Billy Bishop Toronto City Airport

Economic Impact Study

PortsToronto
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Land Acknowledgement

Our Toronto office is located on ceded and unceded lands of many nations including the Mississaugas of the Credit, the Anishinabewaki, and the Haudenosaunee (hoe-dee-no-SHOW-nee). We acknowledge this land and its people to build a shared understanding of how our collective past brings us to where we are today. Through our ever-developing commitments, we strive to strengthen our relationships with this land, its people, and its treaties to shape a better, more inclusive world. Arup Canada's Reconciliation Action Plan (2023) is a resource to learn more about how Arup is actively guiding reconciliation and supporting Indigenous peoples.

1. Introduction

Airports are Catalysts for Economic Growth

Airports are vital infrastructure assets of a city that connect people and places and provide access to goods and services from different locations. Enabling travel, trade, tourism, and business activity, **airports do not just facilitate movement, but act as gateways to economic prosperity**. Airports rely on technical, professional, and support personnel, for their day-to-day operations, creating direct employment opportunities within the boundary of the airport. **Beyond its physical boundaries, the airport's operations stimulate broad economic activity across multiple sectors,** creating indirect and induced jobs, as well as economic output which bring wider economic benefits.

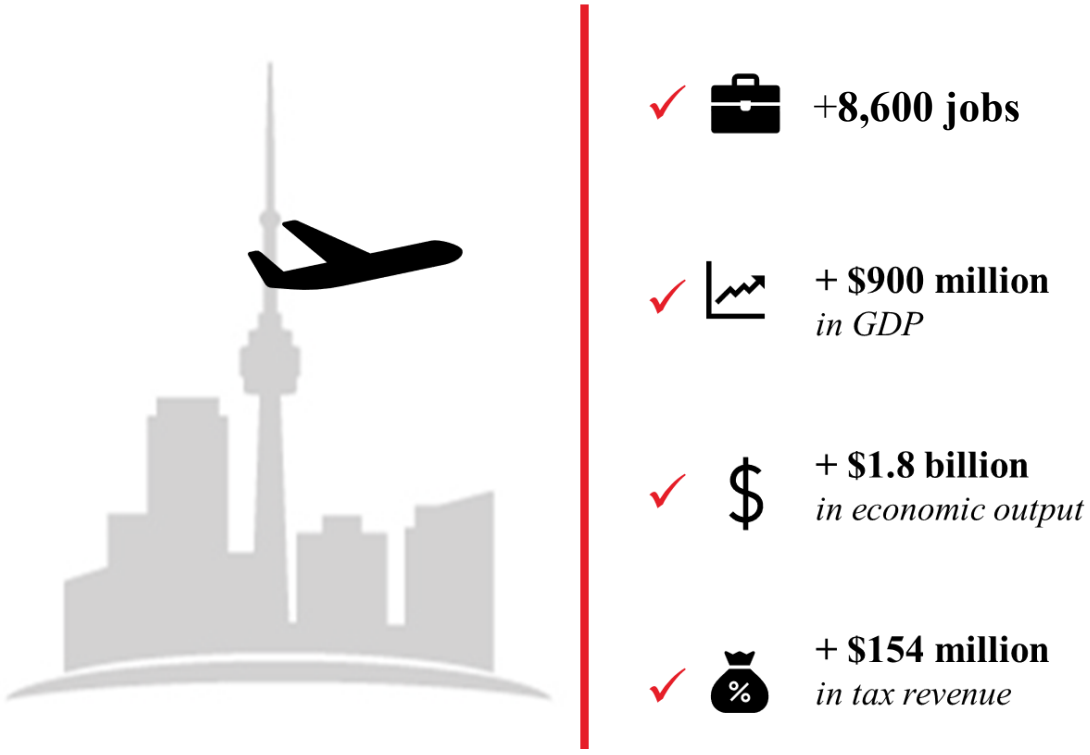
Investing in and optimizing airports as strategic assets drives local and regional growth. Associated with the economic activity are wages, salaries, and business revenue that generate various fiscal contributions such as income taxes by individuals, and other employee contributions such as CPP, EIP, corporate income tax, property taxes or PILT paid by vendors as well as sales tax (HST) from the sale of goods and services to customers. All this economic activity, therefore, contributes towards the local, provincial and national employment, GDP and output.

