

Economic Impact of Gander International Airport

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strategic
transportation
& tourism
solutions



Prepared for
Gander International
Airport Authority

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Executive Summary

Economic impact is a measure of the spending and employment associated with a sector of the economy. This study focuses on the employment impact of the Gander International Airport (YQX) in person years and number of jobs, and derives other economic impacts from these measures.

YQX and the air transport industry have undergone many changes in past years. In the aviation industry, these changes included the completion of the merger between Canadian Airlines and Air Canada, growth of WestJet and other domestic carriers, new carriers and routes, the outbreak of SARS, the restructuring and bankruptcy of major airlines, and an increased focus on security since September 11th, 2001.

The 2006 YQX economic impact found that, despite all of the challenges that the aviation industry has faced in recent years, on-going operations at the Gander International Airport make a considerable contribution to local employment and the provincial economy.

Direct Economic Impacts

Emphasis is placed on the direct economic impacts because these are based on employer survey data, and not multiplier analysis, and are therefore clear and indisputable results. This study found that the direct impacts of YQX are:

- Over 1,200 jobs in the Newfoundland and Labrador region, representing over 1,100 direct person years of employment.
- The direct economic impact of this employment on the provincial economy is:
 - \$107 million in gross domestic product (GDP);
 - \$312 million in economic output; and
 - \$70 million in wages.

Direct, Indirect and Induced Impacts

Including indirect and induced effects, the total provincial impacts of on-going operations at the airport is:

- Nearly 2,400 jobs (or 2,300 person years of employment);
- \$201 million in GDP;
- \$536 million in economic output; and
- \$136 million in wages.

Total Impacts

Total impacts are calculated by adding direct, indirect and induced impacts. The total economic impacts of on-going operations at the Gander International Airport is summarised in Table ES-1.

Table ES- 1: On-Going Total Economic Impacts of YQX

Type of Impact	Jobs	Person Years	Wages (\$ million)	GDP (\$ million)	Economic Output (\$ million)
Direct	1,211	1,142	\$70	\$107	\$312
Indirect	914	867	\$44	\$70	\$140
Induced	257	242	\$21	\$24	\$84
Total	2,382	2,252	\$136	\$201	\$536

The employment survey administered to employers at the airport also revealed that an overwhelming amount of direct jobs at the airport are full-time positions (96%) and nearly all of them (98%) are permanent. The airport is a source of stable employment for the region.

Ongoing Impact of Capital Works

The airport authority's total annual Capital Works budget amounts to close to \$2.2 million. The total direct employment impacts associated with YQX's annual Capital Works program is 11.2 person years compensated with \$411,000 in wages.

Significant Tax Contributions

On-going economic activity contributes an estimated \$32 million annually in tax revenue to all levels of government, including:

- The federal government, \$20.6 million;
- The Newfoundland and Labrador government, \$10.7 million; and
- Municipal governments, \$0.8 million.

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1.0 Introduction

In 2006, Gander International Airport Authority commissioned InterVISTAS Consulting Inc. to conduct an economic impact study of the airport.

1.1 Gander International Airport

On 1 November 2000, the Gander International Airport Authority (GIAA), a local not-for-profit corporation, assumed operation of Gander International Airport under a 60-year lease agreement signed with Transport Canada. Consequently, GIAA is responsible for the management, operation and development of the airport. Gander International Airport has emerged from this management transition as a community-operated airport that works to establish commercial viability and independence by directly serving the needs of its customer base.

Presently, Gander International Airport (YQX) has a 215,000 square foot terminal along with 2 active runways and one seasonal VFR runway that have a combined length of 6,329 meters. Since YQX is of ample size and strategically located along routes between the Americas and Europe, the GIAA has seized the opportunity to provide technical stop services to commercial carriers and corporate aircraft for their transatlantic activities. In 2005, YQX successfully attracted 12 new international carriers on a technical stop basis and now accommodates an average of 5,000 technical stops per year.

Additionally, Gander, NL is one of the main entry points into North American airspace. Consequently, YQX and the Town of Gander are able to provide essential medical and security services in the event of in-flight emergencies. For example, during the tragic events of 9/11, 39 heavy aircraft were diverted to YQX when airspace was closed in the United States. Acting in an efficient and effective manner, the GIAA converted one of the airport's runways into a temporary aircraft-parking ramp and turned the airport terminal into an aid centre that provided food and clothing to stranded passengers. Afterwards, YQX and its surrounding community received high praise for their response to the tragedy.

