



2023  
Annual  
Report

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01

# Message from the Chair

# Message from the Chair



**David Howe**  
Board Chair

St. John's International Airport Authority experienced significant change in 2023.

In January, we welcomed Dennis Hogan as the organization's Chief Executive Officer, and in September, there were several changes at the Board level.

I assumed the role of Board Chair following the conclusion of the term of Tom Williams. Mr. Williams provided steady leadership throughout his nine-year tenure on our Board of Directors, most notably to the \$72.7 million terminal building expansion project that opened in 2018. Holly Hicks also completed her nine-year term and was outgoing Chair of the Development Committee. I extend my sincere thanks to them both for their invaluable service and dedication to the Airport Authority.

Additionally, Robert Gosse was elected Board Vice-Chair, taking over from William Malone who assumed the role of Chair of the Governance Committee, and we welcomed Charlene Johnson and Paul Fitzpatrick to the Board.

The CEO leadership change led to the extension of the three-year strategic plan, originally set to conclude in 2022, which had six guiding priorities: Exceptional Passenger Experience; Strategic Business and Air Service Development; Culture of Teamwork and Engagement; Operational Excellence; and Financial Sustainability. Extending this through the end of 2023 provided organizational continuity, while also allowing us to work alongside our Senior Leadership Team, community stakeholders, and an experienced industry consultant to develop the next strategic plan,

which is effective January 1, 2024. In 2023, there were nine full Board meetings, with Governance, Development, and Finance and Audit Committee meetings also scheduled throughout the year.

I am pleased to report that SJIAA achieved success within all of our guiding priorities.

The Board was pleased to tour Inland's expansive de-icing facilities in 2023. The airport boundaries span more than 350,000 square metres and as such it requires considerable time to explore the airport's full scope, but tours such as this one are vital to understand our broader impact.

I wish to thank our Board of Directors, Senior Leadership Team, along with the support of the exceptional staff with SJIAA for their continued work, and I look forward to working on the many opportunities and challenges that lie ahead.



02

# Message from the CEO

# Message from the CEO



**Dennis Hogan**  
Chief Executive Officer



As I reflect on my first year with the Airport Authority, which was eventful, I feel a tremendous sense of pride with what our team accomplished.

Air service is our core business function, and in 2023, more than 1.26 million passengers travelled through YYT – a 17.4 per cent increase from last year. We were fortunate to have several air service developments from WestJet, Porter, SunWing, and a partnership agreement between PAL and Air Canada.

Securing a transatlantic route was a strategic priority, and we were excited in November to announce seasonal non-stop service between St. John's and London-Gatwick with WestJet beginning May 2024. This important route demonstrates our commitment to providing passengers with convenient access to key destinations in Europe. We were also excited to welcome low-cost carrier Flair to YYT beginning in May 2024 with service to two Ontario destinations, along with Porter committing to additional seasonal capacity for 2024.

The talented and dedicated people that comprise this organization are both our biggest asset and our highest priority. I am very proud of our leadership in psychological health and safety and mental health. Initiatives such as respectful workplace training, offering comprehensive mental health first aid training, and our workplace culture and inclusion survey are strong examples of how we are ensuring that our most valued asset – our people – are supported.

2023 also brought the retirements of two long-standing employees: Human Resources Clerk Bernadette Nolan, who worked with the

airport since 1981, and Electrician Byron Collins, who started with the organization in 1985. These individuals were highly valued team members, and we wish them all the best in retirement.

I have thoroughly enjoyed spending time with key airport stakeholders, community groups, and all three levels of government. Fostering strong relationships is integral to our success, and the insights gained from our partnerships will be instrumental as we continue to serve the community and foster economic growth in Newfoundland and Labrador.

This year also presented some challenges. In March, we responded to a serious fire on the second floor of our terminal building. This emergency galvanized our entire organization late at night and well into the early morning hours amid a substantial snowstorm that had closed airfield operations. Our Emergency Response Plan was immediately activated, and it was this prompt and planned response that produced the best-case scenario. In the months that followed, examples of innovation, resilience, and teamwork were shown throughout the entire organization.

I want to thank our Board of Directors for providing sound direction which continues to guide our organization, our Senior Leadership Team for advancing key strategic priorities, and our employees for giving their best day in and day out. We all have a unique responsibility to ensure safe, efficient air travel, and our team is dedicated to ensuring safety and security is at the forefront of everything we do.



03

# Who We Are





## Who We Are

The St. John's International Airport Authority (SJIAA) is a private, not-for-profit, non-share capital corporation that oversees a safe and efficient air transportation facility at Newfoundland and Labrador's premier transportation gateway.

We generate our own revenue, raise our own capital, pay municipal taxes, and pay rent to the Federal Government on an annual basis to operate the Airport on behalf of the communities we serve. We are committed to offering an exceptional passenger experience for our passengers and to enhance the economic and social well-being of our community.

### Vision

We will deliver an exceptional airport experience at Newfoundland and Labrador's premier gateway.

### Mission

Proudly enabling prosperity and growth.



**YYT**

SJIAA has a team of approximately 70 loyal, hard working employees which grows in the winter season due to the work associated with winter operations.

# Senior Leadership Team

(at time of Annual Report production)

First Row (L-R):

**Dennis Hogan** - CEO

Second Row (L-R):

**Adam Churchill** - Manager, IT and Cyber Security

**Connie Duffett** - Senior Manager, Human Resources, Culture and Social Impact



Third Row (L-R):

**Jamie Smith** - Manager, Airside Services

**Jill Grant** - Director, Information Technology

**Laura Gough** - CFO

Fourth Row (L-R):

**Lisa Bragg** - Director, Business Development & Marketing

**Paul Angel** - Manager, Infrastructure

**Philip O'Connell** - Manager, Safety, Security & Environment

**Scott Kelly** - Director, Human Resources

Fifth Row (L-R):

**Scott Mercer** - Director, Infrastructure & Planning

**Steve Denty** - Manager, Commercial Development and Customer Experience

Sixth Row (L-R):


**Wayne Morris** - Director, Operations

Not Pictured: **Roy Langmead** - Manager, Emergency Response & Planning (Acting)

Executive Assistants: **Patricia Mahon; Lynn Holwell**





 Proudly enabling  
prosperity and  
growth.



04

# Strategic Plan

# Strategic Plan

In 2019, the Airport Authority executed a three-year Strategic Business Plan for the 2020-22 period. This Strategic Plan was adopted before the onset of the COVID-19 pandemic and was amended in 2020 to reflect the operating environment at that time. This was then extended to 2023 due to changes at the CEO and Board Chair level. The Airport Authority is guided by these six strategic goals within the plan.

