

Viability Strategies for the Peace River Regional Airport (YPE)

Current Status

The Peace River Airport serves the Town of Peace River and surrounding areas, and offers important assets to the region, including:

- Daily scheduled flights to Edmonton City Centre Airport and Calgary Executive Flight Centre on weekdays;
- Charter flights from Northern Air and Highland Helicopters;
- Medevac services;
- Available space for businesses, including a restaurant;
- NAV Canada services for many northern Alberta airports, including overnight service to Fort McMurray;
- Runways for small aircrafts, and sufficient runway capacity for a 737;
- A significant number of hangars located near the main terminal;
- Cargo dock and receiving area;
- Land nearby for business park development.ⁱ

In 2010, a Business Plan and a Marketing Strategy for the Peace River Regional Airport were developed. The Business Plan and the Marketing Strategy made several recommendations to increase the viability of the airport. The business plan, completed in July 2010, called for:

- The formation of an airport society to take over ownership of the Peace River Regional Airport;
- The development of a land use plan;
- The implementation of a cost-sharing formula between the Town of Peace River, Northern Sunrise County, County of Northern Lights, Town of Grimshaw, and MD of Peace;
- The development of a marketing plan that would consider measures including guaranteed seats, new routes, private contributions, bringing Alberta Health Services to the airport, and developing the Peace River Airport as a regional cargo hub.ⁱⁱ

The marketing strategy, completed in December 2010, listed projects and created timelines for five strategic priorities:

- Attract additional air service;
- Increase economic activity at YPE;
- Maintain and increase public safety role;
- Attract cargo service; and
- Engage audiences to support YPE.ⁱⁱⁱ

Since the release of the business plan and marketing strategy, a society has been created, and the airport retains its key assets.

Recommendations from the Northern Alberta Development Council (NADC)

The NADC has conducted preliminary research into the viability strategies of similar airports, and reviewed the suggested activities in the business plan and marketing strategy. The following are the recommendations based on research and the resources available to the airport.

- 1) A review could be conducted to determine what progress has been made on the recommendations included in the business plan and marketing strategy.
- 2) Studies conducted in several countries, including Canada, the United States, Great Britain and Norway have shown that passengers travelling for leisure are willing to travel 2-4 hours to the nearest airport offering direct service to their destination, lower fares, larger planes and departure time flexibility.^{iv} With one carrier currently providing scheduled service from the Peace River Regional Airport to two destinations, traffic leakage to the Grande Prairie Airport will continue.

In order to attract additional carriers, the Peace River Regional Airport could offer reduced fees to any new carrier that agrees to provide scheduled service to Peace River over a fixed amount of time. This strategy has been successful for other airports in the catchment area of a larger regional airport. For example, the Abbotsford International Airport increased the number of carriers providing service and the number of passengers using the facility by reducing fees for new carriers by 50%.^v

- 3) Research could be undertaken to assess which carriers would increase the number of passengers choosing to fly from the Peace River Regional Airport. The focus should be placed on small carriers instead of major airlines. Acting as a departure point for multiple small carriers may be an effective strategy for increasing the number of passengers, and may present a significant opportunity for the airport. WestJet has started approaching small carriers to act as feeders for their interprovincial and international flights leaving from large regional and international airports.^{vi} This strategy will be most effective if flights from Peace River are directed to the Edmonton International Airport once the Edmonton City Centre Airport closes.
- 4) The marketing tools for the airport could be diversified, and the online presence of the airport should be improved. Currently, there are two sites for the Peace River Regional Airport: it is listed as a department on the Town of Peace River's website in addition to a separate, non-linked site dedicated solely to the airport.^{vii} The airport's website is an important promotional tool, and should be improved and updated. This is a strategy that has also been recommended for the Dawson Creek Airport.^{viii}
- 5) The Town of Peace River could consider offering subsidies in the form of tax relief and inexpensive property rates to businesses willing to develop the land surrounding the airport. This is a proven viability strategy that has been implemented by several smaller population centers with airports in British Columbia, including Smithers and Terrace.^{ix}
- 6) The airport could become a multi-use facility and increase its role as a facility for the use of the community. The Northwest Regional Airport in Terrace, British Columbia, has increased its viability by renting out its facilities for community events. One particularly successful event is drag races using the runways on long weekends.^x
- 7) Partnerships with industry stakeholders may be a way to increase the airport's viability. Representatives could attend conferences and trade shows pertaining to the main

industries in the Peace River region, particularly oil and gas and forestry, to advertise the airport as an effective way of transporting employees. The Town of Peace River could approach large employers in the area (e.g., Shell, Baytex, Penn West, DMI) to discuss the formation of partnerships.^{xi}

- 8) Passenger subsidies do not create markets or stop airport leakage, and should not be considered a viability strategy for the airport. In the United States, the Essential Air Service (EAS) program subsidizes carriers providing service to rural communities. Delta Airlines recently announced its decision to end service to 24 rural markets, since many subsidized flights sold well under half of the available seats.^{xii} Passenger subsidies have also been used by small airports in Canada with little success. The City of Prince George partnered with Horizon Air to bring service to its airport, guaranteeing 26 seats sold on each flight. The program was cancelled 6 months later, as seats were not selling and the City had to pay for the remaining seats on each flight.^{xiii}

In addition to conducting research on strategies for increasing viability, the NADC has asked the Northwest Corridor Development Corporation (NCDC) to include air transportation as a topic of discussion at its 2012 Transportation Symposium. The Transportation Symposium will be held from May 24-25, 2012 in Prince George, British Columbia.

ⁱ Western Management Consultants and Solstice Marketing Solutions, "Peace River Regional Airport (YPE) Strategic Marketing Plan," December 2010, p. 13.

ⁱⁱ Patricia Maloney and Associates, "Peace River Airport Business Plan 2010," July 2010, p. 22-23

ⁱⁱⁱ Western Management Consultants and Solstice Marketing Solutions, p. 37

^{iv} John Inge Lian and Joachim Ronnevik, "Airport competition – Regional airports losing ground to main airports," *Journal of Transport Geography*, no. 19, 2011 (pp. 85-92), p. 86

^v Phone interview with Carmen Hendry, Northwest Regional Airport Manager, December 19, 2011

^{vi} Carmen Hendry, December 19, 2011

^{vii} <http://peaceriver.ca/departments/airport>, <http://www.peaceriverairport.com/>

^{viii} Michaela Garstin, "Airport suggestions revealed," *Dawson Creek Daily News*, Dec. 20, 2011

^{ix} Carmen Hendry, December 19, 2011

^x Carmen Hendry, December 19, 2011

^{xi} Carmen Hendry, December 19, 2011

^{xii} Joe Sharkey, "24 Small Towns May Lose Airline Service," *New York Times*, July 18, 2011. Online: <http://www.nytimes.com/2011/07/19/business/economy/24-small-towns-may-lose-airline-service.html?pagewanted=all>

^{xiii} Carmen Hendry, December 19, 2011