Billy Bishop Toronto City Airport: A Key Economic Driver

Billy Bishop Toronto City Airport plays a vital role in Toronto and Ontario's economic landscape. Offering direct flights to more than 20 cities across Canada and the United Sates, enabling connections to many other international destinations. It contributes to the growth and success of the local and regional economy of Toronto and Ontario by providing seamless and efficient connectivity to millions of residents in and around the Greater Toronto Area (GTA) as well as many international and inter-provincial visitors.

Its unique downtown location makes Billy Bishop Toronto City Airport a key urban transportation hub for Canadian and international businesses to gain convenient, cost-effective and environmentally sustainable access to the heart of Canada's business capital. Located just minutes from the city's financial and commercial core saves time and enhances productivity, making it a preferred choice for business travellers

Figure 1: Billy Bishop Toronto City Airport 2024 Economic Impact



2. Overview

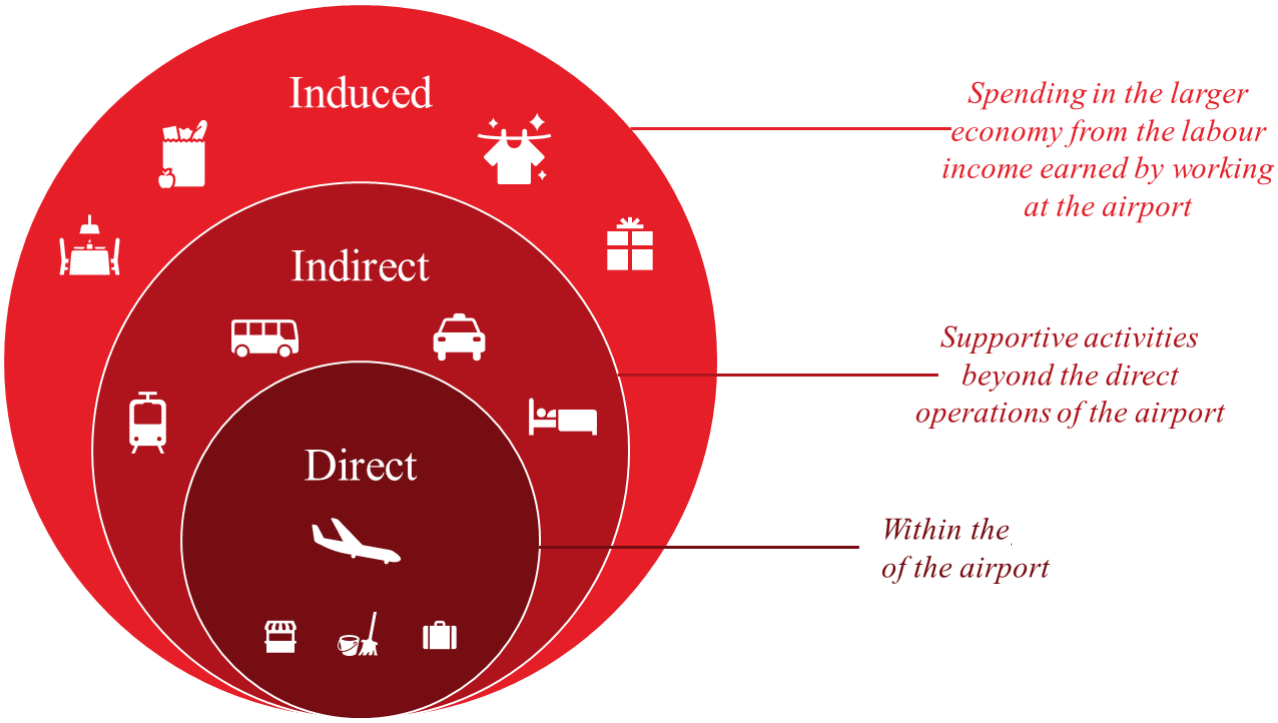
An economic impact assessment evaluates and quantifies the effects of a project, investment, policy, or event on a specific region's economy. It measures changes through key indicators such as employment, wages, tax revenues, economic output, and GDP, providing valuable insights to guide policymaking and investment decisions.

