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May 21, 2024

**BY EMAIL: [municipalhall@csaanich.ca](mailto:municipalhall@csaanich.ca)**

Mayor Ryan Windsor and Council  
District of Central Saanich  
1903 Mt. Newton Cross Road  
Saanichton, BC V8M 2A9

Dear Mayor Windsor and Council:

**Re: Victoria Airport Authority 2023 Annual Report**

As the District of Central Saanich's Nominee to the Victoria Airport Authority Board of Directors, I am pleased to provide VAA's [2023 Annual Report](#).

Thank you for appointing me to the Victoria Airport Authority's Board of Directors. It is an honour to represent the Capital Regional District and to be a member of this distinguished board.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Cathie Ountsed'.

Cathie Ountsed  
Chair, Board of Directors, Victoria Airport Authority

CS/js





**YYJ**

VICTORIA  
INTERNATIONAL  
AIRPORT

# VICTORIA AIRPORT AUTHORITY

## 2023 Annual Report



# Land Acknowledgement

We wish to acknowledge Victoria Airport Authority operates on the unceded territory of the **W̱SÁNEĆ** People whose historical relationship to the land continues to this day. We are committed to further strengthening our relationship with the Tseycum First Nation, Tsartlip First Nation, Tsawout First Nation and Pauquachin First Nation through collaborative partnership in the airport's future operational and developmental goals.



## Dr. Charles W. Elliott, OBC RCA, "TEMOSEN̄TET"

**Coast Salish Master Carver**  
B. 1943 – D. January 29, 2023

Dr. Charles W. Elliott was an internationally recognized Master Carver and fine artist in the Coast Salish tradition. His art work is in private and corporate collections worldwide. Charles was a member of the T'sartlip First Nation and was born on the T'sartlip Reserve in Brentwood Bay, BC, where he resided with his wife Myrna and their children.

As a young artist mentored by his father and uncles and encouraged by his mother, Charles carved designs on the bark of cottonwood trees and styled his own small totem poles and model canoes.



Art and woodworking were a lifelong focus for Charles and his work is a testament to his dedication to classic Coast Salish design. He was inspired by Salish art traditions and was passionate about recreated traditional utilitarian and ceremonial objects, as well as contemporary works within the Coast Salish discipline.

### Eagle View – Carved Red Cedar, 2009

The Eagle has been chosen for this location because of the great respect we as mankind hold for the Eagle. They have a spirit of strength, wisdom and power, as well as being a symbol of good luck, brotherhood and protection. The great powers of the Eagle are here to welcome all who enter the lofty perch of the Eagles Landing.

VAA is honoured to include Dr. Charles W. Elliott's artwork as part of its permanent art collection on display in Eagles Landing Observation Lounge. His totems and swimming salmon greet arriving passengers outside our Departures entrance.

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## Message From Board Chair



**Cathie Ounsted**  
Board Chair

In 2023 there were many changes for Victoria Airport Authority. We said goodbye to Geoff Dickson, our esteemed President and CEO for the past 13 years. The Board is grateful for Geoff's years of dedication and immense contributions to VAA and particularly, his leadership during the COVID-19 pandemic. We wish him a happy and healthy retirement. We would also like to thank parting Board Member Chuck Lovallo for his time and guidance.

In September we welcomed our new President and CEO, Elizabeth M. Brown, who brings many years of experience from both the private and public sectors of aviation. Elizabeth has international experience in the Caribbean and throughout North America, with Florida being her most recent post before returning home to Victoria. On behalf of the Board of Directors, we welcome Elizabeth to Victoria Airport Authority.

In 2023 VAA received recognition and a number of awards, including being named one of BC's Top 100 Employers, granted the Environmental Achievement Award, under the category of Environmental Improvement with Limited Resources by the Airports Council International – North America (ACI-NA) for its Pollinator Garden Project, and earning the recertification for Airport Carbon Accreditation Level 2, which recognizes YYJ's efforts to demonstrate quantified emissions reductions.

With VAA nearing pre-pandemic passenger levels, there have also been a significant number of new capital projects undertaken by the VAA team. The increase is a result of, in particular, numerous projects having been deferred during COVID, and partially attributed to projects identified as part of the future expansion as outlined in the Master Plan.

Some of the 2023 projects include:

- The Upper Hold Room refresh;
- The installation of new flooring was also extended into the Airport Terminal building;
- New Common Use Self-Service (CUSS) kiosks;
- The replacement of the approach lighting on runway 09, YYJ's busiest runway;
- The installation of electric vehicle charging infrastructure;
- Life-cycle upgrades to the four passenger boarding bridges; and
- Approval by the Board for the recently completed expansion of the parking lot.

VAA's Master Plan provides a roadmap of capital investments, improvements, and operational considerations. It provides the framework for VAA to stay ahead of the demand curve by focusing on capital improvements that support the areas of highest growth with maximum benefit to the users of the airport. It considers the pursuit of offering a first-class facility for all air travellers with continuing economic development to the region. All the while advancing and excelling in an environmentally sustainable fashion.

This is just a snapshot of some of the developments at our airport, many of which happen in the background of the day-to-day operations. They are often unnoticed yet are vital to the safety and security of the airport and those who pass through it, keeping with VAA's mission to provide a safe, secure, and sustainable airport connecting Greater Victoria with the world. I am certain VAA's future is promising and in good hands.

# Message from the President and Chief Executive Officer



**Elizabeth Brown,**  
President and  
Chief Executive Officer

VAA had a successful 2023 and accomplished many goals set out by the Strategic Plan. This success could not have been achieved without the collaboration of a supportive Board of Directors and the hard-working team at the Victoria International Airport. The recently retired CEO Geoff Dickson left a legacy of a company that was well-run and on solid financial footing, which laid a clear path for the future. I am fortunate to step into the role of President and CEO of Victoria Airport Authority and to lead a team of such excellence, integrity, and dedication. The VAA management team will preserve continuity as we move through the transition to new leadership and bold new directions.

Canada continued recovery from the pandemic in 2023, from which the aviation industry is still reeling. Inflationary pressures, supply chain delays, airline mergers and failures, continue to challenge the growth

of airports across Canada. Although the greater Victoria region has not been immune to these impacts, VAA is fortunate to have reached nearly 90% of its pre-pandemic levels.

In 2023, the management team worked on re-focusing the direction of the future development of YYJ to ensure it was meeting the needs of the travelling public and the community. With a master plan looking ahead 20 years, and a strategic plan prioritizing operation safety and security, development of additional air services, and environmental management and sustainability leadership, the future is bright.

Key to the future of Victoria International Airport is also our relationship with the **W̱SÁNEĆ** People. Victoria Airport Authority is committed to further strengthening our relationship with the Tseycum First Nation, Tsartlip First Nation, Tsawout First Nation and Pauquachin First Nation through collaborative partnership in the airport's future operational and developmental goals.

YYJ has three main strengths to sustain future growth: a beautiful and well-run airport facility that our customers can move through with ease; an attractive island destination for people from all over the world with a dynamic business environment (both essential components of a strong market to sustain future air services); and, most importantly, a talented VAA team. From our firefighters to our operations experts, to our administration team, the collaboration and cooperation of this team with airlines and tenants around the airport have led to our success and will be the key to our future. I am proud to lead the VAA team into the future!



*Photo credit:  
Mohammad Meidany*

# 2023 Accomplishments and Highlights



- **BC's Top 100 Employers** – VAA was named one of BC's Top 100 Employers for 2023 for the fourth consecutive year. The designation as one of BC's Top Employers in leading industries recognizes organizations that offer exceptional workplace environments in BC.
- **Environmental Achievement Award** – VAA was selected as the winner of this award, under the category of Environmental Improvement with Limited Resources by the Airports Council International – North America (ACI-NA) for our Pollinator Garden Project.
- **Recertification for Airport Carbon Accreditation Level 2** – Airport Carbon Accreditation is the only institutionally endorsed carbon management certification standard for airports. Their Level 2 certification recognizes VAA efforts to demonstrate quantified emissions reductions.



*VAA's CEO, Elizabeth M. Brown receiving the Airport Carbon Accreditation for 2023.*

# STRATEGIC DIRECTION

## Strategic Direction

Victoria International Airport (YYJ) was the 11th busiest airport in Canada, serving 1.74 million passengers in 2023. Travel activity increased by 16.9% over 2022 and there is optimism that the aviation industry will continue to move towards pre-pandemic passenger rates in 2024.

YYJ is managed and operated by Victoria Airport Authority. The non-share capital corporation is financially independent with revenue being generated from three sources: the Airport Improvement Fee (AIF), aeronautical revenue and non-aeronautical revenue. As a not-for-profit, Victoria Airport Authority reinvests revenue back into the airport. YYJ ended 2023 debt-free.

**OUR MISSION** - to provide a safe, secure, and efficient airport that creates prosperity for our region by connecting Greater Victoria with the world.

**OUR VISION** - to be the best airport anywhere.

### STRATEGIC GOALS

- **A Safe and Secure Airport**
- **A Talented and Motivated Team of Employees**
- **Exceptional Airport Facilities and Customer Experience**
- **Air Service Development**
- **A Financially Responsible Airport**
- **Leadership in Environmental Protection and Management**



*Photo credit:  
Landon Copplestone*



## A SAFE AND SECURE AIRPORT

Safety and Security are the highest priorities at YYJ. In 2023 Airport Fire Service responded to 244 incidents including medical incidents, wildlife control, aircraft emergencies, and fire incidents. Our Terminal and Security Department responded to 529 incidents including unruly people, vandalism, unattended baggage and prohibited items violations.

