



The
Economic
Impact of
Canadian
Airports
2002

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Report Summary

THE HISTORY OF CANADA IS CLOSELY TIED TO ITS HISTORY OF TRANSPORTATION. Encompassing six time zones, Canada is the world's second-largest country, surpassed only by Russia. However, Canada ranks 28th in population.

According to 2000 government statistics, Canada's 30.8 million people are scattered across 10 provinces and 3 territories (capitals shown in parentheses):

- Alberta (Edmonton)
- British Columbia (Victoria)
- Manitoba (Winnipeg)
- New Brunswick (Fredericton)
- Newfoundland (St. John's)
- Nova Scotia (Halifax)
- Ontario (Toronto)
- Prince Edward Island (Charlottetown)
- Quebec (Quebec City)
- Saskatchewan (Regina)
- Northwest Territories (Yellowknife)
- Nunavut (Iqaluit)
- Yukon Territory (Whitehorse)

The 2000 population represents an increase of almost one million since 1997. This growth in population has been attributed, in equal degree, to both immigration and natural increase. Between 1997 and 2000, the population of Canada grew at an average annual rate of 0.81 percent. Canada represents approximately 0.5 percent of the global population. The leading Canadian cities are Toronto (4.76 million), Montreal (3.47 million), Vancouver (2.06 million), Ottawa-Hull, the National Capital Region (1.09 million), Calgary (1.04 million) and Edmonton (941,000). Thus an efficient transportation network is essential to hold Canada together and to allow people and goods to move freely through the country as well as bring goods to international markets.

To build and maintain this transportation network, Canadians have overcome enormous seasonal natural barriers. Snow must be constantly cleared from the roads, airports, runways and railways during the winter; waterways are open only during the summer in many areas; and rugged mountain ranges, forests and extreme temperatures challenge the skills of engineers and builders. Despite these obstacles, Canada has developed a highly sophisticated transportation system with more kilometres of road and railway track per person than most other countries. Intermodal systems exist in every major city and most of these systems are near modern airports with links to international air services.

Canada's aviation industry has expanded dramatically over the last 25 years. The number of registered aircraft increased by 15 percent between 1995 and 2000; the number of passengers carried by domestic carriers increased 29 percent in that same timeframe. Air Canada serves both domestic and international routes. Other airlines also offer scheduled service in regional markets, including routes between Canada and the United States. Air transportation is especially important in Canada's northern communities because it provides the only reliable year round service.

2001 CANADIAN AIRPORT ECONOMIC IMPACTS*

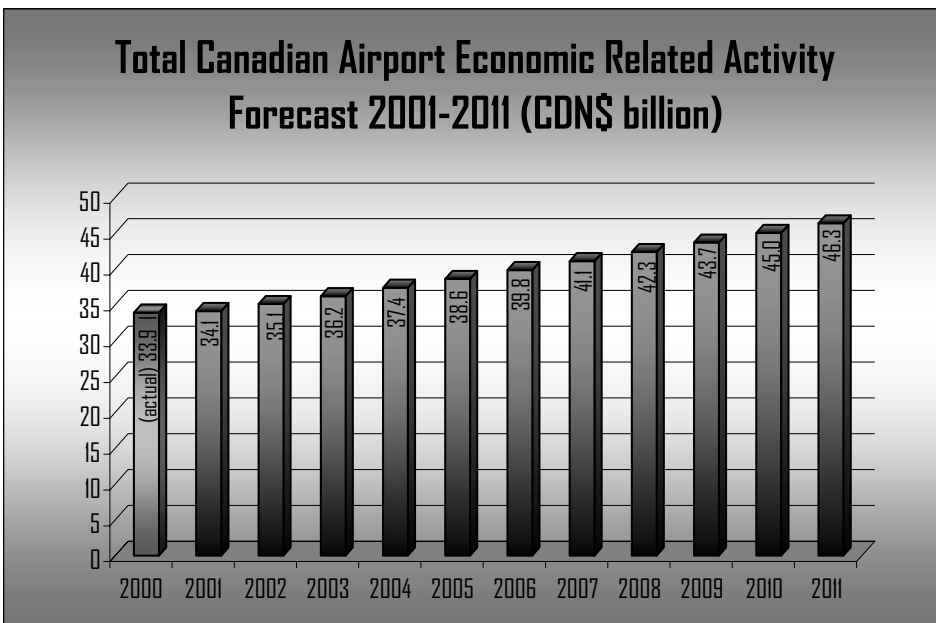
- Airports create CDN\$34.1 billion each year in total economic activity
- Over 233,000 passengers each day rely on Canadian airports for business and leisure travel
- Airports generate over 304,000 jobs in Canada, with 143,000 jobs on-airports and 161,000 jobs in local communities
- Airports generate CDN\$3.9 billion in tax benefits

2001 Total Economic Impacts of Canadian Airports				
	Output	Earnings	Tax Benefit	Employment
Direct Impact	\$ 18.5 bn	\$ 4.8 bn	N/A	143,000
Total Impact	\$ 34.1 bn	\$ 10.1 bn	\$ 3.9 bn	304,000

