

*THE ECONOMIC IMPACT OF
THE OSHAWA MUNICIPAL
AIRPORT : 2005*

prepared for

THE CITY OF OSHAWA

RP ERICKSON & ASSOCIATES
AVIATION CONSULTANTS

(JANUARY 2007)

EXECUTIVE SUMMARY

This report documents the 2005 economic impact activity generated by some 20 firms or agencies operating at the Oshawa Municipal Airport. Significant benefits are also generated by the spending of non-resident visitors attached to their airport-related activities and from construction associated with airport capital projects during the year.

The economic impact is reported in terms of full-time equivalents (FTEs), labour income and value-added gross domestic product (GDP). Direct, indirect and induced forms of activity have been considered.

The response rate to the interview process and survey questionnaire was exceptional : a 100 percent completion rate for all of the data sought.

In 2005, the Oshawa Municipal Airport supported a significant level of economic activity :

Direct Impact

<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
215 †	\$8.566	\$19.756	\$28.322

Total Impact

<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
438	\$16.007	\$41.808	\$57.815

(in millions, except FTEs)

† 180 full-time jobs are located on the airport

In 2005, the Oshawa Municipal Airport generated roughly \$58 million of GDP activity within the City of Oshawa and Durham Region.

The economic benefits of the Oshawa Municipal airport are distributed :

	<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
On-Airport Aviation	48%	56%	39%	44%
On-Airport, Non-Aviation	36%	33%	53%	47%
Visitor Spending	13%	6%	4%	5%
One-Time Construction	4%	5%	4%	4%

In 2005, the Oshawa Municipal Airport generated \$12.299 million in taxes.

This total is divided :

Federal Government	\$5.792 million
Province of Ontario	\$4.501 million
Oshawa Area Municipal Gov'ts	\$2.006 million

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Definition of Terms

ATB – airport terminal building.

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

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

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

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

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

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

Non-Resident Visitors – passengers arriving at the airport from jurisdictions outside the greater Oshawa municipal and Durham area (ie. other parts of Ontario, other provinces, transborder or international passengers).

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

Chapter I

Introduction

1.1 About this report

The report was undertaken by RP Erickson & Associates, Aviation Consultants, of Calgary for the City of Oshawa. The purpose of the study is to document the economic impact of the Oshawa Municipal airport for calendar year 2005. The consultants have contracted Econometric Research Ltd of Hamilton to assess the 2005 tax impact of the airport. These later findings are included in the Executive Summary, with the entire tax report contained in Appendix III.

Impact assessments are valuable in that they serve to heighten business, community and political awareness as to the importance of an airport; in this case, the Oshawa airport's contribution to the local economy in terms of employment, labour income and value-added gross domestic product activity. The study can also be viewed as a base-line against which future marketing or operational developments may be measured.

Any questions arising from this report should be directed to Ms. Cindy Symons-Milroy, Director, Economic Development Services, City of Oshawa at (905) 436-3859 .

1.2 Background

The Oshawa Municipal airport is a regional airfield that supports corporate and charter air services, several flight training schools, some 20 on-site aviation and non-aviation firms and approximately 110 recreational aircraft users. The airport is owned by the City of Oshawa who operate and manage the facility through a third-party management contract. The airport sits on a roughly 390 acre site. The airport is located wholly within the City of Oshawa some 10 kms northwest of the central business district. The airport lies roughly 70 km to the east of the Pearson International Airport, the nearest National Airport Systems airport.

The airport was constructed in 1941 and was developed by the RCAF as No. 20 Elementary Flying Training School, No. 1 Training Command under the British Commonwealth Air Training Plan. The establishment consisted of a number of hangars, three runways in a tri-angular lay-out and numerous support buildings. Throughout the War the airfield supported a significant military and operational presence¹.

