August 17, 2018

Dear [Name]

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act, 2015 our file # TCI26/2018

On June 19, 2018 Tourism, Culture, Industry and Innovation received your request for access to the following records:

Hi, I am looking to gather reports and Briefing notes on air access and airline attraction to Newfoundland and Labrador. Specifically on routes to the United States and Europe. Date range: January 1, 2010 to present.

I am pleased to inform you that a decision has been made by the Deputy Minister for the Department of Tourism, Culture, Industry and Innovation to provide access to some of the requested information. Access to the remaining records, and/or information contained within the records, has been refused in accordance with the following exceptions to disclosure, as specified in the Access to Information and Protection of Privacy Act (the Act):

s.29(1)(a)

Policy advice or recommendations

29. (1) The head of a public body may refuse to disclose to an applicant information that would reveal

(a) advice, proposals, recommendations, analyses or policy options developed by or for a public body or minister;

Disclosure harmful to business interests of a third party

39. (1) The head of a public body shall refuse to disclose to an applicant information

(a) that would reveal
(i) trade secrets of a third party, or

(ii) commercial, financial, labour relations, scientific or technical information of a third party;

(b) that is supplied, implicitly or explicitly, in confidence; and

(c) the disclosure of which could reasonably be expected to

(i) harm significantly the competitive position or interfere significantly with the negotiating position of the third party,

(ii) result in similar information no longer being supplied to the public body when it is in the public interest that similar information continue to be supplied,

(iii) result in undue financial loss or gain to any person, or

(iv) reveal information supplied to, or the report of, an arbitrator, mediator, labour relations officer or other person or body appointed to resolve or inquire into a labour relations dispute.

As required by 8(2) of the Act, we have severed information that is unable to be disclosed and have provided you with as much information as possible. In accordance with your request for a copy of the records, the appropriate copies have been enclosed.

Please be advised that you may appeal this decision and ask the Information and Privacy Commissioner to review the decision to provide partial access to the requested information, as set out in section 42 of the Act (a copy of this section of the Act has been enclosed for your reference). A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your appeal should identify your concerns with the request and why you are submitting the appeal.

The appeal may be addressed to the Information and Privacy Commissioner is as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P. O. Box 13004, Stn. A
St. John’s, NL A1B 3V8
Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to section 52 of the Act.

Please be advised that responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Office of Public Engagement's website within one business day following the
applicable period of time. Please note that requests for personal information will not be posted online.

If you have any further questions, please feel free to contact me phone at (709) 729-7246 or by e-mail at heatherbrown@gov.nl.ca

Sincerely,

[Signature]

Heather Brown
ATIPP Coordinator
Access or correction complaint

42. (1) A person who makes a request under this Act for access to a record or for correction of personal information may file a complaint with the commissioner respecting a decision, act or failure to act of the head of the public body that relates to the request.

(2) A complaint under subsection (1) shall be filed in writing not later than 15 business days

(a) after the applicant is notified of the decision of the head of the public body, or the date of the act or failure to act; or

(b) after the date the head of the public body is considered to have refused the request under subsection 16 (2).

(3) A third party informed under section 19 of a decision of the head of a public body to grant access to a record or part of a record in response to a request may file a complaint with the commissioner respecting that decision.

(4) A complaint under subsection (3) shall be filed in writing not later than 15 business days after the third party is informed of the decision of the head of the public body.

(5) The commissioner may allow a longer time period for the filing of a complaint under this section.

(6) A person or third party who has appealed directly to the Trial Division under subsection 52 (1) or 53 (1) shall not file a complaint with the commissioner.

(7) The commissioner shall refuse to investigate a complaint where an appeal has been commenced in the Trial Division.

(8) A complaint shall not be filed under this section with respect to

(a) a request that is disregarded under section 21;

(b) a decision respecting an extension of time under section 23;

(c) a variation of a procedure under section 24; or

(d) an estimate of costs or a decision not to waive a cost under section 26.

(9) The commissioner shall provide a copy of the complaint to the head of the public body concerned.
Direct appeal to Trial Division by an applicant

52. (1) Where an applicant has made a request to a public body for access to a record or correction of personal information and has not filed a complaint with the commissioner under section 42, the applicant may appeal the decision, act or failure to act of the head of the public body that relates to the request directly to the Trial Division.

(2) An appeal shall be commenced under subsection (1) not later than 15 business days

(a) after the applicant is notified of the decision of the head of the public body, or the date of the act or failure to act; or

(b) after the date the head of the public body is considered to have refused the request under subsection 16 (2).

(3) Where an applicant has filed a complaint with the commissioner under section 42 and the commissioner has refused to investigate the complaint, the applicant may commence an appeal in the Trial Division of the decision, act or failure to act of the head of the public body that relates to the request for access to a record or for correction of personal information.

(4) An appeal shall be commenced under subsection (3) not later than 15 business days after the applicant is notified of the commissioner’s refusal under subsection 45 (2).
Information Note
Department of Business

Title: WestJet - St. John's to Orlando new route support.

Issue:
- Update on West Jet's Air Access Development Program application.

Background and Current Status:
- WestJet Airlines has established a new seasonal non-stop route from St. John's to Orlando, Florida. The airline developed a three-year marketing strategy for this route with an estimated promotional/advertising cost of $39(1)(a)(ii), 39(b), 39(c)(i)
- In 2010, passenger movements between NL and Florida totaled 69,356 through connecting airports in US/Canada. 3364 of these passengers bookings originated in Florida.
- Orlando International Airport is the 2nd busiest airport in Florida, with services to 79 cities in the US and 25 international destinations.
- The route involves scheduled weekly flights with the 136 seat Boeing 737, every Sunday, from February 20th to May 8th, 2011 (12 weeks in duration in Year 1) Medium term (Year 2) route enhancements have the opportunity to include expanded schedule service dates of a full 26 weeks (Nov-May). Longer term (Year 3+) enhancements include additional frequencies and/or year round service.
- The Department of Business performed an extensive due diligence review and determined that the application
- The Deputy Minister's funding approval committee (Bus / INTRD / TCR / TPW and Fin (absent) met on May 6th, 2011 and discussed the application.
- This matter had not been previously raised during the Air Access Strategy consultation process or in the development of its funding programs.
- The Deputy Minister of Bus met with the HNL Chair and discussed
- The Minister of Bus, Minister of TCR and their officials met to discuss the matter. TCR expressed

S.29 (1)(a)

S.29 (1)(a)

S.29 (1)(a)

S.29 (1)(a)
- The St. John's International Airport Authority has been actively lobbying for support of this route.

Prepared by: Fraser Howell
Approved by: Ray Dillon
June 7, 2011
Briefing Note
Department of Innovation, Business and Rural Development

Title: Minister's meeting with Keith Collins, CEO and Marie Manning, Director of Marketing and Community Relations, St. John's International Airport Authority (SJIAA) June 11, 2013.

Issue: A brief overview of current issues at St. John's International Airport, which may be on the authority's discussion agenda during the meeting.

Background:

SJIAA sees and presents the St. John’s International Airport as the economic gateway for the province. The SJIAA has made a concerted effort in recent years to maintain strong lines of communications with government officials.

Potential discussion points:

Air Service Growth:
- The province has seen positive growth over the last several years
- 1.5 million passengers in 2012 – 6% greater than 2011
- Ranked number 10 in Canada
- Passenger target is to handle 2 million passengers by the year 2020
- Air Canada London Heathrow flight is offered 3 weeks early this year
- United Airlines have up sized its aircraft to a B737 and started its Newark service six weeks earlier than last year.

Air Access Strategy:
- Airport Authority Business Development Funding has been provided to the SJIAA for the past three years. Total approved amounts were $195,388. An application for 2013 business development activities has been received in the amount $95,000. In light of recent CMA / budget review exercises, the Air Access Development Program has been terminated. Airport authorities are eligible to apply for funding from the department’s new Regional Development consolidated noncommercial program, for initiatives that are incremental to regular business development activities.

- Airline Route Promotion and Advertising funding had been approved in the amount of $462,500 to promote the Air Canada St. John’s – London seasonal service. This route has seen significant growth and consideration is being given by Air Canada to operating the service year round. In light of recent CMA / budget review the department withdrew its support for year 3 of the 3 year agreement ($100,000 maximum). This is an issue with both Air Canada and the SJIAA.

- Air Access Director sits on SJIAA Air Service Development committee

Airport accessibility initiative / Cat 3 Project:
- Designed to provide better airport accessibility during low visibility conditions
- Projected to improved airport accessibility from 93% – 98% of time
- $25.8m jointly shared (federal – Atlantic Gateway, provincial / airport authority) project. Contribution agreements are secured. DTW is provincial responsible department
- Project is currently stalled due to new regulation requirement to remove physical obstructions. Mr. Collins has had recent meetings with DM Meade Transportation and Works, regarding possible cost share funding solutions.
• Minister Hutching’s correspondence to Minister Ashfield regarding potential reassignment Atlantic Gateway funds identifies the Cat 3 ILS cost overrun as a provincial priority Gateway project.

Airport Expansion Plans:
• Ambitious 8-10 year capital plan (estimated up to $100M)
• Plan includes new access road (this year), increasing Air Terminal size from 165,000 sq. feet – 350,000 sq. feet, parking lot and ramp expansion etc.
• Funding / financing arrangements / partnerships being pursued.

Other Significant Issues:
• Strike with PSAC has been ongoing since Sept 11, 2012. There has been a significant amount of publicity around the strike.

Prepared by: F. Howell
Approved by: D. Genge
June 10, 2013
Information Note

Department of Innovation, Business and Rural Development

Title: Minister's meeting with St. John's International Airport Authority - Sept 30, 2013.

Issue: Overview of anticipated agenda items in advance of the meeting.

Background:

- The St. John's International Airport Authority (SJIAA) requested a meeting with the Minister. A meeting has been scheduled for Monday Sept 30.

- The agenda is expected to include two related items. The priority item; what is the extent of provincial interest / support in an air service route opportunity between NL and Dublin? The secondary item; what is the extent of provincial interest / support for Pascan Aviation on its new air service route between Moncton and St. John's?

Status Item 1:

- There has been much discussion over the past few years about potential air service between NL and Dublin, Ireland.

- Officials from SJIAA visited Dublin in 2011, to discuss potential air connections.

- The Altitudes East Conference was held Sept 15-17 2013 in Halifax. The event was organized by the Halifax International Airport (HIA). The Head of Business Development, Dublin Airport Authority was a keynote speaker at the event.
The Airline Route Promotion and Advertising Rebate component of the Air Access Development program would have been a good fit for this initiative. However, dedicated funding for this program was not secured during the last provincial budgetary process. Regardless, it is assumed that should a significant provincial impact new route opportunity arise, support may be available from IBRD’s consolidate funding programs.

Status Item 2:

- Quebec based Pascan Aviation have announced a direct Moncton / St. John’s air service starting Oct 10, 2013. Pascan will operate a 42 seat ATR - 42 aircraft Monday – Friday, which will depart Moncton early morning and return early evening.

- Pascan’s decision to provide service to the province was determined by a combination of a previous perceived strong market (Canjet), statistics provided by a passenger demand study that was cost shared between SJIAAA and IBRD and a joint group of industry / travel agent representatives who claim the Moncton / St. John’s market is underserved.

- Pascan has not formally requested any funding support from the province. PASCAN indicated that they were starting the service without provincial government financial assistance however if funding was available they would appreciate the support. PASCAN is unaware of potential funding programs and the process for requesting same.