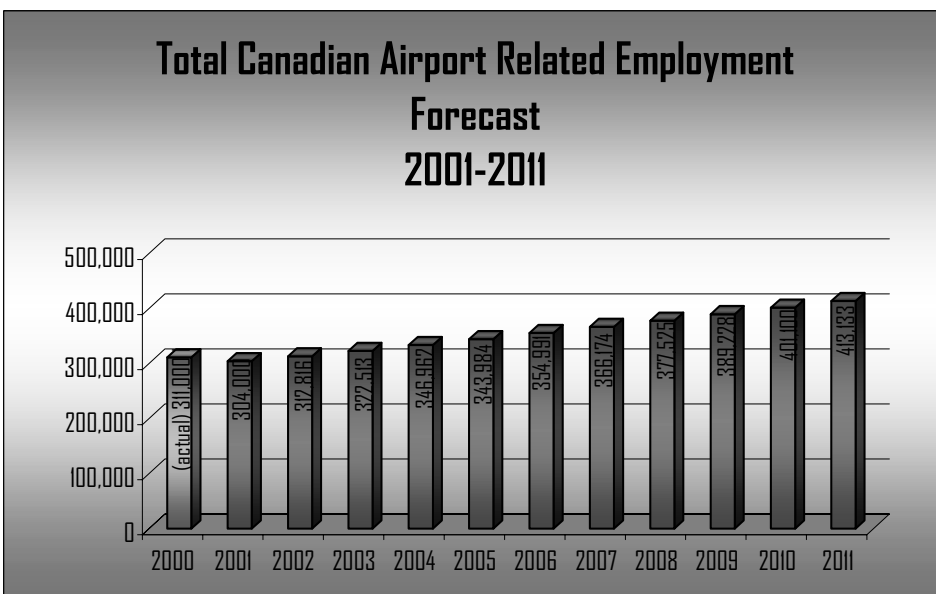
**Note: Based on 2001 data*

THE GROWTH OF THE CANADIAN AIRPORT INDUSTRY

- Total Canadian scheduled passengers, estimated to be 87 million in 2000, are expected to increase to 129.2 million by 2014. This represents a growth of 42.2 million passengers or approximately 49% in total system activity. To meet this growth will require significant new capital investment in Canadian airports
- Domestic passenger growth is expected to increase from approximately 52.9 million passengers in 2000 to 73.2 million in 2014, an increase of 38 percent
- Transborder passenger traffic is expected to increase from 21 million in 2000 to 33 million in 2014, an increase of 57 percent
- For the same period, international traffic is expected to increase from 12.7 million passengers to 23 million, an increase of 81 percent
- In just a decade, by the year 2011, total economic related activity from airports is projected to grow to CDN\$46.3 billion and the employment generated by airports is expected to increase to 413,113



Sources: Based on specific airport economic impact studies, airport economic impacts reported in the 2001 ACI-NA Airport General Information Survey, and Transport Canada's Aviation Forecasts 2000-2014.



Since the Last Report...

THE STRENGTH AND ROBUST NATURE OF THE CANADIAN AIRPORT INDUSTRY HAS BEEN WELL ILLUSTRATED SINCE OUR LAST 'ECONOMIC IMPACT OF CANADIAN AIRPORTS' REPORT PUBLISHED IN 1998.

The year 2000 ushered in a radical change in Canada's air transportation with the consolidation of the two major airlines: Air Canada and Canadian Airlines. With its acquisition of Canadian Airlines, Air Canada has reinforced its position as the nation's dominant airline, with more than 80 percent of the capacity offered in Canada and 90 percent of revenues.

Scheduled air services in Canada are now largely defined by Air Canada, which, along with its wholly owned subsidiaries and commercial partners, provide the only comprehensive Canadian network of domestic, transborder and international air services.

Despite the merger, the early results of consolidation had a restricted impact on Canadian airports, with reduced capacity being replaced by flights offered by new Tier II carriers, which expanded flight frequencies, capacity and networks in 2000. However, some of those gains were lost again as the Tier II airlines themselves were consolidated and the enlarged Canada 3000 went bankrupt in 2001.

The consolidation did hurt some small communities who suddenly saw services cut back, if not eliminated. But small Tier III airlines found a niche and subsequently filled the gap. These small communities benefited from the competition provided.

Surging growth at Canadian airports since the last report (which used 1997 data) is clearly evident in the table below. From 1997 to 2001, the total economic output created by the airports jumped 10.7% from CDN\$30.8 billion to CDN\$34.1 billion. Meanwhile employment grew some 4.1% from 292,000 total employees to over 304,000.

While the effects of September 11th are still being assessed, traffic in Canada seems to be rebounding faster than in the US.

Total Economic Impacts of Canadian Airports--1997 vs. 2001		
Total Impact	Output	Employment
1997	\$ 30.8 bn	292,000
2001	\$ 34.1 bn	304,000
Increase	\$ 3.3 bn	12,000
% change	10.7%	4.1%

The Canadian Airport System

CANADA'S NATIONAL AIRPORT SYSTEM IS COMPRISED OF AIRPORTS THAT ARE SAFE, COMMERCIALY ORIENTED, AND COST-EFFECTIVE. According to Transport Canada, there are 743 registered airports in Canada ranging from large international airports to grass strips. In July 1994 the federal government introduced a framework that clearly defined the federal government's regulatory role with Canadian airports. This framework, called the National Airports Policy (NAP), affects international gateway, major regional, and community airports.

Nationally-significant airports form the National Airports System (NAS) which includes airports considered to be essential to Canada's air transportation system. The 26 airports that comprise the NAS include airports from all national, provincial, and territorial capitals plus airports with annual traffic of 200,000 passengers or more. These 26 airports currently account for 94% of all scheduled passenger and cargo traffic in Canada.

The NAP has allowed the federal government to keep its regulatory role, but has changed its role of airport owner and operator to that of owner and landlord. The federal government still owns the NAS airports, but they are now leased to locally-based Airport Authorities who are responsible for financial and operational management. Meanwhile, the ownership of most smaller airports has been transferred to local interests.