This report outlines the core components considered in the assessment, presents the methodological approach, and discusses the results that quantify Billy Bishop Toronto City Airport's contributions to employment, economic output, GDP, and tax revenues.

Economic impacts associated with airport operations

Airports generate economic activity in three well-established and distinct categories. The first is **direct activity** which is "within the airport" such as airline operations, baggage handling, and on-site services including retail to cleaning services. In addition, direct activities **create indirect economic impact** by stimulating support services "outside the airport" such as ground transportation providers including taxis for passengers, courier services for offices located on-site, and marketing agencies used by airport vendors. The third category of **induced economic impacts** is created by the spending of an individual employed at the airport through purchases made in other parts of the economy (e.g., on healthcare, travel, education, etc.).

Figure 2: Direct, Indirect, and Induced Economic Impacts



Tourism impacts

Airports directly support the tourism sector. Visitors spend money in Toronto and the surrounding region on accommodation, activities, F&B, etc. This supports jobs, as well as GDP and economic output.

Wider impacts

Combining the value of these economic activities offers a comprehensive picture of the wider economic impact created by Billy Bishop Toronto City Airport's activities and operations.

3. Methodology

Economic impacts of Billy Bishop Toronto City Airport operations

While governments publish regional or sectoral data, the disaggregated information needed to conduct these assessments, such as jobs, wages, etc., is not typically available in public domain. To assess the economic impact of Billy Bishop Airport's operations and services, Arup conducted an employment-based survey of businesses located on-site, including airline operators, food and beverage (F&B) providers, aviation navigation controllers, security services, facilities management services, PortsToronto, among others. This survey collected a variety of information including number of personnel employed, the nature of employment, various employee benefit contributions (e.g., WSIB), taxes paid, etc.[1]

The survey information served as primary input in our modelling approach. Using this primary data, Arup applied *Statistics Canada's* input-output multipliers to develop direct, indirect, and induced economic impact measures for jobs, GDP, economic output, and tax revenues for various levels of governments.

Tourism impacts

To assess the economic impact of tourism enabled by Billy Bishop Toronto City Airport, we estimated the total spending of annual passengers, benchmarked to average spending by domestic tourists and US tourists who visit Canada. Based on national estimates of jobs per tourism dollar spent, we then generated the number of tourism jobs associated with Billy Bishop Toronto City Airport passengers.[2] A selection of *Statistics Canada's* input-output multipliers reflecting the tourism sector were used to calculate the direct, indirect, and induced effects on jobs, GDP, and economic output.

The results of the economic impact assessment are discussed below.

4. Economic Impact Assessment

Airport employment

In 2024 Billy Bishop Toronto City Airport supported a total of **4,900 jobs**. This includes full-time, part-time, seasonal employees, and individuals on contract. To standardize the headcount, we converted jobs to a total of 4,700 FTEs Full-Time Equivalents (FTEs), enabling the measurement of labour contribution in terms of hours, irrespective of the nature of employment. These jobs correspond to total of **$252 million** in wages and salaries.

Table 1: Billy Bishop Toronto City Airport Jobs and FTEs, 2024

	Jobs		FTEs	
Direct	2,200	*44%*	2,000	*43%*
Indirect	1,700	*35%*	1,600	*35%*
Induced	1,000	*21%*	1,000	*22%*
Total	**4,900**	*100%*	**4,700**	*100%*

Note: numbers may not add due to rounding

[1] The survey response rate was 80%. To mitigate for missing information, Arup used supplementary data provided by PortsToronto and other on-site vendors, as well as industry averages and benchmarks, to make statistical inferences. A conservative approach was adopted throughout.

[2] Tourism analysis is based on data reported by *Statistics Canada*.

The sectoral distribution of these ~5000 jobs is shown in the figure below, with airline operators or services accounting for more than half of the jobs.

