



Northern Airlines

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When most people think of airlines they think of British Airways, Air Canada, or Westjet. However there are a multitude of other airline companies that are just as important. Some of these are located in the Canadian Arctic. Today, we'll be exploring four northern airlines and how they play a role in the survival of people north of 60.

Understand the economic structure of northern airlines.

Understand the importance of airlines to northern communities and economies.

Objective

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The objective of our presentation is to have a better understanding of the economic structure of northern airlines and to understand the importance of airlines to northern communities.



Northern Communities:

Pond Inlet, NU
Resolute, NU
Iqaluit, NU
Inuvik, NU

Hub Cities:

Whitehorse, YT
Yellowknife, NT
Ottawa, ON
Vancouver, BC
Montreal, QC

Area Serviced

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The airlines that we feature have regularly scheduled service to these locations. Their hub cities, that is cities where these airlines are based out of, are major cities like Whitehorse, Yellowknife, and Ottawa.

Some of these northern communities, such as Resolute, have populations as little as 200 people. We're going to discuss how an airline can justify and maintain a scheduled service to a community of 200 people.



Owned by: Makivik Corp.
Inuit People



Owned by: Norterra Inc.
Inuit People



Owned by: Provincial Investments Inc.
Roger Pike



Owned by: Air Tindi Ltd.
Alex Arychuk

First Air and Canadian North are the largest of about 30 companies that service the north.

First Air delivers 25 million kilograms of cargo a year.

First Air, Canadian North, and Air Tindi are all participating members of NATA.

Airlines Studied

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Here are the four airlines that we looked at:

In all these cases, the companies are privately owned. And as such, we were not able to get any financial information about them such as profit and losses.

Both First Air and Canadian North are run by companies that are owned 100% by the Inuit people. This is important in the north as any profit generated by these companies are usually used for social services to their people.

Air Labrador and Air Tindi are owned individuals.

Roger Pike, who owns Air Labrador purchased the company in 1983. However, the original airline started operations in 1948.

Alex Arychuk owns Air Tindi and the company is run by the entire Arychuk family. The company was formed in 1988.

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NATA is the Northern Air Transport Association. Its purpose is to represent northern air carriers in the decision-making process affecting transportation in Northern Canada.

Location	Population	Average Earnings*
Nain, NL	1,159	\$33,074/yr
Kuujjuaq, QC	1,932	\$45,546/yr
Iqaluit, NU	5,236	\$55,698/yr
Hall Beach, NU	609	\$36,684/yr
Pond Inlet, NU	1220	\$46,349/yr
Resolute, NU	210	\$n/a
Inuvik, NT	2,894	\$51,257/yr
Kugluktuk, NU	1,212	\$48,576/yr
Norman Wells, NT	666	\$58,180/yr
Whitehorse, YT	19,058	\$46,821/yr
Yellowknife, NT	16,541	\$55,603/yr

2001 Census, Statistics Canada.

- Most supplies are brought in via air or sea.

- Shipments vary from once a week to once a year.

- Everything** needs to be imported:

 - Fuel

 - Appliances

 - Food / Medical Supplies

 - Equipment

- Weather plays an important role in allowing shipments to arrive.

- Air ambulance services are important for providing health care to remote communities.

* Average earnings of population that worked full time, 1 year or longer.

Northern Economics

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The majority of the north is not serviced by road. As a result all shipments must be delivered via air or ship.

You have to understand that **everything** must be shipped via these means. Everything from food, freezers, medical supplies, trucks, cars, snowmobiles. Naturally the prices for these items are higher in the north than in southern Canada. Without the northern airlines providing cargo and charter services to the people, none of these items would be available.

The above statistics were compiled from the 2001 Statistics Canada Census data. We picked some of the cities that these northern airlines service and compared their population and the average earnings of the people living in those towns.

Although the populations of these towns are extremely small, the air carriers are able to provide a service to them. Why? Two reasons:

1. There is no other means of getting to the city.
2. The average income of people allows them to afford high ticket prices to these locations.

As you can see, most of these locations the average earnings per person is over 45 thousand dollars a year.



