



Cape Breton Island Airport Business Case

The Cape Breton Island Airport project is built around further welcoming the world to Western Cape Breton by bringing commercial air traffic to the region for the first time. By creating a new airport, the region will stay competitive with international destinations and visitors will spend more time and money in the area, creating jobs and providing tax revenue that supports essential public services like health care and education.

The Opportunity

The global tourism sector is expanding rapidly, with a projected average industry growth of 4% every year for the next 10 years. The World Travel and Tourism Council points to a virtuous cycle of “money generated by tourists, helping cities not only pay for infrastructure projects and essential workers such as police, but also for services to improve the quality of life for residents—clean roads and beaches, festivals, and outdoor art.”¹

This growth is fueled by expanding middle-class economies and increased air connectivity. It is driving competition and encouraging destinations to invest in access and infrastructure. Arrivals by air travel have been placed at the centre of growth strategies and development plans for destinations the world over.

¹World Travel and Tourism Council, *Destination 2030, “Global Cities’ Readiness for Tourism Growth”*, <https://www.wttc.org/publications/2019/destination-2030/>

Cape Breton Island has the fastest growing tourism sector in Atlantic Canada, with no shortage of offerings, assets, and scenery to enjoy. People are tending to stay longer when they visit, with more people coming for vacation, and more taking part in a greater variety of activities—like artisan experiences, Celtic experiences, hiking, and coastal sightseeing. The hotbed of this growth in Western Cape Breton, with the best months on record for room nights sold occurring in the last three years and 33% growth in the May–October high season.² It is recognized as a tourism cluster with significant future potential.

But despite this recognition and growth, major commercial airlines are not landing in Western Cape Breton. Not necessarily because they don't want to, but because there isn't an airport for them. In fact, the majority of air travellers to Western Cape Breton land in Halifax and rent a car or do the same from Sydney. Visitors looking for short two- to four-day excursions are discouraged by these long drives.

A quality airport facility and commercial fly-in service on the western side of the Island will increase the attractiveness of Cape Breton as an in-demand travel destination, better able to continue to compete. This airport will improve the time and access challenges for travel from major markets to Cape Breton Island.

A new commercial airport will target those seeking to visit western and northern Cape Breton, and improve access to the world-famous Cabot Trail, Cape Breton Highlands National Park, and other attractions and communities, serving passengers from major markets, including Toronto, Boston, and New York.

As global air travel expands, the hotspot of Western Cape Breton has an opportunity to attract more people directly, building on an already compelling and successful tourism experience.

By increasing this critical convenience and frequency, a new airport will be a catalyst for growth for every business that is related—directly or indirectly—to tourism on the island. This investment in infrastructure is an investment in the future, in the continued growth and opportunity of Cape Breton's tourism sector, and in Western Cape Breton and the island as a whole.

“A rising tide lifts all boats. As someone deeply invested in the hospitality industry in Cape Breton, I am thrilled by the possibilities of this proposal. I see it as a launching pad for even more growth in the sector.”

***Lauchie MacLean,
Glenora Distilleries***

²<https://www.cbisland.com/dcba-industry-page/>

The Benefits

Bringing more visitors to experience Cape Breton will drive the economy forward and grow an already successful tourism story.

In the first **five** years, it is projected that the Airport will generate:

Over **600** direct and indirect full-time jobs

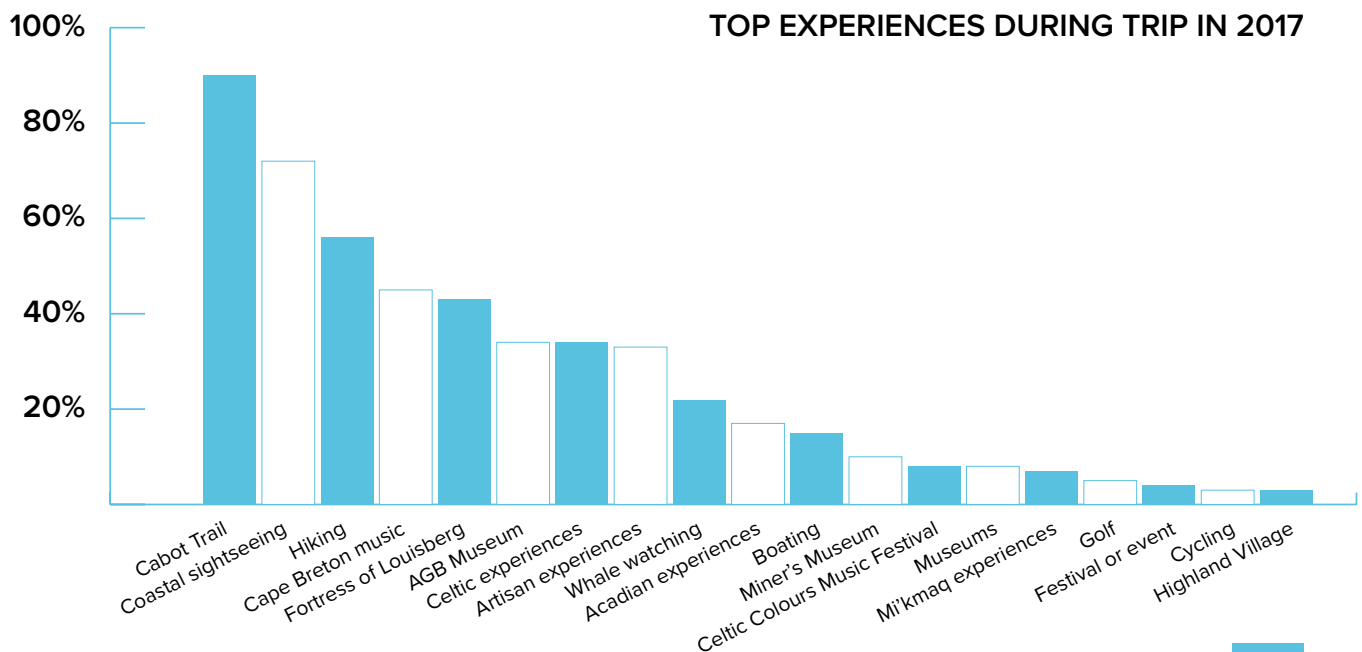
\$42.7 million in direct and spinoff GDP