Figure 3: Billy Bishop Toronto City Airport Jobs by Industry



Representative illustration: figure may not precisely match sectoral distribution

Together with security services and support activities for air transportation services (e.g., air navigation, baggage handling, aircraft maintenance, snow shovelling), the three sectors account for more than 80% of the total jobs.

Tourism jobs

Travel enabled by Billy Bishop Toronto City Airport supported **3,700 jobs in the tourism sector.** This includes 2,300 direct, 800 indirect, and 600 induced jobs.

Total jobs

In aggregate, nearly 9,000 jobs were associated with Billy Bishop Toronto City Airport in 2024.

Table 2: Billy Bishop Toronto City Airport Total Jobs 2024

	Jobs
Airport Operations	4,900
Tourism	3,700
Total	**8,600**

Note: numbers may not add due to rounding

Economic value

Using input-output multipliers, two measures of economic value are considered.

- The first, **GDP**, is a measure of *final* goods and services produced in the economy
- The second, **economic output**, represents the *gross* value of all goods and services produced, including intermediate goods and services.

Table 3 below shows the GDP and economic output associated with Billy Bishop Toronto City Airport operations in 2024, while

Table 4 shows the economic value for tourism enabled by the airport.

Aggregating these, in 2024, Billy Bishop Toronto City Airport's operations resulted in a **total GDP contribution of $900 million** as well as **$1.8 billion in economic output.**

Table 3: Economic Value of Billy Bishop Toronto City Airport Operations, 2024 ($, millions)

	GDP	Economic Output
Direct	$ 250	$ 650
Indirect	$ 200	$ 450
Induced	$ 100	$ 200
Total	**$ 600**	**$ 1,300**

Note: numbers may not add due to rounding

Table 4: Economic Value of Tourism enabled by Billy Bishop Toronto City Airport, 2024 ($, millions)

	GDP	Economic Output
Total	**$ 300**	**$ 500**

Note: numbers may not add due to rounding

Table 5: Wider GDP and Economic Output associated with Billy Bishop Toronto City Airport, 2024 ($, millions)

	GDP	Economic Output
Airport Operations	$ 600	$ 1,300
Tourism	$ 300	$ 500
Total	**$ 900**	**$ 1,800**

Note: numbers may not add due to rounding

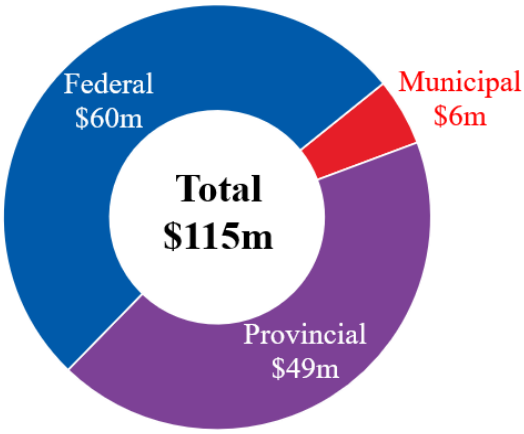
Tax revenue from airport operations

The operations at Billy Bishop Toronto City Airport in 2024 contributed **$115 million** in **tax revenues** across all levels of government.

Federal tax revenues amounted to over half of the total benefit. 43% was contributed to the provincial tax base, while the remaining 5% constituted municipal taxes.

Among the different components of tax revenue, *taxes paid on airfare* and *taxes paid by customers* account for about 44% of the total tax revenue generated. This is followed by *personal income tax* and *corporate income tax* which combined accounted for 27% of the total revenue. Various employee benefit contributions, including Employment Insurance Premium (EIP), Canada Pension Plan (CPP), Workplace Safety & Insurance Board (WSIB), Health Insurance Premium and Employer Health Tax, contribute another 13%.