In 2023, VAA completed several operational initiatives to further improve airport safety and security. Some of the highlights include:

### Landside Security Awareness Program

In June 2023, Victoria International Airport launched a new security program, Landside Security Awareness Program (LSAP) and a new document, known as the Landside Identification (LID). This mandatory program was developed for all Air Terminal Building (ATB) employees (such as employees at the car rental stations, Tim Hortons, and select land tenants) who do not require access through the airport security screening point to conduct their work activities and are not required to hold a Restricted Area Identification Card (RAIC). This program ensures that all people working on Airport property have met the security screening requirements and can be easily identified while working at the Victoria International Airport.

## Tabletop Emergency Exercises

Victoria Airport Authority conducted a tabletop emergency response exercise on November 9th, 2023, that involved multiple emergency service providers responding to an aircraft emergency simulation. Fire and police departments from the surrounding communities, along with members from CATSA, NavCanada, Transport Canada, and airline carriers worked collaboratively throughout this exercise to practice the implementation of the Victoria's International Airport's Emergency Response Plan.

On November 28th representatives of the Airport Fire Service group held a follow-up discussion-based large scale disaster exercise that simulated an aircraft emergency at the airport. Ambulance and police departments from surrounding communities participated in this event to further develop training necessary to implement the Emergency Response Plan.

The IT and Facilities team also participated in the AVSEC (Aviation Security) facilitated tabletop exercise in November 2023. This was done to highlight real-world threats to airport infrastructure from cyber security and potentially related IT outages. Further, team members from IT, Facilities Maintenance and the Integrated Operations Centre met to conduct an informal tabletop exercise focussing on IT related outages to the baggage system. The session proved to be a successful learning opportunity and resulted in the implementation of several actions within weeks of its completion.

## Lights in Pat Bay Project – RWY 09 SSALR Lighting

The Lights in the Bay Project introduced a new lighting system on Runway 09, classifying it as a "Category I Precision Runway." This system allows aircraft to land with improved safety and efficiency in poor weather conditions at the Victoria International Airport. The approach lighting system is called "Simplified Short Approach Lighting with Runway Alignment Indicator Lights" (SSALR). This project began in early 2022 and was completed in the spring of 2023.

## Passenger Boarding Bridges Refurbishment

VAA has four passenger boarding bridges (PBB), the most recent PBB were installed in 2017, and the other three are between five and twenty years old. All four of the PBBs received a life-cycle upgrade which included the installation of new ground power units in 2023.

## Apron IV Joint Sealing - East

The main passenger apron at YYJ, Apron IV, is constructed of interlocking concrete panels. The panels are 6 meters by 6 meters square and have joint sealant or gaskets placed along the full length of the sides of the panels to keep moisture from getting under them. The sealant and / or gaskets must be serviced regularly, which was most recently done in the summer of 2023.





## A TALENTED AND MOTIVATED TEAM

### Tailwinds Leadership Development Program

Tailwinds is a robust experiential development program with an overall intent to advance VAA's capacity as an organization that provides leadership development opportunities and training to employees. The program aims to create understanding and consistencies around leadership competencies and provide opportunities for employees to learn and grow through team building activities and mentoring initiatives. Employees who participate, complete six full-day, in-person training sessions over a four-month period.

The first phase of this program was launched by VAA in 2022 where two cohorts completed training through this program. VAA trained a third cohort through its new Leadership Development Program, in 2023, and provided refresher sessions for previous graduates of the program.

## 11 NEW HIRES IN 2023

59 ACTIVE EMPLOYEES | 414.05 Combined Years of Service  
(incl 4 on leave)

## 2023 Long Term Service Awards and Retirements

A number of long-term service awards were celebrated in 2023. VAA recognized the following milestones:

- 30 years of service: 1 team member
- 25 years of service: 1 team member
- 15 years of service: 1 team member
- 10 years of service: 4 team members
- 5 years of service: 6 team members

### 2023 RETIREMENTS

In June of 2023, Scott Cunningham, Vice President of Planning and Infrastructure retired after 30 years of employment with VAA. Shortly thereafter, Geoff Dickson, President and CEO of VAA for the past 13 years also retired. VAA wishes them both all the best in their future endeavors.



Left to Right: Retiring CEO, Geoff Dickson, and Retiring VP, Planning and Infrastructure, Scott Cunningham



Left to Right: Lea-Ann Bailey, MIOC and Allison Waldick, Environmental Officer

### VAA Participation in Elevate Aviation

Elevate Aviation is a non-profit organization that aims to create gender balance in aviation. It provides support programs across the country to ensure women and unrepresented groups in the aviation industry succeed. In 2023 they hosted events at 21 cities across Canada.

Participants had the opportunity to hear from women employed in a variety of aviation careers such as pilots, flight attendants, air traffic controllers, Royal Canadian Air Force, airport operations, and aircraft mechanics, as well as participate in behind-the-scenes tours of local airports.

### Carbon Neutrals Team

The Carbon Neutrals were officially formed in early 2021 and are comprised of VAA employee volunteers who give time towards small, sustainably focused initiatives facilitated by our Environmental Team. Some of the initiatives completed by the Carbon Neutrals in 2023 included a Pollinator Garden spring clean with Satin Flower Nurseries which included the removal of one cubic yard of weeds and the spreading of ninety-eight linear yards of cardboard and three yards of mulch. The Pollinator Garden officially opened on May 23, 2023.

In August, VAA's Environmental Technician held a workshop for VAA team members on how to use the iNaturalist app. This app allows users to record their observations of plants and wildlife in the vicinity of the airport. The app collects real-time data and helps VAA track and build its biodiversity inventory. The workshop was followed up by a nature walk through the pollinator garden in September, which allowed team members the opportunity for some hands-on use of the iNaturalist app.

VAA's Environmental Team also regularly participates in volunteer activities with the WSÍ,KEM (Tseycum) invasive English ivy removal project.



Member of VAA's Carbon Neutrals Team

### Implementation of KUDOS

A new online recognition program was launched in the Spring of 2023 titled KUDOS, or Kind, Uplifting, Demonstrations of Success. This platform is a way for Managers and team members alike to recognize the efforts and contributions of colleagues who strive to create a healthy workplace environment. "Kudo points" are awarded through the online program which can then be redeemed for a variety of reward items, such as clothing, gift cards or household items.

### Robotic Pipe Crawler Naming Contest

In the summer of 2023, VAA acquired a robotic pipe crawler that will be used by the GIS Coordinator to map and inspect the more than 60 km of pipes that cross underneath the airport's runway and surrounding airport lands. This includes the culverts and storm pipes, potable water pipes and sanitation and sewer pipes.

A naming contest was held, whereby employees could submit their suggestions on what to name the pipe crawler, which was then followed up with a vote to determine the top choice. The winning name was "Snoopy".

### Human Resource Initiatives

As part of its initiatives in the Strategic Human Resources Plan to build culture and increase employee engagement, VAA held several team activities in 2023, including a Hawaiian themed bowling party, and a pancake breakfast where managers cooked for team members at the Airport Operations Centre (AOC). VAA also hosted its annual employee golf tournament in the fall. Two social events to welcome the new President and CEO, Elizabeth Brown were also held, one at the AOC, and one at Eagles Landing to ensure team members at both locations had the opportunity to meet her on her first day with VAA.





Photo credit:  
Landon  
Copplesone



## EXCEPTIONAL AIRPORT FACILITIES AND CUSTOMER SERVICE

### Curbside Assistance Program

Victoria Airport Authority's Curbside Assistance Program supports travellers who require extra assistance to and from their flights and is provided by the Passenger Engagement and Safety Officers (PESO). The program is designed to assist persons with disabilities or reduced mobility move through the terminal. It is available to departing passengers from the curbside to the airline check-in service counters and for arriving passengers, from the public baggage claim area to the exterior curbside.

PESOs assist with the transport of passenger baggage and personal belongings. They also help people who are blind or have reduced vision, or those needing extra support, navigate the airport. YYJ's designated curbside assistance drop-off and pick-up area is equipped with accessible seating and signage. Wheelchairs are available upon request.

PESOs assisted 1,719 passengers in 2023.

Passengers requiring assistance can contact the PESOs by calling the Airport Services Centre, making a reservation on the website, or by pressing the intercom button upon arrival at the curbside assistance area located at the departures end of the curbfront.

### Red Coat Volunteers

Victoria Airport Authority is honoured to be served by a group of people who generously offer their time to serve the travelling public and our community through the Red Coat Volunteer Program. This team of 22 friendly airport ambassadors, with their bright red blazers look forward to continuing their tradition of greeting guests, providing customer assistance, and answering questions.

This program has operated at YYJ for 34 years.

### Aviation Autism Day

On April 29, YYJ hosted its first YYJ Aviation Autism Day in collaboration with the Canucks Autism Network (CAN) and Air Canada Foundation. The event provided children and youth on the autism spectrum with the opportunity to practice the entire pre-flight experience from the check-in process, going through pre-board security screening and boarding an aircraft.

Airport rehearsals can greatly benefit individuals on the autism spectrum and their families by increasing the familiarity of the travel journey and decreasing stress.

The event also represented the launch of a Sensory Resource Kit that future travellers can access prior to travel. Developed in partnership with CAN, the kit features noise cancelling headphones and sensory items to help reduce anxiety.

