

The 2012
Economic
Impact
of the

Regina International Airport



Regina
Airport
Authority Inc

(May 2013)



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*THE ECONOMIC IMPACT OF THE
REGINA INTERNATIONAL
AIRPORT : 2012*

prepared for

THE REGINA AIRPORT AUTHORITY

**RP ERICKSON & ASSOCIATES
AVIATION CONSULTANTS**

(MAY 2013)

EXECUTIVE SUMMARY

The Regina International Airport is an economic engine for the community, generating hundreds of millions of dollars in local economic activity while providing one of the largest employment generators in the region. The Regina Airport Authority is a not-for-profit, non-government corporation whose vision is to operate this community asset to enhance economic growth and air access to Regina and southern Saskatchewan.

This report documents the 2012 economic impact activity generated by 61 on-airport firms. The impact is reported in terms of full-time equivalents (FTEs), labour income and value-added gross domestic product (GDP). Direct, indirect and induced forms of activity have been considered. The response rate to the survey questionnaire was exceptional : a 97 percent completion rate for the data sought.

In 2012 the Regina International Airport supported a significant level of economic activity.

Direct Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
3,296	\$128 million	\$193 million	\$321 million
Total Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
6,029	\$276 million	\$470 million	\$746 million
† 1085 jobs are located on the airport			

The Regina International Airport generated 3/4 of a Billion Dollars of GDP activity : 8 percent of Regina's total 2012 GDP.

The Airport is one of the Top 10 Centres of Employment in the Regina area.

The on-airport economic benefits are distributed:

	<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
Air Carriers	21%	15%	50%	37%
ATB Concessionaires	9%	9%	10%	9%
General & Corporate Av	6%	5%	8%	7%
Air Cargo	5%	4%	1%	2%
Airport & Gov't Services	32%	37%	15%	23%
On-Airport, Non-Aviation	27%	32	15%	22%

Each 1000 E&D passengers supports 5.1 full time jobs.

Each 1000 E&D passengers supports \$233,000 of annual labour income.

Each 1000 E&D passengers supports \$629,000 of GDP activity.

Each time a B737 lands and takes off, it supports 1.33 FTEs;
\$61,000 of annual labour income; and \$164,000 of GDP activity.

Each time a Bombardier Q400 lands and takes off, it supports 0.77 FTEs;
\$35,000 of annual labour income; and \$94,000 of GDP activity.

A new daily Bombardier CRJ service linking Regina to Ottawa
would support annual benefits of :
70 FTEs; \$3.2 million of labour income; and, \$8.6 million of GDP activity.

THE ECONOMIC IMPACT OF THE REGINA INTERNATIONAL AIRPORT : 2012

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Definition of Terms

ATB – airport terminal building.

FTEs – Full time equivalent workers, based upon a 40 hr work week.

E&D passengers – enplaned and deplaned passengers.

GDP – Gross domestic product; the value of all goods and services required to produce a given service or product.

Jobs – the number of workers gainfully employed, either full-time (FTE) or part-time.

Labour Income – the annual salaries plus benefits of a given workforce, which are generally circulated within the community where that workforce resides.

On-Airport, Non-Aviation – refers to those businesses physically located on airport property but do not have or produce an aviation-related product or service.

One-Time, New Construction – consists of on-airport, new capital construction (ie. new bricks and mortar facilities and/or the refurbishment of existing infrastructure).

Other Expenditures – other annual, non-labour expenditures, by firms for goods and services, excluding labour costs. These monies generally circulate within the community where those purchases are made.

Non-Resident Visitors – passengers arriving at the airport from jurisdictions outside the greater Regina area (ie. other parts of Saskatchewan, other provinces, transborder or international passengers).

Total Value-added GDP – an aggregate of the labour income plus other expenditures totals which denotes the value-added activity created, in this case, by the airport.

Trans-Border – US originating or departing passengers.

Chapter I

Introduction

1.1 About this report

This report was undertaken by RP Erickson & Associates of Calgary for the Regina Airport Authority (RAA). The purpose of the study is to document the economic impact of the Regina International Airport during the 2012 calendar year. This is the third economic impact study which the consultants have undertaken for the RAA following our first report undertaken in 2005 and again in 2008.

Impact assessments are valuable in that they serve to heighten business, community and political awareness as to the economic importance of an airport within a local economy. This study can also be viewed as a base-line against which future developments may be measured.

Any questions related to this study should be direct to Mr. James Hunter, President & CEO, Regina Airport Authority (306) 761-7557.

