



Victoria International Airport



Economic Impact Study

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The Economic Impact of Victoria International Airport

Executive Summary:

Victoria International Airport is an important economic driver for Southern Vancouver Island and British Columbia, contributing to economic growth and generating approximately \$440.8 million in total gross revenues and sustaining an estimated 2,920 jobs during 2003. (These figures represent the sum of the direct, indirect and induced revenue and employment generated by the airport operator and other firms conducting business on the airport lands during 2003.)

- Victoria International Airport is an essential air link to the City of Victoria and other communities in Southern Vancouver Island, serving a catchment area population of approximately 500,000.
- The second busiest airport in British Columbia, Victoria recorded more than 1,180,000 passengers during 2003 and handled over 155,000 aircraft movements.
- A total of 113 businesses operate at Victoria International Airport, directly sustaining more than 1,460 full-time jobs. The six largest employers account for over 60% of all employment at the Victoria International Airport
- The region's diverse industrial base is largely dependent on Victoria International Airport and the services it provides in support of tourism, business and government.



The Economic Impact of Victoria International Airport

Methodology:

To calculate the total economic contribution of an airport, economists measure three types of impacts: direct, indirect, and induced. The sum of the direct, indirect and induced impact equals the total economic impact of the airport.

- The direct economic impact refers to the employment and revenues attributable to the commercial activities which take place directly at the airport.
- Indirect economic impact measures the purchase of goods and services by airport businesses from other firms, in terms of the employment and revenues related to the incremental business activities resulting from their operations in support of airport operations.
- The induced economic impact estimates the increase in employment resulting from direct and indirect airport activities. The jobs sustained by the direct and indirect airport activity generate an increase in household income. This drives the induced economic impact that results from an increase in purchases at local businesses.

The traditional approach to estimating the economic impact of an airport involves in-depth interviews and detailed review and financial analysis of the operations of the businesses that operate at the airport. An alternative method, which has been used here, is the statistical approach. For this analysis, the economic impact of Victoria International Airport has been estimated using a model originally formulated by the Transport Institute of the University of Manitoba. The model consists of two econometric formulas that were developed by applying regression analysis to the results of more than forty detailed economic impact studies performed at Canadian airports. It has been used extensively to calculate the economic impact of airports across Canada, and when compared to the results obtained using a survey methodology, the model was found to produce fair and reasonable estimates of an airport's impact on the provincial economy.

The outputs of the model are estimates of the total revenues (or economic output) and employment generated throughout the province by the commercial activity conducted by the airport operator, its tenants and others at the airport. These estimates represent the sum of the direct, indirect and induced employment and revenue generated by airport activities.



An Overview of Victoria and the Capital Regional District

Location:

Located on the southern tip of Vancouver Island, the City of Victoria is one of thirteen municipalities and three electoral areas that make up the Capital Regional District (CRD). Just 20 minutes by air from Vancouver and 40 minutes from Seattle, the region is within convenient reach of approximately 4 million consumers.

The region has the mildest climate in Canada and records the most hours of sunshine in British Columbia. Victoria is the oldest municipality in B.C., and the area's colourful history and scenic location have contributed to its current status as a world class tourism destination. As the province's capital, Victoria is also a busy centre for both government and business.



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Population:

The total population of the Capital Regional District has more than doubled since 1961, and currently exceeds 300,000. The population rose by a total of 2.5% between the 1996 and 2001 census periods, and is forecast to increase at an annual rate of 1% to 2026.

Saanich, the largest municipality in the CRD, represents one third of the total population in the region and added 2,266 residents during the 5 years between each census. Highlands and View Royal reported the highest rates of growth during the census period, with increases of 17.6% and 12.9%, respectively.

