



# Victoria Airport Authority 2022 Annual Report

# Land Acknowledgement

We wish to acknowledge that Victoria Airport Authority operates from the homeland of the **W̱SÁNEĆ** People whose historical relationship to the land continues to this day. We are committed to further strengthening our 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's ongoing operations and future developments.



# Contents

- MESSAGE FROM OUTGOING CHAIR . . . . . 4
- MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER . . . . . 6
- 2022 ACCOMPLISHMENTS AND HIGHLIGHTS . . . . . 10
- FIRST NATIONS . . . . . 12
- STRATEGIC DIRECTION . . . . . 15
  - A Safe and Secure Airport . . . . . 18
  - A Talented and Motivated Team . . . . . 22
  - Exceptional Airport Facilities and Customer Service . . . . . 26
  - Air Service Development . . . . . 28
  - A Financially Responsible Airport . . . . . 30
  - Leadership in Environmental Protection and Management . . . . . 37
- GOVERNANCE . . . . . 41
  - Board Composition . . . . . 42
  - Term Limits . . . . . 43
  - Board Committees . . . . . 43
  - Director Code of Conduct . . . . . 43
  - 2022 Board of Directors and Chief Executive Officer . . . . . 44
  - Board Attendance . . . . . 46
  - Board of Directors and Executive Compensation . . . . . 46
  - Outgoing Board Members . . . . . 46
  - Incoming Board Members . . . . . 46
- FINANCIAL STATEMENTS . . . . . 47
  - Management Responsibility for Financial Statements . . . . . 49
  - Independent Auditors' Report . . . . . 50
  - VAA Statement of Financial Position . . . . . 53
  - VAA Statement of Operations . . . . . 54
  - VAA Statement of Changes in Net Assets . . . . . 54
  - VAA Statement of Cash Flows . . . . . 55
  - Notes to Financial Statements . . . . . 56



## Message From Outgoing Chair



**Gordon Safarik**  
Board Chair

It has been a privilege and an honor to serve on the Board of Directors for Victoria Airport Authority (VAA) over the past nine years. As Chair for the past four years, I have witnessed VAA earn several distinguished North American Industry awards and make impressive progress in all areas of airport operations. Some highlights include construction of the new lower passenger departure lounge, advancements in environmental stewardship, technology, and management systems, as well as significant efforts to improve and develop First Nations partnerships.

These achievements would not be possible without the efforts of a stellar team of managers and staff working collaboratively under the leadership of President and CEO, Geoff Dickson. One of the best examples of the acumen and leadership of this team was their handling of the global pandemic over the past three years. At the onset of the COVID-19 crisis, the team found itself facing unprecedented circumstances which unfolded with a swiftness for which few government guidelines or regulations existed. Yet the management team successfully created and implemented their own Crisis Management Plan that received high praise from government agencies, aspects of which were adopted by other airports. They were able to effectively pivot all aspects of airport operations, recalibrate, re-budget and reorganize personnel to enable VAA to emerge at the forefront of the airport industry post-

pandemic. Not one employee was laid off during the crisis, and at the close of 2022, Victoria Airport Authority has returned to profitability, and is debt free.

Since its inception, the Board of Directors for Victoria Airport Authority has provided invaluable oversight and direction to the management team. The board members are serious and passionate about their governance role in the future success of YYJ. This dedication to excellence was recently highlighted in the 2022 Five Year Performance Review – a report completed by an independent authority. This audit examines all aspects of airport operations from safety, finances, environment, human resources, governance, community engagement and more. It awarded Victoria Airport Authority outstanding marks in all areas, asserting that its Board of Directors are “WITHOUT PEER,” meeting or exceeding the governance practices in all other airports in Canada. I would suggest that this applies to the management team and staff of VAA as well.

Thank you for the privilege of allowing me to serve. I am most confident that Victoria Airport Authority, its management team, staff and Board of Directors will continue to be “WITHOUT PEER” for many years to come.

**Gordon Safarik**, Board Chair

# Message from the President and Chief Executive Officer



**Geoff Dickson**  
President and  
Chief Executive Officer

April 1, 2022 marked 25 years since the Government of Canada divested operational and managerial responsibility of Victoria International Airport (YYJ) to a private company: Victoria Airport Authority. This has created greater focus on efficiency, planning and investment and enabled growth to better meet the community's needs. The model has been a tremendous success. A special thanks goes to business leaders in the region for supporting the vision and perseverance to create Victoria Airport Authority.

YYJ passenger activity increased considerably in 2022 as the easing and ultimate lifting of pandemic restrictions subsided and the travel industry gradually reopened. In the second half of the year, passenger activity returned to near pre-COVID numbers, surpassing the 90%-mark of 2019. In total, 1.5 million passengers travelled through YYJ (75% of 2019).

Throughout the year, Victoria International Airport received several significant awards recognizing their leadership in organizational development, accessibility, customer service, innovation, and fiscal responsibility. It was named one of *BC's Top 100 Employers* for the third consecutive year. 4VI also recognized Victoria International Airport's efforts to achieve *Rick Hansen Gold Certification* for accessibility, earning it the organization's *Social Responsibility Award*. Airports Council International named YYJ's Victoria Distillers (featuring world-renowned Empress Gin) as the *Best New Airport Retail Concept* in North America, while the Airport Transport Research Society, which measures airport financial





Photo credit: Mohammad Meidany

performance globally, named Victoria International Airport as “The Most Efficient Airport in North America Under 5 million Passengers.” Victoria Airport Authority has continued to succeed despite facing incredible challenges in recent years. These awards reflect Victoria Airport Authority’s success and highlight its balanced operating approach. These awards are exceptional achievements and demonstrate the dedication of the entire VAA team.

The landscape in the Canadian Airline industry is changing with the rise of the ultra-low-cost carrier. SWOOP and Flair commenced operations at YYJ in 2021 and continued to grow their operation in 2022. A third ultra-low-cost airline, Lynx Air, commenced operations at YYJ in May. Future goals include further expanding low-cost airline routes to and from YYJ, and working with the established airlines to build additional flight frequency. Restarting US non-stop service is also a top priority following the significant drop in service during the pandemic.

Revenue diversification continued to be a focus in 2022 primarily through land development. Construction was completed on a new 115,000 square foot *Amazon Last Mile* delivery station which began operations on airport lands. Two new land tenants, *MakeSpace Storage* and *Beacon West Industrial*, signed lease agreements. Plans are also underway for the development of a new 129-room *Marriott TownePlace Suites Airport Hotel*.