1

## Exceptional Passenger Experience

### Accessibility Enhancements

As a federally regulated transportation hub, SJIAA is bound by the Accessible Transportation for Persons with Disabilities (ATPDR) regulations. We view accessibility as a responsibility rather than a choice, and take measures to ensure all passengers have a safe, equitable and enjoyable travel experience. SJIAA staff conduct monthly terminal walks to improve all aspects of the travel journey, and accessibility enhancements are a standing item.

In late 2022, the St. John's International Airport Authority, in partnership with the Autism Society of Newfoundland and Labrador, developed sensory initiatives to familiarize individuals on the autism spectrum and their families with the airport experience.

The first initiative is a social story, which is a common learning tool used to explain how to behave in certain situations. Our social story is a 14-page document that explains the entire Airport experience from the first step into the terminal building to boarding the aircraft, and explains potential anxiety-inducing experiences like security screening and the boarding process in plain language. It also highlights some of the amenities in the terminal to help pass time, including shops, restaurants and the play area, and extra supports that are available including a designated security screening queue.



The social story also acts as a guide for the second initiative, which is an airport tour. This tour covers every aspect of the travel journey, except taking an actual flight. The participant(s) and their families are issued a temporary pass that permits them on the departures floor, and is meant to establish a level of comfort with an unfamiliar place prior to their travel date. The development of these initiatives included several meetings and walkthroughs with the Autism Society of Newfoundland and Labrador and their clients to ensure that proper input was received.

Since this initiative's launch, SJIAA has accommodated all tour requests and assisted approximately 25 individuals with Autism in our communities through 19 tours.

In November 2023, facilitated by The Coalition of Persons with Disabilities Newfoundland and Labrador (COD-NL), SJIAA met with the provincial Network of Disability Organizations. This meeting provided a forum in which the leaders of disability organizations across our province could share insight into the travel experience and offer examples of ways in which YYT can greatly improve its accessible offerings for passengers.

Since that initial meeting, follow-ups with COD-NL and other individual organizations have been held, and SJIAA looks forward to continued dialogue complemented by the implementation of some of this feedback in our forthcoming accessibility plans.

*Marketing and Communications Advisor Ryan Howell with an airport tour participant*



## Airport Experience Surveys

The passenger experience is the heart of our airport. To measure our passengers' satisfaction level, we re-instated Airport Council International's (ACI) Airport Service Quality (ASQ) index benchmarking survey. This global research tool provides both qualitative and quantitative data on all aspects of the airport experience, and provides benchmark data from more than 300 airports worldwide. In 2023, over 1,400 surveys were voluntarily completed by departing passengers. These results guide improvements and future investments.



**4.27/5**

OVERALL  
SATISFACTION  
RATING



**4.12/5**

OVERALL  
EXPERIENCE  
RATING



“

Staff were so nice and accommodating!

“

Everyone from car rental agents to the security staff are so polite.

“

Breezed through security with friendly staff.

“

Easy layout.

“

Fast and efficient service.

“

Bright and clean.

## Art Upon Arrival

Art Upon Arrival is an arts-based initiative and was installed in January 2023 in the baggage hall and is designed to infuse the traveler experience with local culture. SJIAA wanted passengers to know that they have arrived in a vibrant, modern city, and we harnessed the expressive power of our province's rich arts community to do so. Through collaboration and consultation with Business and Arts NL and the Department of Tourism, Culture, Arts and Recreation, a call for submissions went to the local artist community to wrap eight large columns in the baggage area. Molly Margaret, a talented and emerging local artist, was the successful applicant from over 40 submissions. This installation is the first step in a larger, ongoing sense of arrival project.



CEO Dennis Hogan with artist Molly Margaret;  
Photo credit: Joe Gibbons/The Telegram (holiday concert series)

## Halloween

As part of our ongoing efforts to elevate the passenger experience, Halloween was celebrated in the departures lounge. Trick-or-treat stations were set up at all airport concessions for travelling children to enjoy.



## YYT Holiday Concert Series

Each December, school choirs are invited to the airport to spread holiday cheer on pre-determined dates to passengers, meeters and greeters, and staff as part of the YYT Holiday Concert Series. In 2023, seven new schools, including St. Paul's Junior High's Deaf/Hard of Hearing Cohort who performed holiday classics in American Sign Language, were randomly selected from 18 applicants. Round-trip school bus transportation and a pizza lunch were part of this exciting field trip.

## 2 Strategic Business and Air Service Development

The demand for air travel continues to increase, and the SJIAA continues to work with key stakeholders on increasing air access. In 2023, over 1.26 million passengers travelled through YYT – a 17.4% increase from 2022. Passenger levels increased in all quarters when compared to 2022.

### AIR SERVICE DEVELOPMENTS:

- Lynx Air added a new service to Montreal with through-flight service to Calgary.
- Sunwing announced the return of five sun destinations – Cancun, Cayo Coco, Montego Bay, Punta Cana, and Varadero.
- WestJet extended the non-stop service to Calgary to year-round for the first time in YYT's history, and extended the seasonal service to Orlando.
- Porter expanded into Toronto-Pearson using the Embraer E195-E2 aircraft. This route marked the first time this aircraft has serviced YYT.
- PAL Airlines entered into a commercial agreement with Air Canada to operate Air Canada Express flights between YYT and Halifax. As part of this agreement, PAL Airlines will acquire up to six additional Dash 8-400 aircraft, and allow passengers to collect and redeem Aeroplan points.



From top: Porter YYZ celebration; CEO Dennis Hogan, Premier Dr. Andrew Furey, WestJet Vice-President of External Affairs Andrew Gibbons, and Hospitality Newfoundland and Labrador CEO Craig Foley celebrating the WestJet London-Gatwick announcement; Sunwing flight crew celebrating the first 2022 flight





*His Worship Mayor Danny Breen, CEO Dennis Hogan, Flair CEO Stephen Jones, and Minister of Tourism, Culture, Arts and Recreation The Honourable Steve Crocker.*

## AIR SERVICE ANNOUNCEMENTS IN 2023 TO TAKE EFFECT IN 2024:

- WestJet announced the eagerly anticipated return of service to London-Gatwick, and also the resumption of seasonal service to Tampa.
- Flair announced they will begin operating out of YYT with service to Kitchener-Waterloo and Toronto-Pearson.
- Porter is upgauging to the Embraer E195-E2 aircraft and adding additional capacity to Halifax for Spring 2024.
- Sunwing announced the return of five winter sun destinations – Cancun, Cayo Coco, Montego Bay, Punta Cana, and Varadero with a 10% increase in capacity.

The Airport Authority continues to work with all airline partners. Air Canada, Provincial Airlines, and Air St. Pierre provided consistent service to key routes to and from YYT in 2023.



Team Newfoundland and Labrador at Altitudes East

### Air Service Development Activities

Attracting new airlines and routes, along with maintaining relationships with existing airlines are key elements of SJIAA's air access strategy. We strategically attend air service development conferences to develop routes and relationships in a highly competitive market.