- Pascan will be receiving incentive support relative to the new route, from both the Moncton Airport Authority and SJIAA as well as from the City of Moncton.

- Pascan’s schedule will have their aircraft on the ground in St. John’s for an eight hour period which allows for additional new route opportunities i.e. a second daily flight to Moncton or additional capacity / service on underserved routes within the province.

- While the proposed route is not served directly by any other carrier Pascan’s proposed service to the island part of the province (currently serves Wabush and Goose Bay thru NB and QUE) it does have competition implications. Air Canada serves Moncton via Halifax and any growth within the province will affect both PAL and EVAS.
Next Steps:

- Provide additional information / verbal briefing to executive personnel, if so required.

Prepared by: Fraser Howell

Approved by:

Date: September 24, 2013
Briefing Note

Department of Innovation, Business and Rural Development

Title: St. John's – Dublin air service.

Issue: Background complete with status update and IBRD involvement subsequent to WestJet’s decision to provide air service between St. John’s and Dublin, starting in June 2014.

Summary:

- On September 30, officials from the St. John's International Airport Authority (SJIAA) met with the Minister. They asked the department to consider support for a WestJet service to Dublin. The decision of support was required in advance of meeting between the St. John’s International Airport Authority and WestJet.

- The province of Newfoundland and Labrador has strong cultural ties and long-standing business relationships with Ireland. The province has identified Ireland as a potential pool for skilled workers. Ireland also represents an area for immigration that may support the Province’s population growth strategy.

Scope of proposed service:

- The service to Dublin is proposed to commence in 2014 as a seasonal service, operating daily (7 days per week). The proposed aircraft for the route is a B737, providing a minimum seating capacity of 136 passengers. The airline has stated that it will add two domestic flights from central Canada to feed into the Dublin service, which will add much-needed capacity on these existing routes, to the province. These three new flights will operate daily as a seasonal service, with the intention of growing the demand, to support an eventual year-round service. The additional daily capacity will be approximately 816 airline seats (272 seats to/from Dublin and 544 seats to/from mainland Canada).
Analysis:

Viability

- Current air passenger traffic traveling from St. John’s to Dublin (in excess of 3000 annually) combined with the cultural and economic ties between the two jurisdictions and the domestic connecting flights proposed by the air carrier, would make this a viable route.

- Dublin Airport is a credible flight connection airport. There are currently 25 daily connections to the UK, 112 to Europe and 13 long haul destinations including the Middle East. Travelers requiring connections will add to the viability of the route.

Competitive factors:

Evaluation Tool
Financials:

- Due to the funding eligibility requirements, the SJIAA will have to be the applicant.

- Funds can be sourced from the Regional Development Fund. The ADM, A/Director and Manager of IBRD's Regional Economic Development division, were consulted and affirm that this initiative appears to meet the fund guidelines and objectives.

- An issue of concern. The Regional Development Fund has only been allotted funds for two years, ending March 2015. As a result, funds will have to be budgeted and secured for year three. Any contribution agreement would have to include the clause that funding in year three, would be subject to year three budget allocations.

Recommendation:

- For air service awareness and route establishing purposes, provincial funds should be applied to promotion and advertising expenses only.

- Approval of funding should be conditional on a 50/50 arrangement, with the carrier matching provincial amounts and applied towards promotion and advertising expenses.

- Payment of funds should be on a rebate basis, with reimbursement based on demonstrated expenditure on marketing.
Status update:

- On the evening of November 14, SJIAA officials called the Director of Air Access to inform that WestJet had chosen St. John's for the route and a press release from WestJet would be released Friday morning.

- WestJet’s news release has been made. The Department and SJIAA are having discussions about a potential joint news release.

Prepared by: Fraser Howell

Approved by:

Approved by:

Date: Nov 15, 2013
Decision Note

Department of Innovation, Business and Rural Development (IBRD)

Title: Air Canada year around service, St. John's / London

Decision required: What financial assistance is the department prepared to offer the St. John's International Airport Authority (SJIAA) in support of extending Air Canada's current St. John's / London route from a seasonal to a year around air service?

Background & Current Status:

- Air Canada's potential extension of its current St. John's / London seasonal air service to a year around service would positively impact the provincial economy from both a business and leisure travel perspective. Year around direct service to London's Heathrow Airport has been on the provincial, municipal, business community and airport authority's priority list for the past decade or so.

- A St. John's / London year around flight fits well with the goals of Taking Flight, a provincial 5 year Air Access Strategy, which was established in 2010 to provide a planned and coordinated approach for improving air access for the province.

- Air Canada officials including their Senior Vice President Regional Markets, Vice President, Airports, and Director Government Affairs and Community Relations were in the province to speak at the St. John's Board of Trade (BOT) luncheon on April 30.

- During their visit they requested a meeting with IBRD.

- Through the Airline Route Promotion and Advertising Rebate component of the Air Access Development program, the Province had previously provided marketing and promotion support to Air Canada either directly or indirectly (EVAS), on three new routes i.e. St. John's / London seasonal service, Gander / Toronto and Gander / Goose Bay. Funding support for year three of these support arrangements was not provided due to provincial 2013/14 CMA and budgetary exercises.
- During the 2013/14 fiscal year IBRD approved funding support to SJIAA, to assist with the joint advertising and promotion of WestJet's St. John's / Dublin new seasonal service. IBRD's commitment is in the amount of $300K ($100K per year for three years) on a 50/50 cost share arrangement with SJIAA. The funds will come from the department's Regional Development Fund.

- Under a

S.29 (1)(a)

- It is recommended that

S.29 (1)(e)

Prepared by: Fraser Howell

Approved by: Daryl Genge

Approved by: [Signature] May 5, 2014

Date: May 01, 2014
Decision Note

Department of Innovation, Business and Rural Development (IBRD)

Title: Introduction of a year round Air Canada’s St. John’s to London service

Decisions required:

1. 

2. Agreement to provide marketing / promotion support to the SJIAA, in the amount $400K to allocated over four years and with a first year allotment of $150K.

3. 

Background & Current Status:

- Air Canada’s potential extension of its current St. John’s / London seasonal air service to a year-round service would positively impact the provincial economy from both a business and leisure travel perspective. Year around direct service to London’s Heathrow Airport has been on the provincial, municipal, business community and St. John’s International Airport Authority’s (SJIAA) priority list for the past decade or so.

- A St. John’s / London year around service fits well with the goals of Taking Flight – a provincial 5 year Air Access Strategy, which was established in 2010 to provide a planned and coordinated framework for improving air access for the province.

- Air Canada officials including their Senior Vice President Regional Markets, Vice President, Airports, and Director Government Affairs and Community Relations were in the province to speak at the St. John’s Board of Trade (BOT) luncheon on April 30.

- Air Canada officials requested a meeting with IBRD and discussed the possibility of extending the St. John’s / London route season to year-round (3 or 4 days per week during the winter).

- The Government Purchasing Agency (GPA) issued a RFP, which closed in June 2013, for the provision of air travel services. The RFP was divided into Intra-provincial travel within the Province of Newfoundland and Labrador and Inter-provincial travel outside the province, which also included international travel. Provincial Airlines was awarded the Intra-provincial Air Travel. The Inter-Provincial Air Travel component was not awarded.
• Air Canada also met with St. John’s Airport Authority (SJIAA) officials and informed them that Air Canada will be making a decision on potential year-round London service very soon. They solicited an incentive package from the airport authority by mid-May.

• During the 2013/14 fiscal year IBRD approved funding support to SJIAA, to assist with the joint advertising and promotion of WestJet’s St. John’s to Dublin new seasonal service starting June 16, 2014. IBRD’s funding commitment is in the amount of $300K ($100K per year for three years) on a 50/50 cost share arrangement with SJIAA.

• The Minister of IBRD has approved a 50/50% cost share arrangement with SJIAA subject to a 5 year service agreement between SJIAA and Air Canada. The maximum amount is $300K ($100K per year for three years) towards advertising and promotion of the proposed route service period extension.

• On May 12, IBRD received a call from Air Canada’s Director Government Affairs and Community Relations, David Rheault. Mr. Rheault had attended the April 30 meeting with IBRD.

• On May 26, IBRD (Daryl Genge / Fraser Howell) held a follow-up teleconference with David Rheault and Susan Grant (Regional General Manager, Business Development). Air Canada informed IBRD that the decision on year-round service would be made mid-week. Prior to making the final decision, they informed IBRD that there were two outstanding items that would influence their decision.
Decisions required:

1. 

2. Offer the SJIAA marketing/promotion financial support in the amount of $400K over four years, with a year one allotment of no less than $150K.

3. 

Prepared by: Fraser Howell

Approved by: Daryl Genge

Date: May 28, 2014
Information Note

Department of Business, Tourism, Culture and Rural Development

Title: WestJet air service – Atlantic Canada to Ireland and Scotland

Issue: Overview of WestJet’s service from Atlantic Canada to Ireland and Scotland, in light of provincial support on the St. John’s – Dublin route and the recently announced Halifax – Glasgow service.

Background and Current Status:

- In November 2013, the province agreed to support the St. John’s International Airport Authority (SJIAA), in its bid to secure a new seasonal air service between St. John’s and Dublin. SJIAA was competing with Halifax International Airport (HIA) for the route.

- IBRD provided $300K support through the RDF program for this initiative, over a three year period. Funding is conditional on a 50/50 cost share arrangement, with SJIAA matching provincial amounts. All funds are to be applied towards promotion and advertising expenses. A significant component of the SJIAA contribution is comprised of marketing and promotion expenses incurred by WestJet. Payment of funds is on a rebate basis, with reimbursement based on demonstrated promotional expenditures.

- The Dublin service started in June 15, 2014. The route is WestJet’s inaugural route outside of North American. WestJet added two flights to existing routes from central Canada to bolster the Dublin route, which also provided extra domestic seat capacity to the province. These new flights will provide a daily seasonal service for a minimum of three years, and has the potential of growing the demand to support an eventual year-round St. John’s Dublin service.

- Season one of the St. John’s to Dublin service was scheduled to end on Sept 26, 2014 but was extended to Oct 25. Passenger load factors on the flight have been very strong i.e. in excess of 95%. WestJet informs that 27% of available seats for the season were sold on the day the flight was announced, the greatest number of seats sold on the day of any new service announcement in WestJet’s history. Within their Halifax to Glasgow press release WestJet announced that the St. John’s – Dublin service would start on May 01, 2015, six weeks earlier than originally scheduled.

- While Dublin Airport is not a major European airport hub like London Heathrow, or Frankfurt, they do offer very good flight connections. There are 25 daily connections from Dublin to the UK, 112 to Europe and 13 long haul destinations including to the Middle East.

- On October 03, WestJet announced a Halifax – Glasgow service. The service will consist of daily flights from May 29, 2015 – October 23, 2015 and daily direct (same aircraft) seasonal flights between Toronto and Glasgow, via Halifax. As with the St. John’s – Dublin service, WestJet is offering 5000 low cost introductory seats on the Halifax Glasgow route.
• WestJet's Halifax Glasgow announcement focused on the leisure market opportunities. However, during the announcement event the Halifax International Airport Authority (HIAA) highlighted air cargo, the Comprehensive European Trade Agreement (CETA), and the positioning of HIA as the gateway for major regional projects, as resulting opportunities.

• The Halifax Glasgow service challenges route stability and growth on the St. John's – Dublin service. The route offers connecting options to passengers travelling to other UK i.e.