However, 2022 was not without challenges. On May 24th 2022 an alarm was triggered for a suspected Improvised Explosive Device (IED) in the chamber of the Oversize Baggage X-ray. The airport was evacuated and closed for commercial flights for five hours. Eighteen flights were cancelled, causing disruption to many people’s travel plans. While the right decision was made to close the airport, the length of time to respond by the Explosive Detection Unit (EDU) highlighted the need for Vancouver Island to have a local EDU. This issue has been raised at the Federal and Provincial level.

After two years of grounded aircraft and empty airports, the industry had returned to normal activity levels by the summer. There were significant impacts across Canada’s aviation industry with staff shortages, airport delays and cancelled flights. The weather events over the Christmas holiday season further highlighted not only the complexity of industry operations, but the need to improve the level of service from all to minimize the impact on travellers. I am confident that operational improvements across the industry will be implemented.

In closing, I would like to extend my gratitude to our retiring Board Chair, Mr. Gordon Safarik who leaves the Board after nine years of service. His wisdom, guidance, and good humour has been appreciated. He will be missed.

**Geoff Dickson**, President and CEO

# 2022 Accomplishments and Highlights



- **BC's Top 100 Employers** - VAA was named as one of BC's Top 100 Employers for 2022. BC's Top Employers is a special designation that recognizes the British Columbia employers that lead their industries in offering exceptional places to work. This is the third consecutive year VAA has received this award.
- **Air Transport Research Society (ATRS) – Most Efficient Airport in North America under 5 million passengers** - the Air Transport Research Society, who measures airport financial performance globally with over 200 airports analyzed, named Victoria International Airport as the most efficient airport in North America serving under 5 million passengers. This is the fourth time YYJ has received this recognition.

- **Airport Council International (ACI) – Best Hygiene Measures Award** - during the first quarter of 2022, YYJ received an award for the 2021 year from Airports Council International for Best Hygiene Measures in North America. This is the second consecutive year YYJ has received this award.
- **ACI Best New Retail Concept Award** - Airport's Council International awarded YYJ's Victoria Distillers (featuring world-renowned Empress Gin) as the best new retail concept in North America.
- **4VI Award** - VAA earned an award for Social Responsibility that recognizes its commitment to making YYJ accessible to all. A Comprehensive Curbside Assistance Program to ensure travellers with accessibility challenges can navigate through the airport and to and from aircraft with ease as well as achieving Rick Hansen Gold Certification for accessibility led to this award.
- **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 YYJ's efforts to demonstrate quantified emissions reductions.



Left to right: Heather Riddick, Director, Sales & Marketing, Black Rock Resort, Anita Kardos, Communications & Passenger Experience Officer, VAA, Anthony Everett, President & CEO, 4VI, Natalie Stewart, Tourism Coordinator at Vancouver Island North, at the 4VI awards ceremony at the Delta Ocean Pointe Hotel in Victoria.



Photo credit: Mohammad Meidany



## First Nations

In 2022, Victoria Airport Authority staff undertook Indigenous cultural training provided by the Indigenous Perspectives Society. The half-day workshop introduced staff to cultural safety, unconscious bias, and privilege, and explored the impacts of intergenerational trauma stemming from residential schools and colonization. Staff from the WSÁNEĆ Leadership Council opened the workshop with an opening prayer and shared information about the WSÁNEĆ people.

Victoria Airport Authority held a Leadership Luncheon in June 2022 to help further develop the relationship between the airport and the WSÁNEĆ Nations. Representatives from Victoria Airport Authority Board of Directors and executive team met with Chief Jimmy of Tseycum First Nation, Chief Underwood and Councillor Etzel of Tsawout First Nation, and staff of the WSÁNEĆ Leadership Council. This was an opportunity to learn more about the history and culture of the WSÁNEĆ people and speak openly about the airport's future supporting efforts toward Indigenous reconciliation.

Victoria Airport Authority also toured the airport with representatives of the WSÁNEĆ Leadership Council. This enabled airport staff to share information about its tenants, environmental initiatives, and upcoming development projects.

Additional initiatives this year to increase the visibility of the WSÁNEĆ on the airport property included:

### SENĆOŦEN Banners

SENĆOŦEN banners were posted along Willingdon Road to greet visitors of the airport. These were developed with support from the WSÁNEĆ Leadership Council and SENĆOŦEN speakers Tiffany Joseph and Joe Seward. The banners read as follows:

- Have a great trip - ÍYTW ENs HÁUE
- Safe travels - SYOS SW OL E TFEN HÁUE
- See you soon - U QENONE SEN SE

### Pollinator Garden

The native species pollinator garden was planted in a site of significant importance to the **WSÁNEĆ** People's culture and identity. **WSÁNEĆ** environmental advisors provided guidance on incorporating **SENĆOŦEN** language and traditional plants into the pollinator garden project.

### Amazon Warehouse

The development of the Amazon warehouse included design elements and art installations into the building's exterior. Landscaping around the building also reflects the rich culture and heritage of the **WSÁNEĆ** People. This will include five welcome posts from 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) in the Spring of 2023.

Victoria Airport Authority looks forward to further strengthening its relationships with Tseycum First Nation, Tsartlip First Nation, Tsawout First Nation, and Pauquachin First Nation and finding more opportunities for the meaningful participation of the Nations and its members in airport operations and future developments. Reconciliation is a journey and while much progress was made in 2022, the airport remains committed to furthering its work and taking more steps forward in 2023.



Amazon Warehouse

# STRATEGIC DIRECTION





Photo credit: Doug Clement

## Strategic Direction

Victoria International Airport (YYJ) was the 10th busiest airport in Canada, serving 1.5 million passengers in 2022. Post-pandemic travel activity has increased by 121% since 2021 and there is optimism that the aviation industry will make a full recovery in 2023.

YYJ is managed and developed by Victoria Airport Authority. The non-share capital corporation is financially independent. Revenue is generated from three sources: the Airport Improvement Fee (AIF), aeronautical revenue and non-aeronautical revenue. As a not-for-profit, Victoria Airport Authority reinvests surplus revenue back into the airport. In 2022, YYJ was the only airport in the Canadian National Airport System to end the year 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**

## A SAFE AND SECURE AIRPORT

### Live Emergency Exercise

Victoria Airport Authority conducted a full-scale live emergency response exercise on October 26th, 2022 involving multiple emergency service providers responding to a simulated aircraft emergency. Fire, ambulance, and police departments from the surrounding communities worked alongside the Airport Fire Service (AFS) to implement the Emergency Response Plan. Major strengths of this exercise included:

- **Aircraft Rescue Firefighting response (ARFF)** - this was immediate and effective. Well-trained staff and exceptional equipment ensured a quick knock-down of the fire and improved survivability for potential victims.
- **Mass Victim/Survivor Management** - was conducted by the BCAS, AFS and mutual-aid fire departments. The Emergency Response Plan, combined with mutual aid agreements between VAA and local service providers, resulted in a robust and comprehensive support plan.