YQX is not only the infrastructure that provides air access to the rest of Canada and points beyond, but it is also a growing business community. Airlines, airfreight companies, retail outlets, restaurants, a flying school, aerospace and other business are situated at and near the airport. Some of these businesses play significant roles in passenger and/or cargo operations, while others have strategically located themselves near the airport for strategic business reasons, such as the aerospace industry firms. These airport businesses contribute to overall economic activity in the province and Canada and generate employment opportunities in Gander. Perhaps more importantly, YQX is an economic catalyst, facilitating production in other industry and service sectors in Gander and elsewhere in Newfoundland and Labrador.

The collective contributions of these airport businesses to the community and provincial economies are termed the *economic impact* of YQX. This report presents the results from a study of the economic impact of YQX and demonstrates the airport's contribution to the

provincial economy in various ways. Employment is one of the most important components of the YQX economic impact and is discussed in some detail in *Chapter 3*.

1.2 What is Economic Impact?

Economic impact is a measure of the spending and employment associated with a sector of the economy, a specific project (such as the construction of a new facility), or a change in government policy or regulation. Economic impacts can be measured in various ways. Two of the most popular ways to assess economic impact are in terms of the dollar value of industrial output produced, or in terms of person years (full-time equivalents (FTEs)) of employment generated. Other measures include value-added (GDP) and value of capital used and/or created. All of these are used to express the gross level of activity or expenditure from a sector of the economy, a specific project or a change in policy or regulation. As such, they are not “net” measures that weigh benefits against costs; nevertheless these measures can be useful in developing an appreciation of projects, investments and economic sectors.

This study measures the economic impacts of the Gander International Airport including direct, indirect and induced:

- **Employment**
- **Wages**
- **Economic / Industrial Output**
- **Gross Domestic Product (value-added)**

1.3 Scope of this study

The economic impact of on-going operations at the Gander International Airport was assessed in three stages. First, the direct employment base of the airport is measured and described. Employment figures are generally more understandable by the public than more abstract measures such as economic output or GDP. Employment figures also have the advantage of being a more accurate measure, both because the firms are more likely to provide data on employment as opposed to information on revenues, wages and other monetary amounts, and because there is less chance of double counting economic activity.¹ For the specific purpose of this study, we wish to examine the size of Gander Airport’s employment base and the impact it has on the Newfoundland and Labrador economy.

Second, the study assesses the indirect and induced employment attributable to airport operations at both sites. For example, direct catering activities at the airport generate indirect employment at food wholesalers. The indirect and induced employment effects are measured using economic multipliers. The economic conditions for which indirect and induced impacts

¹ For example, revenues reported by an air carrier would double count revenues received by caterers. The caterer’s revenue is an expense for the airline.

exist are not always met.² Therefore, the indirect and induced impacts must be interpreted with caution.

Third, also using economic multipliers, the study infers the economic output, GDP and wages paid at the airports. Statistics Canada's economic multipliers translate the number of direct person years of employment in a specific economic sector into the associated monetary measures of economic activity. The economic multipliers are also used to measure the indirect and induced multiplier economic impacts related to direct YQX employment.

1.4 Outline of the study

This report is designed to provide an estimate of the economic impacts of employment related to YQX.³

The report is organised into four parts.

Part I measures, by means of a survey of employers within YQX, and describes the direct on-going employment base of the airports. *Chapter 2* explains the methodology for estimating direct employment related to on-going operations at YQX. *Chapter 3* presents the results and provides a breakdown of the direct employment base at YQX. *Chapter 4* introduces the concept of multipliers and uses them to infer indirect and induced employment related to YQX businesses. *Chapter 5* estimates the monetary economic impacts of on-going operations at the airport using Statistics Canada economic multipliers. *Chapter 6* estimates the impact of YQX's Capital Works program.

Part II of this report assesses the tax impacts of on-going operations at YQX. *Chapter 7* measures the direct tax contribution of the airport by estimating taxes paid by the airport authority, employers, employees and passengers using the airport.

Part III of this report contains technical appendices. A set of report appendices contains a detailed explanation of the methodologies and calculations used in this study.

² The requisite economic conditions for multiplier effects are discussed in **Section 4.2**.

³ The employment survey conducted in May 2006 asked for total employment as of April 2006.