AIRLINE CARRIERS	CARGO CARRIERS	DOMESTIC DESTINATIONS	U.S. (TRANSBORDER DESTINATIONS)	INTERNATIONAL DESTINATIONS
AIR CANADA	AIR CANADA CARGO	CALGARY, AB	ORLANDO, FLORIDA	CANCUN, MEXICO
AIR ST. PIERRE	CARGOJET	DEER LAKE, NL	TAMPA, FLORIDA	CAYO COCO, CUBA
LYNX AIR		EDMONTON, AB		MONTEGO BAY, JAMAICA
PAL AIRLINES		GANDER, NL		PUNTA CANA, DOMINICAN REPUBLIC
PORTER AIRLINES		GOOSE BAY, NL		ST. PIERRE AND MIQUELON
SUNWING AIRLINES		HALIFAX, NS		VARADERO, CUBA
SWOOP		HAMILTON, ON		
WESTJET		MONTREAL, QC		
		TORONTO-BILLY BISHOP, ON		
		TORONTO-PEARSON, ON		
		ST. ANTHONY, NL		

## Terminal Concessions

SJIAA's concession partners continued to reach service and revenue levels closer to pre-pandemic levels in 2023. In addition, we welcomed Labrador Gem Seafoods at YYT in 2023 with a kiosk-style operation selling fresh-frozen seafood in the departures lounge. We also formalized an agreement with O'Reilly's Irish Newfoundland Pub to reimagine the former Air Canada lounge space on the departures floor. O'Reilly's will open in 2024 and will offer a new and different option for passengers from one of the best views in the airport.

These concessions were strategically selected to further enhance the sense of place within the terminal building.

## Commercial Activity at YYT

Additional commercial activity on Airport Authority property includes the opening of CT Storage, a state-of-the-art storage facility located next to the Best Western Hotel. A new private hangar also began construction in 2023 and is expected to be completed in the second quarter of 2024.



CEO Dennis Hogan, Labrador Gem Seafoods President Danny Dumaresque, and the late Honourable Derrick Bragg celebrating the opening of Labrador Gem Seafoods; Director of Business Development and Marketing Lisa Bragg, CT Storage Owner Christian Toner, and Manager of Commercial Development and Customer Experience Steve Denty celebrating the opening of CT Storage

### 3 Culture of Teamwork and Engagement

At the St. John's International Airport, culture is truly a priority. We recognize that we have outstanding employees, and that they are worth investing in and celebrating, which we are doing in many ways.

#### Psychological Health and Safety

SJIAA is committed to being a leading employer in implementing the National CSA Standard for Psychological Health and Safety in the workplace. In 2023, we conducted a workplace culture and inclusion survey and held training sessions for all staff on respectful workplaces and equity, diversity, and inclusion in the workplace.

Members of SJIAA's Occupational Health and Safety Committee attended "Prevention is the Key – Health and Safety Learning Symposium" hosted by WorkplaceNL. This full-day seminar encompassed several topics including safe return to work practices, fatigue and burnout, respectful workplaces, and competent supervision.

SJIAA also organized several educational opportunities and supports including over 75 per cent of the organization receiving two-day mental health first aid training, sessions on burnout, and an immunization clinic for both employees and their families resulting in 125 vaccinations.



Flu shot clinic; SJIAA OH&S Committee



## Employee Engagement

SJIAA's Employee Engagement Committee is comprised of both unionized employees and management, and ensures that our employees are celebrated and supported. This Committee oversees several initiatives, including the Years of Gratitude service program where employees are recognized in increments of five years. 2023 marked the second year of this program, which saw 17 employees with a combined total of 235 years of service, including electrical supervisor Wayne Miller who has been with the Airport for over 40 years.

This Committee also leads the Scholarship Program, which rewards the dependents of our employees for post-secondary endeavours. This year, applicants were asked to interview their parent/guardian about their role with SJIAA and how they contribute to safe and efficient operations. To ensure inclusivity, academic grades were

not submitted, however all applications were reviewed to ensure the stated requirements were met. In 2023, five students received scholarships for a total value of \$5,000, bringing the cumulative amount to nearly \$10,000 since its launch last year.

Based on employee feedback, the organization led the submission of a float in the 2023 Downtown St. John's Christmas Parade. Our entry was titled Flight Path to Christmas and was an excellent opportunity to connect employees from across the organization to spread holiday cheer.

To celebrate International Women's Day, an employee-wide event was held celebrating our female staff where SJIAA's Director of IT, fire hall staff, and heavy equipment operators spoke about their career paths.



## Corporate Social Responsibility

SJIAA's desire for a strong company culture and equity, diversity, and inclusion initiatives extends beyond its internal commitments and into the communities that we serve. We are proud of the partnership developed with the Autism Society of Newfoundland and Labrador which offers sensory initiatives to individuals with autism and their families, and throughout our new strategic plan development, we have sought feedback from First Light and the Coalition of Persons with Disabilities.



The following initiatives were achieved in 2023:

- Demonstrated allyship to the LGBTQ+ community by re-installing the Pride crosswalk at the main entrance to the Airport, along with promoting Pride month across all digital assets on Airport property.
- Continued to observe the National Day for Truth and Reconciliation in 2023 and a corporate donation was made to First Light.
- Recognized International Women's Day by presenting all female staff and Board members with a specialty Newfoundland Chocolate Company chocolate bar with proceeds supporting Stella's Circle emergency shelter programming.
- Hosted an immunization clinic for all employees and their families.
- Raised money for the Atlantic Region of Cystic Fibrosis Canada through employee jeans day donations.
- Raised monetary and food donations for the Community Food Sharing Association during the holiday season.

## Job Shadowing

SJIAA's Human Resources department developed and implemented a job shadowing program in late-2023, designed to offer employees the opportunity to learn more about the various roles within the organization, and how all employees contribute to ensuring safe, efficient airport operations. Since its launch, over 10 per cent of the organization has participated, including unionized employees, senior leadership, and SJIAA's CEO.



## Growth and Development

In 2023, 32 positions were successfully recruited. Over 70 per cent of vacancies were filled through internal promotions, including 100 per cent of senior leadership positions and the implementation of an apprenticeship program. SJIAA's Human Resources department also developed an extension of the onboarding process by conducting stay interviews approximately six months into the position to assess how the employee feels about their current work environment, and if there are areas for improvement. We believe that this proactive process will contribute positively to employee retention.

A supervisor program was also established in 2023 to assist this group in enhancing leadership skills and collaborate on common themes throughout the organization. This program was established based on employee feedback, and is designed to promote efficient and safe work.