### May 24th Security Event – Suspected Improvised Explosive Device

On May 24th, 2022 an alarm was triggered for a suspected Improvised Explosive Device (IED) in a passenger's checked baggage. The bag was in the chamber of the Oversize Baggage X-Ray. The contents of the bag included multiple items such as grenades (which could not be determined to be inert), organic material, gun parts, wiring, battery packs, and elements resembling detonator components. The incident was considered high-risk, and the RCMP Explosive Disposal Unit (EDU) was dispatched from Vancouver to respond. The airport was evacuated and closed for approximately five hours. Eighteen flights were cancelled. Despite the inconvenience to travellers, passengers were understanding of the safety precautions taken.

The delayed EDU response time highlighted the need for a unit to also be located on Vancouver Island, principally in the Capital Regional District. The issue was raised at the federal and provincial level and Victoria Airport Authority is optimistic that the recommendations will be considered.



Photo credit: Brodie Meeres

### Pavement Projects

Select airfield pavement in the taxiway systems were due for rehabilitation in 2022. Patching of Taxiway Alpha, Golf, Kilo, November, and Sierra were completed in the summer of 2022.

### Opened East Taxiway Echo Extension

Taxiway Echo, a significant safety and operational improvement in the form of a 430-meter extension to a critical taxiway was opened for service in early 2022.

### 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” and allowing aircraft to land more safely and efficiently in poor weather conditions at Victoria International Airport. The approach lighting system is called “Simplified Short Approach Lighting with Runway Alignment Indicator Lights” (SSALR). It replaces the existing “Omni-Directional Approach Lighting System” (ODALS), and provides better visual aids to pilots landing at the airport.

### CANAP Audits with Quebec, Billy Bishop, and Kelowna Airports

Victoria Airport Authority took part in the Canadian Airports National Audit Program (CANAP) with audits of Quebec City Airport and Billy Bishop Toronto City Airport. The three-year Safety Management System external audit of Victoria International Airport was also completed through CANAP. The audit of YYJ highlighted an extremely high level of engagement from staff, and the strength of VAA’s systems-based approach to safety and operations.

### IT Upgrades/Cyber Security

With cyber security as the underlying theme, the IT department developed and executed numerous initiatives in 2022. A full cyber security risk register was created, and all items and controls were assessed for risk. The top three risks were then directly acted upon to improve security. A cyber security incident response plan was also created and shared with the organization. A comprehensive network masterplan was developed to set the standards for IT and vendors and provide guiding principles for all networks, communication and security within the airport.

## A TALENTED AND MOTIVATED TEAM

### Strategic Human Resources Plan

VAA's HR team created a Strategic Human Resources (HR) Plan that will serve as a roadmap for how VAA will grow, support, lead and engage its staff over the next 5 years (2022-2026). The key areas HR will be focusing on in the years ahead can be seen in the below Figure:

- **Workforce Planning**

Ensures a skilled and diverse workforce that can deliver on VAA's Vision of becoming the best airport anywhere.

- **Talent Acquisition**

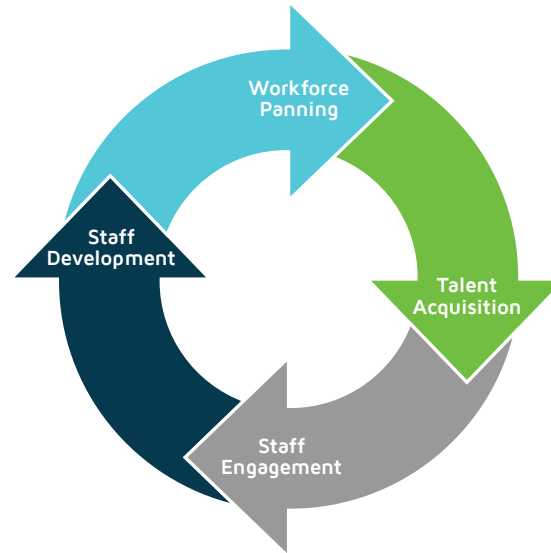
Ensures VAA continues to attract, hire, and retain exceptional talent that not only meets the organization's needs, but also reflects the diverse communities and populations we serve.

- **Staff Engagement**

Shapes a culture where employees have a positive emotional connection to VAA and engagement is measured and actively nurtured.

- **Staff Development**

Provides staff and leaders with enhanced levels of professional development, building careers and supporting the goals of VAA.



## 10 NEW HIRES IN 2022

57 ACTIVE EMPLOYEES  
(incl 4 on leave)

442.31 combined years  
of service

### Tailwinds Leadership Development Program

VAA launched the first phase of its new Leadership Development Program in 2022, Tailwinds. The program is a robust experiential development program, for both new and seasoned leaders. Tailwinds' overall intent, like the meaning of its name, aims to be "a force that advances progress toward an improved condition."



### Gallup Employee Engagement Tool

In spring 2022 VAA transitioned to Gallup, a new employee engagement survey tool designed to measure employee engagement. All VAA leaders, including bargaining unit supervisors, attended a training session facilitated by Gallup, which provided an overview of the tool and employee engagement, why it is important, and the leader's role in influencing it. The Gallup tool provides the ability to gain greater insights and develop targeted action plans.

### 25th Anniversary of Victoria Airport Authority

April 1st, 2022 marked 25 years since the Government of Canada divested operational and managerial responsibility of Victoria International Airport to Victoria Airport Authority, one of the first medium-sized airports to transfer management to a local, not-for-profit organization. From 1997 to 2021, VAA invested more than \$225 million dollars into the airport facility improvements, including extensive terminal building expansions, expanded parking facilities, a formal operations facility, improved airside services, modern emergency response equipment, and progressive environmental initiatives. VAA celebrated with a catered luncheon where all staff received keepsake pins to mark the occasion. VAA employees, Scott Cunningham, Anita Kardos and Jeff Peters, who have worked with VAA since pre-transfer, received personal gifts in recognition of their hard work and ongoing dedication to VAA.



### BC Aviation Council Conference

Victoria Airport Authority coordinated with the British Columbia Aviation Council (BCAC) and hosted their annual conference in Victoria. This was the first in-person conference since before the pandemic, and had record breaking attendance. VAA presented its Sustainability Plan and its six main priorities, which include: waste management, greenhouse gas emissions, ecology and biodiversity, water quality and conservation, social and economic impact.

