Newfoundland & Labrador
Business Caucus

>> Air Access Overview

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1. Executive Summary

This project was undertaken on behalf of the Newfoundland and Labrador Business Caucus based on the need to understand the current state of air access in the province. A partnership approach by all stakeholders, including the various airport communities, is necessary in building an air transportation infrastructure vital to the economic growth of the province.

The Business Caucus of NL is comprised of:

Hospitality Newfoundland and Labrador,
Newfoundland Ocean Industries Association,
Newfoundland and Labrador Association of Technology Industries,
Newfoundland and Labrador Chamber of Mineral Resources,
Newfoundland and Labrador Employers' Council,
St. John's Board of Trade,
Canadian Federation of Independent Business,
Newfoundland and Labrador Environmental Industries Association,
Canadian Manufacturers and Exporters – Newfoundland and Labrador

The project will:

- Identify the current product offerings in Newfoundland and Labrador in both passenger and cargo
- Identify the current and immediate industry requirements for passenger and cargo (import and export)
- Identify the gaps between what NL has and what NL industry needs
- Identify the competitive factors or lack thereof

To identify these objectives, the following methods were employed:

1. Survey

The survey has been completed with a relatively good response rate of 249 respondents from over 2,000 electronic survey links delivered. Of these 249 respondents 35 responded to the cargo portion of the survey.

2. Data Collection

a. Traffic numbers
   i. Collected through Richard Fisher, Moncrieff Management Ltd. Represents Enplaned/Deplaned, Origin/Destination, and Capacity

b. Air Fares
   i. Collected through ATPCO, Boston, Mass.

c. Airport Statistics
   i. Collected through Transport Canada, Airport Authorities and Provincial Government

3. Stakeholder Interviews

Conducted through in-person and phone interviews

1. Airport Authorities
   a. St. John's
   b. Gander
   c. Deer Lake
   d. Goose Bay

2. Travel Agents
   a. Carlson Wagonlit / Harveys Travel
   b. Maritime / LeGrows
   c. Other various

3. Business Caucus

4. Tour Wholesalers/Packagers
   a. Maxxim
   b. Vision
   c. McCarthys
   d. Wildland

The results of the project study will deliver:

- A "snapshot" of the current passenger and cargo product offerings in the province
- An identification of the short term (2007) needs/requirements of local industry throughout Newfoundland and Labrador
- An identification of the opportunities that exist based on the immediate needs identified by the business and tourism community

2. Five Categories of Research

2a. Airports

Newfoundland and Labrador has extensive aviation infrastructure. With two NAS airports (Gander and St. John's), three mainline non-NAS airports (Goose Bay, Stephenville and Deer Lake), two Transport Canada operated airports (Wabush and St. Anthony) and 12 provincially operated local airports (Coastal Labrador), the Province has a total of 19 operational airfields. Goose Bay and Gander airports have between them tremendous air field and facility characteristics that would be the envy of any aviation jurisdiction in North America.

While this infrastructure is a great asset, their full utilization is a challenge as a result of changing dynamics and historical usage. From a purely passenger driven enterprise the challenge has pros and cons encompassing a large geography, small population and a vibrant economy that requires a strong transportation system.

We have always had important and successful local air carriers based in NL supporting local and regional routes. (EPA, Air Nova, Air Atlantic, Air Labrador and Provincial Airlines to name a few). The larger challenge has been attracting and maintaining national and international services that offer stable, consistent products promoting passenger and cargo growth.

Recently, Airport Authorities have taken on a more dynamic role in respect to managing and marketing their airports. It is necessary, regionally and provincially, for business to have input into air access issues and to actively support the airport authorities as the lead agencies in attracting appropriate levels of air service. This proactively involves the business community in a knowledgeable way and sends a positive message to airlines.

Data

This section deals with data collected through the following channels:

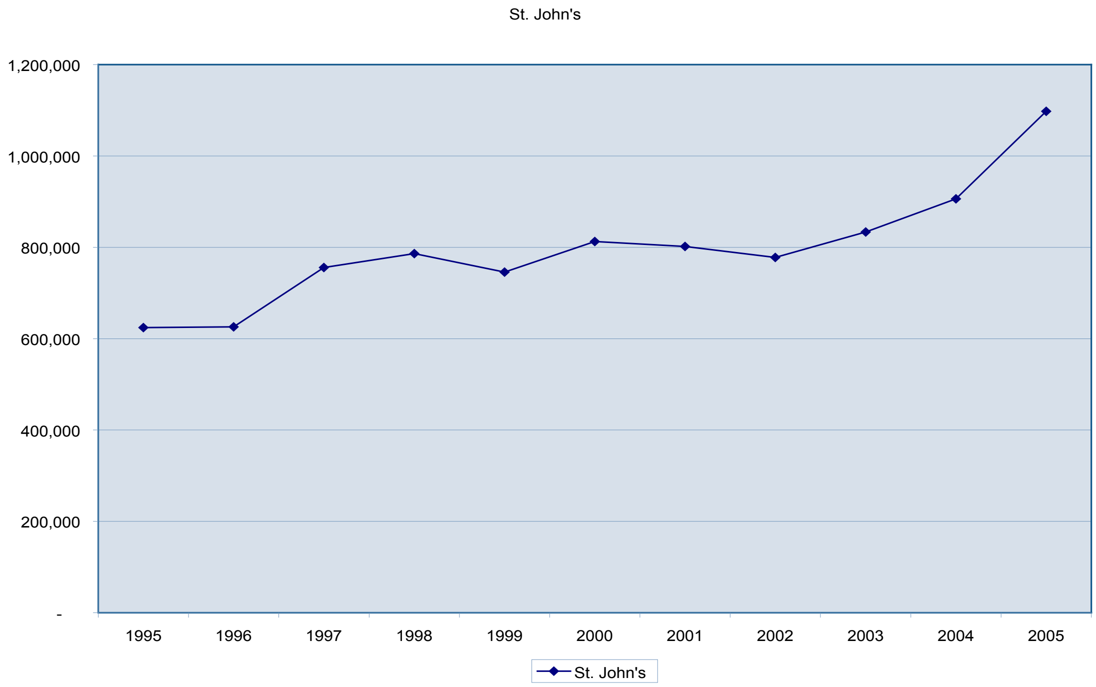
- Transport Canada; Newfoundland and Labrador Airports; Moncrieff Management Ltd; Province of Newfoundland and Labrador.