• Passenger traffic between Newfoundland and Labrador and Scotland for the period from January 01, 2013 – July 31, 2014 was 9,561. The majority of these passengers were carried by Air Canada, primarily through London Heathrow airport. Direct access to Scotland via Halifax creates competition for potential NL connecting Scotland passengers on the St. John’s Dublin flight as well as those on Air Canada’s St. John’s London route.

• From SJIAA perspective, the stability and growth of the route is directly linked with the growth of the Ireland / European tourism market. They have indicated that they be looking toward the Department of BTCD for relevant direction and support i.e. market exposure.

• WestJet is only committed to a three year seasonal service and are projecting to be operating larger aircraft near the end of that committed period. Unless demand remains strong and there are growth opportunities i.e. tourism, connections out of Dublin.

**Recommended Action:**

• BTCD to monitor the passenger traffic on both routes, with focus on the impact that the availability of WestJet's two routes has on WestJet's St. Johns Dublin service, and Air Canada's St. Johns London service.

Prepared by: Fraser Howell

Approved by: Daryl Genge

Approved by:

Date: October 10, 2014
Information Note

Department of Business, Tourism, Culture and Rural Development

Title: Minister’s meeting with St. John’s International Airport Authority – January 07, 2014.

Issue: Overview of potential agenda items in advance of the meeting.

Background:

- The St. John’s International Airport Authority (SJIAA) requested a meeting with Minister King. As with meetings with previous ministers, this meeting is anticipated to be an opportunity for the SJIAA to provide an update of current activities and priorities at the airport, as well as an opportunity for SJIAA to network / advocate for future support.

- The department has a close working relationship with the SJIAA. The department has two representatives on the SJIAA air service development committee, one from the Tourism division and one from the Trade and Investment division.

- The department has provided financial support to the CAT 3 accessibility capital project (Atlantic Gateway funding). It has also provided funding for several marketing and promotion initiatives including the new air services to London and Dublin and for the airport authority's attendance at various air service development shows.

- The agenda is expected to include the following items:
  - Capital Plan status (i.e. Category 3 ILS, Infrastructure expansion, etc.)
  - Passenger traffic numbers
  - Land development update
  - Air Cargo opportunities and associated challenges
  - Leisure market - Ireland / Europe

Status of anticipated agenda items:

- The airport’s 10 year capital plan comprises of a $200M investment, scheduled for completion in 2020. The plan involves growth in a multiple of areas (i.e. air terminal building, airport apron expansion, Category 3 ILS, etc.)

- Passenger traffic volumes are positive and continue to grow faster that the national average - 2014 numbers will likely be in the 1.5 - 1.6 million range. With the exception of Porter Airlines, passenger load factors on all air carriers are strong. The Air Canada London seasonal service and WestJet Dublin service had load factors in the 85-95% range respectively. The new Air Canada year round service to London is off to a good start with December load factors in the 80% range.

- Land development at the airport is an ongoing issue. The airport has developed a new location where Cougar Helicopters has set up its offshore emergency response services
and plans to move all its operations. There is a Holiday Inn Express under construction near the new airport entrance and several of the airport tenants including PAL and Irving may require new locations in the near future. A new or rehabilitated taxiway will likely be required to accommodate some of these developments. S.39(1)(a)(ii), 39(b), 39(c)(i)

- The WestJet Dublin service is a seasonal service that is committed for a three year period. WestJet proposes to have larger aircraft available to serve the Canadian / European market in three years, thus the airport authority is concerned that S.39(1)(a)(ii), 39(b), 39(c)(i)

- The airport authority feels that if that service is to remain or grow past the three years, there needs to be a strong provincial tourism effort in the UK / European market. While the passenger profile on the St. John's / London Air Canada route is more business based (approximately 50 business / 50% leisure), any resulting leisure growth in the UK / Europe market would be beneficial to that air service as well.

Tourism Marketing - Europe

- Ireland is not a major tourism market for Newfoundland and Labrador. The province receives very few annual visitors from Ireland due to low awareness levels of Canada, and the four Atlantic Provinces. The USA is by far Ireland's most popular North American travel destination.

- Newfoundland and Labrador's marketing efforts in Europe are in partnership with the other Atlantic Canada provinces under the Atlantic Canada Tourism Partnership (ACTP). The primary focus is in the UK, specifically - London and Germany.

- In contrast to Canadian and U.S. marketing programs, where much of the budget is spent on consumer advertising, the focus in the UK is on travel trade marketing which includes targeting tour operators; partnerships with the Canadian Tourism Commission; in-market travel trade promotions; media relations and participation in marketplaces.

- Newfoundland and Labrador Tourism, works with a number of UK Tour Operators and 2 Newfoundland and Labrador based tour operators, and continues to promote the Dublin Ireland seasonal flight as well as promoting the WestJet air service online through social media.

- Newfoundland and Labrador Tourism also partnered with WestJet and Destination St. John's to host a WestJet Airlines Travel Trade/Media Familiarization tour in June 2014. The familiarization tour consists of 6 Tour Operators, 1 Travel Agent, 2 Trade Media and
2 WestJet Sales Managers from Ireland. The group toured attractions within St. John’s and the Avalon region including the Irish Loop.

Next Steps:

- There are no immediate next steps. Department officials will consider any requirements that may result from the meeting.

Prepared by: Fraser Howell
Approved by: Daryl Genge
Date: January 6, 2015
Information Note
Department of Business, Tourism, Culture and Rural Development

Title: St. John’s International Airport Authority (SJIAA)

Issue: Brief overview of issues at the St. John’s airport, in advance of Deputy Minister (DM) meeting with airport authority officials. The meeting is scheduled for 10am, Monday Sept. 14.

Background: The SJIAA has requested a meeting with the DM. The anticipated purpose of the meeting is for the SJIAA to bring the department up to date on issues of vested interest, as well as to solicit support for new airport initiatives.

Potential discussion points:

*Overview of passenger traffic*

- Passenger numbers for 2015 to date
- Impact of diverted flights due to Category 3 capital project
- Load factors on International Flights

*Capital Program status*

- Category 3 landing system
  - 65% complete
  - Civil / construction period completion Nov 30, 2015
  - Operational April 2016, NAVCAN ILS installation
- Air Terminal Building expansion
  - Construction ongoing
  - Apron expansion and steel erection schedule
- Long term air cargo capital plan

*WestJet service to Gatwick (summer 2016)*

- Pending decision / announcement
- Financial support request
  - [Redacted]
  - [Redacted]
Ireland - Tourism support

- WestJet service, load factors, duration of commitment etc.
- Department tourism effort in market (ACTP)
- Destination St. John’s initiative
- September 8 meeting with Destination St. John’s, Dublin Airport Authority, SJIAA, and BTCRD

Next steps:

Fraser will arrange meeting with DM, prior to the pending meeting with SJIAA. Meeting is required for discussion and clarity around the issues, expectations and recommendations.

DM to determine which other department representatives, if any, should participate in the meeting.

Prepared by: Fraser Howell

Approved by:

Date: September 11, 2015
Briefing Note
Department of Business, Tourism, Culture and Rural Development

Title: St. John's to London Gatwick Airport air service with WestJet.

Issue: St. John's International Airport Authority (SJIAA), request for marketing support.

Background:

- SJIAA is requesting financial support, from the Regional Development Fund (RDF), in the amount of $150,000.00 over a two year period. The total marketing costs for the two years are $431,150. The requested provincial funds are to assist SJIAA market/promote (in partnership with WestJet), the St. John's to London Gatwick route.

- The new service, announced Sept 15, 2015 will operate seven days per week for a six-month period commencing on May 7, 2016. This service will increase the airline seat capacity from Newfoundland and Labrador to the UK, by 77 per cent. An additional 45,696 airline seats will be added to the European market. S.39(1)(a)(ii), 39(b), 39(c)(i)

- London England is the largest European market for transatlantic traffic to and from NL. with fifty per cent of all passengers travelling to and from Europe having London, as the point of origin or final destination.

- Gatwick International Airport is the second largest airport in London, with annual passenger traffic of 41 million, (more passenger than at any airport in Canada). Gatwick offers routes to more destinations than any other UK airport, and is known as a low cost carrier airport.

- It is SJIAA position that while the Air Canada London Heathrow service is anticipated to continue to strongly appeal to business traveler, the WestJet service to London Gatwick will open a new market for the leisure traveler.

-
• The province provided financial support to SJIAA from the RDF towards both the St. John’s to Dublin and the St. John’s to London year – round service in the amount of $300K and $400K over a three year period, respectively. Additionally, the province provided Air Canada $462,500 towards the seasonal St. John’s to London service, from the Airline Route Promotion and Advertising rebate component of the Air Access Development Program, in 2011.

Competitive considerations:
Next steps:

- Move the proposal to the BTcdr departmental management committee for direction.

Prepared by: Fraser Howell

Approved by: Daryl Genge

Date: October 21, 2015
Information Note
Department of Tourism, Culture, Industry and Innovation

Title: St. John’s International Airport Authority

Issue: To provide an update about recent activities and discussions with St. John’s International Airport Authority.

Background and Current Status:
- St. John’s International Airport Authority (SJIAA) is the primary transportation gateway to Newfoundland and Labrador, currently serving approximately 1.5 million passengers annually. Approximately 70 per cent of all non-resident visitors who travel by air to and from the province do so through SJIAA, therefore SJIAA plays a significant role in facilitating the economic growth and development in the province.

- The SJIAA currently has eight airlines that service out of the airport, 80 commercial flights daily, and 45,000 aircraft movements each year (including general aviation, cargo, corporate, and military). The number of annual passengers, projected forecast was 1.6 million passengers in 2016, with an average annual increase of 2%.

- SJIAA announced a 10-year plan in 2014 that included an investment of $245 million into the airport to expand and enhance facilities in order to accommodate existing and anticipated future passenger traffic volumes. The expansion of the Airport Terminal Building will be conducted in two phases. First phase: east expansion (2014 – 2018), approximately 145,000 square feet. Second phase: west expansion (2018 – 2021), approximately 72,000 square feet.

- The Airfield Accessibility and Safety Initiative was a three-year infrastructure project that involved preparing the airfield for the installation and operation of a Category III Instrument Landing Systems (CAT III ILS) by NAV Canada. This technology allows aircraft to land and take-off in conditions of very low visibility. The installation of this technology increases the usability of the airport to 99 per cent, putting it on par with all major airports in Canada. As a result, 700 more flights and 70,000 more passengers will arrive and depart annually without delays or cancellations.

- Since 2014, TCII partnered with SJIAA on multiple marketing projects, via funding from the Regional Development Fund. These included support for marketing activities related to the establishment of new routes, including one partnership project between SJIAA and Air Canada for a year-round flight to London Heathrow, as well as two partnership projects between SJIAA and WestJet; one for a flight to Dublin and one to London Gatwick.

- While these new flights have been established, there is no longer a direct flight between St. John’s and the United States. Before structure changes to United Airlines, a daily flight was offered from St. John’s to Newark. This flight was discontinued in February 2016.

Analysis:
- The Provincial Government had an Airline Route Promotion and Advertising Rebate component under the Air Access Development program which was discontinued in the 2013
budget process. However, the Province has supported several SJIAA initiatives through other sources of funding.

- The Province provided financial support to the CAT III ILS capital project (Atlantic Gateway funding) at SJIAA. Funding has also been provided for several marketing and promotion initiatives including the air services to London and Dublin and for the airport authority’s attendance at various air service development shows.

- Since 2014, TCII supported RDF projects with SJIAA for route marketing including $150,000 for St. John’s to Gatwick (WestJet), $300,000 for St. John’s to Dublin (WestJet) and $400,000 for St. John’s to London (Air Canada) year round service.