### Red Coat Volunteers

Victoria Airport Authority continues to be thankful for the people who generously offer their time to serve the travelling public and our community through the Red Coat Volunteer Program. This team of friendly airport ambassadors, with their bright red blazers are pleased to be back at their information desk after some time away throughout the pandemic and look forward to greeting guests, providing customer assistance, and answering questions.

2022 marked 32 years the program has operated at YYJ.

### Carbon Neutrals Team

The Carbon Neutrals were officially formed in early 2021 and are comprised of VAA staff volunteers who give time towards small, sustainably focused initiatives facilitated by our Environmental Officer. The group gathers once every 2-3 months to tackle environmental projects around the airport depending on seasonality. This group has hosted educational workshops about pollinators, and participated in tree planting and invasive species removal events. They also helped create the pollinator garden. Recently, Jason Knight, an active member of the group, developed the team's very own logo, which members wear proudly on team shirts.





## EXCEPTIONAL AIRPORT FACILITIES AND CUSTOMER SERVICE

### Upper Passenger Departures Lounge Refresh

This project extended the aesthetic and operational design of the lower passenger departures lounge project 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 the overall airside aesthetics together and provides better directional signage to the contact gates.

### Reconfiguration of the Departures Check-In

As traffic increased in 2022, passenger flow within the departures check-in was reviewed. With the goal of providing efficient passenger processing to assist airline partners, VAA implemented a common-use check-in counter environment. This initiative relocated certain carriers and developed processes to ensure that the number of counters available to carriers and allowable counter time would be limited in order to avoid conflicts. The execution of this initiative by VAA resulted in a reduction of congestion for our airline partners.

Following the common use principle, VAA installed YYJ branded stanchions, while providing the opportunity for carrier to maintain their branded stanchions for the queues leading to their premier service check-in counter.

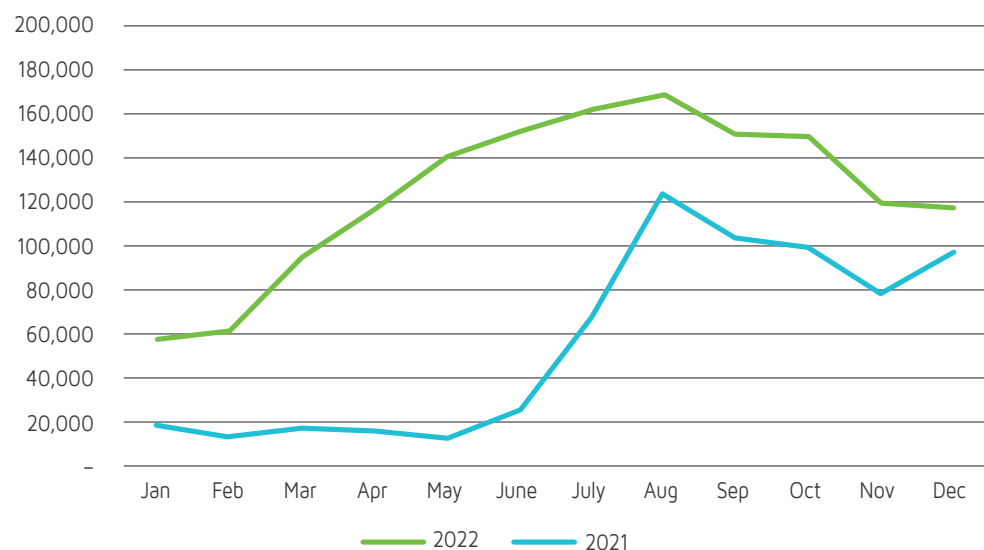
### Terminal Enhancements

- Air carrier check-in counters were restructured to provide better positioning, visibility, and capacity service to passengers.
- Common-use technology was expanded from the departure check-in counters to the departure gate to provide greater operational flexibility.
- Check-in kiosks were relocated and the addition of YYJ branded stanchions were introduced to compliment the common-use equipment and improve the esthetics of the check-in area.
- Automated Gate and aircraft parking management software system was implemented. The system identifies any conflicts and provides gating assignments to air carriers in real-time.

## AIR SERVICE DEVELOPMENT

- Welcome Lynx Air**  
 YYJ's third ultra-low-cost carrier's Inaugural flight was May 12, 2022. Currently it offers three flights per week to and from Calgary.
- Alaska Airlines**  
 The Embraer 175 jet operation was introduced in December 2022 to replace the Q400 which was retired from their fleet.
- Easing of travel restrictions and Return of Travel**  
 Following two years of increased restrictions imposed by the Federal Government on foreign and domestic travel in response to the pandemic, on September 30th, 2022, Transport Canada lifted all restrictions imposed on travellers inbound on international flights to Canada. Restrictions imposed on domestic travellers were also lifted. The change resulted in an immediate increase in passenger traffic. The number of passengers travelling through YYJ closely rivalled 2019 pre-pandemic levels for the same period.
- Total airline seat capacity in 2022 at YYJ: 2,083,587**

### Passenger Traffic 2022 and 2021



### Destinations/Routes 2022:

- YYC - Calgary
- CUN - Cancun
- YEG - Edmonton
- YLW - Kelowna
- YUL - Montreal
- YOW - Ottawa
- YXS - Prince George
- PVR - Puerto Vallarta
- SEA - Seattle
- YYZ - Toronto
- YVR - Vancouver
- YXY - Whitehorse



## A FINANCIALLY RESPONSIBLE AIRPORT

### Revenue and Expenses

Typically, almost 90% of operational revenues at Victoria International Airport is tied to passenger and aircraft activity. In 2022 YYJ saw a 121% increase in passengers and a 35% increase in billable landings. Despite passenger increases, total traffic only reached 70% of pre-pandemic 2019 numbers in 2022. Total revenue for 2022 was \$35.4 million as compared to the \$24.1 million in 2021. Government related pandemic funding programs made up 27% of the revenues in 2021. In 2022 the pandemic related funding programs were down and revenues from them made up only 2.6% revenue

Expenses at Victoria International Airport increased by 11% to \$32.9 million in 2022. A large portion of the increase related to rent paid to Transport Canada and AIF Administration fees. These expenses are tied to revenues as revenues increase these expenses increase as well.

### Debt Repayment

Long-term debt borrowed during the pandemic was repaid and VAA is the only airport in the Canadian National Airports System that is debt free.

### Donations and Sponsorships

Historically, airport donations and sponsorship of community events and initiatives range from \$40,000 to \$70,000 per year. Due to containment efforts caused by the financial impacts of the pandemic, corporate and charitable donations were limited.

In 2022 VAA Employee charity of choice was the Saanich Peninsula Hospital & Healthcare Foundation. Funds raised by VAA employees were matched by VAA.