1.2 Background

The Regina International Airport (YQR) is an economic engine pumping hundreds of millions of dollars of economic activity into the provincial economy, predominantly within the greater Regina area. In 2012, the Regina airport handled 1,186,000 enplaned and deplaned passengers, representing a +3.9% increase versus 2011.

The Saskatchewan economy has led Canada in most areas of growth over the past several years. Despite the current downturn being felt elsewhere in the country, Saskatchewan's leading economic indicators continue to show growth during these difficult times. Since the last study completed in 2008, the Regina International Airport has enjoyed considerable growth within its airline sector largely based upon a range of local air traffic 'attractors', including : an entrepreneurial-minded business community which has fostered a diversified local economy; a well-educated workforce with comparatively high disposable incomes supporting a propensity to travel by air; as well as, Regina's attractive location as a convention and tourism destination.

As such, the Regina International Airport has become an important aviation hub. YQR's stable base of air travel demand alongside some 60+ on-airport aviation and non-aviation companies continues to generate a substantial economic 'footprint' within the community and province.

1.3 Methodology

The economic impact of the Regina International Airport has been measured in terms of employment [full-time equivalents or FTEs], labour income, other expenditures and total value-added GDP. These leading indicators are expressed in dollar values and person-years of employment. Direct, indirect and induced forms of activity have been considered for employment and GDP. Data was obtained for the 2012 calendar year.

The data compiled in the 2012 study was obtained via a questionnaire circulated amongst 64 firms that operate on the Regina International Airport. It is noted that a number of companies, particularly the airport terminal building (ATB) concessionaires,

often include subsidiary businesses operating separate venues, as do several other on-site firms. In all cases, data was sought for an entire operation even though a business entity may have more than one on-airport outlet.

The survey population was separated into 8 sub-categories; the impacts associated with :

- the air carriers & their support services;
- the airport terminal building concessionaires;
- the general and corporate aviation communities;
- the air cargo sector;
- airport support & government agencies;
- on-airport, non-aviation firms;
- the impact associated with the spending activities of non-resident air passengers visiting the Regina area; and,
- the 'one-time' economic impacts of new construction projects on the Regina International Airport.

Each of the above categories is described in more detail in Chapter II (Sections 2.1 through 2.8). Section 2.9 displays the aggregate economic impact of the Regina International Airport for 2012.

In conducting the interview/questionnaire process, key principals at each targeted firm were visited by the consultants, where : the underlying rationale for undertaking the study was explained; the objectives of the study could be examined; the value of their participation could be fully explored; and, the confidentiality of their data could be assured.

This approach resulted in an exceptional 97 percent response rate. Of the 64 firms surveyed, 62 fully completed the questionnaire with all firms providing employment data. Incomplete returns were estimated comparing completed results of similar-sized firms involved in like commercial pursuits.

The impact of off-airport passenger spending was undertaken by utilizing the Conference Board of Canada's TEAM econometric model, as explained in Section 2.7.

One last important consideration is worth imparting : this report represents a 'snap-shot' of economic activity in time. The data herein represents the economic activity for the Regina International Airport for calendar year 2012.

1.4 The economic impact modelling process

Economic impact analysis is based on the premise that operations within various industries in an economy are closely related or linked to each other; that is, an increase in the activity levels in one industry will produce a positive 'domino' or rippling effect on other industries. Economists discuss the impact that one sector has on another in terms of indirect and induced effects. The total economic impact is the sum of the direct, indirect and induced effects.

In this report :

Direct economic effects are the economic activities related to employment, labour income, and expenditures emanating from on-airport firms or from passenger spending or new construction linked to the presence of the Regina International Airport.

Indirect economic effects are those related to the economic impact associated with parallel co-activities which support activities at the Regina International Airport. Broad examples would include : the inputs required to find, process and ship refined oil products used aboard aircraft or the office supply industry which supports aviation administration functions, etc. This economic activity is accounted for by multipliers which attempt to quantify the interactive linkages within the local economy impacted by direct economic activity at the Regina International Airport.

Induced economic effects are those due to the overall increase in the goods and services produced within an economy, arising from the spending power of direct and indirect employees. For example, the auto mechanic whose services are in demand by an employee of an airport firm who requires the use of his/her car to get to/from the airport, or the movie theatre operation which benefits from the disposable income of airport workers, etc. As in the case in calculating the indirect benefits, multipliers are used to identify induced activity.

The aviation industry is a good example of a highly integrated sectoral activity which has significant linkages throughout a domestic economy. The multipliers associated with aviation are higher than most primary sectors and, as such, the potential impact to an economy linked to an increase or expansion in aviation activity is significant.