The data shows the growth or lack thereof at the province's six main airports: St. John's, Gander, Deer Lake, Stephenville, Goose Bay and Wabush

The data includes: Enplaned and Deplaned statistics
Origin and Destination statistics

Enplaned/Deplaned

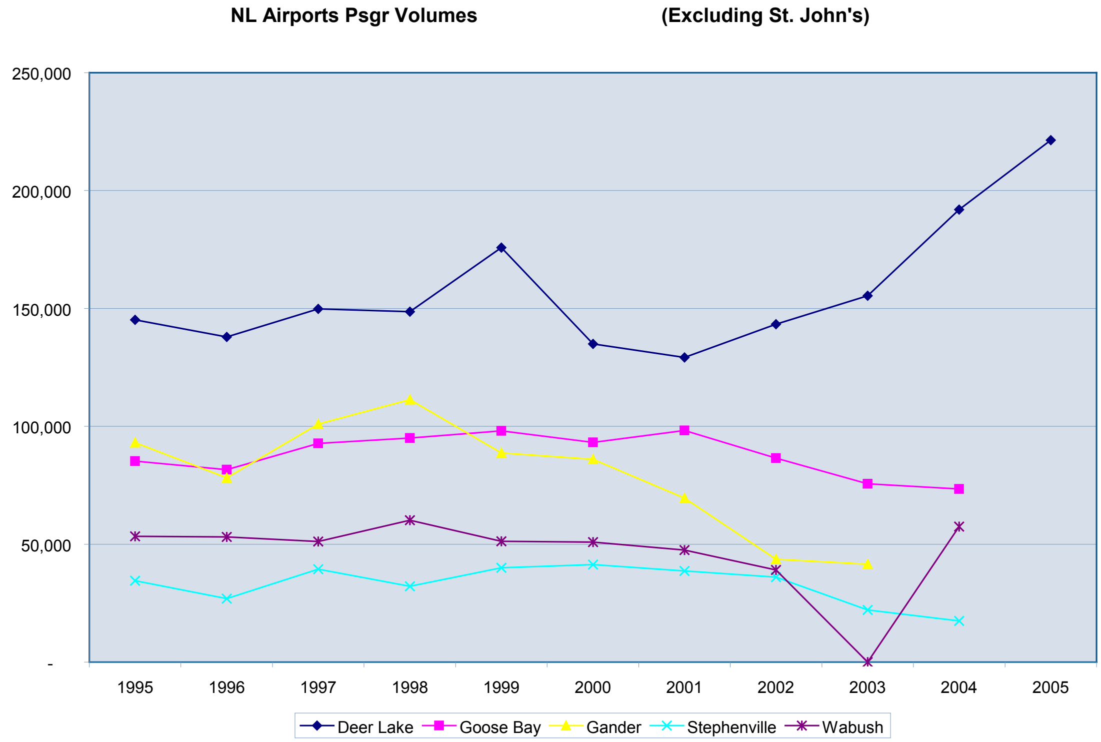
Total number of passengers departing from and arriving at a designated airport



St. John's shows a stable and consistent growth trend over several years with particularly strong showing since 2001/2002. This is reflected both in local growth and connecting traffic to/from Gander Airport, Labrador Airports and St. Pierre.

The other five NL airports covered in this data are represented on the chart below:

YQX – Gander YDF – Deer lake YJT – Stephenville
YWK – Wabush YYR – Goose Bay



Deer Lake is well positioned as a HUB for the West Coast and Northern Peninsula.

Wabush and Goose Bay enjoy the presence these days of three competing players – Air Canada Jazz, Provincial Airlines and Air Labrador.

Gander has suffered from the loss of airline capacity and at the same time the growth of capacity and schedule offerings at both Deer Lake and St. John's

Stephenville has continued to suffer from a decline in airline capacity.

Origin/Destination

Shows point to point travel without the routings or actual connecting points. This section deals with origin and destination traffic from the various NL airports. The data here reflects the trends in the previous charts.

DOMESTIC O-D						
	YYT	YDF	YQX	YYR	YWK	YJT
1995	431,300	89,200	64,900	35,700	40,400	23,200
1996	454,700	94,800	62,300	40,000	40,900	21,600
1997	463,400	85,000	60,200	31,400	34,100	20,800
1998	516,200	104,700	63,100	46,600	53,700	16,000
1999	551,400	115,300	70,100	56,400	55,300	19,100
2000	656,931					
2001	648,967					
2002	650,947					
2003						
2004						
2005		*225094	*70155	*104612	*57993	*11370
2006		*235286	*63527	*94442	*67180	

Note: * numbers include Domestic and Transborder totals

Note: Blank cells indicate unavailable data for complete profile

ST JOHN'S		
TO/FROM	1998	1999
Toronto	139,380	135,700
Halifax	96,310	106,030
Ottawa	39,220	42,260
Montreal	34,790	40,170
Deer Lake	33,790	33,360
Calgary	25,700	27,200
Goose Bay	16,740	25,040
Subtotal	385,930	409,760
others	130,310	141,600
Total	**516,240**	**551,360**

TRANSBORDER O-D	YYT	YDF	YQX	YYR	YWK	YJT
1995	36,800	3,000	2,600	600	800	1,200
1996	52,000	4,900	3,600	1,600	1,000	1,500
1997	53,500	5,400	3,400	1,100	1,200	1,100
1998	59,300	5,400	4,000	1,700	1,200	700
1999	61,600	6,300	3,800	1,400	1,200	1,100
2000	72,000	6,900	4,300	2,400	1,300	1,200
2001	79,400	6,400	4,200	2,200	1,500	1,400
2002	67,700	5,200	3,300	1,300	1,100	1,400
2003	70,400	7,100	2,600	1,700	1,200	100
2004						
2005						

As the chart above shows, 2001 was the healthiest year for Transborder traffic for all airports except Deer Lake which had a high of 7,100 in 2003. All other airports have begun recovery with the exception of Gander and Stephenville.

ST JOHN'S		
TO/FROM	2002	2003
Tampa	9,590	7,450
Boston	7,080	7,400
Houston	4,470	5,180
Orlando	4,040	5,060
New York	5,280	5,050
Miami	3,490	3,680
Wash/Balt	2,590	2,980
Chicago	1,740	2,880
Los Angeles	2,380	2,820
San Francisco	1,980	2,380
Subtotal	42,640	44,880
others	25,040	25,480
Total	67,680	70,360

This chart shows the historical steady vacation traffic to Florida but also a healthy trend in business traffic to/from cities such as Boston, Houston and Washington.

Summary

Four of the six NL Airports (St. John's, Deer Lake, Goose Bay and Wabush) are demonstrating encouraging traffic numbers with potential for growth. Healthy competition between a variety of carriers is a common factor.

St. John's is in the midst of a dynamic growth trend driven by the strong St. John's and Avalon economy. Combined with a variety of airlines and new entrants such as Astraeus and Sunwing, St. John's should continue to grow and prosper.

Deer Lake airport shows improving numbers especially since 2003. Deer Lake has benefited greatly from the former presence of CanJet and more recently the commitment of both Air Canada and WestJet.

Goose Bay and Wabush currently enjoy the presence of three competing players – Air Canada Jazz, Provincial Airlines and Air Labrador providing not only intra-provincial service but also services to the Maritimes, Quebec and beyond.

Gander has suffered from the loss of its own capacity and at the same time the growth of capacity and schedule offerings at both Deer Lake and St. John's. This situation is eroding traffic via the highway from Gander to these two airports. Air Canada's recent addition of two direct flights from Gander to Halifax should improve Gander's numbers.