In total, VAA donated \$17,043 to various charitable causes and community events. Most notable, was an initiative by Airport Fire Service staff member, Jay Krieger, who, after VAA was gifted an aircraft to use for firefighting practice, found a buyer for the aircraft canopy. The proceeds were donated to the community.

Donation and Sponsorship Recipients	2022
BCAC Silver Wings	\$1,250
BCAC - Promotional Notebooks	\$1,148
Forrest Owens Memorial Scholarship Fund	\$250
Canadian Mental Health Association – Ride Don't Hide	\$500
BCAC - Host Sponsorship	\$5,000
Tom Harris Fund for Families	\$500
Saanich Peninsula Hospital & Healthcare Foundation - VAA Employee/Corporate Matching	\$4,320
Peninsula Panthers Advertising/Sponsorship	\$375
Peninsula Streams Society - Environmental Education Program Donation	\$2,000
Canadian Airports National Electrical Workshop (CANEW) Sponsorship	\$1,000
Sidney Anglers' Association Salmon Enhancer Fundraiser	\$500
Live Different (building a home in Dominican Republic)	\$200
<b>TOTAL:</b>	<b>\$17,043</b>





Photo credit: Mohammad Meidany

### Capital Program

As a result of the pandemic’s continuing financial impact, the 2022 capital program was significantly reduced compared to normal years. Total capital additions in 2022 were \$7.7 million. Significant projects undertaken in 2022 included, installation of a SSLAR lighting system on the runway 09 approach, completion of the lower hold room basement project (paused at the beginning of the pandemic), renovation of the upper hold room, rehabilitation of airside pavement, and completion of phase 1 of the terminal building roof replacement project. These five projects make up over 70% of the 2022 capital additions.

### 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 good 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 2022, services totaling \$389,243 were obtained outside of the competitive process.

Contract Value	Contractor	Description	Multiyear Contract	Justification
\$99,000	Airbiz	2022 Master Plan Development	No	3 & 4
\$83,000	Office of McFarlane Biggar	Architectural Design Services	No	3 & 4
\$87,343	SITA Information Networking Computing Canada Inc	Common-Use Self Serve Kiosk maintenance	No	4
\$119,900	Millard Towers	Runway 09 Approach Lighting Towers	No	4

## 2022 ACTUAL VS. BUSINESS PLAN (SHOWN IN THOUSANDS \$)

Passenger numbers for 2022 were more than 9% above budget, which resulted in increases in passenger related Airport Improvement Fees (AIF), concession and aeronautical related revenues.

Expenses exceeded budget because rent and AIF administration fees, are directly linked to the number of passengers.

Completion of certain projects was extended due to construction delays and supply chain issues. The costs will be incurred in 2023.

	Actual	Plan	Difference
<b>Revenue (note 1)</b>	\$ 34,325.1	\$ 29,930.6	\$ 4,394.5
<b>Expenses (note 2)</b>	\$ 21,175.0	\$ 20,992.2	\$ 182.8
<b>Capital</b>	\$ 7,737.0	\$ 11,782.0	\$(4,045.0)

## BUSINESS PLAN FORECAST 2023 - 2027

A full recovery from the pandemic could take several years, as airport revenues are heavily dependent on passenger activity. Future financial forecasts will fluctuate based on passenger levels achieved. A current high level financial forecast is below.

	2023	2024	2025	2026	2027
<b>Revenue (note 1)</b>	\$ 39,701.1	\$ 41,792.0	\$ 44,962.9	\$ 46,454.2	\$ 48,540.4
<b>Expenses (note 2)</b>	\$ 23,548.8	\$ 24,255.3	\$ 25,501.7	\$ 26,596.0	\$ 27,508.6
<b>Capital</b>	\$ 24,085.0	\$ 29,987.0	\$ 38,373.0	\$ 37,495.0	\$ 38,250.0

### 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.

## Government Funding

From 2020 – 2022, VAA was approved for government funding from several pandemic related support programs. Funding consisted of both operational and capital support programs and totalled \$10,584,127 over the three-year period, the funding breakdown by year was:

Government Operational and Capital Support Programs	2022	2021	2020
Regional Airports Transportation Initiative	\$ 995,639	\$ 2,003,034	\$ -
Canadian Emergency Wage Subsidy / Tourism Hospitality Recovery Program	\$ 343,497	\$ 1,651,865	\$ 1,803,092
Airport Relief Fund	\$ -	\$ 3,067,000	\$ -
Province of BC Covid Relief Grant	\$ 180,000	\$ 540,000	
<b>TOTAL:</b>	<b>\$ 1,519,136</b>	<b>\$ 7,261,899</b>	<b>\$ 1,803,092</b>

## Revenue Diversification – Business Development

In 2022, York Realty completed construction of the 115,000 square foot Amazon last mile distribution centre with operations commencing in October. Construction continued on the Blue Heron Aeropark – a development featuring 22 private hangars on 2.74 acres of aviation-zoned land along Mills Road. YYJ also welcomed two new land tenants: *MakeSpace Storage* on Mills Road and *Beacon West Industrial*, a multi-use development on Beacon Avenue West that includes a large self-storage facility and small business strata. Currently, Victoria Airport Authority is reviewing a proposal for a 129-room TownePlace Suites by Marriott, which will create additional amenities and convenience for travellers. The proposed hotel, owned and operated by the Kothari Group, will be located at the corner of Beacon Avenue West and Stirling Way.



Beacon West Industrial



## LEADERSHIP IN ENVIRONMENTAL PROTECTION AND MANAGEMENT

### Sustainability Plan

Victoria Airport Authority 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. The airport has restored over 1500 meters of creek to date and water use is approximately 40% below the North American per passenger airport average. This new 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.

### 2022 Accomplishments and Initiatives

- Achieved recertification for Airport Carbon Accreditation Level 2 from Airports Council International and initiated measures for Level 3 certification (to be obtained by 2025).
- Removed invasive species in conjunction with the Society for Ecological Restoration along TenTen Creek. Invasive species were also removed from KELSEY Creek.
- Upgraded the glycol collection system for improved creek health.
- Transitioned small handheld equipment from carbon fuels to electric power.
- Completed power upgrades to the composting site to allow YYJ's landscape contractor, to fully convert to electric landscaping equipment.
- Replaced a 40-year-old air handler unit with two new efficient heat pumps which will consume no natural gas and use less power overall.
- Worked with onsite concession operators to improve waste management practices with a goal to achieve a 75 percent waste diversion.
- Installed sensors in garbage compactors to reduce waste pick-up frequency.