After the War, the airport was taken over by the City of Oshawa and leased from the federal government. The Ontario County Flying Club operated the airfield on behalf of the City through 1961 when the City took over management of the facility. Since the War era, the airport has been home to a number of aviation ventures. By example, Skycraft Air Transport operated a successful scheduled air service from Oshawa including routes to Montreal, Ottawa, Windsor and Detroit – in 1989 scheduled passenger traffic was recorded at some 39,000 passengers. Historically, the airport has played a strong role within the Toronto area recreational aviation user community, reaching a zenith of activity in the early 1980s. There have been no scheduled air services at the Oshawa airport over the past 20 years.

¹ Readers seeking a more comprehensive history of the Oshawa airport are directed to: T.M. McGrath *“History of Canadian Airports”*, Canadian Government Publishing Centre, Ottawa, 1992 and J.N. Williams, *“The Plan: Memories of the British Commonwealth Air Training Plan”*, John Deyel Co, Stittsville, 1984.

Under the National Airports Policy (1996), ownership of the Oshawa Municipal airport was transferred to the City of Oshawa. At the point of transfer in 1997, the airport supported 20 federal employees although there was no federal assistance in the operations of the airport.

At present, the airport operates on a 24-hour basis with flight restrictions in place between 23:00 – 07:00 (restricted to medical, police and industrial emergency traffic). The airport property generally exhibits a flat topography. The reference elevation is 459' above mean sea level. The main asphalt runway R12-30 is 4000' x 100'; the crosswind runway R04-22 is 2670' x 100'. The airfield has an NDB/DME and runway lighting. The current airport terminal building of 16,500 sq ft was constructed in 1996. Nav Canada operates an on-site tower which is manned on a 16-hour daily basis; and as such, is a significant asset to the overall operations of the airport. The presence of a Canada Customs office on-site should also be viewed as a resource for the future development of the airfield.

1.3 Methodology

The economic impact of the Oshawa Municipal airport has been measured in terms of employment [full-time equivalents or FTEs], labour income, and value-added, Gross Domestic Product (GDP) expenditures. These leading indicators are expressed in dollar values and person-years of employment. Direct, indirect and induced forms of activity have been considered for employment and GDP expenditures. Data was obtained for the 2005 calendar year.

The direct data compiled in this study was obtained via a questionnaire circulated amongst those firms either located on the airport or who undertake activities directly related to airport-generated activities. In conducting the interview/questionnaire process, key principals at each identified firm were visited by the consultant, where : the underlying rationale for undertaking the study was explained; the objectives of the study

could be examined; the value of their participation could be fully explored; and, the confidentiality of their data was assured - data has only been released in an aggregated format. This approach resulted in an exceptional 100% response rate for all of the data sought.

1.4 The economic impact modelling process

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

In this report :

Direct economic effects are the economic activities related to labour, and expenditures emanating from those firms engaged in aviation and non-aviation activities at the Oshawa airport.

Indirect + induced economic effects are those related to the economic impact associated with parallel co-activities which support activities at the airport and the overall increase in the goods and services produced within an economy, arising from the spending power of direct and indirect employees. This economic activity is accounted for by multipliers which attempt to quantify the interactive linkages within the local economy impacted by direct economic activity.

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

The most common economic measures used in economic impact surveys are : employment and value-added gross domestic product [GDP]. For this report, the

consultant has chosen to display labour income as a separate category of value-added GDP in addition to total value-added GDP.

In this report :

Employment is measured by FTEs and by annual income plus benefits of those employees required to mount an airport presence. FTEs are expressed in person-years and labour income by dollar value. Employment multipliers are used to generate the associated indirect and induced impacts.

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

Other Value-added GDP is defined as the amount of value to the local economy created through expenditure activity. A GDP multiplier is used to generate the indirect and induced impacts.

Total Value-added GDP is an aggregate of labour income and other expenditure totals. No multiplier has been applied to this category.

1.5 A word about the multipliers used in this report

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

The consultants note that neither the Ontario Department of Finance, nor any other provincial agency, creates Ontario-specific economic multipliers unlike their counterparts in most other provinces.

The consultants have chosen a Statistics Canada open multiplier set derived from that agency’s Input-Output Model contained in the Make/Use/Demand Matrix, The Input-Output Structure of the Canadian Economy, Statistics Canada, Cat. No 15-201, (December, 2005). This multiplier set is national in its scope.