Stephenville on the other hand has continued to suffer from a significant erosion of traffic to Deer Lake and a lack of service offerings. Recently Sunwing has demonstrated an interest in Stephenville during the peak summer season and the possibilities of winter charters. Airport passenger movements overall at the Province's six major airports increased 5% during 2006 to 1.7 million passenger movements.

2b. Airlines/Capacity

The following section outlines the airlines currently serving the main provincial airports and a capacity comparison over the last ten years. Highlights from the survey relative to air carriers are included in this section.

City Codes:

YYT – St. John's	**YQX – Gander**	**YDF – Deer Lake**
YJT – Stephenville	**YYR – Goose Bay**	**YWK – Wabush**
YYZ – Toronto	**YHZ – Halifax**	**YUL – Montreal**

Who's Who:

Scheduled Capacity 2007	Airports Served
- National	
• WestJet	YYT/YDF
• Air Canada	YYT/YDF/YYR
• Sunwing (Seasonal)	YYT/YQX/YDF/YJT
- International	
• Air Canada (Seasonal)	YYT
• Astraeus (May '07 start-up year round)	YYT/YDF
- Transborder	
• Continental	YYT
• Air Canada	via YYZ/YHZ/YUL
- Regionals	
• Air Labrador	NL and Quebec
• Provincial	NL and Quebec
• Jazz	YDF/YYR/YWK
• Air Canada Tier 3 (EVAS)	YQX/YYT
- Charters	
• Air Transat	Ontario/Caribbean
• Skyservice	Ontario/Caribbean
• Sunwing	Ontario/Caribbean
• Canadian North	Fort McMurray
- Couriers	
• PE Air	YDF/YQX/YYT/YYR
• Purolator	YYT

Data

The chart below indicates the flight frequency per day and total number of seats per day.

St. John's	2007	2006	2000	1995
Total All Points	34 @ 2578	39 @ 2672	27 @ 1853	32 @ 1757

Deer Lake	2007	2006	2000	1995
Total Domestic	18 @ 923	18 @ 825	11 @ 487	20 @ 706

Goose Bay	2007	2006	2000	1995
Total Domestic	16 @ 569	15 @ 528	8 @ 268	7 @ 223

Gander	2007	2006	2000	1995
Total Domestic	5/6 @ 283	6/7 @ 250	6/7 @ 366	11 @ 275

Stephenville	2007	2006	2000	1995
Total Domestic	1/2 @ 20	1/2 @ 42	6 @ 150	5 @ 137

Wabush	2007	2006	2000	1995
Total Domestic	11 @ 407	10 @ 359	5 @ 185	6 @ 208

note: Increased frequencies do not always translate into increased capacity. See appendix page 32 for more details.

note: Where flight frequencies are shown such as 5/6 for example, this represents 5 daily flights and one additional flight factored in that operates on less than daily frequency

Survey (Airline / Capacity)

Satisfaction With product

	Yes	No	Don't Know	Total
Price	27% (39)	**68% (97)**	4% (6)	142
Scheduled Routes	25% (36)	**73% (105)**	1% (2)	143
Frequency	30% (42)	**66% (94)**	4% (6)	142
Other	7% (2)	**67% (20)**	27% (8)	30

Survey Commentary

All selected survey comments appear verbatim.

- *"Prevents business development; prohibits accompanying clients"*
- *"My big concern today is how hard it is to get from St. John's to Ottawa. It's a long, long trip!"*
- *" We do not get any direct flights at all to Europe , the flights to and from St. Johns are always busy and we cannot always gets seats when we want to and have to go on alternative routes"*
- *" It affects the number of flights taken and the scheduling of these flights to consolidate travel longer but may not be as needed."*
- *"Flying to London England is now terrible with the new schedule out of Halifax."*
- *"There is only one airline to travel overseas - Air Canada. This affects flight availability, schedule routes and pricing."*

Continental Usage	
Frequently	6.5% (8)
Occasionally	24.2% (30)
Not at All	**71% (88)**

Commentary

- *"Have never really thought of it until recently when I've talked with others who do it. For my next trip I may check it out."*
- *"I did not know it existed"*
- *"Often many delays on this flight. I have also heard others say that the route is nice, but is plagued by delays. Smaller aircraft is also less comfortable than the new, larger planes, although the speed is good."*
- *"Very rare that we would use this flight. I have found the cost to expansive as compared to traveling through Toronto in order to get into the US. Also this route is not marketed or promoted very much."*
- *"Flight times and connections were found to not be any better than Air Canada."*
- *"Not aware of this service. Are the prices competitive?"*
- *"Have not yet been able to utilize this flight. Either it wasn't offered, or was not the best connection for the 2 US trips I made in the past year (San Antonio, TX & Las Vegas, NV)"*

- *“Due to air mile accumulations, we typically stay with Air Canada”*
- *“I would definitely use Continental (or any other airline-jet or prop) over Air Canada if I could while traveling to US; this is strictly because of Air Canada’s lousy service and abuse in Newfoundland.”*

Current International Offering Thru Halifax Meeting Needs	
Yes	18.6% (24)
No	**58.9% (76)**
Don’t Know	22.5% (29)

Commentary

- *“They did that to satisfy the Halifax passengers that were complaining about having to clear customs in St. John’s. I will not travel through Halifax unless I have to. In fact, the Toronto-London flight gets in around the same time as the Halifax-London flight and I now use that.”*
- *“ No one is interested in going to Halifax and then backtracking towards Europe.”*
- *“ It is a step backwards”*
- *“ It is much longer. It is another connection. It does not have much cargo allowed. If it is not already more expensive, it will be. The connection to Halifax is small. The times to get to London are horrible. It now adds 1-2 days, minimum, to any trip.”*
- *“ The price is over the edge. For instance I flew from Halifax to Las Vegas return. Total cost 230 but for me to fly from Deer Lake Newfoundland to Halifax was 846.00 explain that one. Hey Air carriers are you listening. Why should a six hr non-stop flight from Halifax cost 1/3 less than a 1 1/2 hr flight”*
- *“We recently displayed our product at an international airline safety seminar - we had to travel to Halifax and then to Montreal - then to Paris (return was the same route) - this added at least 1/d day each way to the travel time.”*
- *“Too far, too time consuming, makes London very unattractive to use as a European hub.”*
- *“ Inconvenient.”*

Inbound Convenience	
Agree	23.2% (32)
Disagree	**69.6% (96)**
Don't Know	8.7% (12)

Commentary

- *"It is generally considered a "trip of a life time" for them. As in they like to come once, but it is too far away and too expensive for more than that."*
- *"People are sometimes afraid to come here because they think they might not be able to get in and out on schedule."*
- *"A very hard place to get to"*
- *"It is a very long and tiresome trip to access Newfoundland from areas that should be only a short trip. This is due to the few flights into the province. Sometimes at the end of the day the luggage does not arrive making it even worse for people who need to fly."*
- *"As an example, a national annual General meeting is held within VON, our area (West coast) would like to apply to host however we would have challenges due to access to flights to the region."*
- *"Inconvenient schedules and costly flights"*
- *"Very hard to get into the province due to weather and last minute flight cancellations"*
- *"It is inconvenient for any European business to travel to Newfoundland"*
- *"See above. The extra time it takes executives to be routed through HFX is a major deterrent after such a long flight. It is unacceptable and we will support whatever replaces Air Canada indefinitely."*
- *"You have to waste at least one day each way for travel if you can find flights that are reasonable"*
- *"Sometimes we are able to convenience clients and customers that the trip would be worthwhile and beneficial."*
- *"The frequency of flights and the times of the flight are sometimes inconvenient"*
- *"It has always been somewhat difficult to attract key decision makers to Newfoundland - now it is impossible"*
- *"No, the loss of the LHR flight is big factor. The lack of frequency from west of YYT is also a factor. Continental less then daily service is also a factor"*