Capital Regional District - Population				
	<u>1996</u>	<u>2001</u>	<u>Change</u>	<u>% Change</u>
Saanich	101,388	103,654	2,266	2.2%
Victoria	73,504	74,125	621	0.8%
Oak Bay	17,865	17,798	-67	-0.4%
Langford	17,515	18,840	1,325	7.6%
Esquimalt	16,151	16,127	-24	-0.1%
Central Saanich	14,611	15,348	737	5.0%
Colwood	13,848	13,745	-103	-0.7%
Sidney	10,701	10,929	228	2.1%
North Saanich	10,411	10,436	25	0.2%
Sooke	8,436	8,735	299	3.5%
View Royal	6,441	7,271	830	12.9%
Metchosin	4,709	4,857	148	3.1%
Highlands	1,423	1,674	251	17.6%
Other Areas	<u>7,284</u>	<u>8,363</u>	1,079	14.8%
	<u>304,287</u>	<u>311,902</u>	<u>7,615</u>	<u>2.5%</u>

Source: Statistics Canada



Industry and Labour Force:

Tourism, retail and wholesale trade, health care and public administration are the major employers in the Capital Regional District. The region's diversified industrial base has also shown growth in the areas of advanced technology, marine science and industry, sport tourism, and film.

- The CRD is home to approximately 22,000 businesses with less than 20 employees. These small businesses comprise 93% of the region's employers.
- Tourism contributes an estimated 33,500 jobs and generates more than \$1 billion annually for the regional economy. In the graph below, the tourism component of the labour force is included with each associated sector (accommodation and food, retail trade, transportation and others).
- More than 1,000 firms in the advanced technology industry sustain 15,000 professional jobs and generate \$1 billion.
- Other sectors targeted for growth are telecom wireless, life sciences and energy technologies. A breakdown of the employed labour force by industry is presented below.





An Overview of Victoria International Airport

Location:



Source: Victoria International Airport

Operated by the Victoria Airport Authority, Victoria International Airport is situated on 484 hectares in Sidney and North Saanich, B.C.

Centrally located on the Saanich peninsula, the airport is 27 kilometres north of downtown Victoria, and 5 kilometres south of the BC Ferries' Swartz Bay Terminal.

The market catchment area for Victoria International Airport includes the Capital Regional District as well as many smaller communities throughout the southern tip of Vancouver Island and the Gulf Islands. The total population served by the airport is approximately 500,000.



Facilities and services available at Victoria International Airport:

Three paved runways:
7,000 x 200 ft
5,026 x 200 ft
5,003 x 200 ft

Air Traffic Control Tower
Aircraft hangar rentals
Aircraft maintenance
Aircraft manufacturing
Aircraft painting
Aircraft refueling
Airport Shuttle
Banking machine
Baseball diamonds
Bicycle assembly station
Business centre
Canada Customs
Car rentals
Coffee bars
Complimentary baggage carts
Duty Free
Family Room
Flight training schools
Flying club
Foreign exchange
Gift Shop
Information desk
Newsstand
Observation area
Picnic grounds
Public parking facilities
Red Coat Volunteers
Restaurant
Seaplane base
Taxi Service
Vending machines



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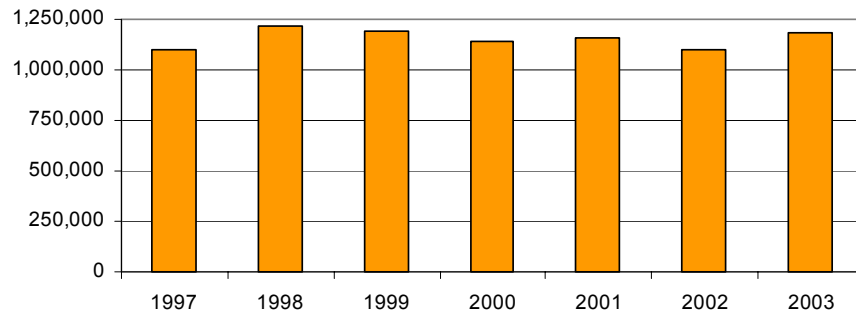


Passenger Traffic: During 2003, a total of 1,182,821 enplaning and deplaning passengers were served at Victoria International Airport. Passenger volumes reached their peak in 1998, totalling more than 1.2 million for that year. Although scheduled traffic has abated somewhat since that year, the total number of annual passengers has remained above 1,100,000 and numbers are again on the rise.

