



MR. CORY VANTHUYNE
MLA, YELLOWKNIFE NORTH

MAR 28 2017

Oral Question 593-18(2): Yellowknife Airport Infrastructure Funding

This letter is in follow-up to the Oral Question you raised on February 17, 2017 regarding the Yellowknife Airport.

The Yellowknife Airport generated \$5.6 million in revenue in 2015/16 as broken down below:

Commercial Leases	\$2,428,955.51
Third Party Recoveries	\$304,552.18
Concessions	\$156,632.32
Merchandise	\$1,713.34
Fees	\$2,723,654.83
Permits	\$300.00
Registrations	\$200.80
Recovery of Prior Year Expenditure	\$3,850.02
GRAND TOTAL	\$5,619,457.40

The Department of Transportation (DOT) expects that the introduction of the Airport Improvement Fee (AIF) and the increase to other aeronautical fees will generate an additional \$8.5 to \$9 million per year in airport revenues. This will support the Yellowknife Airport in becoming financially self-sufficient and allow for the necessary capital improvements the Airport requires to grow.

The effects of the AIF on the cost of living in the Northwest Territories (NWT) will be minimal. DOT used Statistics Canada's most recent publication of household expenditures (CASIM table 203-0030) to determine the average Yellowknife household expenditure is \$124,105. Air travel represents 2% of average household expenditures in Yellowknife, or \$2,718, with an average of 3.5 southbound trips made annually. A \$27 increase in ticket pricing would represent an increase of 3.4% in total average air travel expenditures and an increase of 0.08% in total average expenditure per household utilizing the Airport.

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Funds generated by the AIF will be used for capital airport improvements only. The impact of investing these funds into construction-based improvements will result in an increase of \$0.767 million annually to the territory's GDP. Additionally, this construction would result in approximately 14 jobs annually. It is important to note that 53% of passengers travelling through the Yellowknife Airport are not from the NWT and so their contribution to capital investments via the AIF is a significant net-transfer to the NWT.

Improvements to the Yellowknife Airport would have both direct and indirect benefits to the local and territorial economy. Already, the Airport supports approximately 2000 jobs in a variety of different sectors. Additional retail space would attract further commercial growth, development and investment opportunities for businesses. Enhanced services would allow visitors to the NWT to take away a better first and last impression of the North, helping promote tourism. Improved cargo services would help better support the operations of the resource development industry.

More information about the benefits the changes to Yellowknife Airport funding can bring to the NWT economy can be found in the draft Business Plan for the Yellowknife Airport available on DOT's website. DOT is updating the annual Business Plan based on public feedback and to reflect the new financial year and will make that version available to the public during the summer of 2017.



Wally Schumann
Minister of Transportation

c. Clerk of the Legislative Assembly

Legislative Coordinator