YYJ, YVR, and YLW are leading the initiative for all BC airports to commit to being net zero or carbon neutral by 2030 – (an initiative led by the Decarbonization Working Group of British Columbia Aviation Council (BCAC).



### Pollinator Garden

Victoria Airport Authority contracted *FED Urban Agricultural Society* and *Synergy Enterprises* in the fall of 2021 to assist with the design and logistics for the construction of a new pollinator garden. With the garden space at 1100m<sup>2</sup>, this was FED's largest garden installation ever and the first project of its kind for VAA. The new garden will increase the biodiversity of the area by contributing to a biodiversity corridor in the region and honour the original 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*.

With Synergy and FED's assistance, Victoria Airport Authority successfully commissioned 11 community sponsors to help fund the construction of the garden. Sponsors provided monetary donation towards plants, seeds and materials in addition to supplier discounts and donations of labour. The garden's planting efforts were completed by 30 community and VAA employee volunteers. To build the garden took 325,200 native plant seeds, 2000 native plants, 114 cubic yards of soil, 15 cubic yards of mulch, 5 draft garden designs, and a deer-proof fence. VAA looks forward to sharing this space with the public in the spring of 2023 when all plants and seeds have had time to establish.

### 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. It has long been a valued natural asset to the surrounding community near YYJ. The established forest is a biodiverse corridor that provides many ecological benefits to the area.

Over the years, invasive English ivy has spread throughout the woods, choking out native plants, creeping up the big fir trees and decreasing the biodiversity of the forest and surrounding creeks. Many efforts have been undertaken over the years by VAA in collaboration with local community members and societies such as Peninsula Streams and The Society for Ecological Restoration to help remove invasive species.

In 2022, VAA enlisted the help of invasive ivy species specialists from the Pacific Forestry Centre to create a Forestry Management Plan for Dickson Woods. Transport Canada assisted with this request. The completed Forestry Management Plan provides a concrete course of action to restore and maintain the natural biodiversity of the woods into the future.

### 2022 Community Noise Monitoring Preliminary Survey Summary

A Community Noise Monitoring Survey was conducted in August 2022. The survey involved installing sound level meters 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. The data collected was then compared 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 preliminary survey results indicated that the noise levels measured were within four decibels of those measured in 2017 when the last survey was completed. There were no clear trends in noise levels increasing or decreasing. The next community noise monitoring survey is scheduled to be completed in 2027.





# GOVERNANCE

# Governance

The Board of Directors provide 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 the Victoria Airport Authority.

## 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:

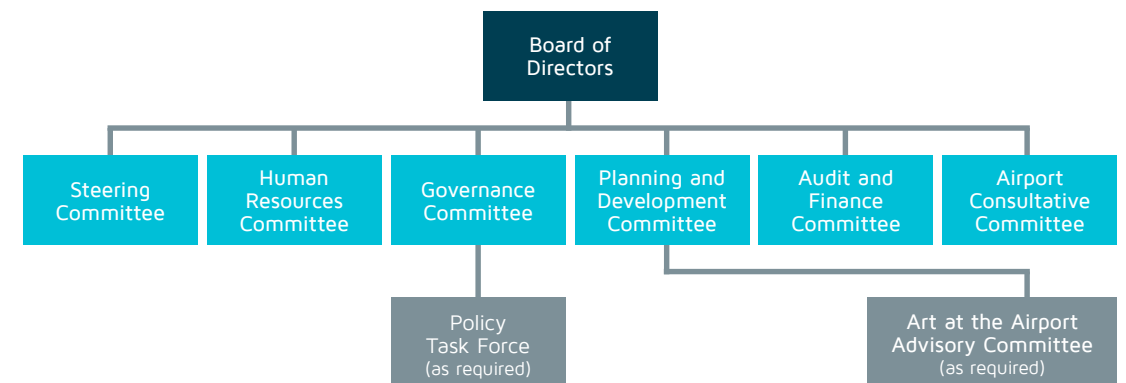
Nominating Entity	# of Board Positions
Government of Canada	2
Province of British Columbia	1
Town of Sidney	2
District of North Saanich	2
District of Central Saanich	1
District of Saanich	1
City of Victoria	1
Capital Regional District	1
Greater Victoria Chamber of Commerce	1

## TERM LIMITS

VAA may appoint up to three additional directors at the discretion of the Board. Each Director may serve up to three terms to a maximum of nine years in total.

## BOARD COMMITTEES

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



## DIRECTOR CODE OF CONDUCT

Board members are required to comply with the Board Policy and Procedures Manual and sign an annual attestation acknowledging that they understand and will abide by the policies and bylaw requirements. An annual disclosure statement filed with the Corporate Secretary 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 2022, there were no violations of the Code of Conduct.

2022 BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER



**Gordon Safarik**

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

Nominated by the District of North Saanich



**Cathie Ounsted**

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

Nominated by the District of Central Saanich



**Dave Cowen**

- Audit and Finance Committee
- Human Resources Committee

Nominated by the District of North Saanich



**Wendy Everson**

- Airport Consultative Committee
- Planning and Development Committee

Nominated by the Town of Sidney



**Wendy Zink**

- Board Secretary
- Chair, Governance Committee
- Steering Committee
- Planning and Development Committee

Nominated by the Province of British Columbia



**Eric Donald**

- Chair, Audit and Finance Committee
- Steering Committee
- Human Resources Committee

Nominated by the City of Victoria



**Allan Haynes**

- Audit and Finance Committee
- Governance Committee

Appointed by the District of Saanich



**Frank Leonard**

- Governance Committee
- Planning and Development Committee

Nominated by the Government of Canada



**Carol Brown**

- Chair, Human Resources Committee
- Steering Committee
- Audit and Finance Committee

Nominated by the Government of Canada



**Paul Gerrard**

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

Nominated by the Capital Regional District



**Charles Lovallo**

- Airport Consultative Committee
- Governance Committee

Nominated by the Town of Sidney



**Margaret Lucas**

- Airport Consultative Committee
- Governance Committee
- Planning and Development

Nominated by the Greater Victoria Chamber of Commerce

## BOARD ATTENDANCE

The Board of Directors met twelve 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 2022:

Board Meetings: **100%**    Committee Meetings: **98%**    Public Meetings: **93%**

## BOARD OF DIRECTORS AND EXECUTIVE COMPENSATION

Compensation of Victoria Airport Authority's board of directors is reviewed annually. In 2022, the officers of the corporation and directors were compensated as follows:

Officer/Director	Compensation
Carol Brown	\$24,400
David Cowen	\$19,700
Eric Donald	\$24,400
Wendy Everson	\$17,300
Paul Gerrard	\$24,100
Allan Haynes	\$17,300
Frank Leonard	\$17,600
Charles Lovallo	\$17,300
Margaret Lucas	\$18,200
Cathie Ounsted	\$24,100
Gordon Safarik	\$47,500
Wendy Zink	\$24,700

Victoria Airport Authority's senior management team, comprised of the president and chief executive officer and four senior managers, received \$936,325 in salary for the year ended December 31, 2022.