VAA remains committed to continuing our work to identify and remove barriers for people with disabilities and make travel accessible for all.



*Pictured: Cookeilidh, performers of Celtic music*

### Return of Holiday Music Program

For the first time since the onset of the pandemic, YYJ's Holiday Music program returned and spanned over a twelve-day period in December 2023. This year's music program saw an array of musical genres perform at the airport during the holiday season, and included a Celtic Group, a High School Ukelele band, a violinist, several duos and solo performers, and two different elementary school choirs. There was even a special guest appearance by Santa himself. YYJ is grateful to each and every one of them for coming out and sharing their talents and entertaining the traveling public.

### Commercial Concessions

The YYJ concession partners in the terminal have been slowly extending their operating hours, as the number of passengers and visitors to Victoria International Airport continues to increase post pandemic, Concessions in the pre-security area, including the Fickle Fig and Tim Hortons, have both expanded their daily operating hours and the Breakwater Boutique has successfully reopened.

Post-security, Spinnakers completed a renovation and expansion in which the restaurant has almost doubled its seating capacity and have resumed full operating hours. Fresh Cup, the Harbour Walk Shops and Victoria Distillers YYJ also extended their operating hours in 2023.

### Launch of Uber Ride-Share Service at YYJ

This ride-hailing operator commenced service at YYJ. Uber's much anticipated arrival to Victoria offers the travelling public alternatives for transport into the Greater Victoria area from YYJ.



*Photo credit: Landon Copplestone*



Member of the IT Team tending a CUSS kiosk

## Airport Enhancements

### UPPER PASSENGER DEPARTURES LOUNGE REFRESH

This project extended the aesthetic and operational design of the lower passenger departures lounge project that was completed in 2022 to the upper passenger departures lounge. Changes included flooring, millwork, the addition of skylights, and increased access to power in the bench seating. It ties together the overall airside aesthetics and provides better directional signage to the gates.

### LANDSIDE FLOORING REFRESH

New flooring in the main airport terminal building also received an update in 2023. The old flooring ranged in age from 8 to 20 years old and was replaced with a new colour and pattern to complement the flooring installed in the lower and upper hold rooms.

### COMMON USE SELF-SERVICE KIOSKS

New Common Use Self-Service (CUSS) kiosks were installed in the Fall of 2023. These electronic check-in, boarding pass, and baggage tag printer kiosks are used by passengers as a self-service option when traveling.

### IT UPGRADES

The VAA IT team performed a fulsome review of the CCTV and Access Control systems along with the accompanying services contracts. The decision was made to seek proposals for service through the means of an RFP. IT decided to move to a new service provider, Paladin Technology, with a larger footprint within Greater Victoria and a portfolio and experience matching the needs of the airport.

### LAUNCH OF YYJ'S NEW WEBSITE

Although work to rebuild YYJ's website began in 2022, its official launch occurred in the spring of 2023. The new website is easier to use and can be fully browsed on mobile devices and is available in both Official Languages: English and French.

### LONG TERM PARKING LOT EXPANSION

Work began in the summer of 2023 to expand the long-term parking lot to accommodate the increasing long-term parking demands during peak travel times. This involved the construction of an additional 325 parking spaces and new wayfinding signage. The new parking lot was opened in time for the increased parking demand over the December Holiday season.

### BEACON/GALARAN/STIRLING ROAD ROUNDABOUT

Intersection improvements at Beacon Avenue West and Galaran Road in the northeast quadrant of the airport commenced in early 2023, after design work concluded in 2022. The plan includes the realignment of Stirling Way into a new roundabout with Beacon Avenue and Galaran Road. The work is being completed in partnership with the Town of Sidney and the District of North Saanich and will be completed in early 2024.



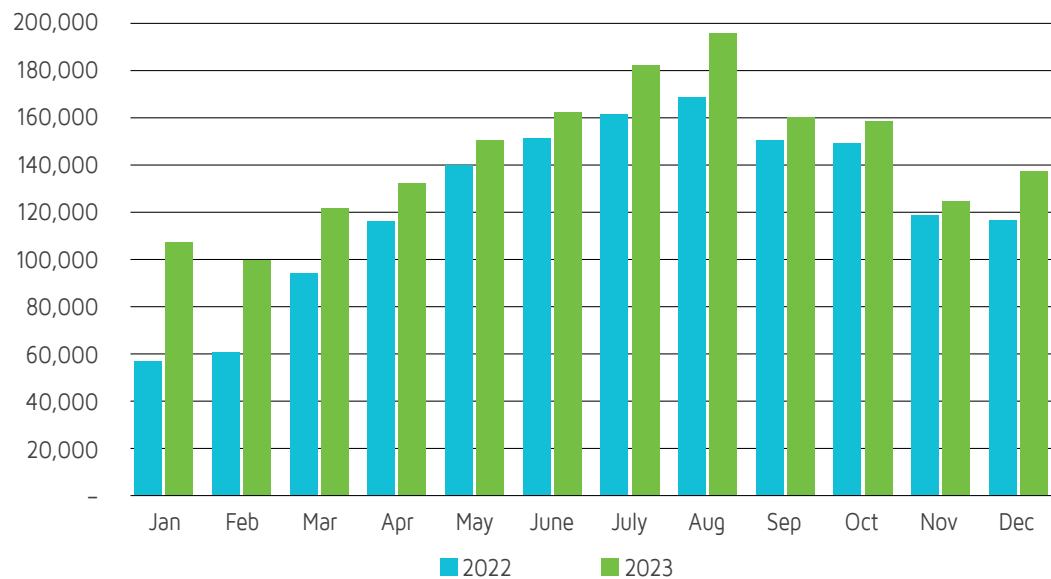
Long term parking lot expansion in progress

## AIR SERVICE DEVELOPMENT

YYJ saw approximately 80 flights a day during peak season, with ten airline carriers operating out of YYJ offering direct flights to 16 different locations. 2.16 million seats landed and departed at YYJ in 2023. Airline capacity at YYJ is predicted to increase moderately in 2024.

- Kenmore Air was welcomed on May 25, 2023 with two daily round trip flights between YYJ and Friday Harbor, Washington.
- Porter Air was welcomed in September 2023 and expanded its service into Victoria, offering daily roundtrip flights to Toronto Pearson International Airport.
- Pacific Coastal Airlines expanded their service with a new route between Victoria and Kamloops. They also provide services to Vancouver, Kelowna and Prince George.
- Alaska Airlines increased service to two flights, 4 times weekly on June 15th (with 1 flight on the other 3 days), and further increased to two flights daily in August.
- WestJet Airlines increased capacity to Mexico by adding additional flights to Cancun and Puerto Vallarta and resuming service to Los Cabos.

## Passenger Traffic 2023 and 2022





## A FINANCIALLY RESPONSIBLE AIRPORT

### Revenue and Expenses

In 2023 YYJ saw a 17% increase in passengers over 2022, however, passenger numbers are still (9.5%) below our pre-pandemic number. Concessions revenue, led by parking revenue, increased 27% over 2022, while aeronautical, rentals and real estate revenue increased by 8% and 10% respectively. Overall revenues were \$40.2 million, up 13% or \$4.7 million over 2022.

Expenses at Victoria International Airport increased by 8% to \$35 million in 2023. A large portion of the increase related to rent paid to Transport Canada and AIF Administration fees. These expenses are tied to revenues so as revenues increase these expenses increase as well.

### Donations and Sponsorships

VAA donated over \$28,000 toward various charitable causes and community events. VAA's charities of choice were the Saanich Peninsula Hospital & Healthcare Foundation, Saanich Peninsula Lions Food Bank, and the BC Cancer Foundation. Funds raised by VAA team members were matched by VAA.

### DONATION AND SPONSORSHIP RECIPIENTS

2023

|  |                 |
|--|-----------------|
| BCAC Silver Wings  | \$1,500         |
| BCAC Spring 2023 Conference  | 2,500           |
| BC Cancer Foundation – 2023 Workplace Giving                               | 1,058           |
| BC Children’s Hospital/Children’s Heart Network                            | 100             |
| Bird Strike Association of Canada Conference 2023                          | 2,000           |
| Canadian Mental Health Association – Ride Don’t Hide                       | 500             |
| Canadian Airports National Electrical Workshop (CANEW) Sponsorship         | 1,000           |
| Capital Region Food and Agriculture Initiatives/2023 Flavour Trails        | 750             |
| Elevate Aviation   | 5,000           |
| FED Urban Agriculture Society  | 1,000           |
| Geronimo Canoe Club  | 1,000           |
| Help Fill a Dream – Taking it to the Streets                               | 500             |
| Pacific Coastal 29th Annual Charity Golf Tournament                        | 2,500           |
| Peninsula Streams – Environment Education Program                          | 2,000           |
| Saanich Peninsula Hospital & Healthcare Foundation – 2023 Workplace Giving | 570             |
| Saanich Peninsula Lions Food Bank – 2023 Workplace Giving                  | 1,880           |
| Sidney and Peninsula Literary Society                                      | 300             |
| Sidney Anglers’ Association  | 500             |
| Synergy – LifeCycles Project Society                                       | 2,500           |
| Together We Stand Military Families Foundation                             | 1,000           |
| Victoria Hospice   | 628             |
| <b>TOTAL:</b>  | <b>\$28,786</b> |



## ONGOING ECONOMIC IMPACTS OF YYJ\*

### ANNUAL DIRECT IMPACTS

- 2,800 jobs
- 2,500 full-time equivalents
- \$170 million in wages
- \$230 million in gross domestic product (GDP)
- \$540 million in economic output

*\*as of 2017*



### Economic Impact

VAA is a significant contributor to the Vancouver Island economy, generating employment in sectors such as air service facilities, hospitality, manufacturing, and ground transport. VAA is dedicated to providing the essential infrastructure that links Victoria and other Vancouver Island communities to the world, making it an important component of tourism and trade-related industries in the region.