\$26.7 million in direct and spinoff household income

\$6.4 million in government tax revenues

In addition:

- A new commercial airport will continue the trend toward tourism diversification, growing revenue for every business connected to the tourism sector, including our bustling arts and cultural industries.
- More visitors means opportunities for new and experiential tourism operations, such as artisan studios, boutique accommodations, and guided tours.
- Arriving directly in Western Cape Breton will allow greater access to National Parks and National Historic Sites, and more time spent in the region.
- An increase in visitors means growing needs to fulfill key tourism industry jobs, such as hotel workers, service managers, travel agents and counsellors, theater and exhibit designers, curators, technical operators, artisans and craftspeople, and tour and travel guides.
- Building the airport will generate \$31 million in Cape Breton capital spending, boosting household income by \$9.8 million, and providing \$5.5 million in provincial tax revenues and \$2.4 million in federal tax revenues.³



In its first year of operation, the airport is expected to support \$2.58 million in visitor spending. By year ten, as the scheduled service matures, this will grow to \$27.61 million.⁴ This is money that will be spent in Cape Breton, resulting in more tax revenue that supports government investments in priorities like health care, roads, and education.

The Airport will be incorporated as a federal not-for-profit corporation under the Canada Not-for-profit Corporations Act. A share of any airport profits will be reinvested in First Nation communities and tourism development initiatives.

Creating a Cluster for Growth

In a report released in late 2018 by Destination Canada, “Unlocking the Potential of Canada’s Visitor Economy”, McKinsey & Company introduced the idea of a collaborative system to bring Canada’s tourism industry to the next level: tourism clusters.⁵

Through the development of tourism clusters, the authors of the report suggested Canada could double the value of tourism by 2030 and create tens of thousands of new jobs across the country. The report identified the need for joint public, private, and non-profit groups to align their resources toward building up regional tourism clusters and entirely new destinations, including supporting infrastructure like air and road access.

Cape Breton has the strong beginnings of a tourism cluster now, and taking a cluster-building mindset to industry growth will place the region squarely on track to fit with the broader Canadian strategy for tourism growth. This alignment is key to collaboration, regional growth, and pooling resources to win against aggressive global competitors and travellers with many options to choose from.

The Future

Western Cape Breton has moved from a regional success story to an international success story.

Success for the future means turning this bright spot into a catalyst for growth that sustains, builds, and spreads success across the island and province.

A new airport will help put us on the path to future sustained growth that benefits everyone in Cape Breton.

³Research contributed to the business plan for Cape Breton Island Airport.

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⁵<https://indigenoustourism.ca/corporate/mckinsey-company-report-unlocking-the-potential-of-canadas-visitor-economy/>

Contributors

This document summarizes a larger study with contributing authors

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Michael Healy, P.Eng.: Micheal advised on the project and is an infrastructure executive and proven industry leader in the delivery of major airport capital infrastructure expansion. Michael was formerly the Vice President, Planning & Infrastructure for the Halifax International Airport Authority, and Chair of the Canadian Airports Council, Planning, Development, & Infrastructure Committee.

McKenzie Business Strategies: McKenzie Strategies is a boutique consulting firm providing management consulting and business advisory services. Support for this report was provided by Michele McKenzie, Principal Consultant. Michele is the former CEO of the Canadian Tourism Commission (Destination Canada) and is recognized as an international expert in the tourism and hospitality sector.

Cabot Links: Cabot Links and Cabot Cliffs are located in Inverness, Nova Scotia, are two of the World Top 100 golf courses, is a top Canadian resort, and is recognized for helping to revitalize the County of Inverness economy.

Group ATN Consulting Inc.: GATN is a diversified consultancy serving the public and private sectors, First Nations and Aboriginal Interests, and Non-Government Organizations (NGOs). GATN also specializes in tourism analysis, communications, and marketing.