The following multipliers from the ‘Air Transport & Services Incidentals’ of Cat. No 15-201 (December, 2005) have been applied to the aggregate On-Airport Aviation direct data collected for economic activities at the Oshawa airport :

	<u>Employment</u>	<u>Labour Income</u>	<u>Value-added GDP</u>
Multiplier	2.268	1.949	2.344

The following multipliers from the ‘Professional, Scientific and Technical Services’ of Cat. No 15-201 (December, 2005) have been applied to the aggregate On-Airport, Non-Aviation direct data collected for economic activities at the Oshawa airport :

	<u>Employment</u>	<u>Labour Income</u>	<u>Value-added GDP</u>
Multiplier	2.073	1.721	1.985

Chapter II

The Economic Impact of the Oshawa Municipal Airport

2.1 Economic Impact of the On-Airport Aviation Sector : 2005

As could be expected, on-airport aviation activities are a significant contributor to the economic activity generated by the Oshawa airport. Fifteen companies were canvassed though it should be noted that a number of firms operate subsidiary or related parallel businesses – thus the number of companies contacted in this category does not equate to the actual number of firms conducting aviation-related business on the airport. Firms within this category include airport management, air traffic control, flight training schools, aircraft maintenance and restoration, ground handling and refuelling, the military and aviation museums, alongside government services organizations and several other aviation-specific companies.

Table 1 depicts the economic impact activity undertaken by the On-Airport Aviation sector in 2005.

Table 1.

On-Airport Aviation Sector :
2005 Economic Impact
 (in 000s, except FTEs)

<i>Direct Impact</i>			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
102.5	\$4.811	\$7.712	\$12.523
<i>Total Impact</i>			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
233	\$9.377	\$18.077	\$27.454

For calendar year 2005, a total of 102.5 annual full-time equivalent employees can be attributed to the On-Airport Aviation sector at the Oshawa airport; including part-time workers there were 114 aviation jobs on site. Their aggregate labour income was identified at \$4.811 million. Other Expenditures for this sector were \$7.712 million. Total direct value-added GDP was \$12.523 million.

When the indirect and induced multipliers are applied to the above direct economic activity, the considerable impact of Oshawa's aviation sector can be realized. Within the Oshawa area 233 full-time jobs are dependent upon it, generating an annual labour income of \$9.377 million. Other Expenditures in this sector were \$18.077 million. In 2005, the total value-added GDP benefit created by aviation-related activities at the Oshawa airport was \$27.454 million.

2.2 Economic Impact of the On-Airport, Non-Aviation Sector : 2005

The attractiveness of the industrial lands located on the Oshawa airport is reflected in the number of On-Airport, Non-Aviation firms. Currently 5 firms are included in this sub-group, with airport management actively promoting further development opportunities.

Table 2 depicts the economic impact activity identified in the On-Airport, Non-Aviation sector in 2005.

Table 2.

On-Airport, Non-Aviation Sector : 2005 Economic Impact (in 000s, except FTEs)

<i>Direct Impact</i>			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
77.5	\$2.817	\$10.545	\$13.362
<i>Total Impact</i>			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
161	\$4.848	\$20.932	\$25.780

For calendar year 2005, a total of 77.5 annual full-time equivalent employees can be attributed to the On-Airport, Non-Aviation sector; including part-time workers there were 104 non-aviation jobs on site. Their aggregate labour income was identified at \$2.817 million. Other Expenditure activities were \$10.545 million. Total direct value-added GDP was \$13.362 million.

When the indirect and induced multipliers are applied to the above direct economic activity, the significant impact of the On-Airport, Non-Aviation sector can be realized. Within the Oshawa area 161 full-time jobs are dependent upon it, generating an annual labour income of \$4.848 million. Other value-added GDP activity was \$20.932 million. In 2005, the total value-added GDP activity created by the On-Airport, Non-Aviation sector at the Oshawa airport was \$25.780 million.