The most common economic measures used in economic impact surveys are : employment and contribution to gross domestic product [GDP]. For this study, the consultants have chosen to display labour income as a separate category of GDP.

In this report :

Employment is measured by FTEs and by annual income plus benefits of the employees required to mount an airport presence. FTEs are expressed in person-years and labour income by dollar value. Employment multipliers are used to generate the associated indirect and induced impacts. We also report employment in terms of jobs – both full and part-time as collected in our survey and reported in Section 2.10 (no multiplier effort has been extended to the job total).

Labour income is the total payroll expense of the canvassed firms, including wages, salaries and all employee benefits. Labour income multipliers are used to generate the associated indirect and induced impacts.

Other Expenditures is defined as the annual operating expenditures for goods and services of the canvassed firms, excluding labour income.

Total GDP is the aggregate of labour income and other expenditure totals contributed to Gross Domestic Product. No multiplier effort has been applied to this category.

1.5 A word about the multipliers used in this report

Multipliers are used to *infer* indirect and induced economic activity from a measure of direct economic activity. Multipliers are not directly observed; they are inferred from an economic model. By far the direct measure is the most accurate. Readers are advised that multiplier analysis remains an imprecise econometric technique and that caution be used in interpreting the indirect and induced impacts contained in this report. However, multipliers are virtually the only cost-effective tool available to identify the overall impact of a sectoral activity within an economy.

The consultants note that the Saskatchewan Bureau of Statistics does not create Saskatchewan-specific economic multipliers. The consultants have chosen sector-specific multipliers produced by Statistics Canada, National Input-Output Multipliers, 2008. Multipliers have been selected in three categories 'Air & Support Activities for Transportation (used for aviation activities); Retail Trade (used for ATB Concessionaires); and Professional, Scientific, and Technical Services (used for Non-Aviation, On-airport Firms).

The closed Statistics Canada model utilized accounts for economic activity occurring within Saskatchewan. As such, it is fair to note that some 'leakage' of benefits is likely occurring outside the province which may not be accounted for in our data. This reinforces our earlier noted premise of undertaking a conservative approach in assessing the overall impact of the Regina International Airport.

Chapter II

The 2012 Economic Impact of the Regina International Airport

2.1 Economic Impact of the Air Carrier & Support Services Sector at the Regina International Airport : 2012

As could be expected, the air carrier sector is a dominant contributor to the economic activity generated by the Regina International Airport. The major firms operating within this category include scheduled and charter airlines, ground and passenger handling firms, food catering, aircraft grooming, line maintenance and re-fuelling companies. A seasonal variation is noted with regard to the strong sunspot charter activity which occurs at YQR throughout the winter months.

Table 1 depicts the economic impact activity undertaken by the Air Carrier & Support Services sector in 2012.

Table 1.

Air Carrier & Support Services Sector :
2012 Economic Impact
 (in 000s, except FTEs)

Direct Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
155	\$7.562	\$37.118	\$44.680
Total Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
432	\$17.309	\$96.581	\$113.890

For calendar year 2012, a total of 155 annual full-time equivalent employees can be attributed to the Air Carrier & Support sector operating at YQR – within this category 191 direct jobs are located on the airport. Their aggregate labour income was identified at \$7.562 million. Other Expenditures for this sector were \$37.118 million. Total direct GDP was \$44.680 million.

When the indirect and induced multipliers are applied to the above direct economic activity, the considerable impact of Regina's air carrier sector can be realized. Within the Regina area 432 full-time jobs are dependent upon it, generating an annual labour income of \$17.309 million. Other Expenditures in this sector were \$96.581 million. In 2012, the total GDP benefit created by air carriers and their support activities at the Regina International Airport was \$113.890 million.

2.2 Economic Impact of the Airport Terminal Building Concessionaire Sector : 2012

Within the Regina Airport Terminal Building (ATB), 15 firms were identified as providing services to passengers and non-resident visitors arriving by air, meeters & greeters and employees of the airport. The number of firms canvassed in this grouping does not correlate with the actual number of outlets offering on-site services since a number of firms operate subsidiary or satellite venues. The totals of this sector are dominated by the car rental firms; important too, are the ground transportation and food & beverage providers.

Table 2 depicts the economic impact activity undertaken by the ATB concessionaire sector in 2012.

Table 2.