### Capital Program

With stronger passenger demand in 2023, VAA advanced work on numerous capital projects related to safety, security, regulatory compliance, and customer experience.

Total capital additions in 2023 were \$16.3 million. Significant projects undertaken in 2023 include:

| CAPITAL PROJECTS                                | 2023<br>(000's) |
|---|-----------------|
| Parking Lot Expansion                           | \$ 4,309.4      |
| Runway 09 Approach Lighting                     | 2,797.0         |
| RESA - 2023 portion                             | 1,158.7         |
| CUSS System Replacement                         | 689.2           |
| Air Terminal Building Landside Flooring Refresh | 677.7           |
| Upper Hold Room Refresh Phase II                | 588.3           |

## Sole Source Contracts Over \$75,000

In accordance with Board Policy #205: Financial Conditions and Activities and as a general practice, contracts for goods, services, and construction services over \$75,000 are awarded through a competitive process to the lowest bidder or the proposal offering the best overall value (except in specified circumstances). Sole source contracts are entered into when there is justification, such as:

1. Goods or services are of a proprietary nature and there is only one qualified supplier.
2. Compliance with product, services or equipment standardization program is required.
3. Only one qualified firm is available, when all factors are taken into account.
4. Prior experience with a firm in a specialized area makes it beneficial to continue the relationship.
5. Emergency situations preclude the normal competitive process.

In keeping with this policy, VAA publishes a list of the goods and services in excess of \$75,000 that were not awarded through a competitive process. In 2023, services totaling \$228,117 were obtained outside of the competitive process.

| Contract Value | Contractor       | Description                           | Multiyear Contract | Justification |
|----------------|------------------|---------------------------------------|--------------------|---------------|
| \$111,000      | Telus            | Mobile Phone Provider                 | 3-year contract    | 3 & 4         |
| \$117,117      | Nexgen Municipal | Low concentration glycol lift station |                    | 1 & 4         |

## 2023 ACTUAL VS. BUSINESS PLAN (SHOWN IN THOUSANDS \$)

A significant portion of VAA revenue is directly related to passengers, and since passenger numbers for 2023 were 4% below budget, aeronautical and AIF revenues were behind budget. This was partially offset by an increase in interest income on the cash balance. Expenses were lower than expected due to certain programs costs coming in lower than budgeted.

The completion date for certain capital projects was extended due to construction delays and supply chain issues. These costs will be incurred in 2024.

|                   | Actual      | Plan        | Difference |
|-------------------|-------------|-------------|------------|
| Revenue (note 1)  | \$ 39,003.1 | \$ 39,701.0 | \$ (697.9) |
| Expenses (note 2) | \$ 23,405.6 | \$ 23,549.0 | \$ 143.4   |
| Capital           | \$ 16,320.5 | \$ 17,210.0 | \$ 889.5   |

## BUSINESS PLAN FORECAST 2024-2028

The current airport Master Plan identifies major capital developments of approximately \$600 million over the next 20 years. However, since airport revenues are heavily dependent on passenger activity, future financial forecasts will fluctuate based on actual passenger levels achieved. Management is currently reviewing the requirements and phasing of these developments. As such the actual yearly capital spend will fluctuate depending on the phasing adopted.

|                   | 2024        | 2025        | 2026        | 2027        | 2028        |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| Revenue (note 1)  | \$ 45,923.1 | \$ 50,351.5 | \$ 53,018.7 | \$ 55,226.1 | \$ 58,081.2 |
| Expenses (note 2) | \$ 26,940.3 | \$ 29,522.3 | \$ 31,341.9 | \$ 33,582.5 | \$ 35,380.2 |
| Capital           | \$ 25,432.7 | \$ 39,950.0 | \$ 39,570.0 | \$ 39,925.0 | \$ 36,000.0 |

NOTES:

1. Operations revenue includes all revenues earned from airport operations excluding non-cash items such as deferred capital contributions.
2. Expense items do not include non-cash items such as amortization.

## Revenue Diversification – Business Development

Current land tenant development at Victoria International Airport includes:

- The Kothari Group has entered a long-term lease agreement for the construction of a 129-room Marriott TownePlace Suites 3-storey hotel on the southwest corner of Beacon Avenue West. The hotel will feature a guest fitness centre and swimming pool, along with a separate full-service restaurant. Construction is expected to take 18 – 24 months with an anticipated opening towards the latter half of 2025.
- The Blue Heron Aeropark has completed construction of 22 private hangars in the Mills Road Aviation Park;
- MakeSpace Storage is preparing its site for construction of a self-storage facility on Mills Road.
- Several new Exclusivity Agreements were signed with potential developers in a variety of sectors including an equipment rental facility.
- Uber's much anticipated ride-hailing service arrived in Victoria and offers the travelling public another option for transport to and from the Greater Victoria area from YYJ.



Photo credit: Ray Shipka

## FIRST NATIONS

### Developing Relationships

VAA is committed to developing a deeper understanding of the rich history of the lands on which it operates and strengthening its relationships with the Tseycum First Nation, Tsartlip First Nation, Tsawout First Nation, and Pauquachin First Nation by finding opportunities for meaningful partnership in the Airport Authority's ongoing operations and future developments.

One of the projects supporting this initiative is the Cultural Monitoring program for all ground disturbance called Chance Find Procedures, which was developed by Stantec in 2018 and complements the Cultural Monitoring Program in place at YYJ since 2005.

The probability for archaeological sites exists on VAA lands with several areas identified as high potential for finds. As a result, any projects that have the potential to discover artifacts of cultural, spiritual and historical significance to the surrounding Nations and community must implement the procedures outlined in this program.

These procedures ensure that any ground disturbance activities completed at YYJ, by VAA or its tenants have local Cultural Monitors present. Nations are notified of construction, repairs or maintenance that involve ground disturbance and the Tseycum First Nation is regularly invited to monitor ground disturbance for possible archaeological significance. At minimum, any project that is subject to the Impact Assessment Act (per Section 82 and 88) will have a letter issued to the Tseycum First Nation. VAA's Environmental Officer helps to coordinate Cultural Monitors for all VAA projects.

The Chance Find Procedures are designed to minimize unforeseen impacts to archaeological sites. In the event of a find of potential significance, work is halted while an archaeologist from Stantec is called out to inspect it for significance and integrity. Often cultural monitors wish to bring the find back to their community to get a second opinion from relatives or elders. Before this request can be granted, comprehensive documentation of the find is conducted by VAA.

Another initiative in 2023 was the participation of VAA team members in Indigenous cultural training provided by the Indigenous Perspectives Society. The half-day workshop guided them through an examination of personal and workplace stereotypes that can often lead to racialized biases and assumptions. Team members discussed how to employ strategies through language and anti-oppressive, decolonizing ideologies to eliminate incidences of workplace discrimination.

Additional initiatives this year to increase the visibility and further the growth of our partnership with **WSÁNEĆ** on the airport property included:

- VAA is in discussions with Tseycum First Nation, Tsartlip First Nation, Tsawout First Nation, and Pauquachin First Nation and the **WSÁNEĆ** Leadership Council to formalize its commitment to meaningful participation of the Nations and its members in airport operations and future developments.
- The Environmental Department continued participation in volunteer activities with the **WSÍKEM** (Tseycum) invasive English ivy removal project in July and August 2023, and December of 2023;
- The installation of four art pieces and a welcome post at the Amazon building by local carvers: James Jimmy (Tseycum First Nation), Charles Elliot Jr. (Tsartlip First Nation), Bear Horne (Tsawout First Nation), Mark Henry (Pauquachin First Nation), and Aubrey Lafortune (Tsawout First Nation) is expected to be completed in 2024;
- The Kothari Group's commitment to working with **WSÁNEĆ** First Nations on contracting and employment opportunities for the construction of a 129-room Marriott TownePlace Suites and the discussion of how First Nations place-naming and artwork could be incorporated into the hotel as well as potential employment and business opportunities.

## LEADERSHIP IN ENVIRONMENTAL PROTECTION AND MANAGEMENT

### Sustainability Plan

Victoria Airport Authority's Sustainability Plan released in 2021 outlines goals and objectives in alignment with the 2030 United Nations Sustainable Development Goals. Efforts to reduce environmental impact at the airport have been ongoing for over a decade with VAA reducing its emissions by 22% since 2013. This plan builds on the initiatives of the 2016 Environmental Management Plan and expands the scope to include six priorities: waste management, greenhouse gas emissions, ecology and biodiversity, water quality and conservation, social and economic impact. This plan includes ambitious targets and goals that aligned with the values and guiding principles of the VAA 2020-2024 Strategic Plan.

