

The background of the entire page is a composite image. The lower portion shows the entrance of a modern airport terminal with a large, white, angular roof structure. The sky above is a dramatic sunset or sunrise, with clouds in shades of orange, red, and pink. In the upper right corner, a white commercial airplane is shown in flight, leaving two distinct white contrails that curve across the sky.

# REACHING NEW HEIGHTS

2009 ANNUAL REPORT

ST. JOHN'S  
INTERNATIONAL



**ST. JOHN'S**  
International Airport Authority



## Mission Statement

Working with our partners, the St. John's International Airport Authority offers travelers a world-class airport experience, and provides the region with innovative airport services, enhancing its economic and social well-being.

## Vision Statement

The St. John's International Airport Authority will be a leader in the industry and the community, delivering world-class facilities and services at Newfoundland and Labrador's transportation gateway.

## Table of Contents

1	Reaching New Heights, Message from our Chair
2	A Message from our President & CEO
4	Economic Engine
7	Unprecedented and Continuous Growth
9	Enhancing the Passenger's Experience
11	Reaching out to our Community
13	A Solid Team with Strong Leadership
15	Business Plan Summary



# Reaching New Heights, Message from our Chair

It is with pleasure that I present this Annual Report; my first as the Chair of the Board of Directors for the St. John's International Airport Authority. Having served on the Board of Directors for 7 years now, I have a thorough understanding that our Airport is a major public asset and that the Authority plays an integral role in the economic development of our region. This is a role we, at the Authority, take very seriously.

The link between economic growth and passenger travel was clearly evident last year. Unlike the rest of the country, and even the world, St. John's International Airport was buoyed by a strong provincial economy and experienced positive growth in 2009. While the rest of Canada saw an average 6% decline in passenger traffic, the number of travelers flying in and out of St. John's increased by almost 1%. This growth trend is continuing into 2010, with significantly higher passenger numbers.

## Importance of Strategic Funding Partners

With growth comes challenges, however. As our province grows, it will be important to ensure that the Airport continues to grow so that the infrastructure can support the demand for passenger travel and does not hinder the economic development of the region. In order to meet the future demands of passenger travel, significant investment is required in the Airport's infrastructure. As a not-for-profit corporation, these projects can only be funded through the Airport Improvement Fee. It is therefore important that we seek funding partners for certain strategic investments where a return on investment for all partners is realized. In so doing, the responsibility for such investments is not placed solely on the travelling public, but rather shared among all beneficiaries.

## Airport Accessibility Improvements

One such funding partnership that we have proposed to both the federal and provincial governments relates to a broad airfield upgrade plan, highlighted by the installation of a Category 3 Instrument Landing System (CAT 3 ILS). This technology and the airfield improvements necessary to support it will increase our Airport's annual accessibility from 93.8% to 98.9% and put us on par with other major airports in Canada. This \$25.8 million project will have significant benefits to passengers, airlines, the business community and the province in general.

The 5.1% increase in annual accessibility means that over 700 flights and 70,000 passengers will no longer be impacted by flight delays, diversions and cancellations each year. It will reverse our reputation of being inaccessible due to low visibility conditions, particularly during the spring when the Airport's availability is frequently below 90%, and will increase the attractiveness of our region as a conference location and as a place to do business. As importantly, it will significantly improve the reliability of Canada's air transportation system.

This initiative will generate a return on the provincial and federal governments' investment in the form of growth in GDP, employment levels and tax revenue flowing from the business benefits that will be accrued. Although the Authority is not a major financial beneficiary of this

initiative, we are committed to our share of this project's cost as we see a strong alignment with our mandate to facilitate regional economic development.

## Advancing Land Development Opportunities

During my tenure as Chair I also intend to advance the development of the 300 acres of land available at our Airport for the benefit of the region's business community. Timely and prudent development of our Airport land will help to fuel the continued growth of business and industry in the St. John's area as commercial land within the City has become scarce. It will be particularly beneficial to the province's growing defense and aerospace industry whose presence at the Airport is essential for this industry's success.

This initiative will also assist the Authority's strategy of revenue diversity. The recurring revenue from the lease of Airport land represents an incremental opportunity for the Authority that will support the growing operations of the Airport.

As the development of Airport land cannot be funded through the Airport Improvement Fee, the Authority's primary source of capital, we will look to form the appropriate funding partnerships to advance this important initiative.