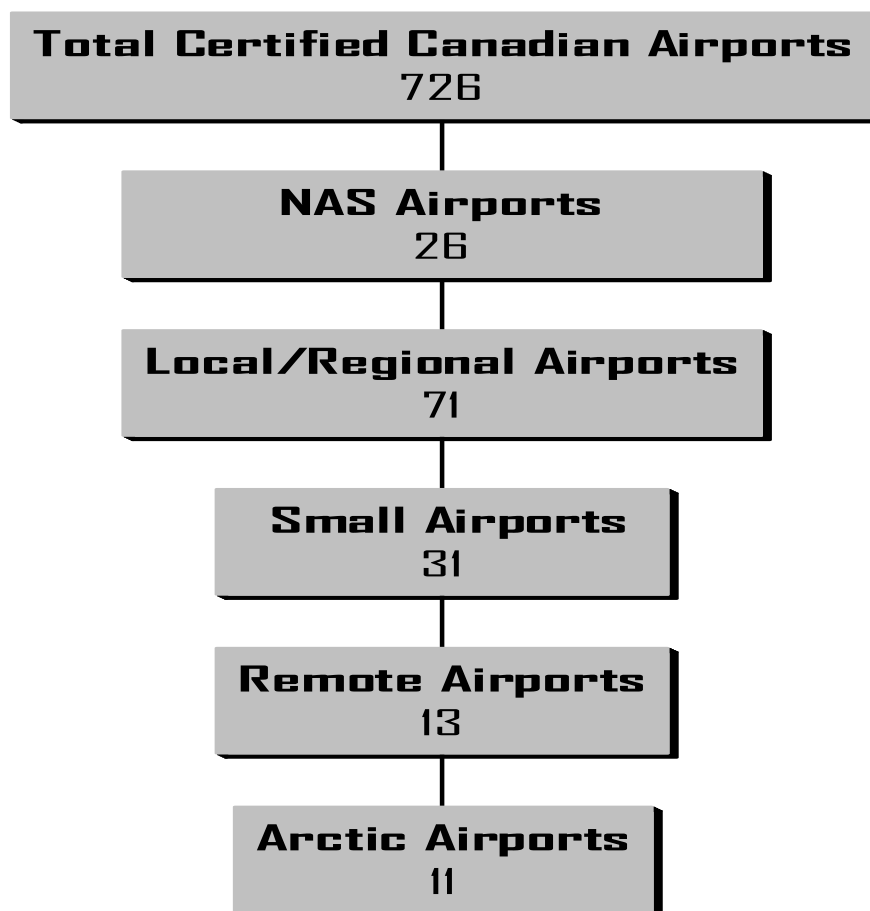
The NAS Airports:

- Calgary International Airport
- Charlottetown Airport
- Edmonton International Airport
- Fredericton Airport
- Gander International Airport
- Halifax International Airport
- Iqaluit Airport
- Kelowna International Airport
- London International Airport
- Moncton Airport
- Montreal-Dorval International Airport
- Montreal-Mirabel International Airport
- Ottawa Macdonald-Cartier International Airport
- Prince George Airport
- Quebec-Jean Lesage International Airport
- Regina Airport
- Saint John Airport
- Saskatoon-John G. Diefenbaker International Airport
- St John's International Airport
- Thunder Bay International Airport
- Toronto-Lester B. Pearson International Airport
- Vancouver International Airport
- Victoria International Airport
- Whitehorse Airport
- Winnipeg International Airport
- Yellowknife Airport

Number of Canadian Airports

UNDER TRANSPORT CANADA'S NAP, REGIONAL/LOCAL AIRPORTS SERVE SCHEDULED PASSENGER TRAFFIC BUT HANDLE FEWER THAN 200,000 PASSENGERS PER YEAR. Small airports do not have scheduled passenger service but serve local interest only, such as general aviation and recreational flying.

In addition to the national, regional/local, and small airports, the federal government operates or funds 13 remote airports. In many instances, these airports are operated (on behalf of the federal government) by municipalities or other local entities. Airports are considered to be in the remote category if air service is the only reliable year-round mode of transportation available to the community it serves.



Source: Transport Canada, November 2001

The National Airports Policy

IN THE EARLY 1990s, THE CANADIAN GOVERNMENT EMBARKED ON A STRATEGY TO TRANSFER THE OPERATION, MANAGEMENT AND DEVELOPMENT OF AIRPORTS TO LOCAL CONTROL, THEREBY RELIEVING THE GOVERNMENT OF FINANCIAL RESPONSIBILITY. Operation of the 26 National Airport System airports was transferred to local airport authorities via a lease agreement. Ownership of the regional/local, small and arctic airports was transferred to local interests or governments. A review of the first four airport authorities confirmed that Canadian airports are now better managed and more responsive to local needs.

Airport Authorities must conduct their business to ensure community accountability. The principles under which they do so are reflected in the Articles of Incorporation and, in addition to the ground lease.

The principles include the following:

- AAs must be “not-for-profit” corporations, guided by a local board of directors
- The board members will be representative of the local community and will not include government employees or elected representatives
- There will be federal and provincial government representation on the board of directors
- The method of appointment and revocation of appointments to the board of directors will be specified
- The annual general meeting will be open to the public
- All contracts in excess of a total value of \$75,000 will normally be awarded through a competitive bid process
- AAs must establish community consultative committees
- The public will have access to the AA’s key business documents, and
- The AA must have a performance review conducted by an outside reviewer at least once every five years

Airport Transfer Status (December 2001)			
Category of Airport	Transferred	Not Transferred	Total
NAS	25	1	26
Regional/Local	60	11	71
Small	27	4	31
Arctic	11	0	11
Total	123	16	139