Enplaning & Deplaning Passengers

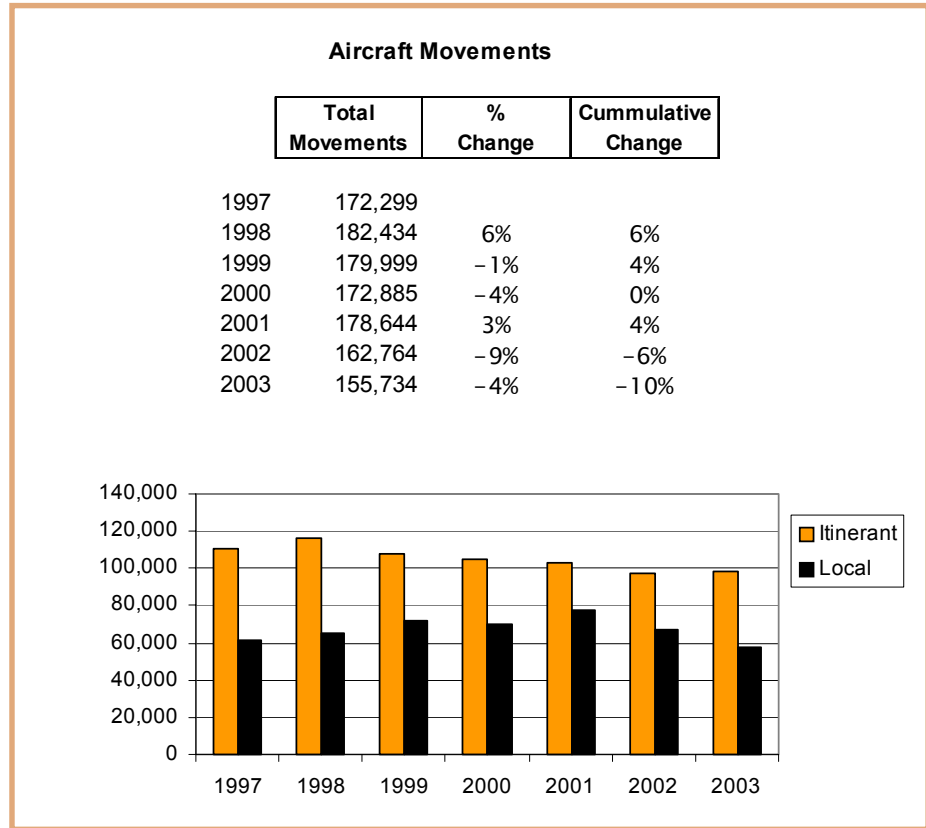
	Total Passengers	% Change	Cummulative Change
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1997	1,103,013		
1998	1,214,229	10%	10%
1999	1,191,474	-2%	8%
2000	1,139,262	-4%	3%
2001	1,158,113	2%	5%
2002	1,102,247	-5%	0%
2003	1,182,821	7%	7%





Aircraft Movements:



Total aircraft movements at Victoria International Airport experienced a 4% drop in 2003 over 2002 levels, due to a decline in local traffic which fell 7% during the year. Itinerant traffic increased by 1% in 2003, reversing a downward trend that began in 1999. Overall, airside activity at Victoria is 10% below 1997 levels, reporting an average annual decrease of 1.6% per year.



Tenant Operations:

The businesses and organizations at Victoria International Airport directly employ a total of approximately 1,460 people. The largest employers, the DND 443 Maritime Helicopter Squadron, Air Canada Jazz, Nicholson Manufacturing, Scott Plastics Ltd., VIH Group and Viking Air Limited, account for more than 60% of all employment at the airport.

A list of the tenants and licensed operators currently conducting business at Victoria International Airport is provided below:

341305 Alberta Ltd.	Harbour Air Ltd.
507797 BC Ltd.	Harmony Airways
DND - 443 Maritime Helicopter Squadron	Harvard Hangars Ltd.
676 Kittyhawk Sponsoring Committee	Hattrick Enterprises Ltd.
Aeroguard Company Ltd.	Hawkair Aviation Services Ltd.
Agriculture Canada	HDS Retail North America
Air Canada Jazz	Health Canada
Airspeed Aviation Inc.	Hertz Canada Limited
AKAL Airport Express Bus-Link Ltd.	High View Properties Ltd.
ATS Services Ltd.	Holme Aviation (BC) Ltd.
Aviscar Inc.	Horizon Air Industries Inc.
Bell Mobility Cellular Inc.	Hurricane Hangars Ltd.
Blackcat Aviation	Hydroxyl Systems Inc.
British Columbia Aviation Museum	Imperial Oil Ltd.
Budget Rent A Car of BC Ltd.	Immigration Canada
Budget Rent A Car of Victoria Ltd.	Island Aero Services
Canada Border Services Agency	Jetsgo Corporation
Canadian Avionics & Instruments	Juan Air (1979) Ltd.
Canwest Flight Services Ltd.	Kerr Controls
Compass Group Canada Ltd.	L & C Canada Coastal Aviation Inc.
Customs House Currency Exchange (Retail) Ltd.	Mary's Bleue Moon Café Ltd.
Dakota Café	Milou Holdings Ltd.
Discount Car & Truck Rentals of Victoria Ltd.	Province of BC, Ministry of Forests
Dr. Thomas Ripley Inc.	National Car Rental (Canada) Ltd.
Eagle Hangars Inc.	Nav Air Leasing Inc.
Empress Transportation Company (1996) Ltd.	Nav Canada
Express Air International Ltd.	Nicholson Manufacturing Ltd.
Fedex	Nickel Bros. House Moving Ltd.
Global Corporate Charters Inc.	Northside Hangar Ltd.
GO Prepaid Inc.	Oceanetic Measurement (1989) Ltd.

