



## BACKGROUND

### Creating a Self-Sustaining Yellowknife Airport

The Government of the Northwest Territories (GNWT) 2016-17 budget proposes restructuring Yellowknife Airport fees to make the airport financially self-sustaining.

#### Current situation

The GNWT does not charge passengers any Airport Improvement Fees and existing aeronautical fees (such as Landing Fees, General Terminal fees charged to airlines) are among the lowest in the country. Currently, the Yellowknife Airport is constrained by being inside a government department while operating in a competitive market. The GNWT currently subsidizes Yellowknife Airport operations by \$4 million per year and it has been challenging to attract new business and vendors to the region due to limited infrastructure investment in the Airport.

#### Proposed changes

The GNWT is proposing an Airport Improvement Fee of \$20 per passenger travelling south and \$10 for those flying within the Northwest Territories (NWT). Existing aeronautical fees for airlines such as Landing Fees and General Terminal Fees will also increase to cover the current shortfall and will be in line with those at other similar sized airports. These fee increases vary greatly by business and aircraft type but are expected to be in the range of an additional \$7 to \$9 per passenger, charged to the airline.

Without changes to the governance and operations of the Yellowknife Airport, taxpayers will continue to subsidize Yellowknife Airport by \$4 million a year.

#### Management of Funds

In 2015, the Program Review Office in Finance and the Department of Transportation engaged the Institute on Governance to review a number of different governance models. Of the options presented, the GNWT decided that keeping the airport within the GNWT but establishing a revolving fund to make the airport financially self-sustaining was the best option.



Most similar sized airports in Canada are not operated within a government department as they do not have the freedom to support infrastructure investment, economic development and business management practices airports require. There is great value in having community, air carrier, and business engagement in airport operations.

Collected fees will be kept in a revolving fund for the Yellowknife Airport and will not go into general GNWT revenues.

Once fully implemented, these changes will provide an estimated \$10 million in new revenue annually.

### **Date the changes come into effect**

The GNWT will be consulting with a range of experts from the aviation industry and stakeholders before the change is implemented including airlines, airport vendors, local businesses, the tourism industry and the Northern Air Transport Association.

The GNWT is proposing that the new fees will go into effect in February 2017. As part of our ongoing stakeholder consultations, the GNWT will develop a practical approach to implementing these changes.

### **Use of Funds**

The \$10 million in new revenue will be used to operate, maintain and improve the airport. Improvements could include such things as making renovations at the existing air terminal building, new updates and modernizations to the air terminal building, runway lighting upgrades, runway improvements, and many more improvements and additions that will increase efficiencies and improve the travel experience, maintain passenger safety, and help attract potential new businesses and vendors. Across North America, airport improvements have played a key role in attracting new tenants and generating additional economic growth and benefits to residents, businesses and visitors.

Infrastructure projects are a source of economic activity and development that will have additional spinoffs and benefits to NWT residents and businesses in the way of procurement, purchasing and employment.

### **Passenger volume of Yellowknife Airport**

Yellowknife Airport handles 58,000 flights per year and over 500,000 passengers. Over half of the passengers that use the Yellowknife Airport are not residents of the NWT.



### **Current Economic Impact of Yellowknife Airport**

Airports play a vital role in regional economic development by providing jobs, tax revenue and amenities. The Yellowknife Airport is a significant economic driver for the City, the Region, and the NWT as a whole. Specifically:

- 1000 people are employed directly through activity at the Yellowknife Airport.
- The Airport supports a total of 2000 jobs in a number of sectors.
- The Airport's total economic impact, which includes supplier industries, is \$170 million in direct GDP.
- Activity at the Airport contributes over \$45 million in various forms of taxes.
- Yellowknife Airport improves connectivity throughout the territory and the country and, with improvements, could enhance tourism and business growth.