**PART I:
EMPLOYMENT IMPACTS OF
ON-GOING OPERATIONS OF
THE GANDER INTERNATIONAL AIRPORT**

2.0 The Methodology for Economic Impact Analysis

2.1 Introduction

This chapter describes the methodology and sources that were used to measure direct employment related to on-going operations at YQX. Topics include the employers that were surveyed and definitions of direct versus total employment. Results of the employment survey are provided in **Chapter 3**.

2.2 Scope of the study

The scope of this study is the locally based employment impact of on-going operations at YQX (i.e. the total number of jobs created in the Newfoundland and Labrador region directly attributable to Gander airport). Firms, such as airlines, with employees based at many locations around the country, were asked to provide data only on their Newfoundland and Labrador area based employment. Some firms have air transport employees based not only at the airport, but also at various locations in the Newfoundland and Labrador region, and all of these employees were included. An example would be airline sales managers working from offices off-airport. The cumulative YQX employment base used in this study was measured by counting the number of employees working at YQX or in airport-related jobs off-site.

2.3 Surveying direct employment

Employment attributable to airport operations was measured by surveying 39 businesses located at YQX and other businesses economically linked to the airport. Specifics of the survey methodology are contained in **Appendix 1** and sample copies of the survey are found in **Appendix 2**. Telephone follow-up was conducted to ensure a high response rate and as a result, 100% of the firms contacted were directly accounted for in the results, either by surveying directly or through information provided by YQX.

Employment at YQX was measured by surveying 39 local businesses.

2.4 Direct versus indirect versus induced employment

Employment can be broken down into three categories: direct employment, indirect employment, and induced employment.

Direct employment is employment that can be attributed to the operation and management of YQX, including firms on-site at the airport and airport-dependent businesses off-site. Thus, the direct employment base includes employees of airlines, fuel concessions, food concessions and rental car companies, among others, on-site at the airport and some employment at freight forwarders, customs brokers and hotels among others, off-site.

Indirect employment is employment in down-stream industries that results from the presence of YQX. For example, suppliers of food to fixed based operators at YQX would be considered

indirect employment. Similarly, jobs at a pallet manufacturer that sells its product to freight forwarders at YQX would be considered indirect employment. Indirect employment is generated in industries that supply or provide services to the airport employers.

Induced employment is employment generated from expenditures by individuals employed indirectly or directly. For example, if an airline ticket agent at YQX decides to expand or remodel his/her home, this would result in additional (induced) employment hours in the general economy. The home renovation project would support hours of induced employment in the construction industry, the construction materials industry, etc.

Total employment is the sum of direct, indirect and induced employment.

The employment survey was confined to measuring direct employment and results are reported in Chapter 3.⁴ Chapter 4 shows how one infers indirect and induced employment with the help of economic multipliers. Although there are limitations with using multipliers, their popularity and usefulness is recognised for some situations.

Total employment is the sum of direct, plus indirect plus induced employment.

2.5 Study time frame

The employment survey was conducted during May 2006, and results reflect employment as of April 2006 for YQX.

2.6 Jobs versus person years

Traditionally, one measures employment by the number of jobs. However, when part-time and/or seasonal workers are used, this can be a misleading measure resulting in an overstatement of economic impact. Whenever possible, employment impacts are measured in terms of the number of jobs and the number of person years.⁵

⁴ Measuring indirect and induced employment, even with survey methods, is a difficult task and is almost always inaccurate. Thus, this study focussed on *measuring* direct employment as accurately and comprehensively as possible. This then becomes the basis for *estimating* the other types of employment as well as monetary economic impacts, such as GDP.

⁵ One person year is equivalent to 1,832 hours of work. Please see **Appendix 3** for a detailed calculation of the number of hours per person year. Person years are the same as full-time equivalents (FTEs).

3.0 Direct Employment Impacts

3.1 Introduction

This section describes the total employment in both jobs and person years (or equivalently FTEs) and estimated payroll, attributable to employers directly related to on-going operations at YQX.

This section also examines the employment due to on-going operations at YQX in more detail. Jobs are broken down by full-time versus part-time and seasonal employment.

3.2 Jobs and person years

Direct employment related to on-going operations at YQX amounts to 1,211 jobs. After adjusting for part-time and seasonal employment, the 1,211 jobs amount to 1,142 person years of employment. This implies a job to person year ratio of 1.06.