## Leadership and Prudent Investment

As I take on this new role, I would be remiss if I didn't acknowledge the leadership of our former Chair, Mr. Bill Mahoney, who presided over the strongest period of growth in the history of our Airport. During his six years as Chair, he led a variety of initiatives to facilitate the more than 40% growth in passenger and aircraft traffic and to position the Authority for even further growth. These decisions and investments have strengthened the financial position of the Authority and also enhanced the Airport's role in delivering a safe and efficient transportation gateway for the benefit of our province. On behalf of the Board and the entire community, I want to thank Mr. Mahoney for his contribution and dedication to our Airport.

## Looking Ahead

Over the next few years, we will need to make important decisions to effectively address the fundamental capacity challenges facing our Airport as we continue to experience unprecedented growth. I enthusiastically embrace these challenges and look forward to working with my fellow Board members, our CEO and his leadership team, and our community stakeholders as together we reach new heights in the value and effectiveness of our region's Airport.

Fraser Edison, Chair



# A Message from our President & CEO

An anomaly...that's how our Airport was characterized in 2009 when compared to other airports in the rest of Canada and even around the world. While passenger traffic declined by an average of 6% at most airports across Canada due to the global recession, our passenger traffic continued to grow, a fact that illustrates the strength of our province's economy. In 2009, we experienced a 1% growth in the total number of airline passengers using our Airport.

Our achievements over the past year, however, went beyond the growth in passenger traffic. During the year we focused our efforts on a number of business priorities that support the Authority's six strategic objectives:

- Shaping the Passenger's Airport Experience
- Providing Leadership in the Community
- Being a High-Value Employer
- Business Growth and Financial Stewardship
- Building Business Partnerships
- A Commitment to Communicate

## Increasing Airline Capacity

One such priority was to continue increasing the available airline seat capacity of the airlines serving our Airport to ensure the air travel needs of our region are being satisfied. This focus has delivered real value to our community. Over the past year we welcomed Porter Airlines, our newest airline partner, to the region and also successfully secured the return of Air Canada's daily direct service to London's Heathrow Airport from May to September 2010. As a result of these and other efforts, we will see a 10% increase in the number of available airline seats in St. John's throughout 2010.

## Enhancing the Passenger Experience

During 2009 we continued to interact with our passengers to seek their feedback on their experience at our Airport and to solicit their advice as we continue to make improvements to the overall level of service. The results of our 2009 semi-annual Passenger Satisfaction Surveys indicate that the overall passenger satisfaction rating at our Airport has now reached 88%, while 98% of survey participants stated that we regularly meet or exceed their travel needs.

"While the Authority does not receive an operating subsidy from any level of government, we will occasionally seek one-time strategic investments in capital projects that will deliver broad-based economic benefits to our community, but are beyond the Authority's capacity to finance alone. In those cases, we rely on our partners in the community."

Keith Collins



Keith Collins, **President & CEO**

We are encouraged by this feedback and will continue to work with air travelers and our airport partners to ensure our Airport's service levels are directly aligned with passenger needs and expectations.

### Solving the Accessibility Challenge

A major priority for 2009 focused on taking proactive steps to increase the accessibility of our Airport, especially during low visibility conditions. Building on the capital initiatives we took in 2007 and 2008 to improve our operational effectiveness during low visibility, we developed a broad plan of additional airfield enhancements to further increase our accessibility. A key element of this plan is the implementation of a Category 3 Instrument Landing System which will increase our Airport's annual availability to 98.9%. Since our Airport is Newfoundland and Labrador's principal transportation gateway, such improved availability will deliver tremendous benefits for our entire province and its economy. As well, it will significantly strengthen the reliability of the country's air transportation system, particularly within Atlantic Canada.

In light of these broad benefits and since this initiative's \$25.8 million cost is beyond the financial capacity of the Authority to fund alone, we submitted a formal application to the federal and provincial governments in the fall of 2009 for a tripartite funding partnership to enable this important initiative to proceed. The application clearly articulated the various elements of the technical plan, as well as the full range of benefits this project would deliver. There is a strong business case to proceed and our proposal has been well received by both levels of government. We are hopeful of a positive response.

### Financially Responsible

The Authority's operating revenues grew in 2009 and we were also successful in broadening our revenue sources, thereby reducing our dependence on aeronautical fee revenues to less than 50% of the total. As a testament to our financial prudence, our final 2009 operating revenues were within 1% of targeted levels and we continued to strengthen our revenue assurance program.