**70%** FILLED THROUGH  
INTERNAL  
PROMOTIONS

**100%** OF SENIOR  
LEADERSHIP  
POSITIONS

## Employee and Labour Relations

2023 marked the second year of a five-year collective agreement for SJIAA's bargaining unit employees. This group was also successful in electing a new Union Executive which will work with management through the Labour Management Committee to collaboratively seek improvements in efficiency, engagement, and satisfaction across the organization.

SJIAA is pleased to have established a Pay Equity Committee in 2023, before new legislative requirements come into effect. The Committee comprises three employees - two unionized and one management - and is preparing for our pay equity plan to be released in 2024.

## St. John's Board of Trade Business Awards

For the second consecutive year, SJIAA was nominated for Community Champion and Culture Creator at the St. John's Board of Trade Business Awards. This annual event was attended by staff, management, and Board members, and celebrated the inspiring work achieved in the local business community.



## 4 Enhanced Partnership and Collaboration

Connecting with stakeholders and fostering meaningful partnerships is integral to SJIAA's success as a community builder. We are in regular communication with our municipal, provincial, and federal governments, in addition to a variety of key stakeholders.

### Partnerships

- Through collaboration and consultation with Business and Arts NL and the Department of Tourism, Culture, Arts and Recreation, SJIAA issued a call for submissions to wrap eight large pillars in the baggage area designed to infuse the traveler experience with local culture. Molly Margaret, a talented and emerging local artist, was the successful applicant from over 40 submissions.
- SJIAA's Emergency Response team were on site to assist with the Canadian Forces Snowbirds Airshow in Conception Bay South.
- In partnership with the St. John's Board of Trade, SJIAA's CEO spoke at a luncheon about the importance of air access and collaboration with the local business community.
- In partnership with Destination St. John's, SJIAA attended the Canadian Meetings and Events Expo in Toronto. This large-scale convention and trade show has cities from across the globe vying to entice organizations and meeting planners to bring their events to their destinations.
- SJIAA attended the Tourism Industry Association of Canada's Annual Congress in Ottawa, connecting with local, regional, and federal industry partners.
- SJIAA partnered with PAL Airlines and HOT 99.1 FM for the 15th annual Flight to the North Pole. This exclusive, win-to-get-in event is truly a magical day.
- SJIAA offered space to Memorial University's Internationalization Office for their Airport Greeter Program, designed to greet international students who have arrived in St. John's for the first time.
- SJIAA invited the Singing Legionnaires to the Terminal Building for a moving Remembrance Day performance.
- SJIAA's Fire Hall conducted six tours to various community groups throughout the St. John's metro region.





## Strategic Plan

SJIAA worked with InterVISTAS, an industry-leading consultant, in 2023 to begin developing a new, forward-looking, three-year strategic plan for 2024-2026. This process included surveying our employees and various community groups like Hospitality NL, Destination St. John's, First Light, and the Coalition of Persons with Disabilities to ensure we are best positioned to serve our communities.

## Advocacy

The St. John's International Airport Authority is represented on the Atlantic Canada Airports Association, Hospitality NL's Access and Transportation Committee, and our CEO has a standing appointment on the Destination St. John's Board of Directors.

SJIAA's CEO also participated in many advocacy events throughout 2023 including:

- Panel speaker during Hospitality Newfoundland and Labrador's annual conference
- Panel speaker during the Canadian Council of Tourism Ministers meeting held in St. John's
- Participated in the Canadian Airports Council's Airports on the Hill lobby day in Ottawa



*CEO Dennis Hogan speaking on a panel discussion during the Hospitality Newfoundland and Labrador conference; CEO Dennis Hogan and colleagues meeting with then-Minister of Transport The Honourable Omar Alghabra in Ottawa.*

## 5 Operational Excellence

The Airport Authority continuously maintains, improves and grows services and infrastructure to provide safe, efficient and effective services at the Airport.

### Security Excellence

For the second consecutive year, SJIAA Security Officer Rick Stacey was selected to participate in the Airports Council International's Airport Excellence Program. This program provides comprehensive onsite airport reviews led by industry experts to optimize airport operations, regulatory compliance, and worldwide aviation best practices. As part of this program, Mr. Stacey, along with seven counterparts from around the world, were required to do a comprehensive five-day security audit of Mexico's Aeropuerto Internacional de Puerto Vallarta.



### Winter Maintenance Plan

SJIAA operates over 80 pieces of equipment. The Airport's heavy-duty fleet for heavy snow clearing comprises approximately 33 pieces of heavy equipment and includes plow-sweeper-blowers, high capacity snowblowers, loaders, bulldozers, chemical application trucks, tractors, and sidewalk plows. SJIAA receives an average of 335 cm of snow annually and clears 1.3 million square metres of asphalt.

### Airfield Asphalt Rehabilitation

2023 was the second of a four-year asphalt rehabilitation program where Taxiway Mike, the General Aviation Apron and RCAF Road were milled and re-paved. The project scope included the update of lighting and signage to ensure code compliance. Additional upgrades involved the completion of critical drainage upgrade work and select asphalt being redesigned to address durability concerns. The Federal Government funds 50 per cent of this sustaining capital through the Airport Critical Infrastructure Program (ACIP).



## Passenger Boarding Bridge Replacement

Four of SJIAA's seven passenger boarding bridges are scheduled for replacement – two in 2024 and 2025, respectively. 2023 saw the detailed design, tendering and contract award to Jetway. This project will decommission bridges nearing the end of their useful life, bringing technology improvements, reduced maintenance costs and improved reliability.

## Groundside Parking Lot Upgrades

In 2024 and 2025, the groundside parking lots will be upgraded to improve the appearance and efficiency of the parking areas at the terminal front. 2023 saw the conceptual design and the commencement of detailed design. The project scope includes a new electric vehicle parking area, a replacement parking lot management system, asphalt replacement, reorientation of entry and exit points, and aesthetic improvements through improved landscape design. The project is planned for completion prior to the 2025 Canada Summer Games.



## Magnetic Declination Change

As a result of magnetic declination change, YYT's CAT III Runway 11/29, was re-designated 10/28 in August 2023. The Airport Authority, in connection with NAV Canada, prepared well in advance for this change. All published aeronautical information and internal plans, manuals, and standard operating procedures were revised and re-issued and runway designators and airfield signage were updated.

## Fleet Replacement Program

ACIP funding allowed SJIAA to begin a fleet replacement program in 2023. For the critical role of airfield snow removal, Overaasen RS-400 PSB units were selected with five units either delivered, or on order. For the Airport Rescue and Firefighting role, Rosenbauer Panther 4x4 units were selected - two of these units have been delivered with the last one scheduled in Fall 2024. Further fleet enhancements in 2023 included ice control units and front-end loaders.