YQX generates:

- 1,142 direct person years of employment
- \$70 million in wages

3.3 Wages

Employees at the airport and related firms earned some \$70 million in wages, yielding an average of \$61,294 per person year of employment. Employment figures are summarised in **Table 3-1** for wages as well as jobs and person years.

Table 3-1: Direct Employment and Wages at YQX

	Jobs	Person Years	Wages (\$ millions)
<i>Total YQX Direct employment</i>	1,211	1,142	70

3.4 Full-time versus part-time and seasonal employment

Of the total surveyed 1,182 direct (non-contract) jobs attributable to YQX operations in 2006, the majority of them are full-time, permanent jobs. Nearly 96%, or 1,065, are full-time positions and nearly all of them (98%) are permanent jobs. This demonstrates that on a combined basis, YQX is a source of stable, year-round employment. The breakdown of YQX person years by part-time and full-time positions is presented in **Figure 3-1**.

Figure 3-1: Part-Time Versus Full-Time YQX Employment

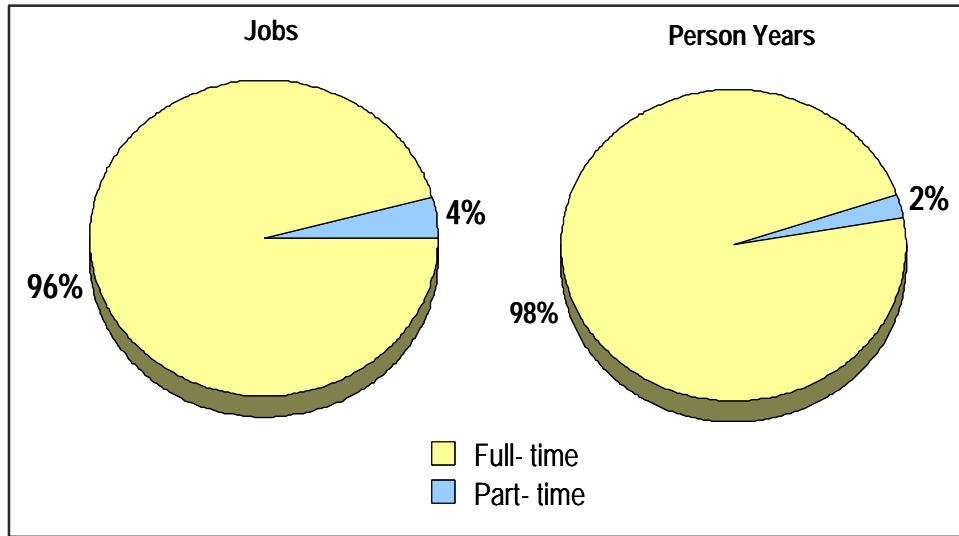
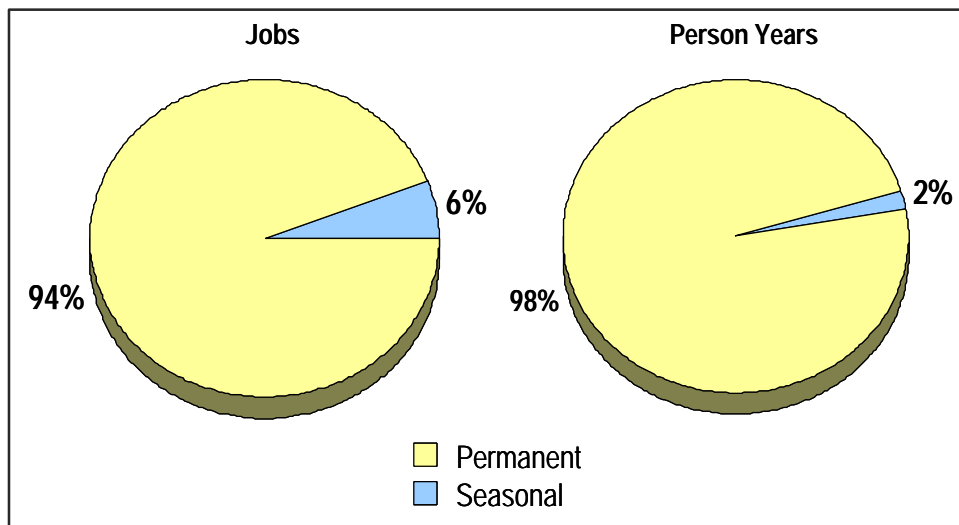


Figure 3-2 shows that during the surveyed periods, the seasonal component of YQX's employment base was 2% of total surveyed jobs.