Source: Transport Canada, Monthly Status report December 2001

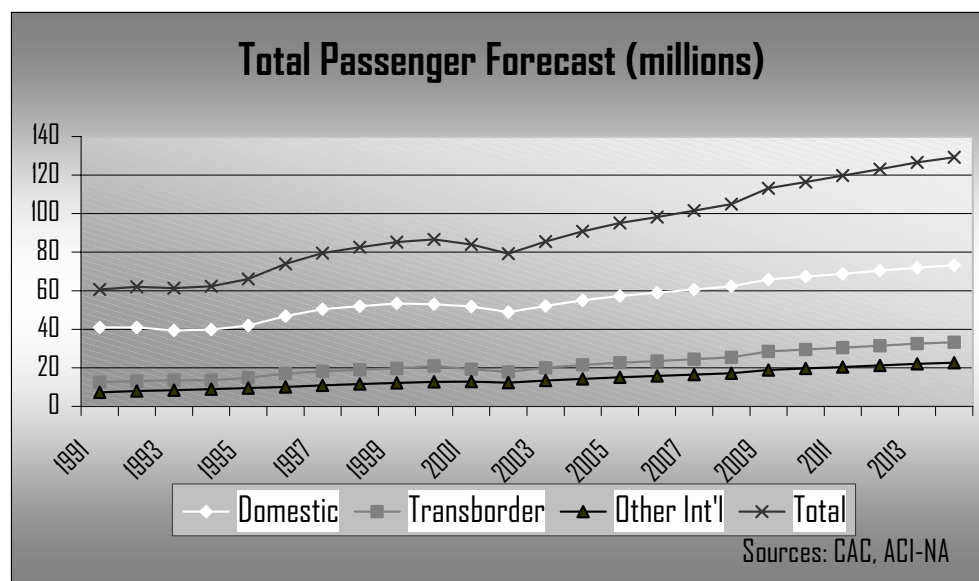
Growth in Canadian Airport Activity

TOTAL SCHEDULED CANADIAN COMMERCIAL AIR CARRIER ACTIVITY (DOMESTIC, TRANSBORDER, CHARTER AND INTERNATIONAL) HAS STEADILY INCREASED OVER THE YEARS AND IS GROWING AT RATES SIGNIFICANTLY HIGHER THAN THE CANADIAN ECONOMY. Between 1995 and 2000, aviation demand grew at an average annual rate of 6.6 percent from 66.1 million total passengers in 1995 to 86.7 million passengers in 2000. This passenger demand is expected to increase at an average annual rate of 2.8 percent from 2000 to approximately 129.2 million total passengers in 2014. These forecasts take into account the effects of the September 11th attacks. Revenue passenger-kilometres (RPKs) are also projected to increase at the same rate during this period.

From 1995 to 1999, transborder (Canada/U.S.) passenger traffic has increased at a faster rate than domestic and international traffic. In the period 2000 to 2014, international passenger traffic is expected to grow at an annual rate of 4.2 percent compared to a 2.1 percent growth in domestic and 3.6 percent growth in transborder traffic. In comparison, the expected growth rate of the Canadian gross domestic product (GDP) is only 2.2 percent for the same period. Thus, the airport industry remains one of the fastest growing economic sectors of the Canadian economy.

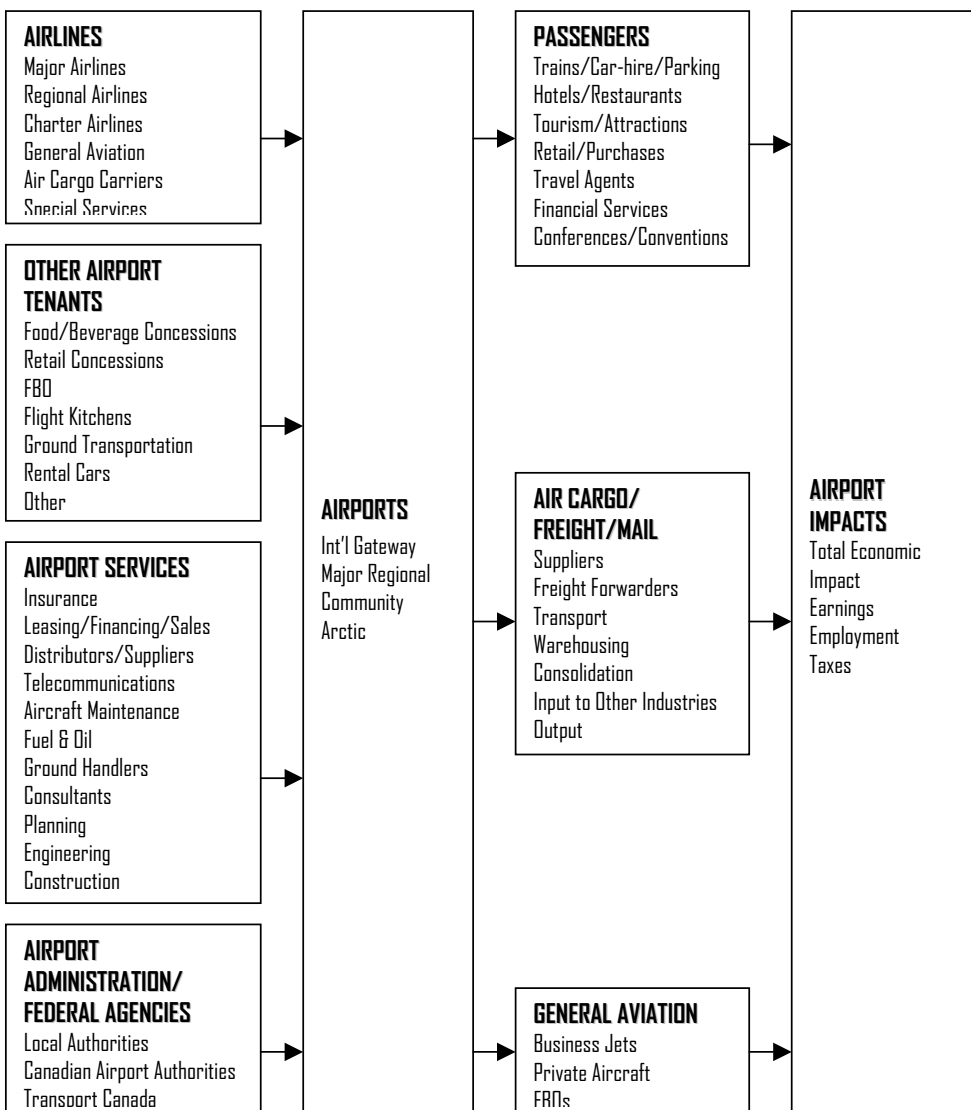
There are many factors driving the growth in aviation demand:

- Increase in Canadian wealth as measured by GDP
- The ability of air carriers to adjust supply to meet demand to maximize revenues
- High-cost air carriers restructuring and reducing unit costs
- Expanding global alliances
- Increased efficiency and productivity
- The entrance of new low-cost air carriers increasing competition



The Airport Industry

TODAY AIRPORTS HAVE ALL OF THE FUNCTIONS AND PHYSICAL INFRASTRUCTURE OF A MODERN CITY, SHARE MANY RESPONSIBILITIES WITH THEIR HOST COMMUNITIES, AND PROVIDE ESSENTIAL, IF NOT INDISPENSABLE, PUBLIC SERVICES. The airport may have hundreds of tenants engaged in a wide array of aeronautical and general business enterprises located on, and generating revenue for, the airport. Annual operating budgets may run into the tens – or hundreds – of millions of dollars, with capital projects accounting for many millions or billions more. The terminal complex, general aviation facilities, airport support facilities such as maintenance buildings and equipment, and aircraft operating areas such as runways, taxiways and aprons easily value in the hundreds of millions of dollars for even a modest-sized commercial airport. Modern airports are “big business,” impacting the social, economic, and political life of today’s communities.



The Economic Benefits of Canadian Airports 2001

AIRPORTS ARE IMPORTANT BECAUSE THEY PROVIDE SIGNIFICANT ECONOMIC IMPACTS AND TRANSPORTATION BENEFITS. Economic impacts measure the importance of airports in the aviation industry in terms of the employment they provide and the goods and services they utilize. Transportation benefits are the services that a community hopes to obtain by developing and maintaining an airport. Airports are the necessary means of connecting communities to world markets.

TRANSPORTATION BENEFITS

Airports provide a variety of public benefits to the surrounding service areas. The most substantial benefits being the time and cost savings associated with air transportation. Other benefits include:

- High levels of safety
- Comfort and convenience
- Access to national and international destinations
- Enhancements to community well being
- Inbound tourists

ECONOMIC BENEFITS

Airport economic impacts are assessed by looking at the full extent of the airport's impact on the local, regional and national economy, from the actual movement of passengers and freight, to the stimulation of economic growth that the airport's presence can cause in a local situation. Total economic impacts are made up of three components: direct, indirect and induced impacts.

Direct impacts are consequences of economic activities carried out at the airport by airlines, airport management, fixed base operators, and other tenants with a direct involvement in aviation. Employing labour, purchasing locally produced goods and services, and contracting for airport construction and capital improvements are examples of airport activities that generate direct impacts. The distinguishing feature of a direct impact is that it is an immediate consequence of airport economic activity.

Indirect/induced impacts result from activities associated with the use of airport services which are typically generated away from the airport facility (i.e., hotels, restaurants and travel agencies) and the successive rounds of spending in the local community that result from all of the above.

AIRPORTS GENERATE WEALTH*

Canadian Airports are responsible for nearly CDN\$34.1 billion each year in total economic activity. This figure includes indirect and induced impacts totaling over CDN\$18 billion.

AIRPORTS GENERATE EMPLOYMENT*

The total economic impact of airports on the labour market in Canada is 304,000 jobs. This includes 143,000 jobs directly related to airports and another 161,000 jobs indirectly created in local communities. The total jobs translate into earnings of CDN\$10.1 billion.

AIRPORTS GENERATE TAXES*

In tax benefits, Canadian airports generate CDN\$3.9 billion.

CASE STUDIES

The case studies presented in the following pages illustrate the important contributions airports make to local and national economies.

*Note: Based on 2001 data

Aéroports de Montréal

CY 2000 TOTAL PASSENGERS: 9,917,438
CARGO (METRIC TONNES): 203,000
TOTAL MOVEMENTS: 249,473

SINCE AUGUST 1992, AÉROPORTS DE MONTRÉAL (ADM) HAS BEEN THE AIRPORT AUTHORITY RESPONSIBLE FOR THE MANAGEMENT, OPERATIONS AND DEVELOPMENT OF THE DORVAL AND MIRABEL INTERNATIONAL AIRPORTS, UNDER A 60-YEAR GROUND LEASE SIGNED WITH TRANSPORT CANADA. ADM is a non-profit corporation without shareholders and its surpluses are reinvested in its airport facilities.

Dorval International Airport is used for all scheduled commercial flights. It is located some 20 kilometres from downtown Montreal. Mirabel International Airport is located 60 kilometres northwest of downtown Montreal and can be reached in 45 minutes. Mirabel serves charter and all-cargo flights.

In 2000, passenger traffic at both airports grew by 3.4%: 2.4% at Montréal-Dorval and 10.2% at Montréal-Mirabel for an aggregate total of close to 10 million travelers. Average growth at all major Canadian airports combined stood at only 1.9% for the year, surpassed only by the Montréal and Toronto airports. Transborder and international sector traffic at Montréal-Dorval rose by 8.1% and 3.6%, respectively.

Expansion currently underway at Montréal-Dorval represents investments of CDN\$250 million for a new transborder facility (2003) and could climb to CDN\$716 million when the new international finger (2006) and other expansion phases are completed.