## Carbon Reduction Initiatives

SJIAA remains committed to environmental stewardship and minimizing our impact on the local environment. SJIAA introduced a Carbon Management Policy in 2023 and joins Canada's aviation industry in committing to a net-zero emissions target by 2050.

### IN THE PAST YEAR, SJIAA HAS:

- Purchased our first two fleet electric vehicles
- Continued with the terminal building and airfield LED light conversion project
- Hosted an education and question and answer session about electric vehicles with staff
- Updated our greenhouse gas emissions inventory
- Completed all work and filed our application for the globally recognized Airport Carbon Accreditation Program (Level 1)
- Replaced the current firefighting foam with flourine free foam in accordance with PFOS reduction requirements



## Emergency Planning Exercise

SJIAA held a full-scale emergency planning training session in November 2023 as part of a routine exercise to ensure that our Airport partners are prepared in the event of an actual emergency. This exercise tested both our security response (bomb threat) and our firefighting response (crash on airport). Exercise participants included the Royal Newfoundland Constabulary, NL Health Services, St. John's Regional Fire Department, Garda, Canadian Red Cross, and SJIAA staff.

## Diversions

St. John's International Airport is uniquely located on Canada's eastern edge bordering the Atlantic Ocean and is an ideal stopping point for diverting flights. In 2023, SJIAA received 28 flight diversions which required various levels of service and coordinated efforts from SJIAA's Fire Hall, NL Health Services, CBSA and airline partners.



## 6 Financial Stability

As a private, not-for-profit, non-share capital corporation, the St. John's International Airport Authority is responsible for generating its own revenue and raising its own capital to support Airport operations, improvements and maintenance plans.

Ensuring a financially sustainable airport is a top priority for the St. John's International Airport Authority. Careful expense management and revenue growth from air service, new contracts and increased passenger traffic resulted in favourable earnings in 2023. All earnings generated through Airport operations are reinvested back into the infrastructure and operations of the Airport.

Passenger traffic was higher than expected at an increase of 17.4 per cent over 2022 compared to the forecasted increase of only 6.6 per cent. Certain categories of revenue which correlate closely with passenger traffic increased in 2023, including concession and public parking revenue. High interest rates also resulted in significant interest revenue on cash deposits.

The Authority maintains an A2 credit rating (stable outlook) with Moody's Investor Services on its \$115 million in private placement bonds. Among other things, this strong rating results from the Authority's higher than expected passenger traffic and strong liquidity position. In 2022 the Authority successfully secured \$19 million in Airport Critical Infrastructure Program (ACIP) funding for two multi-year projects: airfield asphalt rehabilitation and fleet replacement. This program, which spans 2022 to 2026, continues to provide the necessary liquidity to complete these two critical projects.

Since privatization, the Authority has invested nearly \$370 million in infrastructure improvements at the Airport and has collected \$291 million in Airport Improvement Fee (AIF) revenue.



# YYT





05

# Business Plan



# Business Plan

## 2023 Actual vs. Business Plan

(Shown in thousands of dollars)

	ACTUAL	PLAN	DIFFERENCE	EXPLANATION
<b>REVENUES</b>	\$53,514	\$47,506	\$6,008	Passenger traffic was higher than expected resulting in higher concession and AIF revenues. Higher interest rates resulted in higher interest revenue on cash deposits.
<b>EXPENSES</b> (SEE NOTE 1)	\$45,389	\$46,437	(\$1,048)	Lower salaries and benefits expense due to staffing vacancies, and lower winter operating costs due to favourable weather and lower fuel prices, were offset by higher ground rent to Transport Canada. Ground rent is based on a formula that is tied to total revenue.
<b>CAPITAL</b>	\$15,323	\$17,204	(\$1,881)	Lower capital expenditures due to delivery delays for certain heavy equipment vehicles and lower parking lot refresh project costs because a longer concept development phase delayed construction. The overall schedule of the project remains unaffected.

Note 1. Expenses include amortization

## Business Plan Forecast 2024-2028

(Shown in thousands of dollars)

Preparation of this forecast required management to make estimates and assumptions. Actual results could differ materially. Readers are cautioned not to place undue reliance on this forecast.

	2024	2025	2026	2027	2028
<b>REVENUES</b>	\$56,295	\$59,544	\$62,940	\$64,855	\$67,511
<b>EXPENSES</b> (SEE NOTE 1)	\$52,116	\$53,538	\$54,171	\$57,877	\$60,560
<b>CAPITAL</b> (SEE NOTE 2)	\$23,879	\$19,660	\$2,799	\$11,522	\$7,763

Note 1. Expenses include amortization

Note 2. Capital includes fleet replacement, asphalt rehabilitation, parking lot refurbishment and boarding bridge replacements.



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# Corporate Governance

# Corporate Governance

The role of the Board of Directors is to guide the strategic direction for the Airport Authority. The community's interests are represented through a diverse Board of Directors, composed of 12 members who are nominated by various stakeholders in the region. The Board has three standing Committees - Governance, Development, and Finance & Audit on which Board members and Airport Authority employees collaborate on key initiatives.

The Committees are generally comprised of a Committee Chair, three directors, and the Board Chair.

In 2023, the Board of Directors held nine regularly scheduled Board meetings. In addition, Directors attended Development Committee (seven), Finance and Audit Committee (eight), and Governance Committee (seven) meetings throughout the year and participated in strategic planning and education sessions.