Figure 3-2: Permanent versus Seasonal YQX Employment



3.4.1 Contract employment

Some airport employers contract out services to individuals and other firms. 9 *individuals* were employed on contract with airport based employers with annual hours amounting to more than 9 person years of employment. *Firms* on contract worked over 34,744 hours, amounting to nearly 19 person years, combined at YQX. These numbers are included in the totals cited above.

A total of 28 person years depended on labour contracts with YQX employers.

4.0 Multiplier Employment Impacts

4.1 Introduction

The previous chapters discussed how direct employment related to on-going operations at YQX was measured and presented the results in some detail. However, the employment impact of these airports does not end there; other sectors of the economy are dependent on these employers' businesses. *Indirect* employment is generated at suppliers to YQX.

Additionally, there may be a general stimulus to the overall provincial economy when direct (and indirect) employees spend their wages. These employment effects are referred to as *induced* employment. Total employment effects are the sum of direct, indirect, and induced effects.

Total employment effects are the sum of direct, indirect, and induced effects.

4.2 Methodology: economic multipliers

Measurement of indirect and induced economic activity is difficult. While it might be possible to conduct a survey of such employers, the survey would need to cover thousands of firms for indirect employment. For induced employment, the entire provincial economy would need to be scrutinised. In addition to the time and financial resources needed to conduct such surveys, the quality of responses would be suspect.

As an alternative to costly and inaccurate surveys, indirect and induced effects are typically measured by the use of *economic multipliers*. Multipliers are derived from economic/statistical/accounting models of the general economy. They come in a variety of forms and differ greatly in definition and application. Thus, great care must be exercised in choosing the appropriate set of multipliers to use.

The use of multiplier analysis is limited by a number of factors, these are:

- the accuracy of the structure and parameters of the underlying model;
- the level of unemployment in the economy;
- the assumption of constant returns to scale in production;
- the assumption that the economy's structure is static over time; and
- the assumption that there are no displacement effects.

Multiplier impacts must be interpreted with caution since they may be illusory when the economy experiences high employment and output near industry capacity.

In general, the use and reporting of multiplier impacts is discouraged. When they are reported, it is recommended that the reader be reminded of the limitations on the use of multipliers. Mindful of these limitations, this study has undertaken multiplier analysis to estimate indirect and induced employment.

4.3 Indirect employment

Indirect employment is employment in non-airport industries that supply or provide services to this industry. Using Newfoundland and Labrador employment impact multipliers, person years were estimated for total indirect and direct person years related to YQX. The source of the multipliers was Statistics Canada's 2002 Interprovincial Input-Output Model. This total suggests that more than 867 person years (approximately 914 jobs) are indirectly generated in Newfoundland and Labrador industries that supply the businesses of the Gander airport. Labour income associated with the total indirect employment is estimated at \$44 million.

YQX indirect employment:

- **914 jobs**
- **867 person years**
- **\$44 million in wages**

4.4 Induced employment

Induced employment is somewhat more complicated than indirect employment. It is employment created because of expenditures by individuals employed both directly and indirectly by the airport businesses. It is the demand for goods and services generated by wage earnings from economic activity at the airport. Induced employment in Newfoundland and Labrador attributable to YQX is estimated at over 242 person years (nearly 257 jobs).⁶ Induced employment is associated with a wage bill of over \$21 million.

YQX induced employment:

- **257 jobs**
- **242 person years**
- **\$21 million in wages**

⁶ Statistics Canada has recommended some ratios of induced to direct plus indirect impacts which are used here.

4.5 Total employment

Table 4-1 summarises the direct, indirect, induced and total employment attributable to on-going operations within YQX in the Newfoundland and Labrador economy.

Table 4-1: Direct and Total Employment in Newfoundland and Labrador: YQX

Type of Impact	Jobs	Person Years	Wages (\$ million)	GDP (\$ million)	Economic Output (\$ million)
Direct	1,211	1,142	\$70	\$107	\$312
Indirect	914	867	\$44	\$70	\$140
Induced	257	242	\$21	\$24	\$84
Total	2,382	2,252	\$136	\$201	\$536

5.0 Other Economic Impacts

5.1 Introduction: What are economic output and GDP?

Previous chapters of the report focused on the employment impacts of operations at YQX. This chapter turns to the broader economic impacts of YQX that are measured in dollars term.