### Strong Operational Performance

Operational efficiency and effectiveness continues to be a priority for the Authority and our operations teams continue to rise to the challenge. In 2009 our Operational Quality Index (OQI), a composite of 12 critical operational metrics, reached 98.98% - a record level of performance. Some of the metrics in the OQI include winter runway availability, winter fleet reliability, airfield lighting system performance, baggage systems reliability, public safety, the reliability of technology-

based passenger services and others. In addition to assessing our operational performance, these various operational systems also have a direct impact on our passengers' airport experience.

During 2009 we added new personnel to strengthen the key functional areas of Operations, Infrastructure and Security, and also introduced a new management position to lead our efforts related to safety and environmental stewardship.

As we move into 2010, we will continue to focus on these business priorities, as well as others that will inevitably emerge as the industry continues to evolve and as we continue to see growth in passenger and aircraft traffic. For example, we will need to address our infrastructure capacity issues that have resulted from the tremendous growth we have experienced at St. John's International Airport.

Since 1999, the number of passengers using our Airport has increased by 80%, to approximately 1.25 million - a number well beyond the anticipated growth rate. As a result, we are presently operating at 40% above the design capacity of our Airport Terminal Building and the surrounding infrastructure. By continuing to prioritize and by focusing on our capacity issues, we will ensure we deliver world-class facilities and services at our Airport and will advance our position as a leader in the industry and the community.

Our success as an Airport Authority is the result of the efforts of many different people. These include the members of our Board of Directors who provide direction and guidance, our highly skilled and dedicated employees who work tirelessly to achieve our strategic objectives and the members of our Passenger Advisory Panels who give freely of their time and counsel as we look to meet travelers' expectations. As well, there are our community stakeholders and partners who actively support our various initiatives to continue to develop our Airport as the vital public asset it is.

I want to thank you all for your contributions and I look forward to continuing to work with you as we reach new heights together.



Keith Collins, President & CEO



# Economic Engine

## St. John's International Airport Authority... Propelling our Economy

St. John's International Airport is our province's gateway to the rest of Canada, the US and the world. It is also a major contributor to our economy. On an annual basis, the operations at the Airport contribute \$365 million in GDP income, generate \$75 million in tax revenue and employ 1400 people. Many of these benefits are felt directly in Newfoundland and Labrador with a \$250 million contribution in income to the provincial economy and \$18 million in provincial tax revenue received by the Government of Newfoundland and Labrador.

### Improved Accessibility Enables Economic Growth

The most significant economic benefit of having an Airport in our community cannot be easily quantified, however. That is the ability for people and goods to travel across Canada and around the world in an efficient manner. In saying this, we understand the challenges we face with being inaccessible due to low visibility conditions, especially during the spring season when fog often plays havoc with airline schedules.

As the gateway to the province, any improvements in the accessibility of our Airport will benefit all Newfoundlanders and Labradorians as well as other Newfoundland and Labrador airports that receive connecting flights from St. John's. It is for this reason that we have developed a broad plan for airfield enhancements that, in addition to those capital initiatives taken in 2007 and 2008, will further increase our accessibility. A key element of these airfield enhancements is the implementation of a Category 3 Instrumentation Landing System (CAT 3 ILS) on our primary runway. With the support and assistance of Nav Canada, a business case was presented to the provincial and federal governments to partner with the Airport Authority in a tripartite funding arrangement on this \$25.8 million project. The Airport Authority is a not-for-profit corporation and, as such, does not have the capacity to finance this project alone. Also, the economic benefits to the entire region are significant.