Inbound trips postponed due to:	Yes	No	Total
Lack of Availability	84%(96)	18% (20)	114
Price	70% (75)	31% (33)	107
Travel Times/Routes	86% (102)	15% (18)	118
Other	80% (12)	20% (3)	15

Commentary

- *"It adds much more time to a trip."*
- *"Way over priced. The cost to Halifax to TO is about 130.00 each way but from Deer Lake to Halifax is about 800.00 explain that one."*
- *"If we have to travel - we do - and put up with the poor schedule & routings. At times, we don't travel because of the high cost of air flight."*
- *"We have a very difficult time in getting our clients to visit us in Newfoundland as well."*
- *"Often business dictates that you have to travel at specific times so cancelling or postponing is not always an option. However, if the price or times are not convenient and there is some flexibility with travel, we may postpone the trip until conditions are more favorable."*

Summary

The province's overall growth in Tourism for 2006 was fueled largely by increases in non-resident air (+11%). Combined resident and non-resident air passenger movements in and out of the province increased 4% in 2006 and accounted for the largest share of all traffic movements annually. A more competitive airline industry and a busy convention year (especially in St. John's and Corner Brook) contributed to continued tourism growth in the province.

Response from the survey indicates a dissatisfaction with product offerings including price, routings and frequency on both outbound and inbound directions. It is interesting to note the low usage/knowledge of the Continental flight to New York.

The new carrier to London, England, announced post survey would no doubt lead to a more positive response from some respondees.

Capacity overall has remained similar year over year with modest changes at Deer Lake, St. John's and Wabush.

2c. Air Fares

Air fare offerings have changed dramatically over the last decade. With changing attitudes towards air travel, new airline business models and greater consumer access (web) we now see a wide range of products and pricing.

Data

Average % over Domestic / Transborder / International

– Discounted air fares	80+% trending upwards
– Regular economy	3-8% trending down
– Business Class	0-3% trending down

Average $$ amounts 1999-2003

– Discounted	$230-$240 (high $270)
– Regular economy	$530-$319
– Business Class	$954-$1383

The growth in discounted air fares as a percentage of the market (80+%) and the average drop in regular air fares in $$ amounts ($530-$319) clearly identifies the impact of the low cost/discount air carriers on the markets and traffic patterns. As a result, a wider gap exists between discounted/regular and business.

These trends above are reflected in the following table which shows the movement of air fare values between 1998 and 2006.

Average Fares (Canadian dollars)									
City Pairs	1998	1999	2000	2001	2002	2003	2004	2005	2006
NYC YDF	3467	1242	800	927	995	1164	941	765	860
NYC YJT	3347	1779	792	785	846	942			
NYC YQX	1541	1043	794	950	1051	1231	981	730	823
NYC YWK	3595	1349	881	1024	1005	987	893	745	859
NYC YYR	1512	1189	885	1084	1094	1048	1032	930	1086
NYC YYT	2418	1131	730	710	849	873	864	717	702
YDF YHZ	930	539	566	473	450	438	417	236	304
YDF YMQ	1356	734	731	635	651	564	549	351	458
YDF YTO	1716	799	561	571	637	567	586	373	515
YDF YUL						119	200		144
YDF YYC	3231	1562	1414	1274	1260	1084	1203	783	955
YHZ YJT		555	553	457	449	482	216	198	204
YHZ YQX	1032	593	654	500	542	543	403	242	399
YHZ YWK	1110	846	842	685	692	775	809	565	669
YHZ YYR	1137	675	754	598	584	695	742	498	578
YHZ YYT	1077	483	369	341	333	359	344	232	244
YMQ YQX	1497	776	835	681	686	587	564	416	628
YMQ YWK	1139	612	650	555	583	673	648	468	547
YMQ YYR	1356	756	850	675	730	741	794	581	675
YMQ YYT	1581	769	731	485	559	474	489	342	381
YQX YTO	1857	851	507	478	504	552	530	404	688
YQX YYC	3372	1526	1644	1278	1215	955	858	727	1132
YTO YWK	1422	1107	1008	818	810	764	801	574	762
YTO YYR	1689	1078	1162	843	848	782	872	654	857
YTO YYT	1938	700	467	450	442	481	472	338	373
YYC YYR	2973	1672	1716	1443	1398	1228	1365	1020	1351
YYC YYT	3501	1287	1032	885	1044	903	832	596	625
YYT LON	752	1142	1029	1130	1052	1070	1145	1008	1027
LON YYT	1186	1174	1185	1298	1189	1463	1517	1706	1471

Survey (Air Fares)

Q.3.1	Satisfaction with Current Service Offerings			
	Yes	No	Don't Know	Total
Price	27% (39)	68% (97)	4% (6)	142
Scheduled Routes	25% (36)	73% (105)	1% (2)	143
Frequency	30% (42)	66% (94)	4% (6)	142
Other	7% (2)	67% (20)	27% (8)	30
Total				144

Sample Commentary

» *"We sometimes have to bring employees from Central Nfld to connect with other flights and I think Air Canada is taking advantage of customers because of no competition. We offen go way over budget if we have to take this route. Many times a return ticket St. John's to Gander is over $600."*

» *"We've had to cancel several business meetings due to lack of available flights and/or high costs."*

» *"**Price:** it costs less to fly oversea than to fly to Wabush from St. John's.*

*   **Schedules routes:** very long hours to get from one point to the other one because of many stops.*

*   **Frequency:** only 1 flight a day is not practical and cost more money in expenses because we have to stay overnight in one place,*

» *"Cost to Deer lake from St. John's, and the lack of service from other carriers. Orlando, having to go through other cities... no direct option."*

» *"Poor or non-existent direct contact international flights (especially to UK/Europe) inhibits flexibility and makes all such travel occur at premium cost."*

» *"Price to get off the island is high. Schedule routes are either extremely short not allowing time to to make connecting flight if there is the slightest delay leaving St. John's or a very long wait period for connection flights. The frequency would be fine if the schedules were more reasonable."*

» *"As I stated earlier, NL does not get to host many of our Atlantic meetings due to extremely high costs."*

AIR FARES INTRA NL

Average Fares (Canadian dollars)									
City Pairs	1998	1999	2000	2001	2002	2003	2004	2005	2006
YYT YDF	795	389	391	311	293	310	207	163	175
YYT YYR	1041	543	537	439	457	595	631	507	494

