

## Medicine Hat Air Service

Issue(s): *The Medicine Hat Airport (YXH) has a single air service provider for passenger flight departures from and arrivals to Medicine Hat. The current standards and practices are imposing barriers to increase load capacity for flights from Medicine Hat. The major restrictions include:*

- a) *Airfare Premiums*
- b) *Wait Times for Connecting Flights*
- c) *Flight Frequency*
- d) *Destination Options*
- e) *Capacity of passenger flights*

### EXECUTIVE SUMMARY

There has been significant concern from the business community related to the high airfare related to the current air service provider. Additionally, the wait times, flight schedules and destinations are prohibiting both business and leisure travelers from choosing the Medicine Hat Airport as their airport of choice. While businesses have indicated that they would choose to fly out of Medicine Hat, if the fares were more reasonable and schedules would accommodate same daytime business travel, we continue to face obstacles related to a more conducive model for air service. The Medicine Hat & District Chamber of Commerce recommends that the City of Medicine Hat aggressively pursue options for lower airfares, an additional destination to Edmonton, increased flight frequency and better connection times for travelers in Southeast Alberta and Southwest Saskatchewan catchment area.

### BACKGROUND

Currently, scheduled passenger service is available only on Air Canada with direct flights to Calgary. There are 75% of air passengers travelling to/from Medicine Hat by road between Calgary and Medicine Hat. This is due to high airfare premiums from Medicine Hat, the need to connect to other markets once in Calgary and the lack of convenient departure times and connections. Additionally, flights are often full during peak periods forcing passengers to drive to/from Calgary to catch a flight.

There is a higher potential for air service passengers from Medicine Hat with the catchment area population of approximately 93,000, including the Medicine Hat, Redcliff, Cypress County, Forty Mile County and Southwest Saskatchewan areas. With the proximities of the Lethbridge, Regina and Calgary Airport, there are very few, if any passengers that would drive to catch a flight given the drive time of over 2 hrs. Most passengers would prefer to fly from Medicine Hat if the flight was available with reasonable fares and departure/connection times.

For air travel, 57% of travelers are on business, with 37% travelling for leisure and the remaining 6% travelling for both. There are 62% of travelers that make one connection to reach their final destination, 28% make two or more connections with only 10% not making connections, as their final destination is Calgary.

Additionally, business and organizations are increasingly asking for an additional direct destination flight to Edmonton and would like to be able to use air service for same day business trips to both Calgary and Edmonton. This would increase the number of travelers utilizing the Medicine Hat airport and maximize potential for connecting flights with the additional option of the Edmonton airport.

### ANALYSIS

A new route to Edmonton and additional frequency to Calgary would be attractive not only to business and leisure travelers, but also to the air service provider as it would increase initial load factors and provide for large growth potential, increasing the number of new passengers to Air Canada and utilizing the Medicine Hat Airport for service. With 75% of air passengers currently travelling to alternate destinations, there is a large growth potential if a more cost effective and conducive model for air service was provided.

## **RECOMMENDATIONS**

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The Medicine Hat & District Chamber of Commerce recommends that the City of Medicine Hat aggressively pursue options for lower airfares, an additional destination to Edmonton, increased flight frequency, better connection times and increased load capacity for travelers in Southeast Alberta and Southwest Saskatchewan catchment area.

Date Approved: October 17, 2012