**\$365  
Million**  
annual  
contribution  
to GDP

**1400  
people**  
are directly  
**employed**  
at St. John's  
International Airport

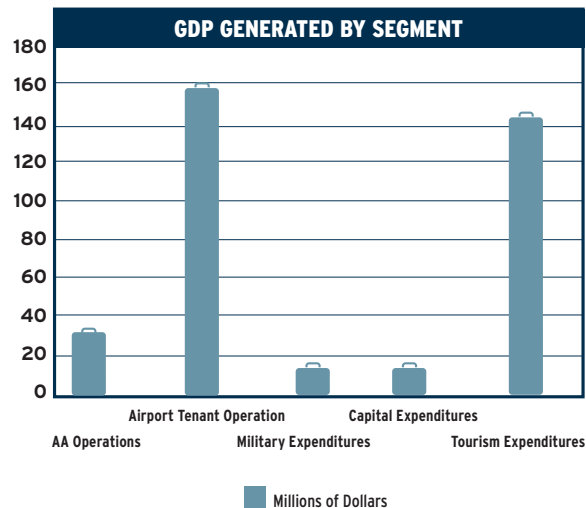


## Airfield Enhancements Offer Long-term Benefits for the Entire Province

The installation of a CAT 3 ILS on our principal runway will significantly improve the usability of our airport during extreme fog conditions by lowering the minimum operational requirements for an aircraft to takeoff and land. The addition of this technology will increase our airport usability to 98.9%, placing us on par with the top 8 airports in Canada. It also means that of those 1000 flights and 100,000 passengers that are presently impacted by low visibility conditions on an annual basis, 700 flights and 70,000 passengers will arrive and depart on time with the use of this technology.

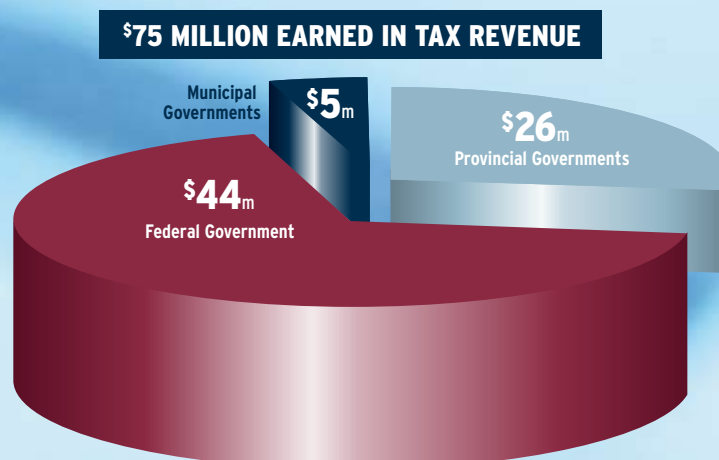
This will have substantial benefits for business and tourism in our region. Our reputation for being inaccessible due to fog has resulted in businesses reluctant to invest in such a location, conference organizers to avoid St. John's, especially in the spring, and the growth of tourism to be restricted by its inability to extend into the spring shoulder season. This additional technology will reverse our reputation and improve the attractiveness of the region as a place to invest.

Improving the accessibility of the Airport through the investment in our airfield will allow the Airport Authority to fulfill its mandate of operating a safe and efficient airport and to be a catalyst for economic growth. At the same time, both levels of government will receive a return on investment in the form of growth in GDP, employment and economic development.



“It is reasonable to argue that without the well-developed and efficient airport in St. John's, the transformation in economic activity now overtaking the province would not be possible.”

Dr. Wade Locke, economist.







- ✈ 70 daily flights in 2010
- ✈ 25% increase in military aircraft landings since 2006
- ✈ 1.25 million passengers per year





# Unprecedented and Continuous Growth

## More Airlines...More Routes...More Choice for Passengers

Despite the substantial declines in air travel across the country and around the world last year, the number of passengers travelling through the gates at St. John's International Airport increased over 2008. We were also successful in increasing airline seat capacity into St. John's to meet the demand for passenger travel. This growth can be attributed to the increased capacity by Air Canada and Porter Airlines, our newest airline partner.

Not only were we the only airport in Canada in 2009 where Air Canada did not decrease capacity, the number of available seats was increased when the seasonal, daily flight to Ottawa was extended to a year-round service and additional aircraft during the peak summer season were added. Air Canada's commitment to the region was further demonstrated with the announcement of a new, year-round direct service to Goose Bay and the reinstatement of the direct flight to London; both commencing in 2010.

We were also successful in attracting a new airline to our airport: Porter Airlines. Operations commenced in October 2009, thereby increasing capacity to two of our most popular destinations: Halifax and Toronto. St. John's International Airport was the only new station that Porter Airlines opened in Canada in 2009, a testament to the strength of our economy.

**"10% increase in airline capacity projected for 2010."**

As a result, St. John's International Airport was one of only six of the top 31 Airports in Canada that saw positive growth in travel last year. While Canadian Airports declined in passenger traffic by an average of 6%, traffic volumes at St. John's International

Airport increased by almost 1%. The additional flights announced in 2009 and the efforts made to increase the number of available airline seats for passengers travelling to and from St. John's will be realized in 2010 with a projected 10% increase in airline seat capacity.