## Government of Canada

Peggy Coady  
William Malone

## Government of Newfoundland and Labrador

Robert Gosse

## City of St. John's

Ken Baggs  
Andrea Marshall

## St. John's Board of Trade

David Mitchell

## City of Mount Pearl

Brian Butt

## Mount Pearl-Paradise Chamber of Commerce

David Howe

## Town of Conception Bay South

Paul Fitzpatrick

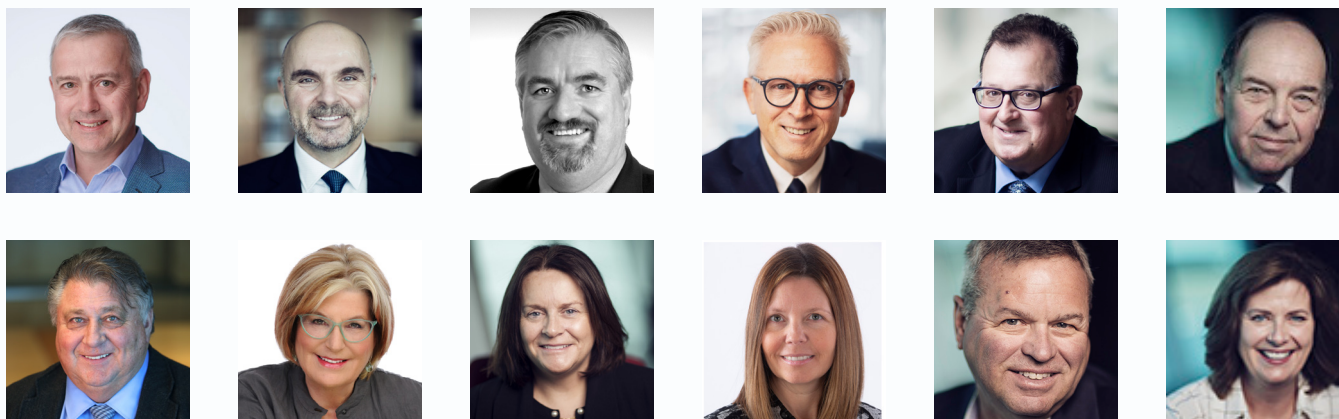
## SJIAA Board of Directors

Louise Bradley  
Stephen Outerbridge  
Charlene Johnson

## Ex-officio Members

Dennis Hogan,  
Chief Executive Officer  
Laura Gough,  
Chief Financial Officer

## Board of Directors



First Row: **David Howe** – Board Chair; **William Malone**; **Brian Butt**; **Paul Fitzpatrick**; **David Mitchell**; **Ken Baggs**;

Second Row: **Robert Gosse** – Board Vice Chair; **Louise Bradley**; **Peggy Coady**; **Charlene Johnson**; **Stephen Outerbridge**; **Andrea Marshall**;

## Board of Directors' Changes

On September 1st, 2023, SJIAA announced several changes to its Board of Directors. David Howe was elected Board Chair and Robert Gosse was elected Board Vice-Chair, while Charlene Johnson and Paul Fitzpatrick were appointed as Directors.

This announcement also marked the conclusion of the tenures of former Board Chair, Tom Williams, and Development Committee Chair, Holly Hicks, both first appointed in 2014. The Airport Authority expresses its sincere appreciation for their dedicated service and knowledge.

## Board of Directors' Remuneration

The total remuneration paid to each Director in 2023 and their position on the Board of Directors is outlined in the table below.

POSITION	RETAINER FEE
BOARD CHAIR	\$22,000 PER YEAR
BOARD VICE-CHAIR	\$17,000 PER YEAR
COMMITTEE CHAIRS	\$15,000 PER YEAR
DIRECTORS (EACH)	\$10,000 PER YEAR

Directors also receive \$500 for each meeting attended.

BOARD MEMBER	COMMITTEE MEMBERSHIP	REMUNERATION
DAVID HOWE	BOARD CHAIR	32,750.00
ROBERT GOSSE	BOARD VICE-CHAIR; MEMBER, GOVERNANCE COMMITTEE	23,500.00
PEGGY COADY	CHAIR, FINANCE AND AUDIT COMMITTEE	26,500.00
ANDREA MARSHALL	CHAIR, DEVELOPMENT COMMITTEE	21,250.00
WILLIAM MALONE	CHAIR, GOVERNANCE COMMITTEE; MEMBER, FINANCE AND AUDIT COMMITTEE	29,500.00
STEPHEN OUTERBRIDGE	MEMBER, DEVELOPMENT COMMITTEE	17,000.00
KENNETH BAGGS	MEMBER, FINANCE AND AUDIT COMMITTEE	19,167.00
DAVID MITCHELL	MEMBER, DEVELOPMENT COMMITTEE	19,000.00
BRIAN BUTT	MEMBER, FINANCE AND AUDIT COMMITTEE	20,500.00
LOUISE BRADLEY	MEMBER, GOVERNANCE COMMITTEE	19,000.00
CHARLENE JOHNSON	MEMBER, DEVELOPMENT COMMITTEE	7,833.00
PAUL FITZPATRICK	MEMBER, GOVERNANCE COMMITTEE	8,333.00
TOM WILLIAMS	COMPLETED TERM AUGUST 31, 2023	38,500.00
HOLLY HICKS	COMPLETED TERM AUGUST 31, 2023	15,667.00
		<b>\$298,500.00</b>

Note: The Chair of the Board of Directors is a member of the three standing Committees of the Board.

## How We Govern

The corporate operations and the activities of the Board of Directors are guided by the National Airports Policy of 1994 – specifically the “Public Accountability Principles for Canadian Airports” and the Authority’s Operating By-Laws. The St. John’s International Airport Authority’s Operating By-Laws were amended in 2008 to incorporate the relevant elements of the Not-For-Profit Corporations Act, the proposed Canada Airports Act, as well as the best practices of corporate governance currently employed in Canada. Further amendments to the By-Laws, as required under the new Canada Not-For-Profit Corporations Act, were submitted to Transport Canada in 2014 for approval.

The By-Laws contain Conflict of Interest Guidelines and a prescribed Code of Conduct. In 2023, there were no breaches of the Conflict of Interest Guidelines by any Officer or Director of the Airport Authority.

The St. John’s International Airport Authority is committed to conducting business in a competitive fashion. All projects with a value in excess of \$75,000 (base year 1998 = 100 CPI annually adjusted) require a public tender or request for proposal. To that end, the Authority sought competitive bids on all contracts as required, with the exception of a sole sourced Rosenbauer Aircraft Rescue and Firefighting (ARFF) vehicle. Rosenbauer was the successful bidder for the first and second ARFF vehicles, and there are numerous significant advantages to maintaining a common fleet of ARFF vehicles. Based on a unanimous vote by the Board of Directors to proceed, the sole source purchase was approved. 50% of the total cost of the vehicle will be funded through ACIP.





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# Financials

Financial Statements

**St. John's International Airport Authority**

December 31, 2023

## Independent Auditor's Report

To the Board of Directors of  
the St. John's International Airport Authority

### Opinion

We have audited the financial statements of the St. John's International Airport Authority (the "Authority"), which comprise the balance sheet as at December 31, 2023, and the statement of operations and equity in capital assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises ("ASPE").