Airport Terminal Building Concessionaire Sector : 2012 Economic Impact (in 000s, except FTEs)

Direct Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
151	\$5.618	\$13.243	\$18.861
Total Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
190	\$7.674	\$19.229	\$26.903

For calendar year 2012, a total of 151 annual full-time equivalent employees can be attributed to the concessionaires operating within the Regina ATB – within this category 229 direct jobs are located on the airport. Their aggregate labour income was identified at \$5.618 million, lower on average than most other airport workers and reflecting the lower earnings bracket of many workers in this sector. Other Expenditure activities were \$13.243 million. Total direct GDP was \$18.861 million.

When the indirect and induced multipliers are applied to the above direct economic activity, the overall economic impact of the ATB concessionaires can be realized. Within the Regina area 190 full-time jobs are dependent upon this sector, generating an annual labour income of \$7.674 million. Other Expenditure activities were \$19.229 million. In 2012, the total GDP activity created by ATB activities was \$26.903 million.

2.3 Economic Impact of the General & Corporate Aviation Sectors at the Regina International Airport : 2012

The Regina International Airport supports a diverse, on-site general aviation (GA) community alongside a growing corporate aviation presence.

Regina's GA firms undertake a variety of aviation-related activities, including : flight training; aircraft sales and leasing; maintenance/overhaul/repair; alongside a range of specialized support services. The airport is home to several government flight departments and two Fix Base Operators (FBOs) which handle itinerant corporate air traffic and re-fuelling activities. Noteworthy to this sector has been the growth of resident corporate activity with several large corporate aircraft being added to the airport's 'home fleet' – two new sizeable hangars have been constructed on site to house this activity.

Table 3 depicts the economic impact activity undertaken by the GA and Corporate sector in 2012.

Table 3.

General & Corporate Aviation Sector : 2012 Economic Impact
(in 000s, except FTEs)

Direct Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
44	\$2.238	\$5.992	\$8.230
Total Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
123	\$5.123	\$15.591	\$20.714

For calendar year 2012, a total of 44 annual full-time equivalent employees can be attributed to the general and corporate aviation sector operating at YQR – within this category 56 direct jobs are located on the airport. Their aggregate labour income was identified at \$2.238 million. Other Expenditure activities were \$5.992 million. Total direct GDP was \$8.230 million.

When the indirect and induced multipliers are applied to the above direct economic activity, the significant impact of Regina's GA and corporate sectors can be realized. Within the Regina area 123 full-time jobs are dependent upon it, generating an annual labour income of \$5.123 million. Other Expenditures activity was \$15.591 million. In 2012, the total value-added GDP activity created by general and corporate aviation at the Regina International Airport was \$20.714 million.

2.4 Economic Impact of the Air Cargo Sector at the Regina International Airport : 2012

Regina's current air freight industry is dominated by the express courier & mail segment largely due to the lack of air cargo capacity available on the majority of narrow-bodied passenger aircraft in service at YQR. The airport is home to several national freight forwarding firms, although their interests are primarily in support of Regina's trucking and rail services industry.

Table 4 depicts the economic impact activity undertaken by the Air Cargo sector in 2012.

Table 4.

Air Cargo Sector : 2012 Economic Impact (in 000s, except FTEs)

Direct Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
38	\$1.641	\$0.881	\$2.522
Total Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
106	\$3.756	\$2.292	\$6.048

For calendar year 2012, a total of 38 annual full-time equivalent employees work on-airport in the air cargo sector – within this category 46 direct jobs are located on the airport. Their aggregate labour income was identified at \$1.641 million. Other Expenditure activities were \$0.881 million. Total GDP was \$2.522 million.

When the indirect and induced multipliers are applied to the above direct economic activity, the overall impact of Regina's air freight sector can be realized. Within the Regina area 106 full-time jobs are dependent upon the movement of air cargo, courier and mail products, generating an annual labour income of \$3.756 million. Other Expenditures activity was \$2.292 million. In 2012, the total GDP benefit created by air cargo, courier and airmail activities at the Regina International Airport was \$6.048 million.

2.5 Economic Impact of the Airport Support & Government Services Sector at the Regina International Airport : 2012

The second largest on-site contributor to the economic impact of YQR is the Airport Support & Government Services group. This sector includes the Regina Airport Authority and its third-party contractors, as well as, those government agencies operating on the airport. Included in this later group are the Canada Border Services Agency, the Canadian Air Transport Security Authority, the RCMP, the Commissionaires and the Saskatchewan government's flight department. Two other non-government agencies - Nav Canada, the country's air navigation service provider, operating the Regina Air Traffic Control Tower and the Commissionaires are included under the airport support category. A new addition to this category is the significant STARS Air Ambulance facility now located at YQR.