The two most common measures of economic contribution (in addition to employment) are *economic output* and *gross domestic product (GDP)*. Economic output roughly corresponds to the gross revenues of goods or services produced by an economic sector, while GDP measures only *value-added* revenues. As such, GDP removes the

revenues to suppliers of *intermediate* goods and services and only includes the revenues from value-added production. Alternatively, economic output adds all revenues at each stage of production together as a measure of total production in the economy. Economic output will always be greater than GDP (also termed value-added).

To estimate economic output for a sector, one might add up the gross revenues of the various firms in that sector. However, to find GDP for a sector, care must be taken to avoid double counting. The revenues of one firm providing service to another are not incremental GDP. For example, in the automobile sector, one cannot add the value (gross revenue) of a finished auto to the value of the tires. The tires are already included in the value of the automobile.

One approach to measuring economic output and value-added is to ask firms in a survey to provide information on their gross revenues, payments to suppliers, etc. However, there are several problems with the approach. First, it is much too expensive. Second, the double counting problem makes this approach impractical.

An alternative is to infer economic output and GDP for an economic sector from employment data using economic multipliers. Statistics Canada produces economic multipliers both for Canada and all of the provinces and territories, and these are both more cost effective and more accurate than obtaining the data from surveys. This method, using Statistics Canada economic multipliers for Newfoundland and Labrador, is the approach adopted here.

Economic output: *total revenues from industrial output including materials and supplies.*

GDP: *value-added in industrial output, net of intermediate revenues.*

5.2 Other economic impacts

Table 5-1 provides economic output and GDP impacts related to on-going operations at YQX employment for the province of Newfoundland and Labrador.

Table 5-1: Direct and Total GDP and Economic Output: YQX

Impact Type	GDP (\$ million)	Economic Output (\$ million)
Direct	\$107	\$312
Indirect	\$70	\$140
Induced	\$24	\$84
<i>Total</i>	\$201	\$536

The employment in YQX described in Chapter 3 generates \$107 million in direct gross domestic product and \$312 million in direct economic output in the provincial economy. Including multiplier effects, operations at the airport may be supporting up to \$201 million in total (direct, indirect and induced) GDP and \$536 million in total economic output, economy-wide in Newfoundland and Labrador.

6.0 Ongoing Construction Program

The previous sections of this report have focussed on the employment and other economic impacts of on-going operations at YQX. That is, it has measured employment and wages and inferred economic output and GDP for the recurring annual activities at YQX. This approach underestimates the economic impact of the airport as it ignores the important contributions of airport capital expenditure programs. The operations approach takes the physical capital of the airport as given and does not consider changes in the stock of infrastructure through building or depreciation.

This section of the report examines the economic impact of the current capital expenditure program at the airport. Over the next 7 years, GIAA has earmarked a total of close to \$2.2 million to its Capital Works program annually.

Some of the larger investments made in 2005 include:

- Paving of James Boulevard at a cost of \$300,000. The 2-km of road leading to the airport was stripped and resurfaced.
- Blast pad repair at a cost of \$38,000. The blast pad at Runway 31 was rehabilitated and patched.

The following section summarises the economic impact of YQX's ongoing Capital Works program.

6.1 Employment impacts of 2005 Capital Works program

Using Statistics Canada economic multipliers and the airport's Capital Works investment, the employment and associated wages of the airport's Capital Works program is presented. The employment impacts are reported in person years. Since some jobs may be part-time, the number of *jobs* created may be greater than the person years reported.

The total direct employment impacts associated with YQX's 2005 Capital Works program is 11.2 person years compensated with \$411,000 in wages.

Figure 6-1: Direct Impact of YQX 2005 Capital Works Projects

	Person Years	Wages	GDP	Economic Output
Direct	11.2	\$411,000	\$459,000	\$1,580,000
Indirect	3.5	\$155,000	\$239,000	\$455,000
Induced	2.4	99,000	\$101,000	\$427,000
<i>Total</i>	<i>17.1</i>	<i>\$665,000</i>	<i>\$799,000</i>	<i>\$2,462,000</i>

**PART II:
ON-GOING TAX IMPACTS OF
THE GANDER INTERNATIONAL AIRPORT**

7.0 Tax Impacts

7.1 Introduction

This part of the report documents the current contribution to government revenues resulting from current operations at YQX and associated economic activity. This includes revenues received by federal, provincial and local governments.