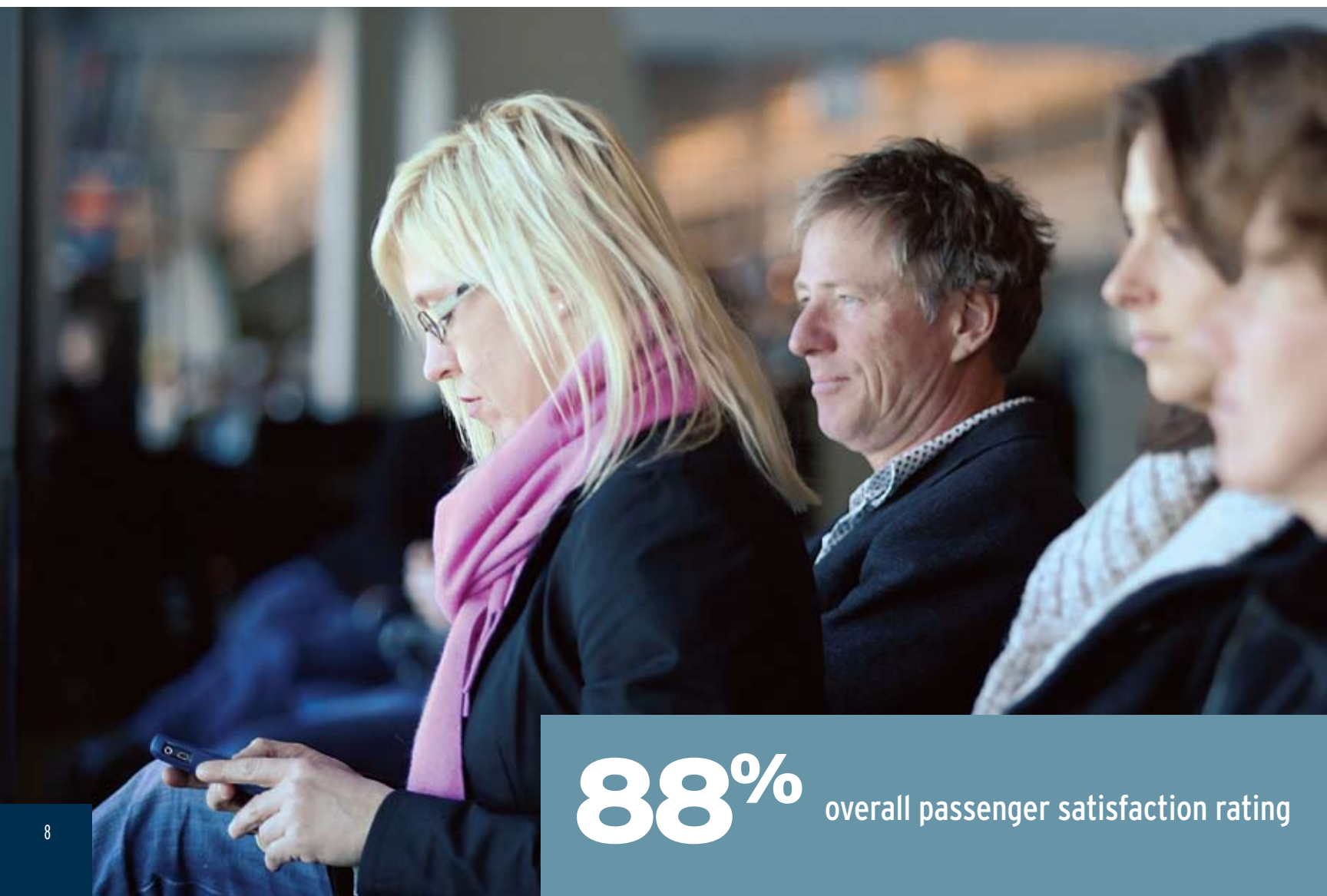
With passenger traffic starting to rebound across the country and new developments in the oil and gas industry impacting travel, all indications are that 2010 will be a strong year for passenger travel at St. John's International Airport. As an Airport Authority, we are anticipating this increased demand and continue to market our Airport to new airlines around the world whose service offerings match the needs of our travelers.