In total, 10 companies or agencies were canvassed. Table 5 depicts the economic impact activity undertaken by the Airport Support and Government Services sector in 2012.

Table 5.

Airport Support & Government Services Sector :
2012 Economic Impact
 (in 000s, except FTEs)

Direct Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
245	\$18.210	\$11.021	\$29.331
Total Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
684	\$41.683	\$28.677	\$70.360

For calendar year 2012, a total of 245 annual full-time equivalent employees can be attributed to this sector – within this category 263 direct jobs are located on the airport. Their aggregate labour income was identified at \$18.210 million. Other Expenditure activities were \$11.021 million. Total direct GDP was \$29.231 million.

When the indirect and induced multipliers are applied to the above direct economic activity, the significant impact of the airport & government support sector can be realized. Within the Regina area 684 full-time jobs are dependent upon it, generating an annual labour income of \$41.683 million. Other Expenditure activity was \$28.677 million. In 2012, the total GDP activity created by the airport support and government services sector was \$70.360 million.

2.6 Economic Impact of the On-Airport, Non-Aviation Sector at the Regina International Airport : 2012

The attractiveness of the industrial lands located on the Regina airport is reflected in the growing importance of the On-Airport, Non-Aviation sector. Currently 5 firms are included in this sub-group and airport management continues to actively promote further development opportunities. Regina has enjoyed considerable growth over the past several years - as business development continues to build on the Lewvan Drive bi-pass, airport lands will become increasingly attractive.

Table 6 depicts the economic impact activity identified in the On-Airport, Non-Aviation sector in 2012.

Table 6.

On-Airport, Non-Aviation Sector : 2012 Economic Impact (in 000s, except FTEs)

Direct Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
276	\$17.021	\$11.498	\$28.519
Total Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
571	\$36.544	\$27.814	\$64.358

For calendar year 2012, a total of 276 annual full-time equivalent employees can be attributed to the On-Airport, Non-Aviation sector – within this category 300 direct jobs are located on the airport. Their aggregate labour income was identified at \$17.021 million. Other Expenditure activities were \$11.498 million. Total direct GDP was \$28.519 million.

When the indirect and induced multipliers are applied to the above direct economic activity, the significant impact of the On-Airport, Non-Aviation sector can be realized. Within the Regina area 571 full-time jobs are dependent upon it, generating an annual labour income of \$36.544 million. Other GDP activity was \$27.814 million. In 2012, the total value-added GDP activity created by the sector at the Regina International Airport was \$64.358 million.

2.7 Economic Impact generated by Airport Visitor Spending : 2012

Spending by visitors travelling by air to the Regina area is an important contribution to the overall economic impact of the airport. Visitors by air are divided into domestic, transborder or international passengers depending upon point of origin. A smaller subset of visitor spending is the expenditures made by cockpit and cabin crews of air carriers who overnight at hotels within the Regina area for operational or crew rest reasons; additionally, passengers who have been delayed and require overnight accommodation have also been considered in the 'overnight expenses' category.

In attempting to capture the impact attributable to this sector, the consultants have chosen the Conference Board of Canada's Tourism Economic Assessment Model [TEAM]. The TEAM model is a sophisticated, computer-based econometric tool designed to assess the impact of non-resident spending upon a local or provincial economy. The TEAM output is presented and integrated into the overall study results.

From Table 7 an input total of \$254.197 million of non-resident visitor/overnight aircrew spending was entered into the TEAM model utilizing Tourism Regina-derived average length of stay and per diem rates for each visitor category. The model produced the results displayed in Table 8.

Table 7.

**Spending by Non-Resident Visitors
Arriving by Air : 2012**

<u>Non-resident Visitors</u>	<u>2012 Visitor Totals[†]</u>	<u>Total Spending^{††}</u>
Domestic visitors	464,500	\$162,575,000
Transborder visitors	85,000	\$33,405,000
International visitors	43,800	\$53,042,000
Flightcrew/Pax overnight expenses ^{†††}		<u>\$5,175,000</u>
	Total	\$254,197,000

† Regina Airport Authority.

†† Conference Board of Canada/Canadian Tourism Commission.

††† RP Erickson & Associates.

Note: This spending is attributable to passengers arriving at the Regina airport in 2012; an unknown number of these visitors continue beyond the immediate Regina market, to southern centres, Saskatoon, northern parts of the province and/or beyond. It is safe to assume that a significant proportion of this spending finds its way into the southern Saskatchewan economy but the exact figure is unknown.

Table 8 depicts the economic impact attributable to non-resident, airport visitor spending in the Regina area in 2012.