VAA is proud to be an active member of the ACA program and is committed to reducing carbon emissions from its operations, with the ultimate goal of becoming carbon neutral. The Airport Carbon Accreditation (ACA) program is the only institutionally endorsed, carbon management certification standard for airports. In 2017, VAA successfully achieved ACI Carbon Accreditation Level 2 – Reduction, recognizing the airport's reduced carbon footprint through wide-ranging comprehensive environmental programs. To achieve Level 2, VAA demonstrated that efforts taken to reduce carbon emissions resulted in an emissions reduction of 14.4% from the 2013 baseline year.





VAA Team members  
at Pollinator Garden  
spring clean up



Part of VAA's  
electric vehicle fleet

## 2023 Accomplishments & Initiatives of VAA

- Received the ACI-NA Environmental Achievement Award for its Pollinator Garden;
- Earned recertification for Airport Carbon Accreditation Level 2 from Airports Council International and initiated measures for Level 3 certification (to be obtained by 2025), with the ultimate goal of achieving Level 4 certification, Carbon Neutrality by 2030;
- Began preparation for the installation of electric vehicle charging infrastructure for its electric vehicle fleet. In order to support VAA's Sustainability Plan and to facilitate attainment of Level 3 Carbon Accreditation, VAA will need to transition away from vehicles powered by internal combustion engines (ICE) to electrically powered vehicles. Level 3 Accreditation will also require VAA to collect data from its tenants and partners on their engagement in carbon footprint reduction at and around the airport;
- Continued participating in volunteer activities with the WSIKEM (Tseycum) invasive English ivy removal project in Dickson Woods in July and August 2023, and again in December of 2023 by VAA's Environments Department;
- Replaced three vehicles in 2023 with three electrically powered vehicles. Upon delivery of the vehicles, they were branded and retrofitted with the necessary lighting and communication equipment;
- Installed seven new "Pour Away" liquid disposal units throughout the terminal in strategic locations to help divert liquid waste from our total waste collection;
- Implemented components of its waste management diversion plan that included the creation of a weight-tracking software system. A scale was added along with a unique style of waste bin to gather more accurate waste weight calculations;
- Participated in numerous discussions on the Low Carbon Fuel Requirements Regulation, including discussion on the development and use of Sustainable Aviation Fuel (SAF), and met with members of the Low Carbon Fuels Branch which falls under the BC Ministry of Energy, Mines, and Low Carbon;
- Participated in a leadership forum hosted by the University of Victoria's Civil Engineering Department's Master of Industrial Ecology Degree Program. Representatives from academia, government, First Nations, and the aviation, marine and petroleum industries met to explore and understand what different organizations are doing and what is required to advance the sustainable aviation and marine fuels transition in BC and Vancouver Island;
- Continued long-term commitment to creek stewardship. An updated Creek Stewardship Plan will include future restoration initiatives and creek stewardship priorities in TenTen and KELSET (Reay) Creeks for the next five years that complement the goals outlined in VAA's Sustainability Plan;
- Conducted three Environmental Tenant Audits to ensure tenants were compliant with the environmental and sustainability requirements outlined in their lease agreement.



### Pollinator Garden

With the completion of the 1,100 square meter native species pollinator garden at the airport entrance, VAA's Environmental Department began a pollinator monitoring and bio-inventory project, including pollinator sampling and identification. Sampling was completed at several strategic locations around the property during the spring and summer. The program wrapped up in October 2023 when pollinators went dormant in the winter. Additional monitoring will be completed in 2024 and 2025 to quantify the benefit of incorporating native plants into additional VAA and tenant landscaping.

The garden will increase the biodiversity of the area and contribute to improving the existing Garry Oak meadow ecosystem. This garden aims to be both attractive and educational. Here the public can learn about native plants, pollinators and the significance of them to local First Nation communities. The project serves as VAA's first biodiversity-focused project and aligns with a *Biodiversity Plan* currently being drafted to compliment the *Sustainability Plan*.

### Dickson Woods

Dickson Woods is a dedicated greenspace of Douglas-fir and Cedar Forest on airport property located close to the south side of the main airport terminal along Willingdon Road. VAA continues its efforts in collaboration with local community members, Peninsula Streams Society, to remove invasive English ivy from the forest floor and tree trunks to restore and maintain the natural biodiversity of the woods into the future.

### Noise Impact Survey Results

VAA completed an updated Community Noise Survey in 2022; however, the final results were not available until late Summer of 2023. To conduct the survey sound level meters were installed around the Airport at thirteen locations within four communities (North Saanich, Sidney, Mill Bay, and Cobble Hill). Noise monitoring was conducted for a twenty-four-hour period. VAA compared the 2022 findings to the studies conducted in 1999 and 2017 and then compared them to the flight data (including flight path and type of aircraft) to distinguish aircraft noise and remove invalid data attributed to other noise sources, such as local vehicle traffic and yard maintenance equipment. The noise levels measured were then compared to noise criteria related to sound level exposure levels, the percentage of highly annoyed people, sleep disturbance, and speech interference. The survey results concluded that the noise levels measured were within four decibels of those measured in 2017 when the last survey was completed. Overall, there were no significant increases or decreases to the noise level from the 2017 study. The next community noise monitoring survey is scheduled to be completed in 2027.



# GOVERNANCE

# Governance

The Board of Directors provides oversight to Victoria Airport Authority to ensure its purposes and objectives are realized and that Victoria International Airport operates in a safe, efficient, and reliable manner. As a governance board, all Directors must have high knowledge to advance the fiscal management and governance best practices of Victoria Airport Authority.

## DIRECTOR CODE OF CONDUCT

Board members are required to comply with the Board Policy and Procedures Manual and sign an annual Code of Conduct attestation acknowledging that they understand and will abide by the policies and bylaw requirements. Additionally, each Board member completes an annual disclosure statement, which is filed with the Corporate Secretary, and identifies any real or perceived conflicts of interest. Directors are required to abstain from any discussions or voting that may be a potential conflict. In 2023, there were no violations of the Code of Conduct.

## BOARD COMPOSITION

Victoria Airport Authority is governed by a 12-member Board of Directors representing the following nominating entities within the Capital Regional District and various levels of government:

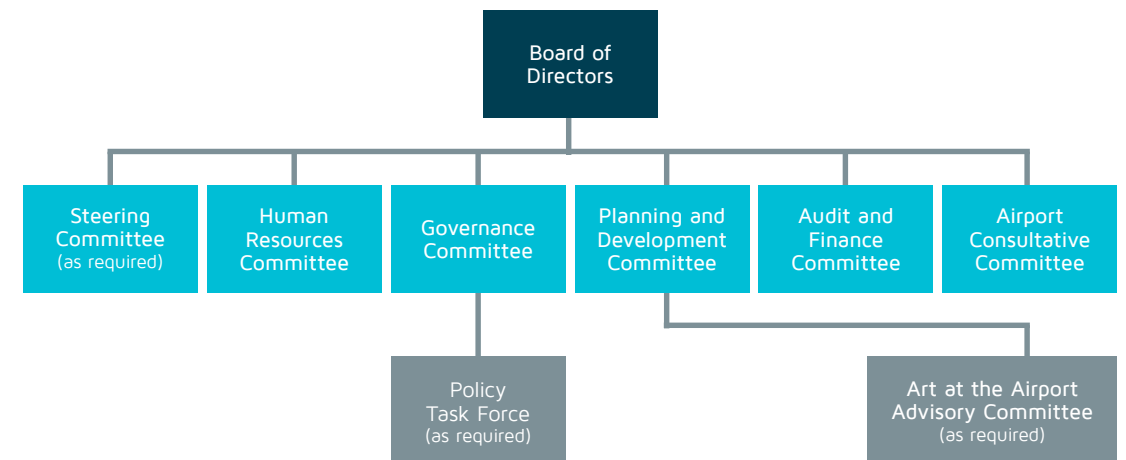
| Nominating Entity                    | # of Board Positions |
|--------------------------------------|----------------------|
| Government of Canada                 | 2                    |
| Province of British Columbia         | 1                    |
| Town of Sidney                       | 2                    |
| District of North Saanich            | 2                    |
| District of Central Saanich          | 1                    |
| District of Saanich                  | 1                    |
| City of Victoria                     | 1                    |
| Capital Regional District            | 1                    |
| Greater Victoria Chamber of Commerce | 1                    |

## TERM LIMITS

VAA may appoint up to three additional directors at the discretion of the Board. Each term shall be up to three years, and each member may again be nominated. A Director may serve up to three terms, up to a maximum of nine years in total. Once a member has served the allotted term, the member may not be renominated.

## BOARD COMMITTEES

The board has six standing committees as well as ad-hoc committees, sub-committees and task forces, as required.







### AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee is responsible for reviewing fiscal management policies and issues, including annual budgets, accounting systems and procedures, enterprise risk management, airport fees, compensation and benefits, asset protection and environmental protection. The Committee shall ensure that VAA meets its statutory obligations and conducts its affairs in accordance with legal and regulatory requirements and Board approved policies.

### PLANNING AND DEVELOPMENT COMMITTEE

The Planning and Development Committee provides oversight with respect to long-term planning, including strategic, master and capital plans. The Committee reviews and monitors major commercial plans and activities, including land development, air service development, retail and other business development opportunities.

### GOVERNANCE COMMITTEE

The Governance Committee is responsible for the monitoring of corporate governance issues and ensuring the most current applicable governance standards are recommended for board approval. This committee also periodically reviews the remuneration of Directors, considering time commitments and the scope of responsibilities. The committee is also responsible for working with the nominating entities in the process of nominating new directors.