## St. John's... an increasingly popular destination for military aircraft

St. John's continues to be a popular crew rest location for military aircraft personnel from around the world. In 2009, the number of military aircraft landings increased by 20%, contributing \$41 million in expenditures by military personnel to the local economy. The number of landings and this level of contribution to the local economy would not have been possible without the partnership with the City of St. John's to develop the Airport's multi-purpose facility. Since the completion of this facility in 2006, larger and more military aircraft are able to park and overnight in St. John's.

Although the Airport Authority does not receive landing fees from military aircraft, the significant contribution that these visits make to the City of St. John's is consistent with the Authority's mandate to be a catalyst for economic growth. As such, the Airport Authority, along with its partners, continues to promote St. John's as a technical stop for military aircraft flying to and from Europe.

**80%** growth in passenger traffic since 1999



**88%**

overall passenger satisfaction rating



# Enhancing the Passenger's Experience

## You Above Everything

Meeting and even exceeding the expectations of our passengers is our goal. How do we go about achieving this? Simply by listening and acting on what we hear. We continually seek feedback from those who use the services at our Airport on a regular basis and act on the comments and suggestions we receive to improve the entire Airport experience of our passengers.

And our passengers have noticed. 88% was the overall passenger satisfaction rating the Airport received from its passenger satisfaction surveys in 2009.

We believe in our tagline 'you above everything' - it is a part of a mantra that guides us towards customer service excellence. And we are committed to continuous improvement in passenger services. In

doing so, we position St. John's International Airport as a world-class facility with first-class services that all Newfoundlanders & Labradorians can be proud to showcase as their own.

“98% stated the services offered at St. John's International Airport met or exceeded their needs.”



### Passenger Advisory Panel Members

L-R: David Lough, Joe Sala, Scott Kenney, Brian Shortall, Doug May  
Missing: Dean Roebothan, Marlene Bayers, Gerard Dominic, Ann Marie Vaughan, Brian Collins,  
Wayne Somers, Jerry Ward, Susan Misik, Marilyn Best, Steve Young, Mike Edwards





ST. JOHN'S  
International Airport Authority  
**AIRSHOW**  
AUGUST 22-23 2009

9

snowbirds soared.

25,000

people were dazzled.

\$25,000

was raised in support  
of the Red Cross.

*All adding up to one  
memorable event.*





# Reaching Out to our Community

We exist to serve our community. Whether it's attracting new airlines to the region, ensuring the services are in place to meet the needs of our passengers or opening our facility to showcase local talent, we are committed to enhancing the economic and social well-being of our community.

The highlight of our community events last year was the 2009 St. John's International Airport Authority Airshow, in celebration of 100 years of powered flight in Canada and the 10th anniversary of the privatization of the St. John's International Airport. The event consisted of a gala dinner, hosted by General Rick Hillier, and two days of performances featuring the Canadian Forces Snowbirds.

Twenty-five thousand people entered the gates at the Airport over a two day period to enjoy the free event that included aerial performances, static displays and children's entertainment. Twenty-five thousand dollars was raised from the proceeds at the gate and from the gala dinner to support the Canadian Red Cross.

This was the first time since 2000 that Canada's famous air demonstration team took to the skies over St. John's. The tremendous turnout for the event was well beyond what was anticipated and we realized that nine years is too long to wait for another show. In 2010 we will be busy planning for the 2011 Airshow that will once again feature the Canadian Forces Snowbirds, as well as other aerial performers.

In 2010 the Airport Terminal Building will also host Ruckus on the Edge performances as part of 2010 JUNO Week as well as concerts by school choirs at Christmas. These performances highlight the musical talent that is abundant in our community while entertaining passengers and visitors in our Terminal building.







"98.98% overall performance measurement  
on Operational Quality Index."





## A Solid Team with Strong Leadership

Whether it's having the best snow-clearing and ice control operators (arguably in the world); electricians and mechanics who consistently keep our world-class facility running smoothly; firefighters that are some of the most highly trained individuals in the country; or being led by one of the Top 50 CEOs in Atlantic Canada, we have a strong team of dedicated employees. And our intention is to continue to strengthen this team.

Safety and environmental stewardship are two important principles that we continue to advance. Although it is inherent within our corporate culture that all individuals are responsible to ensure all actions are taken to reduce risks and protect the environment, a new management position was created

in 2009 to lead the charge in these two important areas. In addition, we began the implementation of the Safety Management System over the last year that ensures safety is consistently top-of-mind for all employees and that we are compliant with all associated regulations.