Comments

- *"Most times the flights are on time but it is ridiculous that we have to pay such high costs to travel within our province. It's cheaper for me to travel to the U.S. or other Canadian cities."*
- *"I Don't travel by air in Newfoundland as it is too cost prohibitive as well as not being assured of ground transportation at the other end"*
- *"Necessary - but very, very expensive."*
- *"Pricing is much too high for a short stage length; service is not designed to be an interprovincial service, more a spoke-and-hub system for domestic and transborder connections."*
- *"Would use the Gander flights if they were affordable."*
- *"Generally schedules with regional carriers are not always compatible with meetings and prices are often quite high"*
- *"Expensive and not convenient"*
- *"Great Service, could be more frequent during high travel times. The only problem is cost to fly out of Labrador"*

Summary

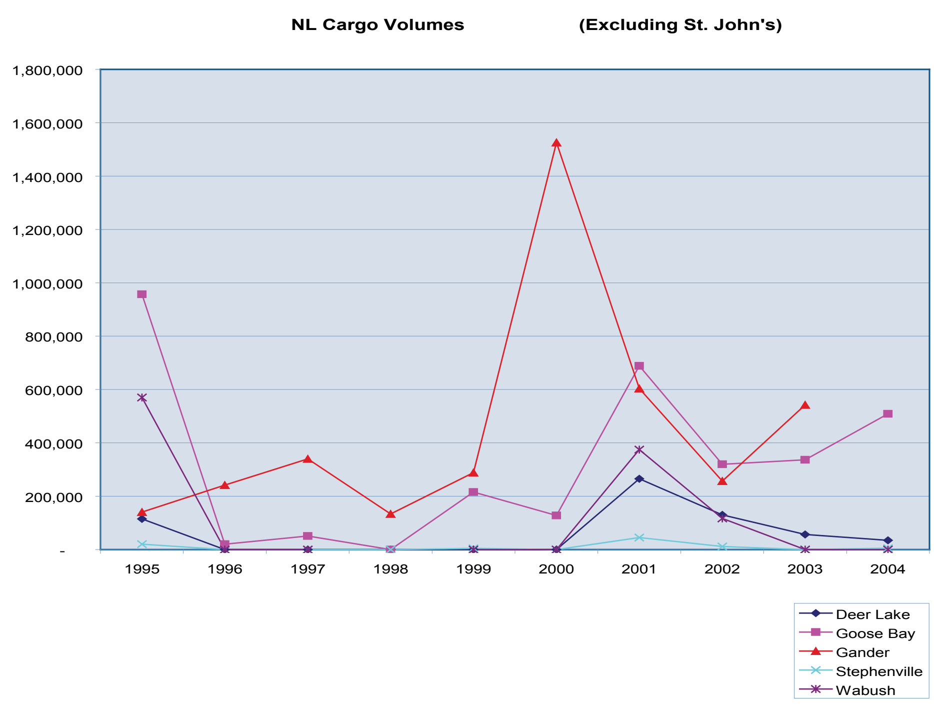
Although there is great deal of dissatisfaction with air fares expressed through the survey, air fares seem headed in right direction overall. There is a range of high-end (business class), mid-price (economy) and low-end (discount) available in the marketplace.

Whether there is enough capacity to satisfy demand across the board requires more research. Although airfares for intra-provincial travel have averaged downward, Labrador still has higher than average fares from points in Canada and the US to Wabush and Goose Bay.

2d. Cargo

As a province consisting of an island and a large mainland portion considered remote, one would think a great dependency exists for air cargo usage in NL. Instead it seems to be a method of last resort to move goods either inbound or for export purposes, with the exception of small package courier business or must-move-now items (oil and gas). This complacency with the air cargo offerings is significantly influenced by lack of capacity and high rates.

Data



Survey (Cargo)

Survey Results (sample)

Are you satisfied that the current outbound air cargo product offerings are sufficient to meet your needs based on:				
Menu 1	**Yes**	**No**	**Don't Know**	**Response Total**
Price	48% (13)	41% (11)	11% (3)	**27**
Capacity	62% (16)	35% (9)	4% (1)	**26**
Total Respondents				**27**
(skipped this question)				**8**

Are you satisfied that the current inbound air cargo product offerings are sufficient to meet your needs based on:				
Menu 1	**Yes**	**No**	**Don't Know**	**Response Total**
Price	45% (9)	45% (9)	10% (2)	**20**
Capacity	61% (11)	28% (5)	11% (2)	**18**
Total Respondents				**20**
(skipped this question)				**15**

Survey Commentary

Most comments were fairly neutral with a seemingly complacent level of acceptance with the current product offerings; the exceptions seem to be the seafood export opportunity although feedback from this sector came mainly from stakeholder interviews and not a result of the survey. Also problematic is the current lack of heavy lift to satisfy the Oil and Gas Sector's demand ex the EU and Houston.

Summary

Progress is being made with the Provincial Cargo Project in trying to identify interested parties – airlines, producers of goods and markets – to begin shipping NL products to the world while creating easier access for imports. The industry sectors with particular interest in exporting are Seafood and Manufacturers while inbound cargo is particularly important for the Oil and Gas Sector and perishable goods.

2e. Competition

Airports

- Hub Airports
- Airport vs. airport

Routes/Destinations

Airlines

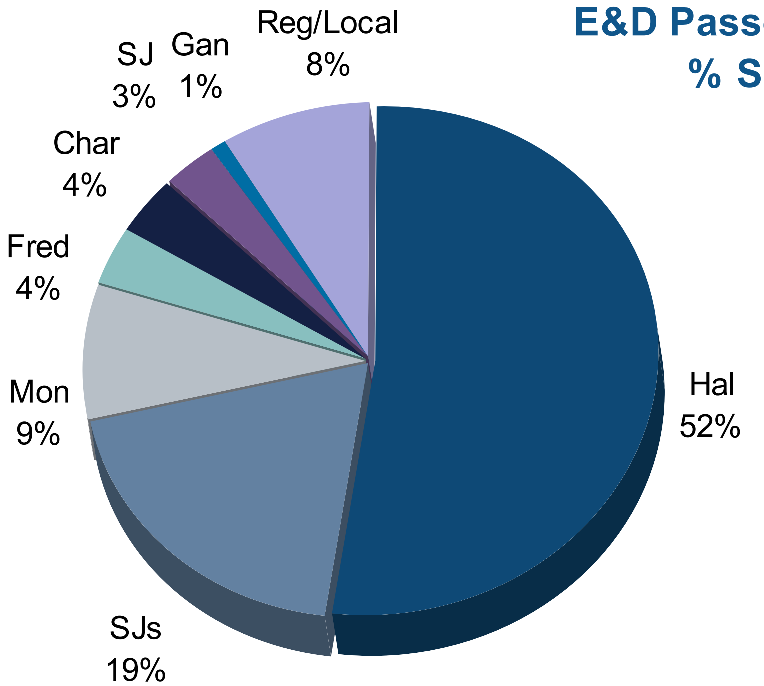
Airports

Hub Airports

The Big Picture. Halifax International Airport continues to be a powerhouse in the region and the obvious HUB airport for Atlantic Canada. The chart below shows the growing share of traffic that flows through Halifax Airport. Although HUB airports are important for a region, they can at the same time drain life from secondary airports (Yarmouth, Saint John, Sydney) and influence traffic from/to other major airports in the region to flow through the HUB, even though a great percentage of that traffic is simply transiting the HUB. (eg. AC860 and traffic ex NL to YYZ/YUL and beyond.)