...continued



...List of Tenants and licensed operators located at Victoria International Airport, continued.

OHC International Consulting Inc.	Supreme Building Maintenance
Osler Systems Management Inc.	Sutcliff Aviation
Pacific Coastal Airlines Ltd.	Telus Communications (BC) Inc.
Pacific Sky Adventures Inc.	Terasen Gas (Vancouver Island) Inc.
Pacific Sky Aviation Inc.	The Commissionaires
Parachute Express Playschool	The Friends of the AMAR-B Society
Pat Bay Hangers Ltd.	Threshold Financial Technologies Inc.
Pendray Farms Ltd.	Town Aviation Inc.
Philbrooks Boatyard Ltd.	Transport Canada
Phoenix Hangars Inc.	Ultimate High Parachute Centre
Professional IFR Rating Ltd.	Vancouver Island Helicopters Ltd.
Pronautic Ltd.	Vancouver Island Sea to Sky Adventures
Ramsay Machine Works Ltd.	VFC Corporate Wings Aviation Ltd.
Reboot Consulting Ltd.	Victoria Air Maintenance
RND Vending Ltd.	Victoria Airport Authority
Robbins Parking Services Ltd.	Victoria Avionics Ltd.
Royal Pacific Maintenance Ltd.	Victoria Flying Club
ScottPlast Engineering Ltd.	Victoria T-Hangars Inc.
Scott Plastics Ltd.	VIH Aviation Group
Seastar Chemicals Inc.	VIH Logging Ltd.
Seawings Express International Ltd.	Viking Air Limited
Sidney & North Saanich Little League	Wendon Manufacturing Ltd.
Sidney & North Saanich Memorial Park Society	West Sidney Business Park Ltd.
SITA	Westcoast Aircraft Interiors
Spitfire Grill Restaurant & Catering	WestJet Airlines
SRS Airline Services Inc.	YYJ FBO Services Ltd.
Stellar GPS & Mapping	



Economic Impact of Victoria International Airport

Employment (person years):	2,920
Gross Revenue Generated:	\$440.8 million

Employment:

During 2003, Victoria International Airport supported an estimated 2,920 person years of employment.

Through regression analysis, the Transport Institute's comparison of economic impact studies found that a strong correlation exists between the total number of jobs sustained by airport activities, the number of passengers handled throughout the year, and the relative wealth of the community served by the airport (using average housing prices as the benchmark). A total of 1,182,821 passengers are estimated to have used Victoria International Airport during 2003 and the average price of housing for the area was \$283,578. According to the model, these factors indicate that a total of approximately 2,920 full-time jobs were generated by the activities of the airport and its tenants during the year. This figure represents the sum of direct, indirect and induced employment.

Gross Revenues:

Total gross revenues generated by activities at Victoria International Airport during 2003 are estimated to be \$440.8 million.

The gross revenues generated by activities at Victoria International Airport were calculated by applying the relative wealth of the community and passenger volumes to the Transport Institute model. In addition to passenger volumes and the relative wealth of the community, the revenue formula also incorporates large aircraft movements handled by the airport (for aircraft exceeding 35,000 kg). During 2003, the number of large aircraft reached 7,156. According to the economic impact model, Victoria International Airport generated approximately \$440.8 million for the provincial economy during the year studied. This figure represents the sum of direct, indirect and induced gross revenues.