- TCII’s tourism division has provided information and research to SJIAA to assist efforts in targeting a new direct route to the U.S. See Appendix A for details about markets and consumer research. Highlights about the market include:
  
  o The U.S. is Newfoundland and Labrador’s largest international market, representing approximately 8% of annual air and auto visitation, or between 36,000 – 37,000 annual visitors.

  o From a regional perspective, the Mid Atlantic region represents approximately 20% each of visitors from the U.S., with New England accounting for another 14%.

  o During 2011 to 2016 visitation to Newfoundland and Labrador from the U.S. increased 2.2 % overall, visitation from the Mid-Atlantic States grew 8%, visitation from New England declined 3%.

Action Being Taken:
- Minister Mitchelmore to meet with SJIAA representatives.

Prepared/Approved by: G. Skinner/C.Murphy/M. Kielley/T. Lomond (pending)
Ministerial Approval: Received from Hon. Christopher Mitchelmore (pending)

October 24, 2017
APPENDIX A
Newfoundland and Labrador and the New York/Mid Atlantic Market
Newfoundland and Labrador Tourism
September 2017

US Visitation to Canada

The U.S. is Canada’s largest international market, representing 70% of all international
overnight visitors to Canada.

U.S. demand for Canada has been increasing with a 9.7% increase in US travel to Canada
between 2015 and 2016. (Destination Canada Tourism Snapshot)

U.S. economic conditions have improved modestly since the 2008 financial crisis, with real
gross domestic product (GDP) up 2.6% in 2015 and up 1.6% in 2016 (U.S. Bureau of Economic
Analysis).

The number of U.S. travellers considering a trip to Canada is the highest since 2007, where up
to 44% of U.S. travellers indicated they will travel more in the next 2-3 years
(U.S. Global Tourism Watch).

US travellers who could recall advertising were significantly more likely to believe there are
“many good reasons” to visit Canada (67% vs 49%) suggesting the advertising has the potential
to move them further along the path to purchase by resonating well among those with pre-
established interest in Canada or by actually increasing interest in Canada. (U.S. Global
Tourism Watch).

Among those considering a trip to Canada already, the most exciting or intriguing aspects of
their potential trip are those associated with the scenery and natural beauty (24%), but notably
more so among those aged fifty-five or over (32%). The desire to see beautiful scenery and
landscapes is significantly higher among the older age group, compared to those under thirty-
five. This is not to say the younger traveller doesn’t appreciate the natural beauty of Canada,
rather it speaks more to their interest in participating in the nature/natural beauty via kayaking,
fishing, scuba diving, camping and golfing rather than just viewing it. (U.S. Global Tourism
Watch).

Newfoundland and Labrador Tourism

The tourism sector in Newfoundland and Labrador is an important contributor to the province’s
economy as it generates economic activity across all regions. It is of particular significance to
rural areas, with tourism businesses offering employment and providing incomes for residents.

With both non-residents and residents spending over $1 billion annually while they travel the
province, the tourism sector has proven resilient given the economic challenges the province
has faced over the past few years.

The sector is supported by the Government of Newfoundland and Labrador’s commitment to
Uncommon Potential: Vision 2020 and to doubling visitors spending to $1.6 billion by 2020. In
addition to continuing implementation of internationally award winning and successful provincial
tourism marketing efforts, the Government of Newfoundland and Labrador will coordinate and
enhance tourism research, and support new product development initiatives through the
implementation of The Provincial Tourism Product Development Plan.
BRIEFING NOTE - Meeting Note
Department of Tourism, Culture, Industry & Innovation
PAL Airlines
10:00am, Wed., Nov. 1, 2017
TCII Exec Boardroom

Attendees: Hon. Christopher Mitchelmore, Minister of Tourism, Culture, Industry & Innovation
Stephen Dinn, Vice President of Business Development, PAL Airlines

Background:

- PAL Airlines was established approximately 40 years ago in St. John's, Newfoundland and Labrador. It started as a renowned Atlantic Canadian flight school and has grown into one of the largest independent airlines operating in Eastern Canada. The company’s core services include scheduled flights, air charter and air cargo services. Over the years PAL Airlines has earned a solid reputation for safety and service and has received globally recognized awards for reliability.

- PAL Airlines is the commercial arm of Provincial Aerospace Limited (PAL). PAL operates two distinct business units, an aerospace division (PAL Aerospace) and a scheduled airline with fixed base operations (PAL Airlines).

- PAL Airlines operates a fleet of aircrafts that travels to 28 destinations throughout Eastern Canada. Its operations also include Air Borealis (formerly Innu Mikun Airlines) which is a partnership with Innu First Nations of Labrador, and provides vital services to the coastal communities of Labrador.

- The Provincial Government had an Airline Route Promotion and Advertising Rebate component under the Air Access Development program which was discontinued in the 2013 budget process. PAL Airlines was approved for three separate projects totalling $840,000 in support. Due to the elimination of the program and the company not proceeding with the approved routes, there was minimal disbursement of funds.

- PAL Aerospace Ltd. also received a $500,000 contribution through TCII’s Aerospace and Defence Development Fund in 2013 to support the development of a computer application known as a ‘Command and Control Centre’ for the Aerospace and Defence industry, and more recently (this past June), TCII committed $2.25 million for PAL Aerospace over two fiscal years through its Investment Attraction Fund to support PAL’s Force Multiplier project. This project involves acquiring a Dash-8 aircraft which will be modified to operate as a special mission aircraft.

- Since the Air Access Development program was discontinued, the Province has supported several initiatives similar to those approved through the Air Access Development program through other sources of funding, mainly the Regional Development Fund. There were primarily with the for the St. John’s International Airport Authority (SJIAA). Since 2014, TCII supported RDF projects with SJIAA for route marketing including $150,000 for St. John’s to
Gatwick (WestJet), $300,000 for St. John's to Dublin (WestJet) and $400,000 for St. John's to London (Air Canada) year round service.

**Agenda item #1 (Issue #1)**

- [Redacted]

**Analysis**

- [Redacted]
Potential Speaking Points

Proposed Actions
• The Provincial Government would be supportive of seeing such a route established.

Prepared/Approved by: J. Collins/M. Day/B. Gardner/T. Lomond
Ministerial Approval: Received from Hon. Christopher Mitchelmore

October 30, 2017
Atlantic Growth Strategy – Background Note – Air Links
Tourism Culture Industry and Innovation

Overview: Atlantic premiers and federal Ministers will be discussing opportunities within the Atlantic Growth Strategy (AGS) to support Atlantic Canada Air Links. IIAS notes that at the time of writing, proposed outcomes with respect to this discussion topic have not been shared by the federal government.

Background and Current Status:
• An Atlantic Growth Advisory Group was appointed in early 2017 to consult widely and prepare advice for the AGS Leadership Committee of federal ministers and Atlantic premiers, which led to the development of the Action Agenda for the AGS which was finalized in fall 2017.

• Recommendation 8.2 of the Advisory Group’s report was as follows: Identify an initial set of high-potential but under-served air routes to and within Atlantic Canada, and provide subsidies or other incentives sufficient to attract operators for at least a five-year trial period.

Analysis:
• TCII feedback centred on the competitive nature of providing subsidies to attract airlines. This has never been done on an Atlantic Canada basis as each province has varying ways to support air routes ranging from partnering with local airport authorities to offering financial incentives. Airports in Atlantic Provinces compete with one another to attract airlines making it difficult to offer regional subsidies that would be fair and equitable.

• It is understood that Nova Scotia (NS) and New Brunswick (NB) may be seeking opportunities for federal support with regard to direct air connections to China (for NS) and the USA (for NB). While this may be positive for the Maritimes, it would not directly benefit this province.

• Air access, air transportation policy and the cost of Canada’s air transportation system is a major factor in the productivity and competitiveness of trade and tourism industry in NL.

• Nearly 90% of Canadian airports offer incentives to attract air routes. There are five common incentive types and airlines expect them all: airport discounts, start-up cost recovery, marketing support, revenue guarantees and ticket trust. These incentives are in the millions and there are many examples of airlines leaving an airport once the subsidies are over.

• The Provincial Government had an Airline Route Promotion and Advertising Rebate component under the Air Access Development program which was discontinued in the 2013 budget process. However, the Province has supported several St. John’s International Airport Authority (SJIAA) initiatives through other sources of funding.

• The Province provided financial support to the CAT III ILS capital project (Atlantic Gateway funding) at SJIAA to allow aircraft to land and take-off in conditions of very low visibility related to fog. Funding has also been provided for several marketing and promotion initiatives, including the air services to London and Dublin and for the airport authority’s attendance at various air service development shows.
• Since 2014, TCII supported Regional Economic Development Fund projects with SJIAA for route marketing including $150,000 for St. John’s to Gatwick (WestJet), $300,000 for St. John’s to Dublin (WestJet) and $400,000 for St. John’s to London (Air Canada) year round service.

• From a provincial perspective there are air routes that will enable the continued economic growth of the province; assist with the promotion of the province as a tourism destination, and better position the province for trade related opportunities.

• TCII advises that a direct USA flight to New Brunswick would have no direct benefit for this province. A flight to Nova Scotia from China may assist in regional lift as Halifax is an Atlantic Canada hub with good connections to both St. John’s and Deer Lake.

• While TCII has established a partnership with the other Atlantic Canada provinces and the Federal Government through the Atlantic Canada Agreement of Tourism (ACAT) and the AGS, it is noted there is no clear benefit to investing regional marketing program money on airline subsidies.

Prepared/Approved by: C. Murphy/J. Hearn (TCII)
In consultation with IIAS
February 13, 2018
Taking Flight

An Air Access Strategy for Newfoundland and Labrador
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*An Air Access Strategy for Newfoundland and Labrador*
Message from the Minister


Air transportation access is vital to Newfoundland and Labrador’s ongoing development, particularly given today’s increasingly global, interconnected society and economy. It is critical for the ease of movement of the general travelling public, as well as for the well-being of tourism, commerce, trade and investment, our overall economic competitiveness and quality of life.

Our government has committed to explore opportunities to encourage more capacity and more direct and frequent services that will provide Newfoundland and Labrador with effective air access. To carry forward on this commitment, we have developed this strategy, which will be a launching pad from which we will help foster and accelerate air access development in the province.

Newfoundland and Labrador boasts a strong foundation for sustained economic expansion. We are seeing population growth for the first time in two decades as a result of net in-migration. The province is becoming an ever more attractive destination for youth, newcomers, investors, industry and business, entrepreneurs, researchers and innovators, post-secondary students, and many others that will power our economy into the future. Newfoundland and Labrador is on its way to new heights, and we are readying ourselves for continued growth, as a hub for economic activity and a magnet for investment and people. With that growth will come greater demand for access.

Taking Flight focuses our efforts over the next five years, with the objective of taking steps in the near term that lay a foundation which allows the province to capitalize over the long term on new opportunities to improve air access. Our plan puts forward clear, measurable goals and objectives and the resources to achieve them. Through this strategy, we are demonstrating a commitment to enhancing air access, with a vision of providing more people with more opportunity and choice for air travel.

Ongoing cooperation and working together with partners will be essential to executing the strategy. Together, we will take creative new directions and find new ways forward.

The Honourable Ross Wiseman

Minister of Business
Executive Summary

Air access is vital to Newfoundland and Labrador and its economic future. The province is highly dependent on its air transportation network for leisure and business travel, trade and investment attraction, economic development, tourism and as a connector to mainland Canada and the world. Fluctuations in air service over the years have created many challenges, and have led to an environment of uncertainty and unpredictability for airports, the business community, and the travelling public.