### HUMAN RESOURCES COMMITTEE

The Human Resources Committee is responsible for oversight of the President and CEO. It establishes a performance evaluation process and protocols to evaluate the accomplishments and work in progress of the President and CEO relative to objectives, goals and other key performance indicators, as well as ensuring an Emergency Succession Plan for the President and CEO is in place and establish the process and conduct the recruitment of a successor President and CEO. It is also responsible for reviewing and recommending the compensation philosophy and guidelines for the President and CEO, and review recommendations on compensation and benefit plans for excluded employees (non-union employee members).

### AIRPORT CONSULTATIVE COMMITTEE

The Airport Consultative Committee meets not less than twice each year, and is comprised of members who are generally representative of the community, including persons representing the interests of consumers, the travelling public and organized labour, aviation industry representatives and appropriate provincial and municipal government representatives, to provide for effective dialogue and dissemination of information on matters relating to the Airport, including: Airport planning and plans; operational aspects of the Airport; and municipal concerns.

### STEERING COMMITTEE

The Steering Committee exercises such powers as are specified in by-law and as are delegated to it by the Board. The Steering Committee shall investigate any Code of Conduct issues related to the Board of Directors and decide on the appropriate course of action.

## 2023 BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER



### Cathie Ounsted

- Board Chair
- Chair, Steering Committee
- Ex Officio, all committees

District of Central Saanich

*Current term expires  
December 31, 2024*



### Eric Donald

- Board Vice-Chair
- Chair, Airport Consultative Committee
- Vice-Chair, Steering Committee
- Human Resources Committee

City of Victoria

*Current term expires  
March 31, 2024*



### Paul Gerrard

- Chair, Planning and Development Committee
- Steering Committee
- Audit and Finance Committee

Capital Regional District

*Current term expires  
December 31, 2024*



### Allan Haynes

- Audit and Finance Committee
- Planning and Development Committee
- Governance Committee

District of Saanich

*Current term expires  
December 31, 2026*



### Wendy Zink

- Board Secretary
- Chair, Governance Committee
- Steering Committee
- Human Resources Committee

Province of British Columbia

*Current term expires  
December 31, 2024*



### Carol Brown

- Chair, Human Resources Committee
- Steering Committee
- Planning and Development Committee

Government of Canada

*Current term expires  
December 31, 2024*



### Frank Leonard

- Governance Committee
- Human Resources Committee
- Planning and Development Committee

Government of Canada

*Current term expires  
December 31, 2024*



### Charles Lovallo

- Airport Consultative Committee
- Audit and Finance Committee

Town of Sidney

*Term expired  
December 31, 2023*



### Dave Cowen

- Audit and Finance Committee
- Planning and Development Committee
- Governance Committee

District of North Saanich

*Current term expires  
December 31, 2026*



### Erik Djukastein

- Airport Consultative Committee
- Governance Committee

District of North Saanich

*Current term expires  
December 31, 2025*



### Margaret Lucas

- Chair, Audit and Finance Committee
- Steering Committee
- Planning and Development Committee

Greater Victoria Chamber of Commerce

*Current term expires  
December 31, 2026*



### Sami Turki

- Audit and Finance Committee
- Planning and Development Committee

Town of Sidney

*Current term expires  
December 31, 2025*

## BOARD ATTENDANCE

The Board of Directors met fifteen times for committee and board discussions. Three public meetings were held to invite feedback from stakeholders and community members. The Board also participated in several public and private events, and fundraisers as airport ambassadors.

### Average attendance at Board and Committee meetings for 2023:

Board Meetings: **97%**   Committee Meetings: **94%**   Public Meetings: **87%**

## BOARD OF DIRECTORS' AND EXECUTIVES' COMPENSATION

Compensation of Victoria Airport Authority's board of directors is reviewed annually. In 2023, the officers of the corporation and directors were compensated as follows:

| Officer/Director                | Compensation |
|---------------------------------|--------------|
| Carol Brown, Committee Chair    | \$29,800     |
| David Cowen                     | \$24,200     |
| Erik Djukastein                 | \$18,500     |
| Eric Donald, Board Vice Chair   | \$33,100     |
| Paul Gerrard, Committee Chair   | \$22,600     |
| Allan Haynes                    | \$17,300     |
| Frank Leonard                   | \$23,000     |
| Charles Lovallo                 | \$17,900     |
| Margaret Lucas, Committee Chair | \$23,200     |
| Cathie Ounsted, Board Chair     | \$54,700     |
| Sami Turki                      | \$17,900     |
| Wendy Zink, Board Secretary     | \$32,200     |

Victoria Airport Authority's senior management team, comprised of the president and chief executive officer and four senior managers, received \$1,098,573 in salary for the year ended December 31, 2023.

## OUTGOING BOARD MEMBERS

On December 31, 2023, Victoria Airport Authority said farewell to Chuck Lovallo, Board Member and Member of the Airport Consultative Committee and Audit and Finance Committee. His involvement with Victoria International Airport has been invaluable and he will be missed.

Eric Donald, Vice Chair of the Board and Chair of the Airport Consultative Committee's final term on the Board will end on March 31, 2024, after nine years of service.

# FINANCIAL STATEMENTS

## MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The most significant of these are set out in Note 2 to the statements.

Victoria Airport Authority's accounting procedures and related systems of internal control are designed to provide reasonable assurance that its assets are safeguarded and its financial records are reliable. These financial statements include some amounts based upon management's best estimates and judgments. Recognizing that the Authority is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been prepared within reasonable limits of materiality.

The Board of Directors has appointed an Audit and Finance Committee consisting of eight Board directors. The Committee meets periodically throughout the year to review with management and the auditors any significant accounting, internal control and auditing matters. They also review and finalize the annual financial statements of the Authority together with the independent auditor's report before their submission to the Board of Directors for final approval.

The financial information throughout the text of the Annual Report is consistent with the information presented in the financial statements.

On behalf of the Victoria Airport Authority



**Elizabeth M. Brown**  
President and CEO  
April 22, 2024





KPMG LLP  
St. Andrew's Square II  
800-730 View Street  
Victoria BC V8W 3Y7  
Canada  
Telephone 250-480-3500  
Fax 250-480-3539



## INDEPENDENT AUDITORS' REPORT

### Opinion

We have audited the financial statements of Victoria Airport Authority ("the Authority"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Authority as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the annual report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountant

Victoria, Canada  
\_\_\_\_\_, 2024

## VICTORIA AIRPORT AUTHORITY

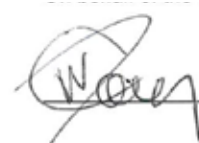
Statement of Financial Position

December 31, 2023, with comparative information for 2022

|  | 2023                  | 2022                  |
|--|-----------------------|-----------------------|
| <b>Assets</b>  |                       |                       |
| Current assets:  |                       |                       |
| Cash and cash equivalents                                  | \$ 13,918,698         | \$ 14,350,731         |
| Accounts receivable  | 3,097,934             | 3,582,714             |
| Inventory  | 355,933               | 214,166               |
| Prepaid expenses   | 473,861               | 303,568               |
|  | <u>17,846,426</u>     | <u>18,451,179</u>     |
| Tangible capital assets (note 3)                           | 121,094,267           | 116,819,481           |
| Other long-term assets                                     | 20,485                | 26,644                |
|  | <u>\$ 138,961,178</u> | <u>\$ 135,297,304</u> |
| <b>Liabilities and Net Assets</b>                          |                       |                       |
| Current liabilities:                                       |                       |                       |
| Accounts payable and accrued liabilities (note 4)          | \$ 3,802,772          | \$ 4,334,517          |
| Deferred revenue   | 373,156               | 477,636               |
| Current portion of retirement allowance liability (note 5) | 67,421                | 221,998               |
|  | <u>4,243,349</u>      | <u>5,034,151</u>      |
| Retirement allowance liability (note 5)                    | 827,933               | 1,057,875             |
| Deferred capital contribution (note 7)                     | 6,456,559             | 6,896,387             |
| Tenants' security deposits                                 | 137,485               | 134,295               |
|  | <u>11,665,326</u>     | <u>13,122,708</u>     |
| Net assets:  |                       |                       |
| Invested in tangible capital assets                        | 114,637,708           | 109,923,094           |
| Unrestricted net assets                                    | 12,658,144            | 12,251,502            |
|  | <u>127,295,852</u>    | <u>122,174,596</u>    |
| Commitments (note 6)                                       |                       |                       |
| Contingent liabilities (note 15)                           |                       |                       |
|  | <u>\$ 138,961,178</u> | <u>\$ 135,297,304</u> |

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# VICTORIA AIRPORT AUTHORITY

## Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| <b>Revenue:</b>                                 |                     |                     |
| Concessions                                     | \$ 13,395,986       | \$ 10,571,069       |
| Aeronautical                                    | 7,532,948           | 6,978,247           |
| Rentals - real estate                           | 3,819,318           | 3,486,666           |
| Government assistance (note 8)                  | -                   | 902,913             |
| Deferred capital contribution revenue           | 1,179,586           | 1,110,603           |
| Other   | 1,268,577           | 1,308,038           |
|   | 27,196,415          | 24,357,536          |
| <b>Airport Improvement Fee ("AIF") (note 9)</b> | <b>12,986,235</b>   | <b>11,078,205</b>   |
|   | 40,182,650          | 35,435,741          |
| <b>Expenses:</b>                                |                     |                     |
| Salaries and employee benefits                  | 8,204,989           | 7,456,681           |
| Services, supplies and administration           | 6,471,339           | 6,038,254           |
| Security and terminal services                  | 4,036,792           | 3,707,064           |
| Rent (note 6(a))                                | 1,910,295           | 1,463,001           |
| Property taxes                                  | 1,038,934           | 931,963             |
| AIF administration and handling fees            | 936,172             | 797,676             |
| Amortization                                    | 12,045,752          | 11,729,017          |
| Utilities                                       | 807,083             | 747,560             |
| Interest  | -                   | 32,800              |
|   | 35,451,356          | 32,904,016          |
| <b>Excess of revenue over expenses</b>          | <b>\$ 4,731,294</b> | <b>\$ 2,531,725</b> |

## Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

|   | Invested in<br>tangible<br>capital assets | Unrestricted         | 2023                  | 2022                  |
|---|---|----------------------|-----------------------|-----------------------|
| Balance, beginning of year                                    | \$ 109,923,094                            | \$ 12,251,502        | \$ 122,174,596        | \$ 119,642,871        |
| Excess of revenue over expenses                               | -   | 4,731,294            | 4,731,294             | 2,531,725             |
| Net change in invested in tangible capital assets             | 4,714,614                                 | (4,714,614)          | -                     | -                     |
| Gain on actuarial valuation of retirement allowance liability | -   | 389,962              | 389,962               | -                     |
| <b>Balance, end of year</b>                                   | <b>\$ 114,637,708</b>                     | <b>\$ 12,658,144</b> | <b>\$ 127,295,852</b> | <b>\$ 122,174,596</b> |

See accompanying notes to financial statements.

# VICTORIA AIRPORT AUTHORITY

## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

|   | 2023                 | 2022                 |
|---|----------------------|----------------------|
| <b>Cash provided by (used in):</b>                      |                      |                      |
| <b>Operations:</b>                                      |                      |                      |
| Excess of revenue over expenses                         | \$ 4,731,294         | \$ 2,531,725         |
| Items not involving cash:                               |                      |                      |
| Amortization  | 12,045,752           | 11,729,017           |
| Recognition of deferred capital contribution            | (1,179,586)          | (1,110,603)          |
| Gain on the disposal of tangible capital assets         | (16,000)             | (16,190)             |
| Changes in non-cash operating working capital:          |                      |                      |
| Accounts receivable                                     | 484,780              | (266,798)            |
| Inventory   | (141,767)            | 13,034               |
| Prepaid expenses  | (170,293)            | (24,692)             |
| Other long-term assets                                  | 6,159                | 53,991               |
| Accounts payable and accrued liabilities                | (531,745)            | 1,890,682            |
| Deferred revenue  | (104,480)            | (729,139)            |
| Retirement allowance liability                          | 5,443                | 154,252              |
| Tenant's security deposits                              | 3,190                | (1,015)              |
|   | 15,132,747           | 14,224,264           |
| <b>Investing:</b>                                       |                      |                      |
| Purchase of tangible capital assets                     | (16,320,538)         | (7,737,016)          |
| Proceeds from the sale of tangible capital assets       | 16,000               | 16,190               |
|   | (16,304,538)         | (7,720,826)          |
| <b>Financing:</b>                                       |                      |                      |
| Deferred capital contribution                           | 739,758              | 1,244,547            |
| Decrease in long-term debt                              | -                    | (2,000,000)          |
|   | 739,758              | (755,453)            |
| <b>Increase (decrease) in cash and cash equivalents</b> | <b>(432,033)</b>     | <b>5,747,985</b>     |
| Cash and cash equivalents, beginning of year            | 14,350,731           | 8,602,746            |
| <b>Cash and cash equivalents, end of year</b>           | <b>\$ 13,918,698</b> | <b>\$ 14,350,731</b> |

See accompanying notes to financial statements.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

## 1. Nature of operations:

Victoria Airport Authority ("VAA" or "Authority") is incorporated under Part II of the Canada Corporations Act as a non-share capital, not-for-profit corporation and all earnings from operations are reinvested in airport development. VAA has operated the Victoria International Airport since April 1, 1997 under a lease from Transport Canada ("ground lease").

## 2. Significant accounting policies:

### (a) Basis of accounting:

The financial statements of VAA are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### (b) Cash and cash equivalents:

Cash and cash equivalents are defined as cash, high interest savings and highly liquid investments consisting of term deposits with original maturities at the date of purchase of three months or less.

### (c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in excess of revenue over expenses in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Authority has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Authority determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Authority expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

## 2. Significant accounting policies (continued):

### (d) Inventory:

The inventory of consumable supplies is recorded at the lower of cost, determined on a first-in first-out basis, and net realizable value.

### (e) Transport Canada Lease:

The Transport Canada Lease (see note 6(a)) is accounted for as an operating lease.

### (f) Tangible capital assets:

Tangible capital assets are recorded at cost and amortized on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

| Asset                          | Years |
|--------------------------------|-------|
| Terminal building              | 5-50  |
| Airfield and roadways          | 5-60  |
| Other buildings and structures | 5-50  |
| Vehicles                       | 10-20 |
| Computer and IT Equipment      | 3-10  |
| Machinery and equipment        | 5-30  |
| Furniture and fixtures         | 5-20  |

The interest cost of debt attributable to the construction of capital assets is capitalized during the construction period. No interest was capitalized in 2023 or 2022. Capital work-in-progress is not amortized until the asset is available for use.

When a capital asset no longer contributes to VAA's ability to provide services, its carrying amount is written down to its residual value with no reversals of such write downs in subsequent periods.



# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

## 2. Significant accounting policies (continued):

### (g) Revenue recognition:

VAA follows the deferral method of accounting for contributions whereby unrestricted revenue is recognized when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured. When a portion of the contributions relates to a future period, it is deferred and recognized in that subsequent period.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Revenue is recognized as follows:

- Landing and general terminal fees are recognized as revenue when airport facilities are utilized.
- Concession revenue is recognized based on the greater of agreed percentages of reported concessionaire sales and specified minimum guaranteed amounts over the terms of the respective leases. Car parking revenue is recognized when car parking facilities are utilized.
- Rental revenue is recognized over the terms of the respective leases.
- Airport Improvement Fees ("AIF") (note 9), are recorded when passengers subject to the fee depart.

### (h) Employee future benefits:

VAA and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

An unfunded retirement allowance benefit is also available to VAA's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains (losses) arise from changes in actuarial assumptions used to determine the accrued benefit obligation. All actuarial gains (losses) are recorded in net assets.

### (i) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Areas requiring the use of management estimates include the determination of the retirement allowance, useful lives for amortization and provisions for contingencies. Actual results could differ from these estimates.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

## 3. Tangible capital assets:

|                                |                |                          | 2023           | 2022           |
|--------------------------------|----------------|--------------------------|----------------|----------------|
|                                | Cost           | Accumulated amortization | Net book value | Net book value |
| Terminal building              | \$ 90,778,470  | \$ 50,011,322            | \$ 40,767,148  | \$ 43,650,701  |
| Airfield and roadways          | 113,253,258    | 51,879,021               | 61,374,237     | 54,908,794     |
| Other buildings and structures | 14,086,492     | 8,221,774                | 5,864,718      | 6,219,380      |
| Vehicles                       | 9,695,793      | 5,653,951                | 4,041,842      | 3,642,192      |
| Computer and IT equipment      | 4,175,013      | 2,614,505                | 1,560,508      | 723,940        |
| Machinery and equipment        | 5,738,661      | 1,865,476                | 3,873,185      | 3,013,915      |
| Furniture and fixtures         | 1,146,231      | 762,367                  | 383,864        | 278,645        |
| Capital work in progress       | 3,228,765      | -                        | 3,228,765      | 4,381,914      |
|                                | \$ 242,102,683 | \$ 121,008,416           | \$ 121,094,267 | \$ 116,819,481 |

During the year, VAA sold assets with a net book value totaling nil (2022 - nil) for proceeds of \$16,000 (2022 - \$16,190) resulting in a gain on sale of assets of \$16,000 (2022 - \$16,190). This gain is included with other income on the statement of operations.

During 2023, a review and assessment for impaired assets resulted in a \$58,796 impairment of assets (2022 - \$8,533).

## 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$84,603 (2022 - \$127,596), which includes amounts payable for PST/GST remittances, employer health tax and WorkSafe BC premiums.

## 5. Retirement allowance liability:

Under the terms of the transfer agreement with Transport Canada, VAA assumed the Government of Canada's obligation to pay its former employees compensation upon retirement or termination in accordance with the collective agreements. This benefit forms part of the current collective agreement. The retirement benefit is based on years of completed service.