Halifax Airport is a competitive factor for NL air access. They aggressively market their HUB position and include in their pitch to attract air carriers the fact that they can influence the NL traffic to use Halifax. We would do the same if we were in their position, however having said that, it is imperative that we act and compete to ensure we have the air access level we require to support the economy of NL.

Atlantic Region
E&D Passengers by Airport
% Share Annual 2006



Airports vs. Airports

Airports are competitors with each other for airline capacity. This situation has existed since Airport Authorities were created and the Federal Government downloaded responsibilities to communities. It has been successful for some (St. John's and Halifax) and created challenges for others (Gander, Stephenville, Yarmouth, Fredericton, etc). These challenged secondary airports still play a vital role in the overall aviation infrastructure and should not be sacrificed for the growth of Hub airports.

Routes/Destinations

You either feed a Hub or you are a HUB (all about the numbers). Should Newfoundland be reliant on a regional hub such as Halifax or develop air access independence by attracting more direct flights to points such as Toronto, western Canada, New York, Boston, and London, England.

- **Domestic** - NL to YHZ, YYZ, YUL, Western Canada
- **Transborder** - NL to NYC, BOS, FLA
- **International** - NL to LHR, DUB

Airlines

Intra-Provincial capacities appear healthy with competition being provided on most routes (exception Gander and Stephenville) by Air Labrador and Provincial. Cost is the biggest concern.

Air Canada will do what is safe or necessary to maintain support for their domestic resource allocation and HUB International traffic over Halifax. WestJet has been a good addition and has adjusted and added capacity since CanJet's demise. They are a strong competitor for Air Canada with special interest in trunk routes of NL to Toronto and NL to Western Canada.

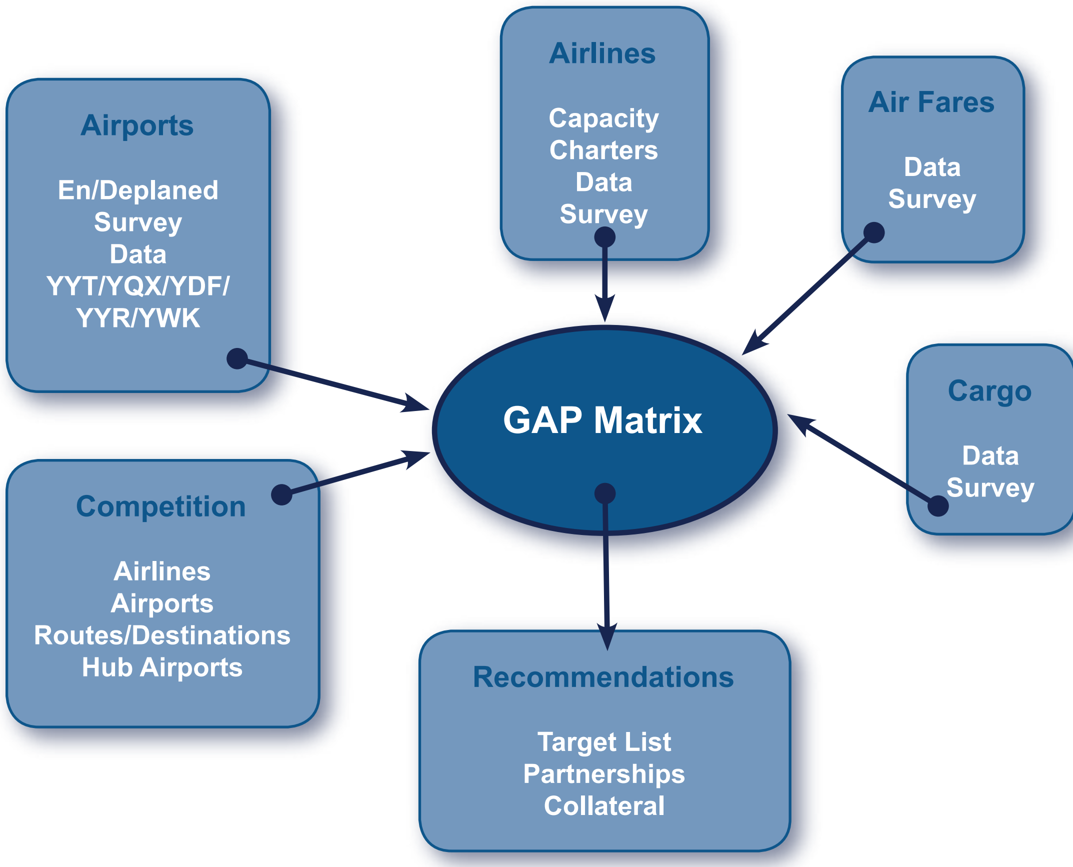
- What are the plans for Charter carriers
  - Air Transat
  - Skyservice
  - Sunwing
    - Increased activity, looking for growth/expansion
    - Niche market development
  - Astraeus
    - New international carrier; looking for growth
    - Niche market development

Summary

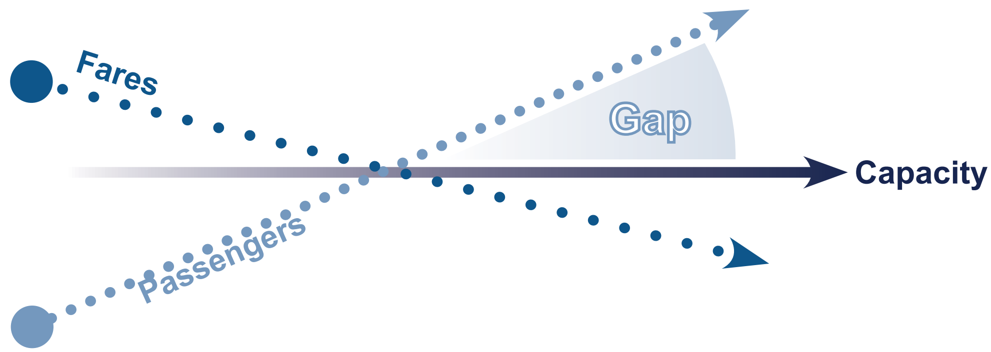
NL must be more vigilant, aggressive and supportive of the Airport Authorities in ensuring that air access is meeting the demands of the business community. The aviation environment and timing is ideal at present to position NL's competitive strengths to the industry players.

3. GAP Matrix

Identify the “GAP”



From our five areas of study we can see airports and airlines are progressive in adapting their business models. This has led to a new competitive environment and an opportunity to stimulate growth in the marketplace. With air fares trending downward, passenger traffic rising and capacity remaining constant there is reason to address the GAP that exists on the capacity side.