2.3 Economic Impact generated by Non-Resident Visitor Spending : 2005

Spending by non-resident visitors drawn to Oshawa and the Durham Region due to the presence of the airport makes an important contribution to the overall economic impact of the airport. The annual on-site Canadian Aviation Expo is a major vehicle for attracting visitors to the airport – event organizers estimate 75 percent of the 22,000 visitors in 2005 reside outside the Oshawa and Durham Region with a significant number staying in local hotels for the duration of the Expo. The roughly 250 aircraft clearing Canada Customs annually are another source of non-resident spending as a number of these users overnight in the local area. Another less obvious area is attached to the ‘personal maintenance’ spending of non-resident students undertaken flight training on the Oshawa airport - in most cases, students pursuing commercial licences spend slightly more than a year in the Oshawa or Durham area. In 2005, it was estimated that 65 students were included in this category.

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

From Table 3 an input total of \$1.765 million of non-resident visitor/overnight aircrew spending was entered into the TEAM model utilizing Tourism Oshawa-derived average length of stay and per diem rates for each visitor category. The model produced the results displayed in Table 4.

Table 3.

Spending by Non-Resident Visitors : 2005

<u>Non-resident Visitors</u>	<u>2005 Visitor Totals</u> [†]	<u>Total Spending</u> ^{††}
Canadian Aviation Expo visitor/nights	4,500	\$785,000
Other aviation visitors	250	\$45,000
'Student maintenance' expenditures ^{†††}		<u>\$935,000</u>
	Total	\$1,765,000

[†] Canadian Aviation Expo.

^{††} Oshawa Economic Development.

^{†††} RP Erickson & Associates.

Table 4 depicts the economic impact attributable to non-resident, airport visitor spending in the Oshawa area in 2005.

Table 4.

Spending by Non-Resident Visitors :
2005 Economic Impact
 (in 000s, except FTEs)

<i>Direct Impact</i>			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
27	\$0.532	\$0.764	\$1.296
<i>Total Impact</i>			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
38	\$0.987	\$1.668	\$2.655

For calendar year 2005, a total of 27 annual full-time equivalent employees can be attributed to non-resident, airport visitor spending. The aggregate labour income was identified at \$0.532 million. Other Expenditure activities were \$0.764 million. Total direct value-added GDP was \$1.296 million.

When the TEAM-generated multipliers are applied to the above direct economic activity, the impact of non-resident, airport visitor spending can be realized. This spending created 38 full-time jobs, generating an annual labour income of \$0.987 million. Other Expenditure activity was \$1.668 million. In 2005, the total value-added GDP activity created by this sector on the local economy was \$2.655 million.

2.4 The ‘One-Time’ Economic Impact of New Construction at the Oshawa Municipal Airport : 2005

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

From the questionnaire survey, in 2005 \$1.390 million of new capital construction on the Oshawa airport was identified.

Table 5 depicts the ‘one-time’ economic impact activity associated with capital spending on the Oshawa airport in 2005.

Table 5.

One-Time, New Construction at the Oshawa Municipal Airport : 2005 Economic Impact (in 000s, except FTEs)

<i>Direct Impact</i>			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
8.5	\$0.406	\$0.735	\$1.141
<i>Total Impact</i>			
<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
16	\$0.795	\$1.131	\$1.926

For calendar year 2005, a total of 8.5 annual full-time equivalent construction and support service jobs can be attributed to on-airport capital spending. The aggregate labour income was identified at \$0.406 million. Other Expenditure activities were \$0.735 million. Total direct value-added GDP was \$1.141 million.

When the indirect and induced multipliers are applied, 'new' on-airport construction spending generated 16 full-time jobs, creating an annual labour income of \$0.795 million. Other Expenditure activity was \$1.131 million. In 2005, the total value-added GDP activity created by new construction on the Oshawa airport was \$1.926 million.

2.5 The Aggregate Economic Impact of the Oshawa Municipal Airport : 2005

At the Oshawa Municipal airport, some 20 commercial firms or government agencies were interviewed and their 2005 economic activities assessed (Sections 2.1 and 2.2). Additionally, the impact of non-resident visitor spending in the Oshawa area (Section 2.3) and the economic benefits attached to 'one-time' capital construction expenditures for 2005 (Section 2.4) have been added to produce Table 6.