VAA accrues the cost of these future benefits, as employees render their services, based on actuarial valuations of the obligations. It is VAA practice to perform an actuarial valuation a minimum of every three years. An actuarial valuation of the plan was completed as of December 31, 2023. The next actuarial valuation of the plan is scheduled for no later than December 31, 2026.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

## 5. Retirement allowance liability (continued):

The significant economic assumptions used by VAA's actuaries in measuring the accrued retirement allowance liability as at December 31, 2023 are as follows:

|                                | 2023   | 2022 |
|--------------------------------|--|------|
| Discount rates                 | 4.65%  | 2.2% |
| Rate of compensation increases | Year 1 - 5%<br>Year 2 - 4%<br>Thereafter 2.75% | 2.5% |

VAA has recorded additional liabilities for compensation upon retirement or termination in accordance with collective and other agreements negotiated subsequent to transfer. The total annual retirement allowance liabilities are as follows:

|  |              |
|--|--------------|
| Balance at December 31, 2021           | \$ 1,125,621 |
| Annual accrual, net of benefits paid   | 120,531      |
| Interest                               | 33,721       |
| Balance at December 31, 2022           | 1,279,873    |
| Annual accrual, net of benefits paid   | (39,601)     |
| Interest                               | 45,043       |
| Actuarial gain as of December 31, 2023 | (389,962)    |
| Balance at December 31, 2023           | \$ 895,353   |

|                                   | 2023       | 2022         |
|-----------------------------------|------------|--------------|
| Financial statement presentation: |            |              |
| Current portion                   | \$ 67,421  | \$ 221,998   |
| Long-term                         | 827,933    | 1,057,875    |
|                                   | \$ 895,354 | \$ 1,279,873 |

In 2023, the net retirement benefit plan expense totaled \$142,361 (2022 - \$172,526).

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

## 6. Commitments:

### (a) Ground lease with Transport Canada:

The ground lease governs both the economic and day-to-day relations between VAA and Transport Canada. The Authority signed a 60-year ground lease with Transport Canada effective April 1, 1997 with an option to extend the term for a further 20 years. On January 28, 2015 the Minister of Transport signed an amendment to the ground lease extending the term for 20 years ending on March 31, 2077. The ground lease contains specific conditions for compliance with a series of requirements, including environmental standards, minimum insurance coverage, specific accounting and reporting requirements and various other matters that have a significant effect on the day-to-day operation of the Authority. The Authority has complied with all requirements under the ground lease. As of January 1, 2024, there is 53 years and 3 months remaining in the lease.

(i) Rent payable to Transport Canada is calculated based on a percentage of gross revenue on a progressive scale. . Projected rent expense for 2024 - 2028 based on VAA's current financial forecast is as follows:

|      |              |
|------|--------------|
| 2024 | \$ 2,462,000 |
| 2025 | 2,777,100    |
| 2026 | 2,997,000    |
| 2027 | 3,172,200    |
| 2028 | 3,399,100    |

### (b) Capital commitments:

In connection with the construction of certain capital projects and purchase of certain capital items, the VAA has capital commitments outstanding as at December 31, 2023 of approximately \$5,835,000 (2022 - \$373,373).

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

## 7. Deferred capital contribution:

VAA receives funding from the Canadian Air Transport Security Authority ("CATSA") and other governmental agencies in the form of grants and reimbursements towards specific capital infrastructure upgrades. The funds received are deferred and brought into revenue as contributions at a rate or amount consistent with the amortization of the related capital asset once amortization of the asset begins.

|                                     |                     |
|-------------------------------------|---------------------|
| Balance, beginning of year          | \$ 6,896,387        |
| Contributions:                      |                     |
| Cash                                | 897,530             |
|                                     | <u>7,793,917</u>    |
| Less: amounts amortized to revenue  | 1,179,586           |
| Less: transfer to other governments | 157,772             |
| <b>Balance, end of year</b>         | <b>\$ 6,456,559</b> |

The balance of unamortized contributions related to capital assets consists of the following:

|   |                     |
|---|---------------------|
| Unamortized contributions used to purchase capital assets | \$ 6,456,559        |
| <b>Balance, end of year</b>                               | <b>\$ 6,456,559</b> |

## 8. Government assistance:

In response to COVID-19 governments implemented support programs and funding to support industries effected by the pandemic. The funding came in the form of direct operational support as well as support for capital acquisitions.

### (a) Operational support and grants:

VAA received the following direct operational support, grants and wage subsidies from governments:

|  | 2023        | 2022              |
|--|-------------|-------------------|
| Regional Airports Transportation Initiative (RATI) | \$ -        | \$ 379,415        |
| CEWS / THRP wage subsidies                         | -           | 343,498           |
| Province of BC - COVID-19 Airport Relief Grant     | -           | 180,000           |
|  | <u>\$ -</u> | <u>\$ 902,913</u> |

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

## 8. Government assistance (continued):

### (a) Operational support and grants (continued):

The RATI operational grant reimbursed VAA for a portion of specific operating costs for the period April 1, 2021 to March 31, 2022. VAA incurred and paid the operational costs and then submitted application for reimbursement. The total approved grant was \$1,357,712. Operating costs totaling \$978,297 were reimbursed to December 31, 2021, and operating costs of \$379,415 were reimbursed in 2022.

## 9. Airport Improvement Fee ("AIF"):

On May 31, 1999, the VAA entered into an agreement (the "AIF Agreement") with the Air Transport Association of Canada and air carriers serving the Victoria International Airport. The AIF Agreement provides for a consultation process with the air carriers on airport development as well as the collection of an AIF by air carriers. AIF revenue is collected by the airlines on behalf of VAA which entitles them to withhold a 7% handling fee. Use of AIF revenue is restricted and can only be used to fund capital expenditures related to the construction or improvement of airport infrastructure and related financing costs. The AIF charge is \$15 per local boarded passenger until April 30, 2024. Effective May 1, 2024 the AIF will increase to \$25 per local boarded passenger.

To December 31, 2023 cumulative expenditures exceeded cumulative AIF revenue as follows:

|  |                        |
|--|------------------------|
| AIF revenue  | \$ 192,941,560         |
| Airline/ATAC administration fees                   | (13,895,688)           |
| AIF program expenditures                           | (198,766,670)          |
| Financing costs                                    | (8,921,659)            |
| <b>Excess of AIF expenditures over AIF revenue</b> | <b>\$ (28,642,457)</b> |

The excess of AIF expenditures over AIF revenue is currently being funded through surpluses from operations.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

## 10. Pension contributions:

VAA and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 54 contributors from Victoria Airport Authority.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis. The next valuation date will be December 31, 2024, with results available in 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

VAA paid \$566,643 (2022 - \$511,697) for employer contributions while employees contributed \$496,746 (2022 - \$448,848) to the plan in fiscal 2023.

## 11. Credit facilities:

VAA has a \$10,000,000 operating line of credit with CIBC bearing interest at CIBC prime rate less 0.50%.

VAA has a \$10,000,000 capital facility to fund assets over 10 years with various interest rate options including floating, prime rate minus 0.50%, fixed rate, including an interest rate swap and banker's acceptances, at the prevailing rates and fees

Both credit facilities are secured by a general security agreement, a registered mortgage of VAA's leasehold interest and assignment of all book debts due and payable. The credit facilities require a debt service ratio of 1.2 to 1.0. These two credit facilities were undrawn on December 31, 2023 and 2022.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

## 12. Risk management:

Exposure to credit risk, liquidity risk, and interest rate risk, arises in the normal course of VAA's business. Financial instruments are not used for trading or speculative purposes.

### (a) Credit risk:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. For cash and cash equivalents and accounts receivable VAA's credit risk is limited to the carrying value on the balance sheet. VAA has a concentration of credit risk with two airlines. VAA manages the risk associated with the concentration of credit risk through its policy of actively monitoring the aging of receivables.

Credit risk is further reduced by letters of credit, deposits and customer credit evaluations. VAA limits its exposure to credit risk on cash and cash equivalents by investing in instruments issued by high credit quality financial institutions. VAA enters into financial contracts such as interest rate swaps only with high credit quality financial institutions.

As at December 31, 2023 the aging analysis of trade receivables, net of impaired amounts of \$322,847 (2022 - \$1,908) is as follows:

|                       |                |                     |
|-----------------------|----------------|---------------------|
| Current               | 82.64%         | \$ 2,205,000        |
| 1 to 30 days overdue  | 12.95%         | 345,535             |
| 31 to 60 days overdue | 3.98%          | 106,173             |
| 61 days plus overdue  | 0.43%          | 11,534              |
| <b>Total</b>          | <b>100.00%</b> | <b>\$ 2,668,242</b> |

### (b) Liquidity risk:

Liquidity risk is the risk that VAA will not be able to meet its obligations associated with financial liabilities. Funds generated through operations finance the capital program. VAA also has access to an undrawn operating line of credit which assists to mitigate liquidity risk.

### (c) Interest rate risk:

Interest rate risk arises because of fluctuations in interest rates. VAA is exposed to interest rate risk on its cash and cash equivalents which are maintained to provide liquidity while achieving a satisfactory return. There has been no change in the risk exposures from the prior year.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

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## 13. Financial instruments:

Interest income during 2023 totaled \$773,222 (2022 - \$251,562).

Interest expense during 2023 totaled nil (2022 - \$32,800). Included in interest expense is a stamping fee of nil (2022 - \$11,178).

## 14. Other information:

(a) VAA income generated from airport-related operations is exempt from federal and provincial income taxes.

(b) During the year ended December 31, 2023, the fees paid to the Board of VAA for their services as directors totaled \$314,400 (2022 - \$276,600).

## 15. Contingent liabilities:

The Authority, in conducting its usual business activities, is involved in various legal proceedings and litigation, the outcome of which is indeterminable. It is the Authority's policy to carry adequate insurance to minimize the financial risk associated with such matters.

Management is of the opinion that the aggregate net liability, if any, of these proceedings and litigation would not have a material impact to the Authority's financial position.



## VICTORIA AIRPORT AUTHORITY CORPORATE OFFICE

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**Banker:** CIBC

**External Auditor:** KPMG LLP Victoria

**Legal Firm:** Cox Taylor



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