## OUTGOING BOARD MEMBERS

On December 31, 2022, Victoria Airport Authority said farewell to Gordon Safarik, Board Chair and Ex Officio on all Committees; and Wendy Everson, Board Member and Member of the Airport Consultative Committee and Planning and Development Committee. Both members served on the Board during unprecedented challenges arising from the pandemic. Their involvement and contributions to Victoria International Airport have been invaluable and they will be missed.

## INCOMING BOARD MEMBERS

**Erik Djukastein**, District of North Saanich nominee.

**Sami Turki**, Town of Sidney nominee.

# 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



**Geoff Dickson**  
President and CEO  
April 17, 2023



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

To Members of Victoria Airport Authority

### Opinion

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

- the statement of financial position as at December 31, 2022
- 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, 2022, 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.



Victoria Airport Authority

### 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.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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  
April 17, 2023

## VICTORIA AIRPORT AUTHORITY

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 14,350,731	\$ 8,602,746
Accounts receivable	3,582,714	3,315,916
Inventory	214,166	227,200
Prepaid expenses	303,568	278,876
	<u>18,451,179</u>	<u>12,424,738</u>
Tangible capital assets (note 3)	116,819,481	120,811,482
Other long-term assets	26,644	80,635
	<u>\$ 135,297,304</u>	<u>\$ 133,316,855</u>

### Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 4,334,517	\$ 2,443,835
Deferred revenue	477,636	1,206,775
Current portion of retirement allowance liability (note 6)	221,998	72,345
	<u>5,034,151</u>	<u>3,722,955</u>
Long-term debt (note 5)	-	2,000,000
Retirement allowance liability (note 6)	1,057,875	1,053,276
Deferred capital contribution (note 8)	6,896,387	6,762,443
Tenants' security deposits	134,295	135,310
	<u>13,122,708</u>	<u>13,673,984</u>
Net assets:		
Invested in tangible capital assets	109,923,094	112,049,040
Unrestricted net assets	12,251,502	7,593,831
	<u>122,174,596</u>	<u>119,642,871</u>
Commitments (note 7)		
Contingent liabilities (note 15)		
	<u>\$ 135,297,304</u>	<u>\$ 133,316,855</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

## VICTORIA AIRPORT AUTHORITY

### Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
<b>Revenue:</b>		
Concessions	\$ 10,571,069	\$ 4,483,585
Aeronautical	6,978,247	3,358,865
Rentals - real estate	3,486,666	3,135,160
Government assistance (note 9)	902,913	6,512,102
Deferred capital contribution revenue	1,110,603	1,073,174
Other	1,308,038	465,416
	24,357,536	19,028,302
<u>Airport Improvement Fee ("AIF") (note 10)</u>	11,078,205	5,060,655
	35,435,741	24,088,957
<b>Expenses:</b>		
Salaries and employee benefits	7,456,681	6,893,451
Services, supplies and administration	6,038,254	5,303,445
Security and terminal services	3,707,064	3,384,942
Rent (note 7(a))	1,463,001	15,639
Property taxes	931,963	926,810
AIF administration and handling fees	797,676	362,848
Amortization	11,729,017	11,907,883
Utilities	747,560	680,806
Interest	32,800	13,654
	32,904,016	29,489,478
<u>Excess (deficiency) of revenue over expenses</u>	\$ 2,531,725	\$ (5,400,521)

### Statement of Changes in Net Assets

Year ended December 31, 2022, with comparative information for 2021

	Invested in tangible capital assets	Unrestricted	2022	2021
Balance, beginning of year	\$ 112,049,040	\$ 7,593,831	\$ 119,642,871	\$ 125,043,392
Excess (deficiency) of revenue over expenses	-	2,531,725	2,531,725	(5,400,521)
Net change in invested in tangible capital assets	(2,125,946)	2,125,946	-	-
<u>Balance, end of year</u>	\$ 109,923,094	\$ 12,251,502	\$ 122,174,596	\$ 119,642,871

See accompanying notes to financial statements.

## VICTORIA AIRPORT AUTHORITY

### Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
Excess (deficiency) of revenue over expenses	\$ 2,531,725	\$ (5,400,521)
Items not involving cash:		
Amortization	11,729,017	11,907,883
Recognition of deferred capital contribution	(1,110,603)	(1,073,174)
Gain on the disposal of tangible capital assets	(16,190)	(23,532)
Changes in non-cash operating working capital:		
Accounts receivable	(266,798)	(1,925,048)
Inventory	13,034	95,844
Prepaid expenses	(24,692)	(15,627)
Other long-term assets	53,991	3,901
Accounts payable and accrued liabilities	1,890,682	(291,190)
Deferred revenue	(729,139)	874,769
Retirement allowance liability	154,252	163,265
Tenant's security deposits	(1,015)	40,850
	14,224,264	4,357,420
<b>Investing:</b>		
Purchase of tangible capital assets	(7,737,016)	(3,723,918)
Proceeds from the sale of tangible capital assets	16,190	23,532
	(7,720,826)	(3,700,386)
<b>Financing:</b>		
Deferred capital contribution	1,244,547	1,024,737
Increase (decrease) in long-term debt	(2,000,000)	2,000,000
	(755,453)	3,024,737
Increase in cash and cash equivalents	5,747,985	3,681,771
Cash and cash equivalents, beginning of year	8,602,746	4,920,975
<u>Cash and cash equivalents, end of year</u>	\$ 14,350,731	\$ 8,602,746

See accompanying notes to financial statements.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2022

## 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, 2022

## 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 7(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 2022 or 2021. 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, 2022

## 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 10), 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, 2022

## 3. Tangible capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Terminal building	\$ 88,657,217	\$ 45,006,516	\$ 43,650,701	\$ 45,185,172
Airfield and roadways	101,662,817	46,754,023	54,908,794	59,055,594
Other buildings and structures	13,792,813	7,573,433	6,219,380	6,790,000
Vehicles	8,864,147	5,221,955	3,642,192	4,434,211
Computer & IT Equipment	3,082,541	2,358,601	723,940	784,373
Machinery and equipment	4,512,881	1,498,966	3,013,915	2,685,891
Furniture and fixtures	1,000,585	721,940	278,645	286,937
Capital work in progress	4,381,914	-	4,381,914	1,589,304
	\$ 225,954,915	\$ 109,135,434	\$ 116,819,481	\$ 120,811,482

During the year, VAA sold assets with a net book value totaling nil (2021 - nil) for proceeds of \$16,190 (2021 - \$23,532) resulting in a gain on sale of assets of \$16,190 (2021 - \$23,532). This gain is included with other income on the statement of operations.