### Basis for Opinion

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

### 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 ASPE, 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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain 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 represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

*Deloitte LLP*

Chartered Professional Accountants  
April 30, 2024

# St. John's International Airport Authority

## Balance Sheet

As at December 31, 2023  
(in thousands of dollars)

	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 29,615	\$ 13,715
Accounts receivable (note 3)	3,901	6,168
Consumable inventory	589	483
Prepaid expenses	738	525
<b>Total current assets</b>	<b>34,843</b>	<b>20,891</b>
Capital assets, net (note 4)	198,803	201,014
Debt service reserve fund (note 6)	2,784	2,777
Intangible assets, net	15	18
	<b>\$ 236,445</b>	<b>\$ 224,700</b>

### Liabilities and Equity in Capital Assets

<b>Current</b>		
Accounts payable and accrued liabilities (note 5)	\$ 8,501	\$ 8,423
Current portion of long-term debt (note 6)	61,027	975
<b>Total current liabilities</b>	<b>69,528</b>	<b>9,398</b>
Long-term debt (note 6)	42,977	103,796
Capital contribution advances (note 14)	1,803	-
Deferred contributions for capital projects, net (note 7)	31,357	28,851
Equity in capital assets (note 1)	90,780	82,655
	<b>\$ 236,445</b>	<b>\$ 224,700</b>

Commitments (note 11)  
See accompanying notes  
On behalf of the Board:



David Howe, Chair



Peggy Coady, Chair, Finance and Audit

# St. John's International Airport Authority

## Statement of Operations and Equity in Capital Assets

For the year ended December 31, 2023  
(in thousands of dollars)

	2023	2022
<b>Revenues</b>		
Landing fees	\$ 5,998	\$ 5,321
Terminal fees	4,466	4,137
Concessions	6,505	5,919
Rentals	5,214	4,915
Car parking	3,732	3,014
Other	2,643	1,323
	28,558	24,629
Airport improvement fees (note 8)	24,956	21,251
	53,514	45,880
<b>Expenses</b>		
Amortization	15,014	14,643
Salaries and benefits (note 13)	10,569	9,791
Operating	8,425	7,090
Interest and financing costs	4,774	4,854
Ground rent (note 11)	3,130	2,579
Professional services	1,134	742
General and administrative	972	780
Municipal tax	963	944
Business development	408	230
	45,389	41,653
Excess of revenues over expenses, before undernoted items	8,125	4,227
Impairment of tangible capital assets (note 4)	-	(539)
<b>Excess of revenues over expenses, end of year</b>	<b>\$ 8,125</b>	<b>\$ 3,688</b>
Total equity in capital assets, beginning of year	82,655	78,967
<b>Total equity in capital assets, end of year</b>	<b>\$ 90,780</b>	<b>\$ 82,655</b>

See accompanying notes

# St. John's International Airport Authority

## Statement of Cash Flows

For the year ended December 31, 2023  
(in thousands of dollars)

	2023	2022
<b>Operating Activities</b>		
Excess of revenues over expenses	\$ 8,125	\$ 3,688
Add (deduct) items not involving cash		
Amortization - capital assets, net	17,525	16,919
Amortization - deferred contributions	(2,519)	(2,312)
Amortization - intangible assets	8	36
Amortization - other	208	184
Impairment of tangible capital assets	-	539
Gain on disposal of capital assets	(142)	-
	23,205	19,054
Changes in non-cash working capital balances related to operations		
Accounts receivable	2,267	(3,309)
Consumable inventory	(106)	(89)
Prepaid expenses	(213)	(233)
Accounts payable and accrued liabilities	78	2,072
Cash provided by operating activities	25,231	17,495
<b>Financing Activities</b>		
Increase in debt service reserve fund	(7)	(14)
Proceeds from revolving credit facility	-	499
Repayment of revolving credit facility	-	(499)
Repayment of revenue bond	(975)	(926)
Cash used in financing activities	(982)	(940)
<b>Investing Activities</b>		
Additions to capital assets	(15,323)	(8,079)
Additions to capital contribution advances	1,803	-
Additions to deferred contributions	5,025	3,386
Additions to intangible assets	(5)	(3)
Proceeds from sale of capital assets	151	-
Cash used in investing activities	(8,349)	(4,696)
<b>Net increase in cash and cash equivalents during the year</b>	<b>15,900</b>	<b>11,859</b>
Cash and cash equivalents, beginning of year	13,715	1,856
<b>Cash and cash equivalents, end of year</b>	<b>\$ 29,615</b>	<b>\$ 13,715</b>

See accompanying notes

# St. John's International Airport Authority

## Notes to Financial Statements

December 31, 2023

(tabular amounts expressed in thousands of dollars except where otherwise noted)

### 1. Organization and nature of operations:

The St. John's International Airport Authority (the "SJIAA") was incorporated on May 6, 1996 as a corporation without share capital under Part II of the *Canada Corporations Act*. The *Airport Transfers (Miscellaneous Matters) Act* exempts the corporation from paying income and large corporations tax.

On December 1, 1998, the operations and undertakings of the St. John's International Airport (the "Airport"), previously administered by Transport Canada, were transferred to the SJIAA. The SJIAA operates the Airport pursuant to the provisions of a long-term lease with the Government of Canada (the "Ground Lease"). As the principal document governing the relationship and allocating responsibilities between the SJIAA and the Government of Canada, the Ground Lease provides a formula for the calculation and payment of Ground Rent, after an initial rent-free period which ended December 31, 2005. The term of the Ground Lease is eighty years, ending 2078.

The SJIAA has all the powers and obligations of any Canadian private corporation and operates on a fully commercial basis. The SJIAA has the autonomy to set all fees and charges and does not rely on grants, donations or on contributions with restrictions imposed by the contributor.

The corporate structure ensures that the excess of revenues over expenses, or surplus from operations, is retained and reinvested in capital assets for development of the Airport. Equity in capital assets includes the net assets invested in capital assets to date and cumulative surpluses restricted for future airport infrastructure projects and associated financing costs.

### 2. Significant accounting policies:

#### Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises (ASPE) as issued by the Canadian Accounting Standards Board.

#### Management estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenues and expenses during the year. Significant estimates include the valuation of accounts receivable, useful lives of depreciable assets, completeness of accounts payable and accrued liabilities and the valuation of the defined benefit pension plan. Actual results could materially differ from those estimates.

#### Cash and cash equivalents

The SJIAA considers deposits in banks, certificates of deposits and short-term investments with original maturities of three months or less as cash and cash equivalents.

#### Ground lease

The Ground Lease is accounted for as an operating lease.

#### Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payment.

# St. John's International Airport Authority

## Notes to Financial Statements

December 31, 2023

(tabular amounts expressed in thousands of dollars except where otherwise noted)

### Significant accounting policies (continued):

#### Capital assets

Capital assets are recorded at cost and are amortized on a straight-line basis from their in-service date over the estimated useful lives of the assets at the following annual rates:

<u>Asset</u>	<u>Rate</u>
Airport terminal building, other buildings and bridges	15 - 30 years
Leasehold improvements and improvements to leased land	15 - 30 years
Vehicles, machinery, furniture and fixtures	5 - 20 years
Computer hardware and software	3 - 15 years
Central de-icing facility	25 years

Assets under construction or development are recorded at cost and are transferred to capital assets when the projects are complete and the assets are placed into service.

#### Intangible assets

Intangible assets of the SJIAA include computer software and are recorded at cost and amortized on a straight-line basis over their estimated useful lives. Amortization of \$7,819 (2022 - \$35,914) is included in operating expenses for the year.