Table 8.

**Spending by Non-Resident Visitors arriving by Air :
2012 Economic Impact**
(in 000s, except FTEs)

Direct Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
2,387	\$75.888	\$113.080	\$188.968
Total Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
3,758	\$150.230	\$261.865	\$412.095

For calendar year 2012 within the province, a total of 2,387 annual full-time equivalent employees can be attributed to non-resident, airport visitor spending. The aggregate labour income was identified at \$75.888 million. Other Expenditure activities were \$113.080 million. Total direct GDP was \$188.968 million.

When the TEAM-generated multipliers are applied to the above direct economic activity, the significant impact of non-resident, airport visitor spending upon the province can be realized. This spending generated 3,758 full-time jobs, generating an annual labour income of \$150.230 million. Other Expenditure activity was \$261.865 million. In 2012, the total GDP activity created by this sector on the provincial economy was \$412.095 million.

2.8 The 'One-Time' Economic Impact of New Construction at the Regina International Airport : 2012

The 'one-time' impact of the economic contribution accompanying capital spending on the airport is consequential. Capital spending arises from the Airport Authority's capital construction program alongside a range of tenant facility new construction and/or expansion projects. This capital investment has provided work for the local construction industry and Saskatchewan's construction materials sector.

In 2012 a significant \$26.164 million of capital construction on the Regina airport was identified – amongst the noteworthy expenditures was the Airport Authority's novel on-site car rental support facility and two large hangar complexes including the long-sought STARS facility – a considerable asset to the community. The RAA's on-going airport development and expansion program accounted for some 82 percent of this total.

Table 9 depicts the 'one-time' economic impact activity associated with capital spending on the Regina airport in 2012.

Table 9.

One-Time, New Construction at the Regina International Airport : 2012 Economic Impact (in 000s, except FTEs)

Total Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
165	\$13.710	\$18.289	\$31.999

For calendar year 2012, a total of 165 annual full-time equivalent construction and support service jobs can be attributed to on-airport capital construction spending. The aggregate labour income was identified at \$13.710 million. Other Expenditure activities were \$18.289 million. Total direct GDP was \$31.999 million.

2.9 The Aggregate Economic Impact of the Regina International Airport : 2012

At the Regina International Airport, some 64 commercial firms or government agencies were interviewed and their 2012 economic activities assessed. Additionally, the impact of non-resident visitor spending in the Regina area and the economic benefits associated with 'one-time' capital construction expenditures for 2012 have been combined with the data in Sections 2.1 through 2.8 to produce Table 10.

Table 10 depicts the aggregate economic impact of the Regina International Airport for 2012.

Table 10.

Aggregate Economic Impact of the Regina International Airport : 2012 (in 000s, except FTEs)

Direct Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
3,296	\$128.178	\$192.833	\$321.011
Total Impact			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
6,029	\$276.029	\$470.338	\$746.367

For calendar year 2012, a total of 3,296 annual full-time equivalent employees can be attributed to the Regina International Airport; it is noted that within this total – 1,085 jobs are located on the airport. The aggregate labour income of this workforce was identified at \$128.178 million. Other Expenditure activity was \$192.833 million. Total direct GDP created by the Regina International Airport was \$321.011 million.

When the indirect and induced multipliers are applied to the above direct economic activity, the consequential impact of the airport can be realized. The airport creates some 6,029 full-time jobs, generating an annual labour income of \$276.029 million. Other Expenditures activity was \$470.338 million. In 2012, the total GDP created by the Regina airport was \$746.367 million.

2.10 Discussion

In addition to providing over 6,000 full-time jobs, the Regina International Airport's contribution to the total GDP of the Regina area was \$746 million. This sum amounted to 8 percent of Regina's 2012 GDP of \$9.76 billion¹. In reviewing the major employers in the Regina area, it is noted that the airport is amongst the Top 10 Centres of Employment.

The distribution of the Economic Impact by sub-category is presented in Table 11. This distribution has been calculated on the basis of on-airport activities and does not include the totals created by non-resident visitor spending and the one-time impact associated with new construction.

¹ Regina Regional Economic Development Authority.

Table 11.

Distribution of Economic Impacts

The economic benefits of the on-airport firms are distributed :

The on-airport economic benefits are distributed:				
	<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total GDP</u>
Air Carriers	21%	15%	50%	37%
ATB Concessionaires	9%	9%	10%	9%
General & Corporate Av	6%	5%	8%	7%
Air Cargo	5%	4%	1%	2%
Airport & Gov't Services	32%	37%	15%	23%
On-Airport, Non-Aviation	27%	32	15%	22%

Data Generalities – 2012

When the economic impact totals are compared against Regina’s 2012 enplaned and deplaned [E&D] passenger movement data (1,186,000), the results provide some interesting generalities.