Table 6 depicts the aggregate economic impact of the Oshawa Municipal Airport upon Oshawa and the Durham Region for 2005.

Table 6.

**Aggregate Economic Impact of the
Oshawa Municipal Airport : 2005**
(in 000s, except FTEs)

Direct Impact

<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
215.5	\$8.566	\$19.756	\$28.322

Total Impact

<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
438	\$16.007	\$41.808	\$57.815

For calendar year 2005, a total of 215.5 annual full-time equivalent employees can be attributed to the Oshawa Municipal airport; it is noted that there are 180 full-time jobs located on the airport. The aggregate labour income of this workforce was identified at \$8.566 million. Other Expenditure activity was \$19.756 million. Total direct value-added GDP located on the Oshawa Municipal airport was \$28.322 million.

When the indirect and induced multipliers are applied to the above direct economic activity, the consequential impact of the airport can be realized. The airport creates some 438 full-time jobs, generating an annual labour income of \$16.007 million. Other Expenditure activity was \$41.808 million. In 2005, the total value-added GDP activity created by the Oshawa Municipal airport was \$57.815 million.

2.6 Social Benefits of the Oshawa Municipal Airport

The Oshawa airport provides residents of its catchment area with significant social benefits of a non-monetary dimension. These range from : the societal advantages attached to the travel, tourism and transportation functions of the airport to expansive career development opportunities for airport employees. As well, the airport acts as a focal point for recreational, hobby, and volunteer opportunities for local residents. In this sense, the airport helps to build 'social capital' for citizens of the region by encouraging initiative, co-operation, self-help, partnerships and ultimately – the development of 'community spirit'. The airport also provides a substantive capacity to accelerate responses to natural disasters and/or other emergencies (fires, floods, dangerous goods incidents, etc.), mitigating the loss of life and property while protecting local resource bases for future generations.

The airport also provides access for important air-related environmental and emergency response services. As well, it provides emergency air access to distant, critical health care facilities : Ornge – the organization which oversees Ontario Air Ambulance report 94 emergency medical flights to/from the airport in 2005.

The following specific social benefits can be attributed to the airport :

- the 2005 Canadian Aviation Expo attracted some 22,000 day visits – a parallel airshow with the CAF's Snowbirds air demonstration team attracted some 10,000 spectators including several thousand students. Unquestionably, the Expo and airshow further the community's strong aviation heritage and likely influence some young adults to a career in aviation and/or the military;
- home of the Oshawa Industrial & Military Museum – this organization provides some 85 members with an estimated 13,500 hours of annual volunteerism activities. The Museum has an extensive collection of War memorabilia and a large collection of military vehicles; unusual in that most of the vehicles are in operational condition. The Museum hosts between 2500 and 3000 visitors each year, including "approximately 1000 local public school students". Thus, the Museum provides a valuable learning resource for the local community, if not Ontario as a whole. The

Museum attracts an unknown, though likely sizeable, number of non-resident visitors to the airport.

- home to the COPA (Canadian Owners & Pilots Association) Flight 70 with some 35 active members;
- Ontario's 'Young Eagles' program is accessed through both of the local flight schools to encourage an interest in aviation by taking local high school students for an initiation flight – 312 students were recorded as participating in the program in 2005;
- home of the R. Stuart Aviation Museum featuring a sizeable collection of local aviation memorabilia. Similar to the Military Museum, the R. Stuart Aviation Museum must be considered a local and airport asset attracting numerous non-resident visitors and providing local schools with a marvellous teaching/awareness resource;
- the on-site RCAF 420 Wing (Auxillary) Association – provides 200 members with an estimated 4500 hours of annual volunteerism activities in addition to a unique social venue. The Association supports a number of local aviation-related projects, including Air Cadet Squadron #2 based in Whitby;
- the Oshawa Airport Armoury B&D Squadron has a depot located on the airport; although no permanent FTEs are located on-site, the presence of this facility assists roughly 150 auxiliary soldiers to undertake specific training in support of their Canadian military duties; and,
- the airport plays a pivotal 'ab initio' and 're-current' training role for southern Ontario, providing the aviation industry (much of which is based elsewhere) with an uncongested, 'full service' airport training environment of invaluable operational/training experience.