Ottawa (YOW) to Iqaluit (YFB)
4600 Km Round Trip
\$1,531.00
Cost per Km: \$0.33/km
In-Flight Service: Yes
Loyalty Program: Aeroplan



Ottawa (YOW) to Iqaluit (YFB)
4600 Km Round Trip
\$1,531.00
Cost per Km: \$0.33/km
In-Flight Service: Yes
Loyalty Program: Aeroplan



Yellowknife (YZF) to Fort Simpson (YFS)
726 Km Round Trip
\$650.00
Cost per Km: \$0.90/km
In-flight Service: None
Loyalty Program: None



Nain (YDP) to Goose Bay (YYR)
738 Km Round Trip
\$713.64
Cost per Km: \$0.97/km
In-Flight Service: Yes
Loyalty Program: Aeroplan

Prices as of 2007/02/25 for travel to destinations between 2007/03/16 and 2007/03/19

Scheduled Service Ticket Prices

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We compared the cost per kilometer and ticket prices for the four airlines along with services offered.

Canadian North and First Air both offer scheduled services to the same locations at the same price. You can earn Aeroplan points on both airlines and both have inflight service. A round trip from Ottawa to Iqaluit would cost you \$1500.00.

Air Tindi and Air Labrador only have scheduled services between closer destinations.. All of them under 1000 kms round trip. In these cases Air Tindi does not offer any air miles or in-flight service. As a result, their costs are about 7 cents cheaper per kilometer versus air labrador.



Available but limited to paved runways and cities serviced.



Mining and Exploration
Maritime Surveillance
Cargo



Mining and Exploration
Air Ambulance
Canoeing
Cargo



Available

Charter/Cargo Services

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All airlines provide Charter and Cargo services.

Canadian North is limited to paved runways because of their fleet. All of their aircraft are jets, therefore they are limited to paved runways. You cannot land a jet on gravel airstrips.

Air Tindi offer specialized packages for Canoeists.

With the exception of Air Labrador, all airlines have extensive contracts with oil, mining, and exploration companies to provide air support and personnel transportation to and from work sites.

Discovery Air president Dave Taylor says he is encouraged by the economic outlook for the North.

"Things are looking good here, A prospect of a [\$7 billion] pipeline will mean even more work for helicopters and airplanes." - CBC News Tuesday June 27, 2006.

At the start of this year, De Beers Canada inked a deal with First Air for jet service from Edmonton to the Snap Lake diamond mine [worth over \$636 million].
– Opportunities North June, 2006.

Canadian North recently won a charter contract from Canadian Natural Resources Ltd. As many as four flights per day from Edmonton and Calgary into booming oil and gas town Fort McMurray. – Opportunities North June, 2006.

Opportunities In The North

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Billions and billions of dollars are spent in the north.

Discovery Air president Dave Taylor says he is encouraged by the economic outlook for the North.

"Things are looking good here, A prospect of a [\$7 billion] pipeline will mean even more work for helicopters and airplanes."

De Beers is a diamond company with many diamond mines in the north:

At the start of this year, De Beers Canada inked a deal with First Air for jet service from Edmonton to the Snap Lake diamond mine [worth over \$636 million].

Canadian Natural Resources is a gas and oil companies with kilometers of pipeline in the north. Canadian north won a charter contract to ship workers from edmonton and calgary to fort mcmurry. Imagine getting to work each day on an airplane?

- Earnings support scheduled services in the North.
- Cargo and charter flights are the “bread and butter” of northern airlines.
- Large multinational companies invest millions of dollars in air service contracts to serve oil patches, diamond mines, and mineral exploration.
- Lack of roads and infrastructure support air cargo industry.
- Versatility of airplanes allow them to land on snow, water, gravel, and paved surfaces.
- Increased interest in the exploitation of natural resources in the North.

“Airlines go where road and rail can't reach.”

- Northern News Service August 2003

Conclusion

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We looked at how much money people make in the north. How important air transportation in the north is and how it affects the lives of the people.

However, it is the large multinational companies that keep the airlines afloat. Without the airlines, oil and gas companies wouldn't be able to get their workers to the job site or deliver natural resources for the rest of the world to consume.

Because it is impossible to create paved roads due to the permafrost, air transportation will always be needed, and the north will continue to depend on it in the foreseeable future.