Within the Regina area ² :

Each 1000 E&D passengers supports 5.1 full time jobs.

Each 1000 E&D passengers supports \$223,000 of annual labour income.

Each 1000 E&D passengers supports \$629,000 of GDP activity.

* * * * *

² See Appendix III for a methodology for the above data.

Each time a B737 lands and takes off, it supports 1.33 FTEs;
\$61,000 of annual labour income; and \$164,000 of GDP activity.

* * * * *

Each time a Bombardier Q400 lands and takes off, it supports 0.77 FTEs;
\$35,000 of annual labour income; and \$94,000 of GDP activity.

* * * * *

A new daily Bombardier CRJ service linking Regina to Ottawa
would support annual benefits of :
70 FTEs; \$3.2 million of labour income; and, \$8.6 million of GDP activity.

* * * * *

In addition to the quantifiable economic benefits displayed in this report, the Regina International Airport provides a wide range of ancillary, qualitative benefits to residents of the Regina area and the province as a whole. These range from societal advantages attached to the travel, tourism and transportation functions of the airport, through expansive career and hobby development possibilities to opportunities for volunteerism.

The Regina airport also provides critical access for air-related environmental and emergency response services; none more importantly than in providing all Saskatchewan residents with access to Regina’s extensive health care resources by both fixed wing aircraft alongside the new STARS helicopter capability.

Volunteerism - 2012

Airports provide local residents with a number of volunteer opportunities, where local residents can pursue their recreational interests in like company at no cost to any level government. By example, the Regina Flying Club has 300+ members who, by the Club’s estimate, average some 15 to 20 hrs. per year of volunteer activities. The Club’s

activities are diverse but include support for local air cadet groups, aviation historical research, and the restoration of historical aircraft. Volunteers also enable the Regina chapter of CASARA to undertake critical search & rescue missions in southern Saskatchewan.

A number of airport firms and agencies host school visits throughout the year. These services are undertaken on a 'no-charge, volunteer basis' and have the significant ancillary benefit of passing Regina and the province's rich aviation heritage on to future generations - not to mention the student visitors who may be attracted to a career in aviation.

2.11 Conclusions

In 2012, the Regina International Airport supported a considerable level of economic activity, primarily in the Regina area but also throughout the province and, to a lesser extent, the national economy.

In direct terms, the airport :

- contributed nearly 3300 full-time jobs;
- generated nearly \$130 million in labour income; and,
- created well in excess of \$320 million in GDP activity.

When indirect and induced forms of economic activity are included, the airport generates :

- over 6000 full-time jobs;
- over \$275 million in annual labour income; and,
- nearly $\frac{3}{4}$ of a billion dollars of GDP activity.

Clearly – the Regina International Airport is an important economic and social contributor to the City of Regina and southern Saskatchewan.

APPENDIX I

SURVEY QUESTIONNAIRE

SURVEY QUESTIONNAIRE

SURVEY OF THE ECONOMIC SIGNIFICANCE OF THE REGINA INTERNATIONAL AIRPORT

Please complete this survey using data for calendar year 2012 or for your most recent fiscal year. All data will be treated in strict confidence and will not be released in a disaggregated form to any individual or agency. Only aggregate industry data will be included in the final report.

Please answer the questions as completely as you can. If you are not entirely certain of an answer, please give your best estimate - your estimate will surpass by far our best guess in accuracy.

Feel free to direct any questions pertaining to this questionnaire or our study to either :

RP Erickson & Associates
Aviation Consultants
Calgary, Alberta
Tel. (403) 241-9633

Derrick B. Thue CMA, CA
VP Administration & CFO
Regina Airport Authority
Tel. (306) 761-7551

You can either EMAIL or FAX the completed survey.

EMAIL: rpeassoc@gmail.com

FAX: (403) 241-8696

Section A: General Information

{Use the TAB key to move through the fields for data entry. SHIFT+TAB will take you back.}

Name of Firm	
Contact Person	
Telephone Number	
Email address	

Classification

Please choose the classification that best describes your firm's activities

Scheduled Air Carrier	<input type="checkbox"/>
Airport Terminal Concessionaire	<input type="checkbox"/>
General or Corporate Aviation	<input type="checkbox"/>
Government Agency	<input type="checkbox"/>
Cargo or Express	<input type="checkbox"/>
On Airport, non-aviation services	<input type="checkbox"/>
Other, please describe	

Section B: Employment & Expenditures - 2012

We are seeking the impact from that portion of your firm's business activity which pertains to the presence of the Regina International Airport. Please round all financial data to the nearest \$10,000.