2.7 Discussion

In addition to providing nearly 450 full-time jobs, the Oshawa Municipal airport's contribution to total GDP of the Oshawa area was roughly \$58 million. In reviewing the major employers in the Oshawa area, it is noted that the airport would be amongst the Top 12 Centres of Employment².

The distribution of the Economic Impact by sub-category is presented in Table 7.

Table 7.

Distribution of Economic Impacts

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

	<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Total Value added GDP</u>
On-Airport Aviation	48%	56%	39%	44%
On-Airport, Non-Aviation	36%	33%	53%	47%
Visitor Spending	13%	6%	4%	5%
One-Time Construction	4%	5%	4%	4%

It should be noted that the airport remains a critical business 'attractor' to Oshawa and the greater Durham Region in that it facilitates corporate aircraft movements which are vital to a number of local firms, none more importantly than in support of Oshawa's automotive industry. The Nav Canada tower and the on-site Canada Customs facility would be the envy of many larger airports. Indeed, the Oshawa Municipal airport remains a considerable community asset.

² Oshawa Economic Development.

2.8 Conclusions

In 2005, the Oshawa Municipal airport supported a significant level of economic and social activity in Oshawa and the Durham Region.

In direct economic terms, the airport contributed :

- 215.5 full-time jobs;
- more than \$8.5 million in labour income;
- nearly \$20 million in value-added expenditures; and,
- over \$28 million in total direct benefits to the community.

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

- 438 full-time jobs;
- more than \$16 million in labour income;
- over \$40 million in value-added expenditures; and,
- over \$57 million in total value-added GDP.

Clearly, the Oshawa Municipal airport is an important economic and social contributor to both the City of Oshawa and the Durham Region.

APPENDIX I

SURVEY QUESTIONNAIRE

SURVEY OF THE ECONOMIC SIGNIFICANCE OF THE OSHAWA AIRPORT

Please complete this survey using data for calendar year 2005 or for your most recent fiscal year. All data will be treated in strict confidence and will not be released in a disaggregated form to any individual or agency. Only aggregate industry data will be included in the final report.

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

Feel free to direct any questions pertaining to this questionnaire to either :

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

Amy Maltby
Airport Manager
Oshawa Airport
Tel. (905) 576-8146

PLEASE FAX RESPONSE TO :
Fax. (403) 241-8696

Section A: General Information

- (i) Name of firm, a contact person, and telephone number.

- (ii) Please circle the classification that best describe your firm's activities.

- Scheduled Air Carrier
- Airport Terminal Concessionaire
- General Aviation
- Corporate Aviation
- Government Agency
- Cargo or Express
- On airport, non-aviation services
- Other _____

Section B: Employment & Expenditures - 2005

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

Employment & Labour Expense - 2005

- (i) Number of employees working for your firm. Please estimate in full-time equivalents [eg., 1 part-time worker @ 20 hrs/week = 0.5 full-time employee].

- (ii) Total annual payroll expense for all employees including wages or salaries, plus all employee benefits.

\$ _____

Expenditures for Goods & Services - 2005

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

\$ _____

Capital Expenditures (New Construction) - 2005

- (i) Total capital expenditures for building construction.

\$ _____

Section C: General Comments

Any comments you might like to add as to the value of the Oshawa Airport to the community and/or its economic impact upon the local economy.