Identify the opportunity for Market Stimulation within the GAP:

Latent demand (spontaneous travel)

Compression on capacity is lessened with more direct flights (less Hubbing)

Air fares are headed in the right direction for consumers while maintaining a good average yield for airlines. (high load factors)

The inbound traffic development opportunity

Growth or market elasticity reflects a combination of frequency, capacity, air fares, and routings. Overall air service capacity to and from the province is considered inadequate by stakeholders, but this will not be solved by ad hoc solutions.

As published statistical data is degrading with time, the Caucus should liaise with the Airport Authorities and the Provincial Government to obtain and monitor appropriate statistics on a continuing basis.

4. Recommendations

In achieving the region's full potential, it is essential for all agencies to work toward the same objective. There are examples of achieved success within communities working with this common objective.

The city of Moncton has clustered some developmental business organizations into one central group including the Greater Moncton Chamber of Commerce, Downtown Moncton Inc., and Moncton Industrial Park; joined together to present a unified approach in developing various projects. Once agreed on the objective of developing the area, momentum was initiated and Enterprise Greater Moncton was launched. With the unwavering support of the additional two adjacent communities, Dieppe and Riverview, the provincial and federal governments became involved.

The Greater Halifax Partnership is one of North America's most dynamic and effective economic growth organizations. This public-private partnership involves more than 130 private-sector companies, three levels of government, and a dedicated staff of skilled business professionals – all taking action to drive economic growth. The Greater Halifax Partnership is a private-sector led organization responsible for the economic growth of Greater Halifax. Its priorities are to retain and grow existing businesses and to recruit new businesses to the area.

AIMBC - Airline Industry Monitoring Consortium of British Columbia.
AIM BC is a consortium of key British Columbia tourism stakeholders formed because of concerns about the direction of Canadian air transportation policy. The organization was created in August 2000 when the merger between Air Canada and Canadian Airlines International threatened to reduce the level of competition in Canadian domestic, transborder and international air service.

Events such as Air Canada's restructuring, the terrorist attacks of September 11, 2001, increasing costs due to security fees, fuel surcharges and airport rents, war in Iraq, SARS, and concerns about small airport viability combined to necessitate the continued work of AIM BC. Current members include the Council of Tourism Associations of BC (COTA), Vancouver International Airport Authority (YVR), Tourism Whistler, Tourism Vancouver, Tourism Victoria, B.C. Restaurant and Foodservices Association, B.C. (BCRFA) the Yukon Hotels' Association (BCYHA), and the B.C. Chamber of Commerce.

The NL Business Caucus should take a page from the Greater Halifax Business Partnership and continue to grow the strength of the NL Business Caucus as a driver of economic activity and supporter of transportation infrastructure improvements.

In order to achieve this, the NL Business Caucus in Partnership with Airports and the Provincial Government should:

1. Engage in discussions on:

- Atlantic Gateway Opportunity
- Atlantica Concept
- Federal Blue Skies Policy
- Cargo Study – Provincial Government

2. Build the Business Case "Profit with Traffic"

- **Target List for Product Development**
  - Route opportunity
  - Airlines
  - HUB or Networks – Regional, National, International
    - Cherry pick carriers
    - NY-CO; BOS-DL; DTW-NW; ORD-UA

- **Develop Partnerships**
  - Develop Marketing Communication Plan
  - Collateral/Video
  - Highlight the Provinces economic strengths, partnerships and determination to grow through expansion of transportation infrastructure.

- **Focus on the Strengths of the Province's Airports:**
  - St. John's/Deer Lake –
    - Passenger Gateways for the Province
  - Labrador –
    - Goose Bay - Gateway to the North
      - Labrador Nunavut Study
      - Food for Mail
      - Gateway to the Eastern Artic
      - Aerospace
    - Lab City/Wabush
      – Western Passenger Gateway to the Province

- Regional Airports
  - Gander –
    - Cargo Transshipment
    - Develop better connections to HUB airports (YYT/YHZ/YUL)
    - Develop Partnerships (Community/airlines)
    - Aerospace
  - Stephenville –
    - Southwest Coast Catchment Area
    - Develop partnerships (Airlines/Airports)

Next Steps

Meet with various airport authorities to discuss document and go forward opportunities.

Liaison with the Provincial Government planned Air Transportation Study.

Form working groups where applicable.

No complacency.

1. Terms of reference

Air access to and throughout Newfoundland and Labrador is challenged by instability in both lift capacity and pricing.

From 2001-2004 with emerging low cost carriers operating across Canada, namely CanJet, WestJet and JetsGo, and Air Canada's restructuring, the outlook seemed to be improving significantly and industry throughout the province adapted their business models to reflect the increased passenger and cargo capacity and cheaper airfares.

However, since 2005, JetsGo has declared bankruptcy, CanJet has ceased all scheduled flights and Air Canada has dropped its year-round direct flight from St. John's to Heathrow, England. These events have significantly changed the affordability and availability of air access to and within the province and negatively affected businesses throughout Newfoundland and Labrador.

Purpose

Within this context, conduct a needs assessment of the business community's air access requirements versus the air industry's product offerings, establishing the GAP that exists between the two and the potential therein for growth for both.

Project Objectives

The project will:

- Identify the current product offerings in Newfoundland and Labrador in both passenger and cargo
- Identify the current and immediate industry requirements for passenger and cargo (import and export)
- Identify the gaps between what NL has and what NL industry needs
- Identify the competitive factors or lack thereof

Project Activities/Deliverables

- A "snapshot" of the current passenger and cargo product offerings in the province through primary and secondary research
- An identification of the short term (2007) needs/requirements of local industry throughout Newfoundland and Labrador
- An identification of the opportunities that exist based on the immediate needs identified of the business and tourism community

2. Data

2a. Capacity Matrix

SUMMER WEEKDAY SCHEDULES - # of flights by carrier									
* = LESS THAN 3/WEEKDAY									
	2006			2000			1995		
ST JOHN'S									
YBX				PB	SWM	1			
YDF	PB	DH8	1				CP	73M	1
YDF	PB	SF3	2	AC*	DH1	4	AC*	DH8	4
YDF	WJ	DH8	3				WJ	SH6	2
YQX	AC*	BEH	6	AC*	DH1	5	AG	SWM	5
YQX							WJ	SH3	2
YQX							CP*	J41	1
YQX							CP*	DH8	1
YYR				AC*	DH8	1	CP*	DH8	1
YYR				WJ	BE1	1			
YHZ	AC	319	1	AC*	320	1	AC*	320	1
YHZ	AC	320	1	AC*	D9S	3	AC*	D9S	2
YHZ	AC	763	1	AC*	142	2	AC*	146	4
YHZ	AC	E90	1				CP	737	3
YHZ	C6	735	3				CP*	146	2
YHZ	WS	73W	2						
LHR	AC	763	1	AC	763	1	AC	767	*
YQM	C6	735	1						
YUL	AC	E90	2	AC*	142	1			
NYC	CO*	ERJ	2						
YAY	PB	DH8	1	PB	SWM	2	AG	SWM	2
YAY	PB	SWM	1	WJ	BE1	1	WJ	SH6	1
FSP	PJ	ATM	*	CP*	ATR	*	AG	SWM	1
YJT	PB	SF3	1	PB	SWM	2	AG	SWM	2
YJT				WJ	BE1	2	CP*	J41	1
YYZ	AC	E90	4						
YYZ	AC	320	1	AC	320	2	AC	320	2
YYZ	WS	73W	1	AC	737	3			
YYZ	C6	735	1						
YYZ	5G	319	1						