In recognition of the important role air access plays, the Government of Newfoundland and Labrador has developed Taking Flight, a five-year strategy which will guide the direction and approach it will take to improve air services in the province. This strategy demonstrates a commitment to introducing innovative, workable measures that address the air access needs of Newfoundland and Labrador.

Taking Flight is focused on attracting new intra-provincial, inter-provincial, trans-border and international flights to Newfoundland and Labrador, and aims to enhance the capacity and frequency of flights at regional airports by strategically focusing on generating demand for air travel to and from the province. This strategy is targeted and flexible in its approach, providing for transparency, collaboration and a solid business approach to attracting airlines and new routes to the province. Taking Flight was developed based on extensive consultations with business and industry, an independent review of air transportation in the province, and comprehensive research and analysis of trends and best practices in the airline industry.

As part of its strategy for enhancing air access, the Provincial Government will focus its efforts on achieving five primary goals.

1. Proactively promoting Newfoundland and Labrador to the airline industry. This will entail ‘getting the message out’ to airlines to increase awareness of the competitive advantages of the province’s airports.

2. Branding Newfoundland and Labrador for business and tourism. Dedicated efforts will focus on increasing demand for air travel to and from the province by marketing the province’s tourism and business brands in national and international markets.

3. Fostering a culture of partnership and collaboration. The Provincial Government will strengthen the overall provincial approach to route development by forming partnerships and alliances with industry stakeholders.
4. **Supporting a more attractive business environment for airlines.**
The Provincial Government will introduce new programming aimed at ensuring the Newfoundland and Labrador business climate is conducive to, and supportive of, airline industry growth.

5. **Dedicating resources to implement Taking Flight.**
Dedicated human resources will be put in place to provide a more focused and coordinated approach to air service development in Newfoundland and Labrador.

Opportunities for improving air access in Newfoundland and Labrador are plentiful. *Taking Flight* will guide the province’s efforts to capitalize on emerging trends in air liberalization between Canada and other nations positively impacted by open sky policies (e.g. Europe and United States), trends in developing gateways to new and strategic markets, as well as opportunities arising from ongoing restructuring and re-engineering of the airline industry. Continued growth in tourism and business are also expected to generate significant new opportunities for air route development throughout the province.

*Taking Flight* seeks to foster and accelerate air access development in Newfoundland and Labrador. While this strategy establishes a strong foundation and a solid blueprint for the future, investments of time, energy, money, and creative thinking from all provincial partners and stakeholders will be required over the next several years to ensure this strategy’s success.

*An Air Access Strategy for Newfoundland and Labrador*
An Air Access Strategy

What is an Air Access Strategy?

A strategy is a long-term action plan for achieving a goal. An air access strategy is one which will guide the direction and approach the Government of Newfoundland and Labrador will take to enhance air service to airports throughout the province. The Provincial Government’s five-year strategy, Taking Flight, will focus on supporting route development initiatives of Newfoundland and Labrador-based airports, and will include dedicated resources and business support programs aimed at increasing the success of attracting new airlines and routes to Newfoundland and Labrador.

Taking Flight is intended to address air route deficiencies at provincial airports offering scheduled flights and commercial air services. This strategy will focus on attracting new economically viable, self-sustaining routes based on the application of sound business methodologies and demonstration of a solid business case for building long-term sustainable air services. Taking Flight will focus on attracting new intra-provincial, inter-provincial, trans-border and international flights, and will introduce initiatives aimed primarily at stimulating demand for air services throughout the province.

While this strategy does not include supports for airstrips, the Provincial Government will retain responsibility for the upkeep and maintenance of provincially-owned airstrips throughout Newfoundland and Labrador. As well, from time to time, programs are offered through the Government of Canada to support infrastructure improvements and upgrades at airports. Requests for provincial support to leverage such programs by airport authorities will be considered and assessed on a case-by-case basis by the appropriate government department in accordance with the guiding principles as established by this air access strategy.

Taking Flight is not intended to address the unique challenges of specific regions throughout Newfoundland and Labrador, but instead focuses on introducing new directions and initiatives aimed at improving air access on a province-wide basis.

Why is an Air Access Strategy Needed?

Air access is vital to Newfoundland and Labrador and its economic future. The province is highly dependent on its air transportation network for leisure and business travel, trade and investment attraction, economic development, tourism, and as a
"Air transport can play a key role in economic development and in supporting long-term economic growth. It facilitates a country’s integration into the global economy, providing direct benefits for users and wider economic benefits through its positive impact on productivity and economic performance."

Excerpt from the Report by the International Air Transport Association (IATA) on Aviation Economic Benefits

connector to the rest of Canada and the world. Air access affects quality of life, and plays an important role in attracting visitors and immigrants to the province, generating employment growth and ensuring easy access to international markets.

Over the past decade, Newfoundland and Labrador has experienced frequent fluctuations in the number of routes and frequency of air service at its various airports. This has created challenges for many regions, and has led to an environment of uncertainty and unpredictability for airports, the business community, and the travelling public. New, long-term sustainable routes to national and international destinations remain a priority for industry stakeholders, and for the Government of Newfoundland and Labrador.

A dedicated, targeted and coordinated approach is necessary to raise Newfoundland and Labrador’s profile internationally as a travel and business destination, and to promote air service development on a province-wide basis. As the airline industry continues to change and evolve, and the world’s airport community becomes increasingly aggressive in its approach to air route development, the Provincial Government must ensure a proper strategic and policy framework is in place to guide efforts to effectively compete for air service.

The Provincial Government’s air access strategy, Taking Flight, outlines its strategic goals and priorities for improving air access, and demonstrates a long-term commitment to introducing innovative, workable measures that address the air access needs of the province.
Purpose of the Strategy

Strategic Priorities

Based on the current state of air access in Newfoundland and Labrador, and the clear potential for enhancement and growth, analysis suggests that the Provincial Government focus its efforts on achieving the following strategic priorities:

- Attract new national, trans-border and international routes to Newfoundland and Labrador.
- Enhance the capacity and frequency of flights at Newfoundland and Labrador airports.
- Increase passenger and cargo demand for air services to Newfoundland and Labrador.
- Establish Newfoundland and Labrador as a passenger and cargo hub for the North.
- Establish Newfoundland and Labrador internationally as a preferred destination for tourism and business.
- Establish strong partnerships and alliances between private and public stakeholders.
- Set the direction for the Provincial Government on air service development from 2010-2015.
Guiding Principles

The Newfoundland and Labrador air access strategy is guided by five prevailing principles which will assist in decision-making and ensure a fair and consistent approach to air service development.

1. A Targeted Approach
   The Provincial Government will focus on achieving key goals and objectives in accordance with the purpose and intent of this strategy. Efforts will focus directly on creating opportunities consistent with defined strategic priorities, and targeted towards positively influencing passenger and cargo air service development.

2. A Flexible Approach
   The airline industry is in a constant state of change. Flexibility is required to accommodate differing needs of airlines and the airport community. Taking Flight incorporates the flexibility to customize programs, creating the ability to develop targeted solutions tailor-made to meet the objectives of the Provincial Government and industry.

3. A Transparent Approach
   The Government of Newfoundland and Labrador is committed to an environment of transparency and accountability. Taking Flight incorporates this guiding principle by providing an accountability framework, reporting mechanism and primary measurements of success.

4. A Solid Business Approach
   The Provincial Government will seek to secure long-term, sustainable air services with airlines that can effectively demonstrate that new service introduction is economically viable based on sound business principles and methodology.

5. A Collaborative Approach
   Collaboration is a key pillar of success for enhancing air service. This air access strategy is built on creating an environment of cooperation and partnership between the Provincial Government and industry participants from across Newfoundland and Labrador.
Approach to Strategy Development

The Provincial Government adopted a collaborative approach to developing a strategic framework for enhancing air access. The process began with the commissioning of an independent study of air transportation in Newfoundland and Labrador, and was followed by extensive consultations with industry experts and stakeholders. Outcomes were subsequently benchmarked and compared with best practice models of similar destinations around the world, and supplemented by in-depth research and analysis of industry trends.

Independent Study

In July of 2007, the Provincial Government commissioned a study into the state of air transportation in Newfoundland and Labrador. The primary objective of this study was to identify ways to encourage more capacity, more direct service, and more frequent services to and from a wide range of provincial, national and international destinations.

Atlantis Aviation Consulting, an independent transportation consulting firm, conducted the study and presented its findings and recommendations to the Provincial Government in August of 2008. The final report, Setting Direction: Study of Air Transportation – Newfoundland and Labrador, has been reviewed and assessed by the Provincial Government and the results have been considered as part of this air access strategy.

Industry Consultations

Throughout the strategic planning process, extensive consultations were held with a broad spectrum of stakeholders, ranging from members of the aviation industry to representatives of community, business and economic development groups. This consultation process allowed for public input and advice on key issues and priorities for developing air access, and assisted in the formulation of a strategic framework to guide the Provincial Government’s efforts to improve air access in the province.

Research and Analysis

Taking Flight also incorporates extensive research and analysis of Newfoundland and Labrador’s air transportation assets, the airline industry, air route development programs of other destinations, trends in air liberalization, and complementary strategic government and industry initiatives ongoing within Newfoundland and Labrador.

An Air Access Strategy for Newfoundland and Labrador
A Challenging Environment

Globally, the airline industry remains in a constant state of change. Airlines are operating in shifting environments, with frequent changes in markets, demographics, economic climate and regulatory regime. In response, airlines are continuously adjusting their business models to capitalize on opportunities that arise while reducing the inherent risks associated with operating in an uncertain business climate. Current challenges facing the airline industry include:

➔ A Weakened Economy
Airlines today are continuing to struggle financially as a result of the weakened economy and reduction in consumer and business spending on travel. Tight financial markets have compounded the issue by hampering the ability of many airlines to access credit and remain solvent during declining economic times. In some instances, governments are putting forth stimulus packages to assist national airlines, while many airlines are working closely with labour unions on concessions to allow them to remain profitable and competitive.

➔ A Reduction In Tourism
Global tourism is also being faced with a series of challenges, leading to further declines in air travel. The world economy, one of the key drivers of demand for tourism products and services, is now beginning to recover from one of the worst recessions since World War II. The outbreak of health concerns such as Influenza A (H1N1) and SARS have further added to the challenge.

➔ High Fuel Prices
The impact of continuously high fuel prices on the airline industry has also been substantial, requiring airlines to impose fuel surcharges to already high prices. This has led to a decrease in discretionary travel, particularly by the lucrative tourism segment.

While the airline industry presently faces many challenges due to a weakened economy and an overall reduction in travel and tourism, these trends are expected to reverse as market conditions improve and the economy continues to strengthen globally. In contrast, fuel prices are expected to remain volatile, creating ongoing uncertainty for the airline industry.
Demographic and Market Trends

→ Changing Demographics
With changing demographics and markets, the face of the 2025 passenger will be much different than the passenger of today. It is anticipated that there will be a major shift in world tourism, with a new source of tourists emerging. This shift is being brought about by the emergence of different travel options, in particular with low-cost carriers, and new purchasing options delivered through the Internet.

The world population is aging. The World Health Organization is projecting that over 1.2 billion people will be over the age of 60 by 2025, double that of today. In Canada, there will be more than 13 million people over the age of 55 by 2025, compared to 7 million today. This shift in demographics is expected to significantly influence the composition of the travelling public over the next several decades.