Additional comments may be added to the back of the questionnaire

APPENDIX II

DATA BREAKDOWN

Direct Impact

	<u>FTEs</u>	<u>Labour Income</u>	<u>Other Exp'tures</u>	<u>Total Value added GDP</u>
On-Airport Aviation	102.5	\$4.811	\$7.712	\$12.523
On-Airport, Non-Aviation	77.5	\$2.817	\$10.545	\$13.362
Non-resident Spending	27	\$0.532	\$0.764	\$1.296
'One-Time' New Construction	<u>8.5</u>	<u>\$0.406</u>	<u>\$0.735</u>	<u>\$1.141</u>
Totals	215.5	\$8.566	\$19.756	\$28.322

(in millions, except FTEs)

Total Impact

	<u>FTEs</u>	<u>Labour Income</u>	<u>Other Exp'tures</u>	<u>Total Value added GDP</u>
On-Airport Aviation	223	\$9.377	\$18.077	\$27.454
On-Airport, Non-Aviation	161	\$4.848	\$20.932	\$25.780
Non-resident Spending	38	\$0.987	\$1.668	\$2.655
'One-Time' New Construction	<u>16</u>	<u>\$0.795</u>	<u>\$1.131</u>	<u>\$1.926</u>
Totals	438	\$16.007	\$41.808	\$57.815

(in millions, except FTEs)

The above direct data was collated from the survey questionnaire : as detailed in Section 1.3, with the exception of the Non-resident Spending category which was derived from the TEAM econometric model as explained in Section 2.3; and, 'One-Time' New Construction Spending, as discussed in Section 2.4.

APPENDIX III

THE TAX IMPACTS OF THE OSHAWA MUNICIPAL AIRPORT

The Tax Impacts of the Oshawa Municipal Airport : 2005

Introduction

Econometric Research Limited was retained by RP Erickson & Associates to estimate the tax impacts to the federal, provincial and local treasuries generated by aviation and non-aviation activities located at the Oshawa Municipal Airport in calendar year 2005.

The impact model used to estimate the following tax impacts is a special application of a generic model (DEIM: Ontario) developed by Econometric Research Limited of Hamilton. The model is based upon a unique approach that integrates input-output analysis and location theory. The model is able to capture the various tax impacts from program or activity expenditures at the national level, the provincial level and the local level (city, county or regional district).

The model utilizes a large set of economic and technical databases that are regularly published by Statistics Canada. Amongst those data bases utilized are the inter-provincial input-output tables, employment by sector, taxes by type & current rate, prices of products, consumer price index, energy used, etc.

The DEIM system generates a variety of taxes : in the case of the Oshawa airport we have examined personal income, PST, GST, corporate, property, liquor & tobacco taxes, and ascribed each with the level of government receiving it. For example, the Federal government receives all of the proceeds from the GST tax, provincial governments receive the Indirect Business Tax and local governments receive both Property and Business taxes.

The Results

All three levels of government derive substantial revenues from the economic impact created by the on-site aviation and non-aviation activities at the Oshawa Municipal Airport.

In 2005, the federal government derived tax revenues of \$5.792; the Ontario government derived a total of \$4.501 million and local governments collected \$2.006 million. Based on the current level of economic activity at the airport a total of \$12.299 million in taxes was generated in 2005. The largest contribution was made by Personal Income Taxes to both the federal and provincial governments. The PST to Ontario and the federal GST were not inconsequential – a consumption tax totalling \$2.657 million. The City of Oshawa collected revenue on the employment income sustained by the airport which is capitalized into property values alongside those business activities supported by airport incomes – this totalled 2.006 million with likely some ‘spill’ occurring into the Durham Region depending on where individual workers reside.

The impact results are presented in Table1 below. All impacts are in thousands of 2005 dollars.

	Federal	Provincial	Local	Total
Personal Income Taxes	\$4,069.7	\$1,993.6	\$0.0	\$6,063.3
Provincial Sales Taxes	\$0.0	\$1,792.9	\$0.0	\$1,792.9
Goods & Services Tax	\$864.0	\$0.0	\$0.0	\$864.0
Corporate Profit Taxes	\$858.0	\$584.7	\$0.0	\$1,442.7
Property & Business Taxes	\$0.0	\$0.0	\$2,006.2	\$2,006.2
Tobacco and Liquor Taxes	\$0.0	\$129.9	\$0.0	\$129.9
Total	\$5,791.7	\$4,501.1	\$2,006.2	\$12,299.0

(Source : Econometric Research)