Aéroports de Montréal creates an estimated CDN\$3.7 billion of economic output per year. This activity supports some 25,000 total employees on-airport for an estimated total of 50,000 direct, indirect and induced jobs in the Region. This translates into employee earnings of approximately CDN\$845 million.



Calgary International Airport

CY 2000 TOTAL PASSENGERS: 8,669,505
CARGO (METRIC TONNES): 75,000
TOTAL MOVEMENTS: 231,432

LOCATED JUST 17 KILOMETRES NORTHEAST OF CALGARY'S CONCENTRATED BUSINESS CORE, CALGARY INTERNATIONAL AIRPORT OCCUPIES ALMOST EIGHT SQUARE MILES OF LAND, AND THE TERMINAL BUILDING REMAINS AS BOLD AND EFFICIENT AS THE DAY IT OPENED.

A major phase of its multi-year airport expansion was completed in May 2000. The expansion included additions to the arrivals, departures and mezzanine levels, totaling 68,300 square feet.

Currently underway is a major expansion to Canada and U.S. Inspection Services facilities, a new Concourse D check-in and gate Concourse, re-development of the arrivals level and another 1000 parking stalls in the seven level parkade.

The Calgary Airport Authority as a whole has a total land base of 5,070 acres, including a portion that will be developed to attract synergistic businesses to onsite business parks for aviation related and other industrial uses.

The Calgary Airport Authority is supporting the city's economic development by focusing on increasing the number of routes and carriers so travelers have as many options as possible. A highlight of the new or additional air services announced in 2001 was the inauguration of Cargolux's B747-400 scheduled all-cargo flights between Calgary and Europe.

By meeting the transportation needs of business and leisure travelers, the Calgary International Airport has become an integral part of the economic success of the city, the province, and the entire region. In 2000, the Airport's operations created economic activity worth CDN\$2.7 billion. Total full-time employment generated on-airport and in the local community was approximately 37,000 with a payroll of CDN\$1.2 billion. 100 new jobs alone were created with the expansion of the retail and food outlets in 2000 and up to 350 construction jobs were provided during the year for both Calgary Airport Authority and tenants' projects.



Edmonton International Airport

CY 2000 TOTAL PASSENGERS: 3,843,321
CARGO (METRIC TONNES): 31,296
TOTAL MOVEMENTS: 100,600

EDMONTON INTERNATIONAL AIRPORT, CANADA'S MOST NORTHERLY 24 HOUR INTERNATIONAL AIRPORT IS STRATEGICALLY LOCATED ADJACENT TO THE MAJOR HIGHWAY LINKING EDMONTON AND CALGARY, NEAR THE YELLOWHEAD TRANSCANADA HIGHWAY WHICH CONNECTS WINNIPEG, EDMONTON, AND VANCOUVER; AND NEAR VIA RAIL'S TRANSCONTINENTAL "CANADIAN" ROUTE. Airport activity has surged in recent years with a passenger growth rate of 41% over the past five years. Edmonton International Airport is also the second largest airport in Canada as measured by land mass, comprising an area of over 7,000 acres.

Edmonton International Airport continues to serve as a crucial hub for air service to the Canadian North. In 2000, three major carriers operated northern flights from the International Airport, which was complemented by service offered by five tier- three carriers operating from the City Centre Airport.

Edmonton Airports has embarked on an Air Terminal Redevelopment Project that will see the terminal size and aircraft apron area double upon completion. The original terminal facility was built in 1963 with a forecast to serve the needs of Edmonton and area travelers and accommodate a maximum of 2.5 million passengers annually. Edmonton International Airport currently serves about 3.8 million passengers per year, and with projected growth trends, renovation and expansion is necessary to meet the needs of the Capital Region to the year 2015 and 5.8 million passengers.

Phase I commenced in March of 1998 and incorporates an 1800-stall three level covered parkade, roadway enhancements, and terminal roof and ceiling repairs at a total cost of about CDN\$41 million. Phase II, completed at the end of 2000, was the construction of the South Terminal which includes many operational enhancements that will greatly improve the Airport's ability to service both passengers and airlines. The centerpiece of Phase III, which is currently underway, is the construction of a Central Hall, which will connect the North and South Terminals.

42 companies are resident at Edmonton International Airport and direct employment is 3,500 employees. The activities of the Airport generate CDN\$1.0 billion in economic output.



Halifax International Airport

CY 2000 TOTAL PASSENGERS: 2,980,970
CARGO (METRIC TONNES): 19,780
TOTAL MOVEMENTS: 141,248

HALIFAX INTERNATIONAL AIRPORT IS LOCATED IN THE HALIFAX REGIONAL MUNICIPALITY, 38 KILOMETRES (23 MILES) NORTH OF HALIFAX, THE PROVINCIAL CAPITAL OF NOVA SCOTIA. The Airport is Atlantic Canada's principal full-service airport providing passengers and cargo customers with direct and indirect access across the country and to strategic locations in the United States and Europe.

The Halifax International Airport Authority (HIAA) recently announced a two-year expansion plan to improve the domestic and international arrival areas and centre core retail area. The first phase of the project, valued at an estimated \$25 million, is underway with the expansion of the arrivals areas and the opening of the expanded public parking lot.

The Centre Core Expansion Project is phase two of HIAA's CDN\$100 million airport improvement strategy. Based on a town square theme, the expansion will also include a public area on the third floor for observing airside activity, with apron level viewing on the main floor. When the project is complete, the centre core will triple in size, with a 70% increase in overall retail space. New retail concepts will be introduced, along with expanded hours and one 24-hour operation.