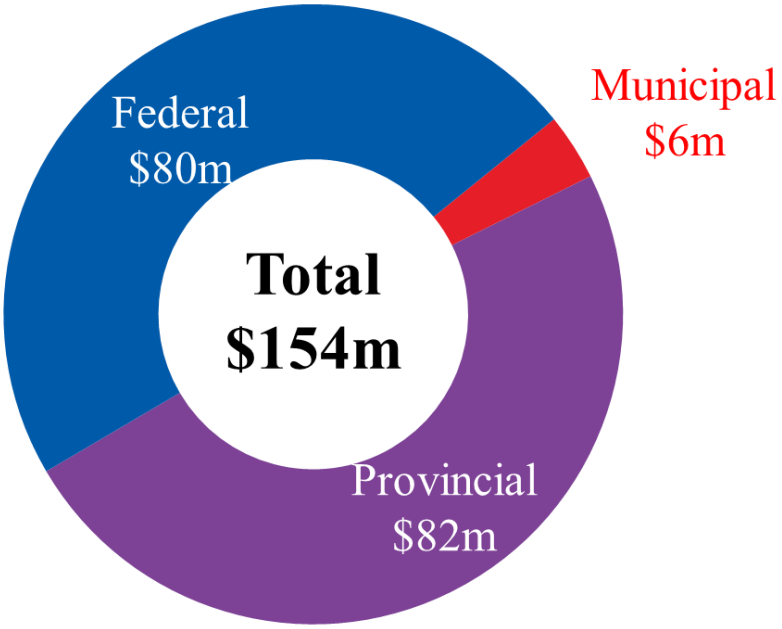
Figure 4: Tax Revenue Impact of Billy Bishop Toronto City Airport Operations, 2024



Taxes paid by tourists

As noted, we estimated the total annual spending of tourists using Billy Bishop Toronto City Airport. Assuming this spend was subject to 13% HST, this increases the tax revenues by $54 million, accruing to provincial and federal governments, and bringing the total to **$154 million**.

Table 6: Wider Tax Revenues associated with Billy Bishop Toronto City Airport, 2024 ($, millions)



5. Conclusion

As a vital piece of urban infrastructure, Billy Bishop Toronto City Airport seamlessly and efficiently serves travellers in the GTA and across North America. Its strategic downtown location offers unmatched efficiency, especially for business travelers for whom time efficiency is critical for generating large business revenue flows.

Billy Bishop Toronto City Airport's critical operations generate deep ripple effect of economic activity that transforms connectivity into prosperity for the local economy

This economic impact assessment demonstrates that Billy Bishop Toronto City Airport operations had a significant economic impact in 2024 on both the local and regional economy, supporting nearly 5,000 jobs, $1.3 billion of economic output, and $600 million of GDP.

Table 7: Economic impact of Billy Bishop Toronto City Airport Operations, 2024

Jobs	GDP	Economic Output
4,900	$ 600 million	$ 1.3 billion

The table below shows the wider economic impact, including the tourism sector. Billy Bishop Toronto City Airport's operations in 2024 were associated with a total **$900 million of GDP** and **$1.8 billion of economic output**, demonstrating that the airport is an important strategic asset underpinning Toronto and Ontario's economic vitality.

Additionally, the Billy Bishop Toronto City Airport's operations, as well as the tourism enabled by the airport in 2024, contributed **$154 million in tax revenues**, split between federal, provincial, and municipal governments.

Table 8: Wider economic impact of Billy Bishop Toronto City Airport in 2024

	Jobs	GDP	Economic Output
Airport Operations	4,900	$ 600 million	$ 1.3 billion
Tourism	3,700	$ 300 million	$ 0.5 billion
Total	**8,600**	**$ 900 million**	**$ 1.8 billion**

Note: numbers may not add due to rounding

Appendix A: Employment and salary data

Calculation of full-time equivalent or person years of employment

The number of jobs reported refers to unique positions supported by the operations of the airport, irrespective of the nature of employment (i.e., full time, part time, seasonal, or contractual). The total number of hours worked in a week and total number of weeks worked in a year varies depending on the nature of employment.

When measuring economic activity, a full-time employee must not be treated the same as a part time, seasonal, nor contractual employee. To standardize the headcount, jobs are translated to Full-Time Equivalents (FTE), which quantifies employment in person years. FTEs were used as the basis for the input-output analysis.