Revenue contributions are divided into three groups, based on who is making the payment:

- **Taxes paid by employers and employees.** These are taxes paid by the airport employers and employees. They include income and payroll taxes, social insurance contributions (such as the employment insurance premiums) and federal and provincial fuel taxes.
- **Taxes paid by passengers.** Visitors pay various taxes and fees. For example, these include taxes on personal expenditures at YQX such as taxes on food and beverages, and tax on the Airport Improvement Fee.
- **Taxes paid by the airport authority.** The Gander International Airport and the tenants also pay taxes in the form of property taxes.

For each category, taxes paid to the federal, provincial and local levels of government are separately identified.⁷

The purpose of this section is to present the tax revenue contributions resulting from the activity attributable to YQX. As with all such studies, a conceptual decision has to be made as to how broad a definition of *economic activity* should be used in measuring the impacts. For this study we have taken a relatively narrow definition. For example, we have **not** included:

- Taxes associated with indirect or induced employment (i.e. multiplier effects);
- Consumption taxes (HST) paid by airport employees when they spend their income.⁸
- Excise or import taxes on cargo.
- Taxes paid by airport users outside of the airport.

It would be very difficult to broaden the scope of the tax base in this analysis to include taxes generated by indirect and induced employment. The level of detail collected on direct employment by the survey is critical to the analysis while such information is not available for

⁷ For the most part, this study **estimates** taxes paid from information on the passengers, employers and employees at the airports. In a few situations, such as the corporate income tax paid by employers, an approximate method was used to estimate taxes paid. In every case conservative methods were used. No major tax has been excluded.

⁸ HST is harmonised sales tax of 15% is charged in Newfoundland. The federal portion of the HST is 7% and the provincial portion of the HST is 8% in 2005. The federal portion of the HST decreased to 6% on 1 July 2006.

the indirect and induced employment. This being the case, impacts and speculation about the general economy would be complex and averages would not necessarily be precise or accurate. Therefore, the tax analysis in this report is limited to revenues attributable to direct employment only.

7.2 Summary of tax contributions

On-going economic activity at YQX generated tax revenue contributions to all levels of government are estimated to be in the order of \$32 million.⁹

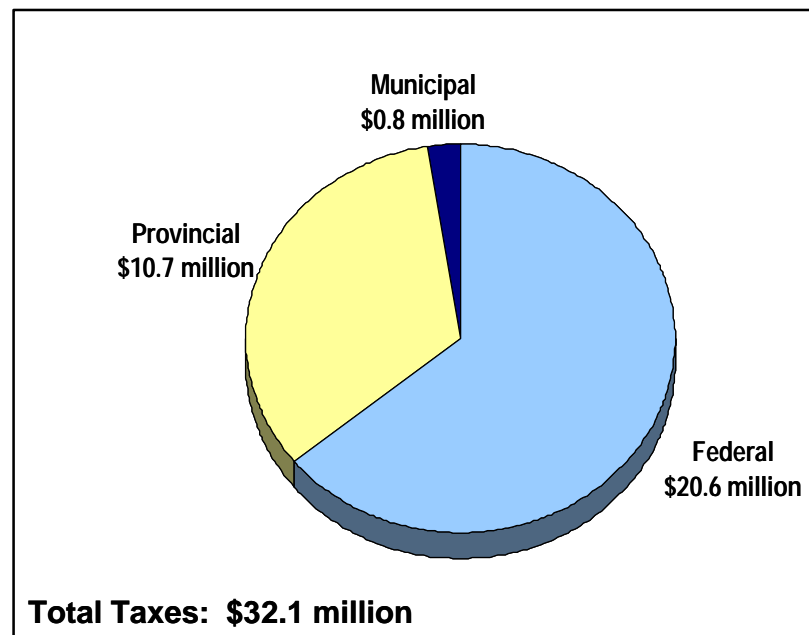
Tax revenues generated by YQX amount to \$32 million a year.

- Employers and employees paid approximately \$31.3 million (97% of the total), largely through a combination of income taxes and social insurance contributions. This includes the \$839,000 paid by the Gander International Airport and tenants in property taxes.
- Passenger tax contributions are estimated at \$0.8 million (3% of the total), mostly through the goods and services tax (GST) on airfares.

7.3 Taxes by level of government

The federal government is the largest recipient of tax revenue, receiving \$20.6 million (64% of the total), as seen in **Figure 7-1**.