During 2022, a review and assessment for impaired assets resulted in a \$8,533 impairment of assets (2021 - \$119,631).

## 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$127,596 (2021 - \$111,455), which includes amounts payable for PST/GST remittances, employer health tax and WorkSafe BC premiums.

## 5. Long-term debt:

### (a) Long-term debt:

	2022	2021
Bank loan	\$ -	\$ 2,000,000
Less current portion of long-term debt	-	-
	\$ -	\$ 2,000,000

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.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2022

## 5. Long-term debt (continued):

### (a) Long-term debt (continued):

On June 29, 2021, VAA borrowed \$2,000,000 by way of a bankers acceptance, this amount was subsequently rolled over each quarter until it matured on September 27, 2022. The effective interest rate for 2022, including stamping fee, was 2.226%.

### (b) Other credit facilities:

VAA has a \$10,000,000 operating line of credit with CIBC bearing interest at CIBC prime rate less 0.50%. This facility is undrawn as at December 31, 2022.

Both of the 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.

## 6. 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 policy to perform an actuarial valuation a minimum of every three years. An actuarial valuation of the plan was completed as of December 31, 2020. The next actuarial valuation of the plan is scheduled for December 31, 2023.

The significant economic assumptions used by VAA's actuaries in measuring the accrued retirement allowance liability as at December 31, 2022 are as follows:

Discount rates	2.2%
Rate of compensation increases	2.5%

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2022

## 6. Retirement allowance liability (continued):

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, 2020	\$	962,356
Annual accrual, net of benefits paid		138,940
Interest		24,325
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

	2022	2021
Financial statement presentation:		
Current portion	\$ 221,998	\$ 72,345
Long-term	1,057,875	1,053,276
	\$ 1,279,873	\$ 1,125,621

In 2022, the net retirement benefit plan expense totaled \$172,526 (2021 - \$159,594).

## 7. 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, 2023, there is 54 years and 3 months remaining in the lease.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2022

## 7. Commitments (continued):

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

(i) Rent payable to Transport Canada is calculated based on a percentage of gross revenue on a progressive scale. As a result of the COVID-19 Pandemic Transport Canada has amended the ground lease and no rent was required to be paid for 2021. Transport Canada reinstated full rent in 2022. Projected rent expense for 2023 - 2027 based on VAA's current financial forecast is as follows:

2023	\$ 1,967,600
2024	2,135,500
2025	2,389,200
2026	2,508,500
2027	2,675,400

(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, 2022 of approximately \$373,373 (2021 - \$126,100).

(c) Beacon Avenue extension:

VAA entered into an agreement with the Town of Sidney (the "Town") to participate in the extension of Beacon Avenue in 2001. The benefit of the extension to VAA is street access to land that will be developed at a later date. When VAA develops the land, VAA is committed to reimburse the Town one third of the Town's costs for the extension. This reimbursement is estimated to be approximately \$70,000.

(d) Beacon Avenue pedestrian overpass:

VAA has made a commitment to the Town of Sidney to contribute \$100,000 to the construction of a pedestrian overpass at Beacon Avenue and Highway 17 in 2001. The agreement is contingent upon the Town securing sufficient funds to complete the project. Should the Town of Sidney proceed with the project, the Town has agreed to release the VAA from its obligation related to the Beacon Avenue extension.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2022

## 8. 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	\$ 6,762,443
Contributions:	
Cash	508,941
Receivable	735,606
	<u>1,244,547</u>
	8,006,990
Less: amounts amortized to revenue	1,110,603
<b>Balance, end of year</b>	<b>\$ 6,896,387</b>

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

Unamortized contributions used to purchase capital assets	\$ 6,896,387
<b>Balance, end of year</b>	<b>\$ 6,896,387</b>



# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2022

## 9. 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:

	2022	2021
Regional Airports Transportation Initiative (RATI)	\$ 379,415	\$ 978,297
CEWS / THRP wage subsidies	343,498	1,651,865
Province of BC – COVID-19 Airport Relief Grant	180,000	540,000
Airport Relief Fund	-	3,067,000
Transport Canada – rent rebate	-	274,940
	<u>\$ 902,913</u>	<u>\$ 6,512,102</u>

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 to March 31, 2022.

### (b) Capital grant:

In 2021 VAA received a capital grant as part of the federal Regional Airports Transportation Initiative (RATI). The grant is designed to reimburse VAA for a portion of specific capital costs for the period April 1, 2021 to March 31, 2022. In March 2022, the period end date was extended to March 31, 2023. The total approved capital grant is \$1,640,960. Capital costs totaling \$1,024,737 were reimbursed to December 31, 2021, and \$616,223 were claimed to December 31, 2022 of which \$577,835 was receivable at December 31, 2022. The capital grants are recognized as deferred capital contribution and are amortized over the life of the capital assets.

## 10. 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.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2022

## 10. Airport Improvement Fee (“AIF”) (continued):

To December 31, 2022 cumulative expenditures exceeded cumulative AIF revenue as follows:

AIF revenue	\$ 179,955,325
Airline/ATAC administration fees	(12,959,515)
AIF program expenditures	(183,812,440)
Financing costs	(8,921,659)
<u>Excess of AIF expenditures over AIF revenue</u>	<u>\$ (25,738,289)</u>

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

## 11. 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 \$511,697 (2021 - \$521,814) for employer contributions while employees contributed \$448,848 (2021 - \$440,362) to the plan in fiscal 2022.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2022

## 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, 2022 the aging analysis of trade receivables, net of impaired amounts of \$1,908 (2021 - \$8,687) is as follows:

Current	85.31%	\$ 2,194,663
1 to 30 days overdue	9.14%	235,213
31 to 60 days overdue	3.22%	82,860
61 days plus overdue	2.33%	59,852
<b>Total</b>	<b>100.00%</b>	<b>\$ 2,572,588</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 and repayment of VAA's long term debt. 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.

# VICTORIA AIRPORT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2022

## 13. Financial instruments:

Interest income during 2022 totaled \$251,562 (2021 - \$22,242).

Interest expense during 2022 totaled \$32,800 (2021 - \$13,654). Included in interest expense is a standby fee of nil (2021 - \$1,535) and a stamping fee of \$11,178 (2021 - \$7,521).

## 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, 2022, the fees paid to the Board of VAA for their services as directors totaled \$276,600 (2021 - \$272,367).

## 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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