

AIR TRANSPORTATION ASSISTANCE PROGRAM

Financial Assistance Application Guide

TABLE OF CONTENTS

Component 1 – Maintenance for Essential Air Services	3
Objective	3
Eligibility	3
Contribution	3
Project Appraisal Criteria and Information Required	3
Component 2 – Improvement of Air Services	4
Objective	4
Eligibility	4
Contribution	4
Project Appraisal Criteria and Information Required	5
Component 3 – Market Studies.....	5
Objectives	5
Eligibility	5
Contribution	6
Project Appraisal Criteria and Information Required	6
Definitions for the purposes of the program	6
General conditions	7
Grant Application Form	7

This guide was designed to help applicants to prepare and present an application for a financial contribution in the framework of the Air Transportation Assistance Program. For each component, the objectives set out and the eligibility criteria for grants are presented. Specifications are provided for the financial contributions, project appraisal criteria and information required. Definitions and general conditions can be found at the end.

Component 1 – Maintenance for Essential Air Services

The aim of this component is to insure the financial risk of an eligible applicant during the period taken to relaunch regular air service for an abandoned service area that is deemed essential.

Objective

Ensure that essential regional air service is maintained for people living in Québec's regions subsequent to a carrier's abandonment of regular air services.

Eligibility

Applicants

- Air carriers
- Local businesses, organizations, cooperatives
- Municipal organizations

Project

Implementing regular air services on an abandoned service area

Not eligible

- Project for which another air carrier is prepared to offer a similar service without government financial aid
- Application presented by the carrier that abandoned the route
- Service for a route that originates or ends outside of Québec.

Contribution

Budgetary balance grant offered to eligible applicants during the first year of operations, up to \$400,000. The government's financial contribution will be established according to the new air service's shortfall, calculated on a monthly basis.

Project Appraisal Criteria and Information Required

The Ministère des Transports reserves the right to retain the project that presents the greatest potential for success, in the event that more than one project is presented. This selection will be made considering the efficiency of the service proposed in meeting the needs of the population and the ability of promoters to launch and manage the project successfully.

Any application for financial assistance must be accompanied by a complete business plan, including:

- Introduction of promoters
- Project description
- Description of planned services
- Target market and its potential
- Competitor services in the area
- Marketing plan

- Plan for realizing project
- Project financial package
- *Pro forma* financial statements for project

Component 2 – Improvement of Air Services

The aim of this component is to share the financial risk related to launching or improving regular or contract regional public air transportation services that are deemed essential by the community and could be self-financing in the medium or long term.

The Ministère des Transports du Québec (MTQ) will contribute to the creation of a joint fund (MTQ – Local Projects Participant]

Objective

Improve air services and service to Québec’s region.

Eligibility

Applicants

- Local businesses, organizations, cooperatives
- Municipal organizations

Project

Creation of a fund to be used to support the new air transportation service during the start-up period. The fund’s money may be used to:

- Secure revenue for the carrier that corresponds to the minimum traffic required to cover the operating costs for the new service during the first year of operation.
- Cover operating losses for the eligible applicant charged with organizing and managing the air transportation service during the first year of operations
- Finance an advertising or promotional campaign to launch the new service

Not eligible

- Carriers
- Project for which another carrier is prepared to offer a similar service without government financial aid
- Air route that originates or terminates outside of Québec

Contribution

- Government participation: 75% of the total amount allocated to a fund, up to \$200,000.
- Local participation: Minimum of 25% of total amount of funds

Certain non-monetary contributions may be considered local participation; for example:

- Free airport services granted to the selected carrier
- Wages paid to an employee to organize the air service

Any other forms of contribution will be considered

Financial assistance could be granted beyond the first year of operation, if required, following an analysis of the file and if the maximum amount attributed for the project has not been reached.

Project Appraisal Criteria and Information Required

The applicant must demonstrate that the proposed service meets the needs of the population, that there is a sufficient potential market and that promoters have the capacities needed to launch and manage the project successfully:

- The issue raised
- Regular air service already offered in the area, if applicable, its constraints
- Repercussions of the new service on competition
- Means of transportation other than air service set out in the project

Any application for financial aid must also be accompanied by a complete business plan, including:

- Introduction of promoters
- Project description
- Description of planned services
- Target market and its potential
- Marketing plan
- Plan for realizing project
- Project financial package
- Project pro forma financial statements

A market study could be required for the creation of a new air service or for adding air service to an existing area service when its potential is uncertain.

Component 3 – Market Studies

The aim of this component is to support eligible applicants in their efforts to develop new aviation markets at airports, by contributing to market studies.

Objectives

- Increase knowledge of a market before launching a new air transport service
- Help municipal airport businesses to develop new aviation niches
- Contribute to local concertation for the planning of air services offered in the region

Eligibility

Applicants

- Local businesses, organizations, cooperatives
- Municipal organizations

Project

Market studies entrusted to a specialized firm for the development of new air transportation services or any other aviation market.

Not eligible

- Carriers
- Consultants firms
- Market studies done by the applicant

Contribution

- For a market study targeting the development of new regular or contract air transportation services:
 - Government participation: 75% of study costs up to \$37,500
 - Local participation: Minimum of 25% of study costs
- For a market study that aims to develop any other aviation market for Québec regional airports (flying school, Fly In, air tourism activities, aircraft maintenance shop, etc.):
 - Government participation: 50 % of study costs up to \$25,000
 - Local participation: Minimum of 50 % of study costs

The applicants covered by the last point are regional airport corporations.

Project Appraisal Criteria and Information Required

The applicant must present the project covered by the market study, show that it meets one of the component's objectives, demonstrate whether there is a need for the planned service and that a market study is needed to verify its potential.

The financial assistance application must be accompanied by:

- Applicant's identification
- Short description of the project and target markets
- Breakdown of study project costs and sources of financing
- Study specifications

Definitions for the purposes of the program

Air service area (route)

Aircraft service connection between two or more communities with airports.

Regular air service

Service offered to the public on a set schedule, by aircraft, to transport passengers or freight, or both.

Contract air service (charter)

Service offered to the public on request, by aircraft, to transport passengers or freight, or both.

General conditions

- Considered to be local project participants: Municipalities, regional county municipalities, regional councils of elected representatives, local development centres, local businesses, municipal organizations and any other local organization.
- The Ministère de Transports will consider participation from other Québec government departments and agencies involved in the project in establishing its contribution.
- Project contribution is restricted to the budget available.
- The Ministère reserves the right to require further information in order to finalize analysis of a file.

Grant Application Form

An applicant that wishes to submit a project must fill out the grant application form and provide the information and documents required for the appropriate component. The application must be sent to the Ministère des Transports du Québec at the following address:

Ministère des Transports du Québec
Direction du transport maritime, aérien et ferroviaire
Service du transport aérien
700 René-Lévesque Boulevard East 24th floor
Québec, QC G1R 5H1
Telephone: 418 643-4649
Fax: 418 646-6196