To conduct this analysis, we assumed an FTE worked 1844 hours per year (40 hours per week for 52 weeks). All person hours of part time employees, seasonal employees, and individuals on contract were converted to FTE, benchmarked to 1844 hours. For example, a part time employee working for 20 hours per week for 50 weeks (20*50= 1000 hours) was inferred as ~0.5 FTE (1000/1844). For this reason, the number of jobs reported is greater than number of FTEs.

Payroll distribution

The survey collected data on average salaries and/or total payroll, corresponding number of jobs and their distribution as full time, part time, seasonal, and contract workers. Where applicable, information was also requested on the number of weeks and hours of work. To mitigate missing information, data was inferred through benchmarking to responses of similar business and/or industry averages.

Distribution of jobs by type of role or seniority of role was assumed to be positively skewed− more low and mid levels of responsibility or compensation jobs (e.g., cleaning staff) and fewer higher levels of responsibility or compensation (e.g., manager). This distribution was used to generate a salary for each role within every business. Our distribution model allocates salaries within the market range for each role, such that that the sum of all salaries for each vendor equals the total payroll as reported. The identified salaries are then used to calculate federal and provincial income tax contributions, after applying applicable pre-tax deductions such as the basic personal amount and CPP contributions.

Appendix B: Multipliers to derive economic impacts

Economic multipliers

Statistics Canada publishes input-output multipliers for all Canadian provinces, by North American Industrial Classification (NAIC) which groups activities by sector. We used *direct*, *indirect* and *induced* impact multipliers for Ontario for the air transportation sector. The most recently published multipliers are from 2021. To avoid any bias due to outlier effects of the pandemic years (2020 and 2021), 2019 multipliers were used for this study.

These multipliers define the relationship between monetary impacts (e.g., economic output and GDP) as well as between monetary and non-monetary impacts (e.g., economic output and jobs). The former does not require escalation as both sides of the equation would be adjusted at the same rate. The latter is a more complex relationship. Labour productivity in Canada has declined since 2019. This influence, which increases the jobs: economic output ratio, works in opposition of escalation, which decreases the jobs: economic output ratio. In the absence of more recent multipliers *Statistics Canada*, and to avoid biased or misinformed representation of this relationship, we have applied 2019 multipliers without manipulation.

Appendix C: Tax revenue attributable to airport

Employee income tax contributions

Employee income tax contributions to the provincial and federal tax base were calculated based on the salary distributions, derived from payroll and job information each vendor. The provincial and federal tax rates, adjusted for different income brackets, were applied to pre-tax salary after applicable deductions (CPP, RRSP, etc.).

Property tax

Survey data was used to estimate the property tax contribution, as reported by vendors. This category also includes payment in lieu of taxes (PILT), paid by PortsToronto.

Airport users' contribution

Airport passengers purchase various goods and services on-site at the airport (e.g., car rental, meals, etc.). The 13% Harmonizes Sales Tax (HST), comprised of 5% federal and 8% provincial sales tax, is paid on those majority of those purchases. This information was requested as part of the survey. Missing responses were reviewed on an individual basis. Where appropriate, we benchmarked business revenues to similar businesses and/or industry averages for urban business as reported by *Statistics Canada* and calculated the HST on the assumed revenue. Of a total of taxes paid by the customers of ~$15 million, about ~$ 6 million is attributable to federal sales tax and ~$9 million to provincial sales tax.

Tax revenue components, by different tiers of government

The tax revenue components for each tier of government are shown below.

Tax components across levels of government

	Federal	Provincial	Municipal
Canada Pension Plan (CPP)	X		
Workplace Safety and Insurance Board (WSIB)		X	
Property Tax			X
Gross Revenue Charges	X		
Health Insurance Premium		X	
Payment in lieu of Taxes (PILT)			X
Employer Health Tax		X	
Personal or individual income tax	X	X	
Corporate income tax	X	X	
Taxes paid on contracted services	X	X	
Employment Insurance Premium (EIP)	X	X	
Aviation Fuel Tax	X	X	
Taxes paid on airfare	X	X	
Taxes paid by customers	X	X	
HST on Air Traveller Security Charge	X	X	