→ Emerging Markets
It is expected that Asia, China and India in particular, will become major sources of tourist and passenger travel. By 2020, the World Tourism Organization estimates 100 million outbound Chinese travellers. The outbound tourism market in India is expected to reach 50 million by 2025.

Airline Industry Trends

As the industry evolves and airlines manage through uncertain times, several themes and long-term trends have emerged.

→ Industry Contraction
The decline in demand for air travel has led to an overall contraction of the airline industry globally. Many airlines are beginning to make capacity cuts, reducing the number and frequency of routes into many markets. Several of the larger, full-service carriers have begun to focus their efforts on more profitable routes, particularly to long-haul international destinations.

→ Emergence of Low-Cost Carriers
In the mid-late 1990s, low-cost carriers began to emerge changing the traditional face of the airline industry. By 2000, the low-cost carrier segment had matured, reaching a critical mass of airlines and flights worldwide. Since 2005, low-cost carriers have grown to capture a significant percentage of the global market share, making these airlines true competitors in the airline industry.

→ Converging Business Models
Airlines have historically competed on product and price. The low-cost carrier model, however, has challenged the way the airline industry traditionally conducts business. This has resulted in a convergence of business models between low-cost carriers and full-service providers. Low-cost carriers are continuing to evolve in product and service delivery, while full-service airlines are striving to further reduce operating costs in order to compete on price.

→ Full-Service Airline Restructuring
The emergence of low-cost carriers in many ways undermined long-established industry fare structures, forcing full-service airlines to concentrate on cost reduction in order
to compete. Full-service airlines introduced major restructuring of labour and supply chains, and streamlined their operational costs to enable a reduction in fares. To remain competitive and profitable, these airlines also began to consolidate and form alliances with other full-service airlines.

Today, foreign ownership limits are a major global impediment to restructuring for full-service airlines. This is expected to change, however, with a move towards air service liberalization (i.e. opening of new markets for airlines from around the world). Industry analysts predict that air service liberalization will result in an emergence of global mega carriers and continued consolidation of full-service airlines.

Formation of Low-Cost Global Alliances
Low-cost carriers have been highly successful in domestic markets with traffic growing significantly over the past several years. With this success comes the desire and ability to penetrate inter-continental and global markets. To accomplish this goal, it is predicted that low-cost carriers will either join global alliances with full-service airlines in select, key geographic regions, or possibly band together to form their own global low-cost carrier alliance. Movement towards air liberalization and open skies agreements is expected to facilitate further long-haul low-cost carrier growth leading to full, global competition between low-cost carriers and full-service airlines.
A Global Perspective

Air Service Liberalization Trends

For the past decade, there has been an increasing focus on opening up the skies on a global basis and liberalizing air service around the world. Liberalization of air services between countries generates significant opportunities for consumers, shippers, and the numerous direct and indirect entities and individuals affected by liberalization. The result is better air transportation, more global aviation markets, new travel options, job creation and more service to more cities.

→ Canada-European Union Open Skies Agreement

One of the more recent examples of air liberalization is the Canada-European Union (EU) Open Skies Agreement signed in March of 2009. This agreement is expected to generate substantial benefits for travellers, airlines and airports from across Canada and throughout the EU member states. An increase in direct flights between the EU and Canada is expected, as well as more competition and lower prices. This will eventually lead to access to new markets and full pricing freedom by Canadian and European-owned airlines.

With the implementation of this Open Skies Agreement, the possibility will exist for any community air carrier to fly between any points in the EU to multiple points in Canada without restrictions on the number of flights. The freedom will also exist to enter into commercial arrangements with other airlines using code-share agreements (i.e. common flight numbers).

The Open Skies Agreement will be implemented over time in four phases and will govern policy relating to levels of foreign ownership and the right of foreign carriers to introduce services and establish operations in the other location's territory. A Canada-EU committee will oversee implementation of the Agreement.

Regional Gateway Initiatives and Trends

Another common trend gaining worldwide popularity is the introduction and branding of regional hubs for passenger and freight shipments to developing and established markets within a particular geographic region. These gateways provide convenient and efficient access to markets through centralization of transportation and shipping through larger and more recognized air, land, and sea ports. Passengers and goods are subsequently distributed by various means to smaller markets within the surrounding region.

An Air Access Strategy for Newfoundland and Labrador
Regional examples of gateway opportunities include:

Atlantic Gateway Initiative
In December of 2006, the Atlantic Premiers directed the development of a joint approach to a broad-based Atlantic Gateway Strategy to promote and position the Atlantic region as an air, land and sea hub, and gateway to Canada and North America. Complementing this, the 2007 Federal Budget formally established a $2.1 billion Gateways and Border Crossing Fund to be allocated on a project merit basis to provincial gateway initiatives.

Access to the North
Opportunities arising from increased access to the North are presently being considered by the Provincial Government. Newfoundland and Labrador is ideally positioned to be a northern hub, home to a system of ocean, coastal and land-based environmental monitoring and security capabilities, and supported by modern air, land and sea transportation infrastructure in key northern regions.

Route Development Trends
Risk sharing route development programs between government, airport authorities, and airlines are generally accepted and are becoming increasingly common. In fact, these programs have evolved beyond simple fee discounts and are becoming increasingly creative in their application. Flexibility in how programs are structured is crucial as different carriers seek different forms of assistance depending on specific circumstance and need.

General Philosophy on Route Development Programs
While route development programs have traditionally been seen as a source of concern, they are now viewed by many as a sound business investment when used properly. Leading analysts contend that, while it is important to develop programs to entice airlines to consider new routes, such supports should only be used to help a new service grow to maturity. Service should be self-sustaining within the first three years of operation.
Industry experts further suggest that a detailed analysis be undertaken at the outset to identify expected outcomes and financial results of the new air service, understanding that there will be sensitivities and uncertainties (e.g. changing fuel prices, economic conditions, etc.) and potential financial risks. Impact on existing services and incumbent carriers should also be carefully evaluated, and any form of program support should align with an airport’s air service development goals.

Financial Route Development Programs

Financial route development programs have been implemented in many parts of the world, all with varying degrees of success.

Europe

Many European countries provide route development incentives to the airline industry. While these programs vary by country and airline, most focus on providing direct aid for start-up costs, including funds for specific route marketing and branding. Discounts are often provided on qualifying airport charges, including ground handling fees. Route development funds are available for new routes, new frequencies and to destinations that are not currently served by incumbent airlines. Incentive schemes typically provide support for a maximum duration of three to five years. In all instances, aid is provided based on the demonstration of a sound business case and proven long-term viability of the route after the incentive expires. Scotland, Ireland and Malta offer these forms of route development incentives.

United States (US)

US route development programs tend to be similar to those offered in Europe. The US Federal Aviation Administration allows airports to establish air service incentive programs involving waivers or discounting of fees and charges imposed on airlines in exchange for new service. The incentives are limited to a defined promotional period and are made available on a non-discriminatory basis to all airlines that are willing to meet the incentive program criteria.

A number of US cities have introduced route development programs which waive landing fees for new non-stop destinations for up to 12 consecutive months. For example, the State of Hawaii suspended collection of landing fees at all airports in

“We look forward to working with the Provincial Government in exploring new opportunities which will increase air access for the Labrador region of the province.”

Goose Bay Airport Corporation
Hawaii following September 11, 2001. Some destinations, such as Santa Barbara, California, provide marketing incentives to promote new routes, while others like San Jose, California, have implemented airport landing fee tax credits in an effort to increase tourism and business investment.

**Canada**

While Canadian jurisdictions provide similar forms of route development support as those offered throughout Europe and the United States, some are gravitating towards direct subsidies and revenue guarantees. In 2005, the Government of Prince Edward Island provided a revenue guarantee to WestJet to secure a seasonal daily direct flight from Charlottetown to Toronto. The Government of New Brunswick has followed a similar model providing, in partnership with the Greater-Fredericton Airport Authority and the City of Fredericton, a revenue guarantee to Della Airways on a new Fredericton to Boston route. In 2009, the Government of Nova Scotia entered into a revenue agreement with Starlink Aviation for the provision of daily direct flights from Yarmouth to Halifax and Yarmouth to Portland, Maine.

“...any marketing support should be contingent on a sound business case which demonstrates potential for long-term viability.”

Deer Lake Regional Airport Authority

Promotion and airport branding has also become an essential part of airport marketing. Successful air service development programs tend to be extremely targeted in their approach and connect an individual airline’s needs with the offerings of the specific airport. These programs focus on demonstrating to air carriers that there is sufficient demand and suitable airport facilities to profitably operate a route from the airport.
A Provincial Perspective

Newfoundland and Labrador Today

Newfoundland and Labrador has long occupied an important position in the world of aviation, and for decades has been widely known as the ‘Crossroads of the World’. This distinction is a direct result of the province’s strategic geographic location as a gateway between two of the world’s largest trading partners – North America and Europe.

Newfoundland and Labrador has an extensive air route network interconnecting regions of the province and connecting to Canada and the world. Significant airport infrastructure with major airfield capabilities exists in all regions. St. John’s, Gander, Deer Lake, Stephenville, St. Anthony, Goose Bay, Wabush, and Churchill Falls all have airport facilities connecting either directly or indirectly to world markets. Newfoundland and Labrador is also home to a series of airstrips on the island and on the Labrador coast which provide year-round transportation links to the rest of the world.

Each of the province’s airports is unique. Regional infrastructure, challenges, opportunities, markets and approach to route development are all varied with provincial airports operating independently of one another and promoting their own interests to the airline.

Existing Air Routes

Intra-Provincial Air Routes
industry and the world. Regional airports are often viewed as competitors making it difficult to coordinate a province-wide effort and approach to improving air services. Hence, the need for a provincial air access strategy to promote the interests of Newfoundland and Labrador to the benefit of all regions.

One key transportation component which will likely impact the transportation dynamic is marine services. In November 2009, the Auditor General of Canada concluded that Marine Atlantic, operator of the province’s main ferry service to mainland Canada, requires significant upgrades to both its ferry and shore-based assets (e.g. docking wharves and terminal buildings). These upgrades will require a multi-million dollar investment by Marine Atlantic and the Government of Canada. It is anticipated that, while some of these costs will be absorbed, some will possibly be passed on to the consumer by way of increased ticket pricing. Consumers may begin to explore alternative modes of transportation, including air, as a potential alternative.

The Provincial Government has invested, and will continue to invest significantly, in Newfoundland and Labrador’s transportation infrastructure as part of its multi-year Infrastructure Strategy. It is anticipated that these investments will also change the dynamics of transportation in the province. For example, in Labrador, the completion of the Trans-Labrador
Highway will have a substantial impact on travel to, from and within this region, and is expected to influence the demand for air services in the region.

**Newfoundland and Labrador – Poised for Growth**

Newfoundland and Labrador is ideally positioned to benefit from the many global trends affecting the airline industry. As airlines struggle to operate effectively, and remain commercially viable and competitive, Newfoundland and Labrador offers a stable economic climate where business and tourism demand remains high. Contrary to national trends, Newfoundland and Labrador’s tourism industry is reporting strong visitation despite the recent worldwide recession. Business is continuing to report sound earnings, and the provincial economy remains strong and poised for future expansion. A strong economic, business and tourism foundation is key to supporting airline industry growth.

With changing world demographics and markets, new opportunities for business and tourism are emerging. Countries such as India and China are developing rapidly and emerging as major forces in the global economy. These countries represent new markets for business attraction and investment for Newfoundland and Labrador. Similarly, as residents of these countries continue to accumulate wealth, a new type of traveller and tourist is expected to emerge. This trend will provide new opportunities for tourism marketing and promotion for all regions of the province.