As the team grows, we remain committed to advancing the corporate culture; one that is based on mutual trust, respect and accountability and that offers opportunity for personal growth, skills development and career advancement.



**Senior Management Team**

Front Row (L-R): Marie Manning, Keith Collins, Laura Cooper; Second Row (L-R): Frank Wyse, Lynn Holwell, Phil O'Connell, Peter Avery, Janet O'Brien, Bob Nurse, Randy Mahon

“\$140 million invested in infrastructure improvements since 1999”



#### Board of Directors

Front Row (L-R): Fraser Edison, Irene Baird; Second Row (L-R): John Chapman, Darlene Whalen, John Outerbridge, Elizabeth Adey, Gary Follett;  
Missing: William (Bill) Mahoney, Katharine Hickey, Blair Patrick, Raymond Stamp, Neil Pittman



# Business Plan Summary

As a private, not-for-profit corporation, the Airport Authority generates its own revenue and raises its own capital. Any operating surplus is reinvested back into the infrastructure and operations of the Airport for the benefit of the entire community. We pride ourselves in operating in a very fiscally responsible and transparent manner.

Capital projects are financed through the Airport Improvement Fee (AIF) and through money raised in the bond market. The AIF is the \$15 collected from all departing passengers and can only be used to fund capital projects that improve the level of service for passengers. At this rate, it is one of the lowest in the country.

Since 1999 we have invested \$140 million in capital improvements while less than half that amount has been collected from passengers through AIF. Improving the level of passenger satisfaction is very important to us. It is for this reason that we made these improvements in advance of actually collecting the fees.

## 2009 Capital Program

The capital program for 2009 focused on the completion of Phase 2 of our Airfield Enhancement Project. This \$14 million multi-phase and multi-year project involved the rehabilitation of the drainage systems, a resurfacing of our 7000 foot secondary runway (Runway 16/34), installation of a low visibility taxiway lighting system and installation of the infrastructure to support centerline lighting on the secondary runway. The work completed over the last three years has laid the groundwork for further enhancements to low visibility operations, including the installation of a Category 3 Instrumentation Landing System (CAT 3 ILS).



## 2009 Actual vs. Business Plan

(Shown in thousands of dollars)

	Actual	Plan	Difference	Explanation
<b>Revenue</b> (Note 1)	22,853	23,085	(232)	Lower aeronautical fee revenue from private charters and lower parking revenue.
<b>Expenses</b> (Note 2)	16,654	17,666	(1,012)	Lower fuel prices, less business travel and lower interest on long term employee debt.
<b>Capital</b>	7,459	7,880	(421)	Delivery of fleet vehicle planned for 2009 and delivered in 2010.

Note 1. Revenue includes net AIF and operating revenue.

Note 2. Expenses include interest and exclude the non-cash items of depreciation and amortization.



## Planning for Growth (5-year financial plans)

In 2010 we will conclude a long-term infrastructure plan to address our capacity constraints on the airfield and in the terminal building and will complete the associated long-term financial plan to support the investment in these infrastructure improvements.

This financial plan will incorporate strategic funding partnerships, where mutual goals and return on investments are realized.

### Business Plan Forecast 2010-2014

(Note 1) (Shown in thousands of dollars)

	2010	2011	2012	2013	2014
<b>Revenue</b> (Note 2)	24,645	28,623	30,080	30,969	31,800
<b>Expenses</b> (Note 3)	19,004	20,051	20,664	21,242	21,837
<b>Capital</b> (Note 4)	7,609	8,560	9,600	8,270	10,050

#### Notes

Note 1. Assumes passenger growth will be 5% in 2010, 2% in 2011 and 2.5% in 2012-2014.

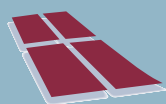
Note 2. Revenue includes net AIF and operating revenue.

Note 3. Expenses include interest and exclude the non-cash items of depreciation and amortization.

Note 4. Capital forecast includes airfield enhancements and fleet replacements.

### 2010 Strategic Priorities

- Enhance Air Access & Airline Capacity
- Grow & Diversify the Business
- Increase Passenger Satisfaction Levels
- Develop a long-term Infrastructure Plan
- Pursue "Green" Initiatives
- Secure Capital Funding Partnerships
- Advance the Corporate Culture
- Manage Risk Effectively
- Develop a long-term Strategic Financial Plan



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*International Airport Authority*

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