The new retail and food and beverage outlets are expected to provide an increase in revenue of CDN\$800,000 in the first year of operation, over and above existing revenue levels. HIAA also anticipates the project will increase concessions employment by about 40%, adding some 50 to 60 new jobs.

The Halifax International Airport business community generated more than CDN\$1.5 billion for the Nova Scotia economy in 2000, with CDN\$1 billion in total gross output, CDN\$450 million in air tourism impact, and CDN\$56 million in construction impacts. Some 11,000 total jobs can be attributed to the Airport with wages of CDN\$289 million. In addition, total tax contributions came to approximately CDN\$100 million.



Kelowna International Airport

CY 2000 TOTAL PASSENGERS: 835,932
TOTAL MOVEMENTS: 81,718

KELOWNA INTERNATIONAL AIRPORT, MANAGED AND OPERATED BY THE CITY OF KELOWNA SINCE ITS INCEPTION IN 1946, IS LOCATED ON THE NORTHERN BOUNDARY OF THE CITY OF KELOWNA. It has experienced steadily increasing passenger volumes for five years in a row with over 835,000 arriving and departing passengers passing through the terminal facility in 2000.

The Airport's three scheduled air carriers, Air Canada, Horizon Air and WestJet, serve a catchment area of over 250,000 people including the cities of Kelowna, Vernon and a number of smaller communities in the southern interior of British Columbia. Approximately 30 departures per day offer service to five major international airports; Calgary, Edmonton, Seattle, Vancouver and Toronto. Non-stop service is also provided to a number of other communities in Western Canada, including Victoria.

In 2000, capital development focused on the major Air Terminal Building expansion (to 76,000 square feet), which was officially opened in June. The six-phase, CDN\$20 million terminal expansion program which started in 1998 is expected to be completed in 2003 with the construction of a 460 stall parking garage.

The expansion will accommodate a 450 peak hour passenger processing rate. Funds for the project are being raised through an CDN\$8 Airport Improvement Fee included in the ticket price for all departing passengers. Collection of the AIF began in February 1998 and will continue until 2010. Funds raised will be used exclusively for the terminal expansion project.

As Kelowna International Airport continues to grow, so does its economic significance in the southern interior of British Columbia. In its 2001 Economic Impact Study, the Airport calculates the commercial activities of Kelowna International Airport and its tenants currently generate an estimated CDN\$265.6 million for the provincial economy and sustain the equivalent of 1,834 full-time jobs, over 800 of which are on-airport.



Ottawa Macdonald-Cartier International Airport

CY 2000 TOTAL PASSENGERS: 3,434,345
TOTAL MOVEMENTS: 78,300

OTTAWA, THE FIFTH-LARGEST CITY IN CANADA, IS ALSO THE FASTEST-GROWING LABOUR MARKET. Under the management of the Ottawa International Airport Authority, the number of U.S. flights has more than doubled to 43 flights daily since 1997 requiring significant improvements to meet increasing demands.

The Airport has been operating at levels beyond its capacity for years. In 2000, the Airport handled over 3.4 million passengers—30% more than the terminal building was designed to accommodate when it was last renovated in 1987. Despite CDN\$25 million in airport improvements since the Airport Authority took over management, the facilities have become stretched to their upper limit.

In October 2000 the Board of Directors approved the Airport Authority's plan to provide Ottawa-Hull with a greatly improved airport. By spring 2004, a new terminal building, a new parkade and other improvements will simplify and speed up travelers' connections between air and ground transportation.

The financing involves a CDN\$300 million capital investment that will be financed entirely by the Airport Improvement Fee. The three-phase project is to proceed as follows:

Phase 1: building of a passenger terminal building with significant airside and groundside improvements that will speed passengers and cargo toward their destinations. The first phase will provide more than 1,700 person-years of employment and will be completed by the spring of 2004.

Phase 2: extension of the dual taxiway for aircraft and removal of the existing terminal building. Phase 2 is tentatively scheduled to be completed by 2010.

Phase 3: expand the new parking structure significantly and provide the terminal building with additional passenger gates. Phase 3 is scheduled for completion by 2020.

The passenger and airport activity at Ottawa International Airport created a total economic output of over CDN\$1 billion in 2000. The Airport's activities have created over 9,700 jobs – 4,200 of which were on-airport. These jobs have translated into total earnings of over CDN\$327 million.



Toronto-Lester B. Pearson International Airport

CY 2000 TOTAL PASSENGERS: 28,930,036
CARGO (METRIC TONNES): 392,000
TOTAL MOVEMENTS: 426,506

TORONTO-LESTER B. PEARSON INTERNATIONAL AIRPORT IS CANADA'S BUSIEST AIRPORT AND IS AN ESSENTIAL ASSET FOR THE NATION'S TRANSPORTATION SYSTEM. In 2000, the Airport accommodated 28.9 million passengers on 65 different airlines and on every business day, handled more than 1,200 aircraft movements.

In order to provide sufficient airside, terminal and landside capacity for the future and to enhance the Airport's competitive position as a gateway to North America, the Greater Toronto Airports Authority (GTAA) initiated the Airport Development Program (ADP) in 1997. It comprises a major renewal and expansion of most of the infrastructure at Toronto-Lester B. Pearson International Airport.

One of the key projects within the overall ADP, completed in 2000, was a four-lane ground vehicle tunnel beneath a runway and three taxiways. Cargo-handling facilities on the infield were completed in 2001 and a new passenger terminal and parking garage are well underway.

There are currently three terminals in operation at Toronto-Lester B. Pearson International Airport. Terminal 1 has an annual capacity of 3.5 million passengers; Terminal 2 has a capacity of 11.7 million; and Terminal 3 has a capacity of 14.5 million. The GTAA plans to replace Terminals 1 and 2 with a single unified terminal, which, in conjunction with Terminal 3, will be capable of accommodating up to 50 million passengers per year. The first phase is scheduled to open in 2003.