Employment & Labour Expense - 2012

Number of jobs your firm provides	
Number of full-time employees working for your firm. Please estimate in 40 hr per week, full-time equivalents [eg., 1 part-time worker @ 20 hrs/week = .5 full-time employee].	
Total annual payroll expense for all employees including wages or salaries, plus all employee benefits	

Expenditures for Goods & Services - 2012

Total operating expenditures for goods and services, but not including wages or salaries and employee benefits.	
---	--

Capital Expenditures (New Construction) - 2012

Total capital expenditures for building construction or renovation	
--	--

Section C: General Comments

Do you have any comments regarding the 'social value' of the Regina International Airport to our community? By example - we think our airport provides a great place for career development, to pursue hobby interests in aviation, as a base for protecting our natural resource environment and serves as a critical access point to our health care facilities.

What are your thoughts ?

Thank you for your assistance with our survey – it is appreciated !

APPENDIX II

DATA BREAKDOWN

Direct Impact

	<u>FTEs</u>	<u>Labour Income</u>	<u>Other Exp'tures</u>	<u>Total GDP</u>
Air Carriers & Support Services	155	\$7.562	\$37.118	\$44.680
ATB Concessionaires	151	\$5.618	\$13.243	\$18.861
General & Corporate Aviation	44	\$2.238	\$5.992	\$8.230
Air Cargo	38	\$1.641	\$0.881	\$2.522
Airport Support & Gov't Services	245	\$18.210	\$11.021	\$29.23
On-Airport, Non-Aviation	276	\$17.021	\$11.498	\$28.519
Non-resident Spending	2,387	\$75.888	\$113.080	\$188.968
Totals	3,296	\$128.178	\$192.833	\$321.968

(in millions, except FTEs)

Total Impact

	<u>FTEs</u>	<u>Labour Income</u>	<u>Other Exp'tures</u>	<u>Total GDP</u>
Air Carriers & Support Services	432	\$17.309	\$96.581	\$113.890
ATB Concessionaires	190	\$7.674	\$19.229	\$26.903
General & Corporate Aviation	123	\$5.123	\$15.591	\$20.714
Air Cargo	106	\$3.756	\$2.292	\$6.048
Airport Support & Gov't Services	684	\$41.683	\$28.677	\$70.360
On-Airport, Non-Aviation	271	\$36.544	\$27.814	\$64.358
Non-resident Spending	3.758	\$150.230	\$261.865	\$412.905
One-time New Construction	165	\$13.710	\$18.289	\$31.999
Totals	6,029	\$276.029	\$470.338	\$746.367

(in millions, except FTEs)

The above direct data was collated from the survey questionnaire : as detailed in Section 1.3, with the exception of the Non-resident Spending category which was derived from the TEAM econometric model as explained in Section 2.8; and, 'One-Time' New Construction Spending on the Regina International Airport, as discussed in Section 2.9.

APPENDIX III

GENERALITIES METHODOLOGY

Each 1000 E&D passengers creates 5.1 full time jobs.
(6029 FTEs ÷ 1,186,000 annual E&D passengers x 1000)

Each 1000 E&D passengers creates \$233,000 of annual labour income.

(\$276.029 million annual labour income ÷ 1,186,000 annual
E&D passengers x1000)

Each 1000 E&D passengers creates \$629,000 of GDP activity.

(\$746.367 million total GDP ÷ 1,186,000 annual E&D passengers x 1000)

**Each time a B737 lands and takes off, it generates 1.33 FTEs;
\$61,000 of annual labour income; and \$164,000 of GDP activity.**

(B737 at 130 seats average (considers the 600 model @ 120 seats and the 700 model
@ 140 seats) x2 or a multiple of .26 applied against
the 1000 E&D passenger data set)

**Each time a Bombardier Q400 lands and takes off, it generates 0.77 FTEs;
\$35,000 of annual labour income; and \$94,000 of GDP activity.**

(Q400 at 74 seats x 2 or a multiple of .15 applied against
the 1000 E&D passenger data set)

Estimated benefit of a new Bombardier CRJ service Regina to Ottawa was derived : 50
passengers x 365 days at 75 percent load factor = 20,000 annual passengers; a
multiple of 13.7 x the 1000 E&D passenger variables.