <sup>E</sup>	F	97.3	0.1 <sup>E</sup>
2007 p, 1	0 <sup>E</sup>	0.0 <sup>E</sup>	F	96.4	0.9 <sup>E</sup>

1. For 2006 and 2007, the air carriers included are the Canadian Level I carriers, which are comprised of the Air Canada Family (Air Canada, Jazz and regional code-share partners), Air Transat and WestJet.

**Note(s):** All estimates shown above (except those marked with the codes E and F) have a coefficient of variation of less than 10% and can be considered reliable from a sampling point of view. An E indicates a coefficient between 10% and 25%. The estimates with a coefficient of variation greater than 25% cannot be released and are shown with the code F.

Estimates are subject to periodic revisions to reflect carrier updates and further refinement of the fare code assignment system.

**Table 4**  
**Distribution of passenger-kilometres, by sector and fare type group — Canadian air carriers, Level I – Scheduled services**

	Fare type group				
	First class	Business class	Economy	Discounted	Other
	percent				
<b>Domestic</b>					
2003	F	0.4 <sup>E</sup>	4.8 <sup>E</sup>	94.1	0.7 <sup>E</sup>
2004	F	0.2 <sup>E</sup>	F	96.3	F
2005	F	0.5 <sup>E</sup>	F	95.9	F
2006 <sup>1</sup>	F	0.0 <sup>E</sup>	F	96.3	F
2007 p, 1	F	0.0 <sup>E</sup>	F	95.1	1.1 <sup>E</sup>
<b>Short-haul</b>					
2003	F	0.3 <sup>E</sup>	6.8 <sup>E</sup>	92.0	0.8 <sup>E</sup>
2004	F	0.2 <sup>E</sup>	4.4 <sup>E</sup>	95.4	F
2005	F	0.3 <sup>E</sup>	4.3 <sup>E</sup>	95.4	F
2006 <sup>1</sup>	0	0.0 <sup>E</sup>	F	96.1	F
2007 p, 1	F	0.0 <sup>E</sup>	F	95.7	0.3 <sup>E</sup>
<b>Long-haul</b>					
2003	F	0.4 <sup>E</sup>	4.4 <sup>E</sup>	94.6	0.6 <sup>E</sup>
2004	F	0.2 <sup>E</sup>	F	96.5	F
2005	x	x	x	x	x
2006 <sup>1</sup>	F	0.0 <sup>E</sup>	F	96.4	F
2007 p, 1	x	x	x	x	x
<b>International</b>					
2003	x	x	x	x	x
2004	F	0.5	0.3 <sup>E</sup>	98.9	0.2
2005	x	x	x	x	x
2006 <sup>1</sup>	F	0.2	F	99.1	0.2 <sup>E</sup>
2007 p, 1	0 <sup>E</sup>	0.2	F	98.1	1.2
<b>Total</b>					
2003	F	0.4	2.1 <sup>E</sup>	97.1	0.3
2004	F	0.4	F	98.0	0.1 <sup>E</sup>
2005	F	0.6	F	97.5	0.3
2006 <sup>1</sup>	F	0.1	F	98.1	0.2 <sup>E</sup>
2007 p, 1	0 <sup>E</sup>	0.1	F	97.0	1.2

1. For 2006 and 2007, the air carriers included are the Canadian Level I carriers, which are comprised of the Air Canada Family (Air Canada, Jazz and regional code-share partners), Air Transat and WestJet.

**Note(s):** All estimates shown above (except those marked with the codes E and F) have a coefficient of variation of less than 10% and can be considered reliable from a sampling point of view. An E indicates a coefficient between 10% and 25%. The estimates with a coefficient of variation greater than 25% cannot be released and are shown with the code F.

Estimates are subject to periodic revisions to reflect carrier updates and further refinement of the fare code assignment system.



**Table 5**  
**Average domestic fares for selected cities of enplanement — Canadian air carriers, Level I – Scheduled services**

	2006 <sup>1</sup>	2007 <sup>p, 1</sup>
	dollars	
Calgary	174.20 <sup>E</sup>	178.40 <sup>E</sup>
Edmonton	170.70 <sup>E</sup>	171.50 <sup>E</sup>
Halifax	183.10	188.50 <sup>E</sup>
Montreal	205.20	195.00
Ottawa	205.20	200.00
Regina	x	x
Saskatoon	x	x
Toronto	223.60	217.60 <sup>E</sup>
Vancouver	207.00 <sup>E</sup>	204.20 <sup>E</sup>
Winnipeg	180.40 <sup>E</sup>	184.00 <sup>E</sup>

1. For 2006 and 2007, the air carriers included are the Canadian Level I carriers, which are comprised of the Air Canada Family (Air Canada, Jazz and regional code-share partners), Air Transat and WestJet.

**Note(s):** All estimates shown above (except those marked with the codes E and F) have a coefficient of variation of less than 10% and can be considered reliable from a sampling point of view. An E indicates a coefficient between 10% and 25%. The estimates with a coefficient of variation greater than 25% cannot be released and are shown with the code F.

Estimates are subject to periodic revisions to reflect carrier updates and further refinement of the fare code assignment system.

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### Symbols

The following standard symbols are used in Statistics Canada publications:

.	not available for any reference period
..	not available for a specific reference period
...	not applicable
0	true zero or a value rounded to zero
0 <sup>s</sup>	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
p	preliminary
r	revised
x	suppressed to meet the confidentiality requirements of the <i>Statistics Act</i>
E	use with caution
F	too unreliable to be published

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