Toronto-Lester B. Pearson International Airport is a fundamental economic asset to the Greater Toronto Area (GTA). A broad range of businesses in the GTA are profoundly affected by the Airport and its associated operations. The Airport is an essential element of the local economic infrastructure, creating over CDN\$14 billion in total output in 2000, and providing more than 138,144 jobs. In 2000, 392,000 metric tonnes of cargo, or over 40% of the country's air cargo, passed through the Airport.



Vancouver International Airport

CY 2000 TOTAL PASSENGERS: 16,247,288
CARGO (METRIC TONNES): 251,771
TOTAL MOVEMENTS: 295,000

NAMED BY IATA AS THE NUMBER ONE MEDIUM-SIZED AIRPORT IN NORTH AMERICA, VANCOUVER INTERNATIONAL AIRPORT IS ALSO THE CLOSEST MAJOR NORTH AMERICAN CITY TO ASIA. Vancouver is uniquely positioned as a premier global gateway. Vancouver's expanded role as a Pacific gateway to the rest of North America and the "Open Skies" policy connecting Vancouver to a growing number of American destinations has bolstered its economic standing. In 1994, there were only eight non-stop routes between Vancouver and U.S. destinations, compared to 23 in 2001.

As a result of its growth, a number of capital projects have been undertaken, including the recently completed Airport Connector and redevelopment of the domestic terminal. There are even more projects on the drawing board, including a study on rapid transit between Vancouver, Richmond and the Vancouver International Airport by 2010.

And the growth trend looks set to continue. The Airport's Master Plan forecasts the number of revenue passengers to increase from 10.2 million in 1994 to 24.3 million in 2015. The number of aircraft movements using the runway system is expected to increase from 301,000 in 1994 to 470,000 in 2015.

More than 26,000 people are directly employed at approximately 400 businesses located at the Airport. That is an increase of 3,000 people since 1997 – the equivalent of almost 100 new jobs every month. Over the past nine years, the number of jobs at the Airport has almost doubled. The Airport Authority itself only accounts for approximately 300 employees. The rest of the 26,000 workers are part of the airport business community. The aviation community surrounding YVR generates approximately CDN\$1 billion annually in wages alone. Its total economic output surpasses CDN\$5.4 billion.



Winnipeg International Airport

CY 2000 TOTAL PASSENGERS: 2,837,771
CARGO (METRIC TONNES): 102,994
TOTAL MOVEMENTS: 156,029

AS THE EIGHTH BUSIEST AIRPORT IN CANADA, AND SITUATED JUST 4.5 MILES FROM DOWNTOWN, THE WINNIPEG INTERNATIONAL AIRPORT IS AT THE HEART OF THE ECONOMY OF MANITOBA. The city's geographical position has allowed the Airport to develop as a major distribution point and northern link to the Mid-Continent Trade Corridor. Winnipeg International Airport has direct flights to two major US hub airports: Minneapolis-St. Paul and Chicago. It serves a population area of over two million — west to Saskatoon, east to Thunder Bay, north to the new Nunavut Territory and south to the U.S. border. It is the busiest airport between Toronto and Calgary. Winnipeg Airports Authority Inc. (WAA) assumed operation of Winnipeg International Airport in January of 1997 under a 60 year lease.

In 2001, major capital improvements, including a new FIDS and parking systems, were made throughout the facility totaling more than CDN\$2.3 million. On the airside, improvements totaling more than CDN\$9.4 million were made, including runway reconstruction and lighting upgrades.

Winnipeg International Airport is responsible for generating almost CDN\$200 million in direct economic activity and almost CDN\$300 million in total economic activity. The Airport is also responsible for creating a total of over 7,400 jobs with over 4,700 jobs directly at the Airport. The total jobs translate into earnings of CDN\$250 million.



Mini-Case Studies

The following mini-case studies provide a brief summary of some of the other airports in Canada that also contribute to the overall economic impacts discussed in this report.

Abbotsford Airport

Abbotsford Airport, located just a few kilometres north of the Canada/U.S. border and less than an hour by car to the City of Vancouver, handled 240,000 total passengers in 2000. The Airport's economic impact study from June 2001 states that the Airport's activities amounted in 2000 to an estimated CDN\$206 million in total gross revenues. The activities in turn supported an estimated 1,385 person years of employment.

Charlottetown Airport

Located in the Province of Prince Edward Island, Charlottetown Airport serviced 166,849 total passengers in 2000. According to the Airport's June 2000 economic impact study, commercial activities in 1999 supported total revenues of CDN\$67.9 million and an estimated 385 person years of total employment.

Hamilton International Airport*

Ideally situated between Toronto and Buffalo, Hamilton International Airport has a catchment area of 3.6 million consumers alone within a 60-minute drive of the airport. Serving 243,205 total passengers in 2000, the Airport generated over 1,650 total jobs with estimated earnings of some CDN\$58 million in 2000.

Saskatoon International Airport*

Saskatoon International Airport serves the City of Saskatoon and the Central and Northern communities of Saskatchewan. With over 800,000 total passengers per annum, the Airport generated over 3,250 total jobs in 2000, of which some 1,230 were on-airport. The total economic impact amounted to CDN\$450 million.

Victoria International Airport*

Serving Victoria and the surrounding Vancouver Island communities, Victoria International Airport has seen a dramatic 60% increase in passenger volume over the last five years. To meet this growth, a major terminal building expansion is currently underway. With some 1,750 total jobs and earnings of CDN\$850 million, the Airport created an estimated CDN\$145 million in economic output in 2000.

** All dollar figures have been inflated to CDN\$2000 according to the inflation rate and inflated according to the respective airport's rate of growth since the last economic impact study of each individual airport.*

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