DEER LAKE									
YBX							AG	SWM	1
YBX							CP*	BE1	1
YQX				AC*	142	2	CP*	146	2
YQX							CP*	J41	1
YQX							AC*	DH8	2
YYR	PB	SF3	2	AC*	DH1	2	CP	73M	1
YYR	WJ	DH8	3				WJ	SH6	1
YYR							AC*	DH8	3
YHZ	AC*	CRJ	1	AC*	DH1	2	AC*	DH8	4
YHZ	AC*	DH1	2	AC*	142	2	CP*	146	2
YHZ	C6	735	1				CP*	DH8	1
YHZ							CP*	J41	1
YUL	AC*	CRA	1						
YYT	PB	SF3	3				AG	SWM	2
YYT	PB	DH8	1	AC*	DH1	5	AC*	DH8	3
YYT	WJ	DH8	3				WJ	SH6	2
YJT							WJ	SH6	1
YYZ	C6	735	1						
YWK				AC*	DH1	1			
GOOSE BAY									
YBX	PB	SWM	1	PB	SWM	1	AG	SWM	1
YDF	PB	SF3	2	AC*	DH1	2	CP	73M	1
YDF	WJ	DH8	3				WJ	SH6	1
YDF							AC*	DH8	2
YHZ	AC*	CRJ	1	AC*	DH1	1			
YAY	PB	DH8	1	WJ	BE1	1	AG	SH6	1
YYT				AC*	DH8	3	AC*	DH8	1
YYT				WJ	BE1	1			
YWK	PB	SF3	2				CP	73M	1
YWK	WJ	DH8	2	AC*	DH8	1	AC*	DH8	2
plus local service									
GANDER									
YDF							AG	SWM	1
YDF				AC*	142	2	CP*	146	2
YDF							CP*	DH8	1

YDF							CP*	J41	1
YDF							AC*	DH8	1
YYR				AC*	DH8	1			
YHZ				AC*	DH1	1	AC*	DH8	2
YYT	AC*	BEH	6	AC*	DH1	3	AC*	DH8	1
YYT							CP*	DH8	1
YYT							CP*	J41	1
YYT							AG	SWM	4
YYT							WJ	SH3	2
YYT							WJ	SH6	1
YJT							AG	SWM	1
YJT							WJ	SH3	1
YYZ	5G	319	*	TS	757	*			
STEPHENVILLE									
YDF	PB	SF3	1				WJ	SH6	1
YQX							WJ	SH3	1
YQX							AG	SWM	1
YHZ				AC*	DH1	1			
YYT				PB	SWM	2	AG	SWM	2
YYT				WJ	BE1	2	CP*	J41	1
YQY				AC*	DH1	1	CP*	DH8	1
YQY							CP*	J41	1
WABUSH									
YDF				AC*	DH1	2	AC*	DH8	1
YYR	PB	SF3	1				CP	73M	1
YYR	WJ	DH8	2	AC*	DH1	1	AC*	DH8	1
YZV	PB	SF3	1				9V	BE9	1
YZV	WJ	DH8	2				CP*	F28	1
YZV	AC*	DH1	1	AC*	DH1	2	AC*	DH8	2
plus local service									

Data (summarized from page 29-31) See page 10

St. John's	2007	2006	2000	1995
Gander	6@ 108	6@ 108	5@ 185	9@ 201
Deer Lake	6@ 210	6@ 212	5@ 217	7@ 300
Goose Bay	7@ 222	6@ 212	4@120	2@ 74
London	One 737x 3xwk One 319x 7x wk in Pk	One 767 daily	One 767 daily peak; 3 a wk off peak	One 767-3 a wk
Montreal	1@ 120	1@ 70	1@ 77	
Halifax	6@ 701	9@ 1010	6@ 574	10@ 668
Toronto	8@956	8@ 840	5@ 600	4@ 480
New York	2@ 140	2@ 140		

Deer Lake	2007	2006	2000	1995
Goose Bay	5@ 170	5@ 170	2@ 74	5@
St. John's	6@ 216	7@ 241	5@ 185	7@
Halifax	4@ 174	4@ 244	4@ 228	8@ 262
Toronto	2@ 260 *	1@ 120		
Montreal	1@ 103	1@ 50 or 70		

Goose Bay	2007	2006	2000	1995
Deer Lake	5@ 179	5@ 175	2@ 74	4@ 112
St. John's	7@ 235	6@ 198	4@120	2@ 74
Halifax	1@ 50	1@ 50	1@ 37	
Wabush	3@ 105	3@ 105		

Gander	2007	2006	2000	1995
St. John's	6@ 108	6@ 108	3@ 111	9@ 201
Halifax			1@ 37	2@ 74
Toronto	Sunwing-2 days a week in peak	Sunwing – 737 2 days a week	AT - 757 3 days a week	
Deer Lake			2@ 154	

Stephenville	2007	2006	2000	1995
St. John's	1 twice weekly@ 37	1@32	4@ 76	3@ 69
Sydney			1@ 37	2@ 68
Toronto	One Sunwing	One Sunwing	1@ 37	-

2b. ATPCO Data

Airline Tariff Publishing Company (ATPCO), the
world leader in the collection and distribution of fares and fare-related data for the airline and travel industry. Our company offers travel data services and solutions, including revenue accounting and decision support systems.

Phyllis Burke
Operations and Support Services
ATPCO
Tel: 703-471-7510 ext. 1937

*Data supplied herein available upon request

2c. Moncrieff Management Data

Sheet 1 (Airport Activity) is enplaned/deplaned data for revenue passengers and cargo. Note that regional carriers and some couriers do not report cargo stats. The third grouping of data is my estimate of the breakdown between local and YYT-originating passengers for international flights.

Sheet 2 (O-D) are true origin-destination stats for available years, based on ticketed origin and destination, regardless of routing. For example, 7450 pax flew between YYT and Tampa in 2003, but there is no info about how they flew. presumably most were via either YYZ or YUL.
I broke out destinations for 2002/3 for transborder, and 1998/9 for domestic. I can do other years if required.

Sheet 3 (schedules) are weekday flight counts for July of 1995, 2000 and 2006. I can do other years if needed. My basic info is for January and July of each year. Numbers have been counted in one direction only, so they really represent round trips.
Aircraft Movements –Aviation Statistics Centre

*Data supplied herein available upon request

2d. Transport Canada

www.statscan.ca
Compiled by Transport Canada - Coordination using advanced information collected by the Airport Managers from the Airline Station Managers.

2e. Province of Newfoundland and Labrador

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