Figure 7-1: Breakdown of Annual Tax Revenues by Government



⁹ See **Appendix 8** for detailed calculations of taxes paid by employers and employees and **Appendix 9** for taxes paid by passengers.

There are various sources of federal receipts. Income and payroll taxes are the largest sources of revenue and CPP for both employers and employees is the second largest category of tax revenue.

The Newfoundland and Labrador government received an estimated \$10.7 million in tax revenue related to the airport (33% of the total). Personal income is the largest category.

The local governments collected a total of \$0.8 million (2.6% of the total) in property and business taxes for the airport. The tenants of Gander airport remitted property and business taxes to the local governments.

A complete summary of tax contributions by YQX passengers and businesses is provided in Figure 7-2.

Figure 7-2: Current Tax Contributions of YQX Airport Passengers and Businesses

SUMMARY OF TAX CONTRIBUTIONS BY GANDER INTERNATIONAL AIRPORT - 2005								
	Federal		Provincial		Municipal		All Gov'ts	
	Tax	Amount (\$m)	Tax	Amount (\$m)	Tax	Amount (\$m)		Amount (\$m)
Paid by Passengers	Federal Portion of HST on Airport Concession	0.04	Provincial Portion of HST on Airport Concession	0.04				
	Federal Portion of HST on AIF	0.03	Provincial Portion of HST on Accommodations	0.05				
	Federal Portion of HST on ATSC	0.01	Hotel Tax	0.02				
	Federal Portion of HST on Airfares	0.61						
	Federal Portion of HST on Accommodations	0.04						
	Total	0.7	Total	0.1	Total	0.00		0.8
								2.6%
Paid by Employers or Employees	Personal Income Tax	10.06	Personal Income Tax	7.72	Property Taxes	0.84		
	Corp. Income Tax	1.85	Corp. Income Tax	0.56				
	EI - Employer	1.21	Fuel Tax	0.58				
	EI - Employee	0.86	Workplace, Health, Safety Compensation Commission	1.73				
	CPP - Employer	2.11						
	CPP - Employee	2.11						
	Fuel Tax	1.65						
	Total	19.8	Total	10.6	Total	0.84		31.3
							97.4%	
Grand Total	20.6	Grand Total	10.7	Grand Total	0.8		32.1	
	64.1%		33.3%		2.6%		100.0%	

8.0 Conclusions

On-going operations at YQX make a considerable contribution to local employment and the provincial economy.

On-going operations at YQX may support up to a total of 2,382 jobs province-wide, when multiplier impacts are present. Some 1,211 of these are direct jobs at or near the airports. Because jobs related to the airports extend far beyond the Newfoundland and Labrador region, the total also includes both indirect (approximately 914 jobs) and induced employment (nearly 257 jobs). Employment can be measured in two ways; one is to count the number of jobs. Because some jobs are part-time or seasonal, another measure is "person years," where jobs are converted into full-time equivalents.

YQX generates direct employment in the Newfoundland and Labrador region and contribute significantly to the Newfoundland and Labrador economy. The significance of the airports in terms of the provincial economy is demonstrated by the *direct* economic impact of the airport's employment on GDP and output, over \$107 million and over \$312 million respectively; *total* impacts are approximately \$201 million and \$536 million using economic multipliers.

Table 8-1 summarises the economic impact of the on-going operations at YQX. As discussed in the report, the figures for the indirect and induced economic impacts were derived using economic multipliers and thus must be interpreted with caution. The figures in this table are annual impacts of YQX operations on Newfoundland and Labrador's provincial economy.

Table 8-1: Summary of Economic Impacts of On-Going Operations at YQX

Type of Impact	Jobs	Person Years	Wages (\$ million)	GDP (\$ million)	Economic Output (\$ million)
Direct	\$107	\$312	\$107	\$312	\$107
Indirect	\$70	\$140	\$70	\$140	\$70
Induced	\$24	\$84	\$24	\$84	\$24
Total	\$201	\$536	\$201	\$536	\$201

On-going operations at YQX generate \$32.1 million per annum in government tax revenues.

YQX is also an important generator of taxation revenues to all levels of government. Total taxes paid on an annual basis, by employers, employees and airport users, are estimated at \$32.1 million. The majority of taxes collected accrue to the federal and provincial governments, at 64% and 33% respectively. Local governments also benefit from YQX as property and business taxes amounting to \$0.8 million are paid by the airport authority and tenants as shown in **Figure 8-1**.

Figure 8-1: Estimated Government Tax Revenues per Annum