The airline industry is restructuring. With the formation of global alliances, continued growth in the low-cost carrier segment of the industry, and a move towards open skies and air liberalization between markets, opportunities for new markets and airport communities are expected to arise. Newfoundland and Labrador airports will be able to promote their infrastructure and geographic capabilities to a new generation of airlines and in markets that are currently restricted by air policy and regulations.

The province can also pursue new opportunities to promote itself as a regional gateway, particularly to the North. This is in keeping with trends in developing gateways and centralized regional hubs for passenger and freight shipments to smaller and more remote markets. The Provincial Government is continuing to explore potential opportunities in the North in an effort to capitalize on Newfoundland and Labrador’s geographic proximity to northern markets, as well as on its inherent strengths in providing air, land and sea services to the North.

To remain competitive with other airport communities, including those of neighbouring provinces, Newfoundland and Labrador will need to develop and introduce its own version of route and market development support. This is in keeping with other jurisdictions in Europe and North America, and is necessary to ensure the province’s airports are equipped with the programs required to successfully attract new airlines and routes. These programs must be flexible in their application, take into consideration competitive impacts, and have the ability to be customized based on specific airline routes and associated needs.
Setting Direction – A Study of Air Transportation

In 2009, the Government of Newfoundland and Labrador released a study by Atlantis Aviation Consulting entitled Setting Direction: Study of Air Transportation – Newfoundland and Labrador. The purpose of this study was to identify ways to encourage greater air transportation capacity and enhanced levels of service to and from a wide range of provincial, national, and international destinations. Following a review of Newfoundland and Labrador airports, federal air policy, airfare structures, the airline industry and other areas of critical importance to air access, Atlantis Aviation recommended six directions to guide the development of air services in Newfoundland and Labrador. These recommendations were also based on industry consultations with members of the airport community, airlines, business community and various levels of government.

The following is an overview of the study’s recommendations:

Focus on Strengths in Airport Infrastructure, in Airline Partners and in Route Network:

RECOMMENDATION 1
Atlantis Aviation recommended that the province ‘get the message out’ about its air capabilities and maximize its strength in provincial infrastructure through partnerships that act to break down regional, municipal, business and individual airport silos.

This recommendation is consistent with successful practices in other regions of the world.

RECOMMENDATION 2
Atlantis Aviation recommended that the province work with current airline partners and help build the business case for increased access.

Follow-up research and analysis by the Provincial Government suggests that different models are used for building the business case to support specific routes and airlines. In some instances, this is done by the jurisdiction who then ‘pitches’ the route to the airline. In other cases, the onus falls on the airline and airport authority to jointly demonstrate route viability. Governing bodies then assess the merits of supporting the route financially based on the demonstrated business case.

RECOMMENDATION 3
Atlantis Aviation recommended that the province identify routes representing growth opportunities and determine whether they exist within current routes through expansion, or through the addition of new routes for domestic, trans-border, international, direct, non-stop, and co-terminating opportunities.

Supplementary research by the Provincial Government suggests that the majority of jurisdictions are supporting the introduction of new routes that currently do not exist, as well as increased frequency on existing airline routes.
Focus on our Strengths by Identifying Support Mechanisms and Strategic Investment Opportunities:

**RECOMMENDATION 4**
Atlantis Aviation recommended that Newfoundland and Labrador introduce an Air Access Development Program, one that is regionally focused and has a multifaceted approach. The consultant further suggested that the program give consideration to the route in question, the current capacity, demographics of the traveller and the business model of interested carriers.

Provincial Government research and analysis suggests that many world jurisdictions have some form of route development fund in place. Most of these funds are structured, providing support primarily for marketing and/or the reduction of aeronautical fees (e.g. landing fees, airport improvement fees, etc.).

**RECOMMENDATION 5**
Atlantis Aviation recommended that the Provincial Government identify support for economic sectors that have the potential to grow passenger and cargo traffic (e.g. Aerospace and Defence, Tourism, etc.).

Supplementary research identified tourism development, in particular, as a key contributor to airline travel. Tourism groups and governments are making significant investments to promote their regions to the travel community. Industry-based incentives for high growth sectors are also common in most regions. These incentives are typically directed towards economic sectors with demonstrated potential for future development and expansion. Indirectly, these contribute to increasing demand for air passenger and cargo services.

**RECOMMENDATION 6**
Atlantis Aviation recommended that the Government of Newfoundland and Labrador create a management position funded jointly by the public and private sectors to lead and facilitate the ‘Focus on Strengths’ program and to engage in all necessary activities to ensure that the ‘big picture’ of provincial air transportation drives the agenda to deliver improved air access.

Research indicates that, in some jurisdictions, this function resides within the appropriate government body, while in others, teams of stakeholders have been developed to actively pursue air access and new route development activities. A number of jurisdictions have established separate governing agencies to administer route development funds and programs.

The results of *Setting Direction: Study of Air Transportation – Newfoundland and Labrador*, and its accompanying recommendations, have been taken into consideration as part of this air access strategy.
Goals for Enhancing Air Access

"Individual airports should bear responsibility for identifying opportunities for air service expansion, new routes and new opportunities."

Gander International Airport Authority

The Government of Newfoundland and Labrador will focus on achieving five strategic goals for improving air access. These goals, together with accompanying objectives, have been identified based on extensive consultation with industry, a thorough review of the independent consultant recommendations, and comprehensive research and analysis of industry data and trends.

GOAL #1: PROACTIVELY PROMOTING NEWFOUNDLAND AND LABRADOR TO THE AIRLINE INDUSTRY.

To be successful in enhancing air services, the Provincial Government must proactively promote province-wide competitive advantages, regional infrastructure and the attractiveness of its geographic location to the airline industry. "Getting the message out" will entail direct promotion to new and incumbent airlines, with regional airports assuming a lead role in identifying viable routes, building a sound business case for introducing new routes, and fostering relationships with airlines to effect new route development for their respective regions.

Active government, community and business participation aimed at supporting and complementing the airports' marketing efforts, will strengthen the approach and demonstrate a strong commitment to working collaboratively with airlines to ensure future success.

OBJECTIVE – TO GET THE MESSAGE OUT THAT NEWFOUNDLAND AND LABRADOR AIRPORTS ARE OPEN FOR BUSINESS.

Examples of actions to achieve this objective include:

>> Partnering with airport authorities to directly pitch regional and provincial capabilities and strategic advantages to airlines.

>> Partnering with airport authorities to identify and pursue route opportunities with airlines wishing to benefit from air liberalization and gateway trends.

>> Supporting the efforts of airport authorities in demonstrating a viable business case for presentation to potential airline partners.

An Air Access Strategy for Newfoundland and Labrador
Goals for Enhancing Air Access

GOAL #2: BRANDING NEWFOUNDLAND AND LABRADOR FOR BUSINESS AND TOURISM.

Effective branding of Newfoundland and Labrador is paramount to enhancing inter-provincial, trans-border and international demand for air services. Higher demand levels effectively demonstrate the need for improved access and greater carrier capacity, creating a stronger desire by airlines to avail of opportunities to introduce new profitable routes to high traffic destinations.

OBJECTIVE – TO SUPPORT EFFORTS TO INCREASE DEMAND FOR AIR TRAVEL TO NEWFOUNDLAND AND LABRADOR.

Examples of actions to achieve this objective include:

>> Continuing to build a tourism brand for Newfoundland and Labrador in national and international markets.

Consistent with the provincial tourism strategy, Uncommon Potential – A Vision for Newfoundland and Labrador Tourism, the Provincial Government will continue to identify and pursue new and emerging market opportunities and will, in collaboration with airport authorities, airlines and tourism industry stakeholders, coordinate efforts to brand Newfoundland and Labrador in markets to be serviced by newly developed air routes.

>> Marketing Newfoundland and Labrador nationally and internationally as a location for new business development.

A key priority of the Provincial Government is to attract new business and industry to Newfoundland and Labrador. In keeping with its business attraction mandate, the Provincial Government will continue to proactively promote the competitive and comparative advantages of the province.
for the purpose of attracting business investment from other jurisdictions, nationally and internationally. Newfoundland and Labrador is quickly establishing itself as an emerging destination for business development and this is generating increasing demand for air travel to the province by the international business community.

**Marketing Newfoundland and Labrador as a strategic corridor to the North.**

The Provincial Government will proactively position Newfoundland and Labrador as a strategic corridor to the North. This positioning will generate opportunities to promote air services at Newfoundland and Labrador airports, with particular emphasis on passenger travel, trans-shipment, aerial and air surveillance operations. Effective use and development of airport lands is important to the gateway concept. Availability of adequate storage facilities, for example, is sometimes necessary to support cargo and freight trans-shipment requirements.

**GOAL #3:**

**FOSTERING A CULTURE OF PARTNERSHIP AND COLLABORATION.**

The Provincial Government is committed to fostering a culture of partnership and collaboration between industry stakeholders throughout the province. Airports, municipalities, business and government all play an important role in promoting Newfoundland and Labrador’s capabilities and encouraging improved air access, provincially and regionally. Partnerships and alliances are critical to success.

"A transparent partnership between airlines and private sector or public sector airports is important to ensure that airports fulfill their role within this network."

Excerpt from *Setting Direction: Study of Air Transportation — Newfoundland and Labrador, Atlantis Aviation Consulting*

**OBJECTIVE — TO STRENGTHEN THE PROVINCE’S OVERALL APPROACH TO AIR ROUTE DEVELOPMENT BY FORMING STRATEGIC PARTNERSHIPS AND ALLIANCES.**

Examples of actions to achieve this objective include:

**Increasing dialogue with airport authorities, the business community, the aviation industry, and government.**

**Partnering with stakeholders to generate solid business case scenarios for enhanced air access and viable new routes to Newfoundland and Labrador.**

**Partnering with stakeholders to demonstrate universal support for airlines establishing new routes to Newfoundland and Labrador.**

*An Air Access Strategy for Newfoundland and Labrador*
Goals for Enhancing Air Access

>> Coordinating with desired destination cities and airports to jointly promote route development between locations to potential airline partners.

GOAL #4: SUPPORTING A MORE ATTRACTIVE BUSINESS ENVIRONMENT FOR AIRLINES.

While industry must take the lead, the Provincial Government plays an important role in creating an attractive business environment, one that is conducive to airline industry growth. This involves efforts to generate demand for air services to assist in creating a strong business case for route development. Appropriate programs must also be developed to facilitate entry into the Newfoundland and Labrador market and to ensure long-term route viability and success.

OBJECTIVE – TO STRENGTHEN PROGRAMS AND SERVICES TO SUPPORT AIRLINE INDUSTRY GROWTH.

Examples of actions to achieve this objective include:

>> Proactively working with local business to support expansion.

The Provincial Government will continue to promote local business growth by channelling its support to economic sectors poised for expansion. As business interests extend beyond provincial borders, a natural progression for many companies, the demand rises for air services to new destinations. This can create an attractive business case for airlines to introduce new routes to popular cities and markets around the world.

Sector development plays a key role in air access, particularly for the aerospace and defence industry. Newfoundland and Labrador’s aerospace and defence firms offer a wide range of products and services to support the airline industry, including manufacturing and assembly of aircraft components, provision of maintenance, repair and overhaul services, navigation and communications, systems integration, flight training, and research and development activities. Availability of these support services is attractive to the airline industry, as demonstrated by trends in co-locating aerospace and defence firms on-site, or in close proximity, to airport facilities.

The Government of Newfoundland and Labrador is presently investing in business development through various programs and support services. These include the Business Attraction Fund, the Aerospace and Defence Development Fund, the Ocean Technology Development Fund, the Innovation Enhancement Program, the Commercialization Program, and many others.

>> Dialogue with the Government of Canada to reduce federal costs associated with the delivery of airport services.

Many airports in Canada are required to pay rent to the Government of Canada. This rent, typically five percent of an airport’s operating revenue, is transferred to airlines and ultimately reflected in ticket prices for the travelling public. Similarly, airports are
subject to security charges. The Provincial Government, in partnership with other provincial and territorial governments, will continue to dialogue with the Government of Canada to reduce these added burdens and expenses to the airline industry. The Provincial Government will also work to ensure that limitations on federally regulated services do not unduly impede growth opportunities for airports.

Launching an Air Access Development Program to encourage new routes.

The Provincial Government will launch an Air Access Development Program (AADP) to encourage new air service development in Newfoundland and Labrador. This program will focus on supporting the successful introduction of new routes to airports, and will be directed towards routes with demonstrated long-term sustainability. The program will apply to qualifying new intra-provincial, inter-provincial, trans-border and international flights, and will be available to both new and incumbent airlines.

Under the AADP, the Government of Newfoundland and Labrador will also provide targeted business development support for regional airport authorities.

GOAL #5: DEDICATING RESOURCES TO IMPLEMENT TAKING FLIGHT.

In recognition of the importance of air access to Newfoundland and Labrador, the Provincial Government will dedicate human resources to coordinate efforts between public and private industry stakeholders, and to oversee the implementation of its strategic plan.

OBJECTIVE – TO SUPPORT A FOCUSED AND COORDINATED APPROACH TO AIR SERVICE DEVELOPMENT WITHIN NEWFOUNDLAND AND LABRADOR.

Examples of actions to achieve this objective include:

Dedicating human resources to oversee strategy implementation.

The Provincial Government will hire a Director of Air Access to champion implementation of Taking Flight. This Director will reside within the Department of Business and will be accountable to a cross-departmental advisory committee. Responsibilities will include:

"We encourage your department to be proactive in creating stakeholder partnerships, identifying growth opportunities and creating route development and marketing funds to support these initiatives."

Humber Direct-Air
> **Strategy oversight and implementation**
  - Directing public and private industry relationships to foster stronger collaboration.
  - Promoting regional cooperation on issues relating to air access.
  - Supporting sales and marketing efforts of airport authorities.
  - Collaborating with government departments and industry to brand the province for business and tourism, and to promote local industry development.

> **Industry research and support**
  - Providing broad research and information to airport authorities and stakeholder groups in support of independent efforts to develop solid business case scenarios for targeted airline opportunities.
  - Monitoring trends in the airline industry and advising stakeholders of emerging opportunities arising from trends.

> **Development and administration of air access programs**
  - Facilitating industry applications under the Air Access Development Program.

> **Reporting and communications**
  - Reporting on the progress of the air access strategy to cross-departmental and private industry advisory committees.
  - Providing advice to the Provincial Government on air access related issues.

> **Establishing a Private Industry Advisory Committee.**

A private industry advisory committee will be formed, with representation by key stakeholders from across the province. This committee will meet on at least an annual basis, and will provide expert advice on province-wide issues relating to air access. Through this advisory committee, the Provincial Government will:

> Inform industry on the status of this air access strategy, and report on the progress of its implementation.
> Secure industry feedback on the strategy and its success in achieving identified goals and objectives.
> Provide a forum for industry input into air access initiatives.

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"Immediate leadership and coordination of effort are necessary to both facilitate enhanced access, and to maintain current offerings."

Newfoundland and Labrador Business Coalition
Setting the Course

Opportunities for improving air access in Newfoundland and Labrador are plentiful, yet varied. The Provincial Government will strive to achieve its air service development goals by identifying and targeting opportunities arising from industry trends and prevailing market conditions, while working with industry stakeholders to address inherent challenges the province faces on both a provincial and regional level. Taking Flight will strive to ensure the province is well positioned and properly resourced to capitalize on emerging opportunities and trends.

Gateway Opportunities
Newfoundland and Labrador will also benefit from the growing trend in building strategic gateways to new and growing markets. The Atlantic Gateway Initiative, coupled with emerging opportunities arising from increasing access to the North, has many implications for improving air access. The potential exists to promote air cargo opportunities at Newfoundland and Labrador airports through partnered investments as part of these emerging gateway trends.

Low-Cost Carrier Opportunities
With ongoing trends in airline restructuring, opportunities are emerging with low-cost carriers that have an interest in growing into international markets by way of introducing new trans-continental routes. Low-cost carriers are aggressive in pursuing new markets, and could be enticed by the province’s strategic location as the most easterly point in North America.

Emerging Market Opportunities
Changing demographics, coupled with a shift in tourism markets, could lead to new opportunities to promote Newfoundland and Labrador to airlines in emerging tourism and business markets.

"A strong Air Access Strategy for Newfoundland and Labrador is important to ensuring the province remains competitive and attractive to the airline industry."

Stephenville Airport Corporation

Opportunities for Growth
A review of economic, market and industry trends reveals many areas of opportunity for Newfoundland and Labrador air service development. As airlines become more and more strategic and focused in their approach to identifying new destinations, Newfoundland and Labrador airports become increasingly attractive and offer strong options for route development.

European Opportunities
Interest from European carriers is expected to rise as Canadian markets open up with the signing of the new Canada-European Union Open Skies Agreement. This agreement will allow European carriers more freedom in accessing Canadian markets and will offer an opportunity for Newfoundland and Labrador airports to promote their capabilities to a broader European airline audience than exists today.
Challenges to Growth

Along with opportunities come challenges, including:

- **Competition for Air Services**
  One of the largest threats to air service development in Newfoundland and Labrador is competition from other destinations around the world. As locations become more and more aggressive in targeting airlines and routes, and continue to offer lucrative forms of incentives to entice the airline industry, it becomes more difficult for Newfoundland and Labrador to compete.

  The introduction of an Air Access Development Program will enable Newfoundland and Labrador airports to more effectively compete with airports around the world. This may open up opportunities with airlines that do not exist today.

- **Contraction of the Airline Industry**
  Contraction of the airline industry continues to be a challenge as airlines seek to reduce costs and further streamline operations by focusing on larger markets and more profitable routes. Getting on the radar of these airlines, and demonstrating a sound business case for new route development, could prove difficult for a province with a smaller population base. It is imperative that the province continue to remain focused on strategic opportunities that make sense for Newfoundland and Labrador, and for the airlines.

- **Restrictions on Air Route Development Programs**
  Based on agreements in place today, there are no impediments to introducing an Air Access Development Program to support new route development initiatives for Newfoundland and Labrador. Looking to the future, some open skies agreements may prohibit the use of direct financial aid to entice airlines to fly into new markets and airport destinations. This may restrict the Provincial Government’s ability to offer some forms of assistance under its Air Access Development Program in specific circumstances. Flexibility in approach and a built-in ability to develop customized solutions depending on individual airline needs is important to overcoming this challenge, should it arise.

- **Securing Stakeholder Commitment**
  An ongoing challenge for Newfoundland and Labrador remains the ability to coordinate efforts and promote cooperation between industry stakeholders. This strategy is designed to address this issue by introducing a more formal, strategic and collaborative approach to air service development. Dedication of resources within the Department of Business, along with the creation of a new private industry advisory committee, will be instrumental in securing the stakeholder commitment and cooperation necessary to ensure province-wide success.

- **Continued High Airfare Pricing**
  One of the long-standing issues with air travel in Newfoundland and Labrador is consistently high airfares. According to *Setting Direction: Study of Air Transportation - Newfoundland*

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An Air Access Strategy for Newfoundland and Labrador
and Labrador by Atlantis Aviation, “international fares from Newfoundland, particularly over the North Atlantic, are quite high relative to other Canadian cities.” Further, “domestic fares from Labrador are relatively higher”. The study’s in-depth airfare analysis concluded, however, that “intra-provincial fares are in line with those in other less-densely populated provinces” and “domestic and trans-border fares from Newfoundland are similarly in line with those found elsewhere in Canada.”

Follow-up research into intra-provincial and domestic airfare pricing of similar regions in Canada, including the Maritimes, supports the study’s conclusions. Airfares across the Atlantic region are comparable for intra-provincial and domestic travel, with airfare disparity evident for travel to and from Labrador.

The primary focus of Taking Flight is to attract new flights and enhance the level of air services to, from and within Newfoundland and Labrador. While the strategy’s actions are not expected to have an immediate impact on airfare pricing, it is anticipated that airfares may decline over time as new flights are introduced and general market conditions prevail.
Measuring Progress and Success

Measuring the progress and success of Taking Flight is key and will take place on two fronts. The first consists of an accountability framework to track and report the activities and impacts of the strategic goals and objectives identified in this strategy. The accountability framework for the air access strategy reiterates the Provincial Government’s commitment to public transparency and accountability.

The second front will track the performance of several macro-level indicators that reflect and impact air transportation. These indicators provide benchmarks for changes in industry which can be observed and measured over time.

**Accountability Framework**

An accountability framework encompasses a broad range of components, including performance and evidence-based planning, monitoring, reporting and feedback about the strategy. The Provincial Government will monitor progress on the strategy against its identified goals and objectives.

Information will be gathered on an on-going basis, managed and analyzed to monitor and report on the performance of the strategy and ensure continuous program improvement. Specific guidelines and criteria will be developed for the new Air Access Development Program and will include a specific framework for determining its effectiveness over time.

**Measurement Tools**

A number of measurements will be used to track the progress and success of air route development initiatives as prescribed by this strategy. The Provincial Government will implement an Air Access Tracking Program to monitor historical, current and forward-looking industry trends. Collected data will be benchmarked against performance for previous periods, as well as against performance for other Atlantic Canadian airports, and will include:

- Direct routes and air service to the province;
- Intra-provincial direct air service;
- Inter-provincial, trans-border and international direct air service;
- Airfare structure and price monitoring; and
- Air access outlook and quality for all airports across the province.

In partnership with Transport Canada and regional airport authorities, the Provincial Government will also monitor and measure the number and frequency of flights, along with the level of cargo and passenger traffic, at Newfoundland and Labrador airports. This information will be complemented by relevant economic indicators as tracked and measured by the Economics and Statistics Branch, Department of Finance.

Combined, these measurement tools will allow the Provincial Government to evaluate the effectiveness and success of the strategy in achieving its stated long-term air access goals.

This five-year strategy will be reviewed on an annual basis to verify its effectiveness in meeting set goals and objectives. A thorough review and assessment will be conducted at the end of year three to ensure the strategy is current with industry trends and needs, and to maximize the strategy’s effectiveness and ability to achieve long-term success.
Taking Flight seeks to foster and accelerate air access development for Newfoundland and Labrador. This strategy is designed to improve the provincial operating climate for airlines, and is intended to put the necessary programs and supports in place to assist and empower the airport community in their efforts to grow air access to provincial, national and international markets.

The new actions contained within this air access strategy will create a strong foundation for air service development in Newfoundland and Labrador. While a sound blueprint is essential to success, building the province's air services will require substantial investments of time, energy, resources and creative thinking from all partners and stakeholders over the next several years. A strong collaborative approach will ensure that Taking Flight provides ample opportunities for air access development at the regional levels, and for the benefit of Newfoundland and Labrador overall.
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