#### Revenue recognition

Landing fees, terminal fees, and car parking revenues are recognized as the facilities are utilized. Airport improvement fees ("AIF"), net of airline administration costs, are recognized when originating departing passengers board the respective aircraft and are subject to reconciliation with air carriers. Concessions revenue is charged on a monthly basis and is recognized based on a percentage-of-sales or specified minimum levels. Rental revenue is recognized on a straight-line basis over the duration of the respective agreements.

Contributions for capital projects, exclusive of AIF, are accounted for under the deferral method. Contributions externally restricted for the purchase of capital assets are deferred and recognized in income as the related assets are amortized.

#### Pension plans

In 2005, the SJIAA established a contributory defined contribution pension plan for new employees hired after March 9, 2003, whereby retirement benefits are based on the investment in the marketplace of both the employer and the employee contributions. The employees determine where their funds are invested. The SJIAA's contributions to this plan for the year ended December 31, 2023 amounted to \$393,962 (2022 - \$361,173).

The SJIAA has a contributory defined benefit pension plan for employees hired prior to March 10, 2003. Retirement benefits are based on length of service and the best six years' average earnings. The defined benefit pension cost is charged to salaries and benefits expense as employees render services.

The Authority's policies for accounting for future employee benefits for the defined benefit pension plan are as follows:

- I. The defined benefit obligation of the pension plan is measured using the most recently completed funding valuation filed with the Office of the Superintendent of Financial Institutions ("OSFI"). The cost of pensions earned by employees is actuarially determined using the projected unit credit actuarial cost method. Under this method, the accrued benefit obligation represents the pensionable service accrued

# St. John's International Airport Authority

## Notes to Financial Statements

December 31, 2023

(tabular amounts expressed in thousands of dollars except where otherwise noted)

### Significant accounting policies (continued):

as at the valuation date and long-term best estimate assumptions consistent with the going concern valuation prepared for funding purposes.

- II. For the purpose of calculating expected return on plan assets, those assets are valued at market value.
- III. Actuarial gains and losses are recognized in full in the period in which they occur, in excess of revenues over expenses.

### Financial instruments

The financial instruments, which include cash and cash equivalents, accounts receivable, debt service reserve fund, accounts payable and accrued liabilities and long-term debt, are recorded at amortized cost. Amortization is recorded on a straight-line basis using the effective interest rate method.

Financial assets are tested for impairment at the end of each reporting period when there are indications that the assets may be impaired.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method.

### Effective interest rate method

Transaction costs are included in the debt balances and are recognized as an adjustment to interest expense over the term of the debt. The SJIAA uses the effective interest rate method to recognize bond interest expense and financing costs where the amount to be recognized varies over the life of the debt based on the principal outstanding.

### Consumable inventory

Inventories are valued at the lower of cost and replacement cost. For 2023, \$1,161,517 (2022 – \$764,312) of inventories were recognized as an expense.

### 3. Accounts receivable:

	2023	2022
Trade	\$2,032	\$2,078
Airport improvement fees	940	1,003
Payroll advances	126	146
HST	72	-
Other	852	3,074
Allowance for doubtful accounts	(121)	(133)
	\$3,901	\$6,168

# St. John's International Airport Authority

## Notes to Financial Statements

December 31, 2023

(tabular amounts expressed in thousands of dollars except where otherwise noted)

### 4. Capital assets:

			<b>2023</b>	<b>2022</b>
	Cost	Accumulated Amortization	Net book Value	Net book Value
Airport terminal building, other buildings and bridges	\$155,579	\$75,873	\$79,706	\$86,622
Leasehold improvements and improvements to leased land	139,799	61,372	78,427	78,969
Vehicles, machinery, furniture and fixtures	46,814	17,716	29,098	24,880
Computer hardware and software	2,492	1,614	878	591
Central de-icing facility	14,344	9,485	4,859	5,427
Assets under construction or development	5,835	-	5,835	4,525
	<b>\$364,864</b>	<b>\$166,060</b>	<b>\$198,803</b>	<b>\$201,014</b>

Assets under construction or development in 2023 are not being amortized and consisted of the Airport Terminal Building West Expansion, Parking Lot Refresh Project and two Loading Bridge replacements. In 2023, the Authority recorded impairment of tangible assets of \$nil (2022 - \$538,923).

### 5. Accounts payable and accrued liabilities:

	<b>2023</b>	<b>2022</b>
Trade	\$2,288	\$1,678
Accrued liabilities	4,470	4,686
HST	-	318
Salaries and benefits	1,152	1,207
Deferred revenue and other	591	534
	<b>\$8,501</b>	<b>\$8,423</b>

### 6. Long-term debt:

	<b>2023</b>	<b>2022</b>
Revenue bonds	\$106,062	\$107,037
Revolving credit facility	-	-
	106,062	107,037
Less transaction costs (net of amortization of \$208,144; 2022 - \$184,892)	(2,058)	(2,266)
	104,004	104,771
Current portion	61,027	975
	<b>\$42,977</b>	<b>\$103,796</b>



# St. John's International Airport Authority

## Notes to Financial Statements

December 31, 2023

(tabular amounts expressed in thousands of dollars except where otherwise noted)

### Long-term debt (continued):

(a) Bond Issue

In May 2007, the SJIAA completed its inaugural \$55,000,000 Revenue Bond issue. The \$55,000,000, 5.252% Series A Revenue Bonds pay interest semi-annually. \$27,500,000 of the initial principal amount is repayable in semi-annual installments. The remaining principal is payable on maturity, which is May 11, 2037.

In July 2014, the SJIAA completed a \$60,000,000 Revenue Bond issue. The \$60,000,000, 3.479% Series C Revenue Bonds are due on July 15, 2024.

The net proceeds from these offerings are used to finance the capital plan and for general corporate purposes. These purposes include repaying existing bank indebtedness and funding of the Debt Service Reserve Fund. The bonds are direct obligations of the Authority ranking *pari passu* with all other indebtedness issued under the Master Trust Indenture.

(b) Reserve Funds

Pursuant to the terms of the Master Trust Indenture, the SJIAA is required to establish and maintain with a trustee a Debt Service Reserve Fund with a balance at least equal to 50% of the annual debt service costs. As at December 31, 2023, the Debt Service Reserve Fund included \$2,783,632 (2022 - \$2,777,375) in interest-bearing deposits held in trust. These trust funds are held for the benefit of bondholders for use in accordance with the terms of the Master Trust Indenture.

For 2023, the SJIAA was required to maintain an Operating and Maintenance Reserve Fund of approximately \$4,658,618. The Operating and Maintenance Reserve Fund must be established and funded as required by the Master Trust Indenture, for the benefit of bondholders. The balance in the fund is equal to 25% of the actual or estimated Operating and Maintenance Expenses incurred by the SJIAA over the previous 12-month period. For 2024, approximately \$5,389,446 will be required to fund the Operating and Maintenance Reserve Fund. The Operating and Maintenance Reserve Fund may be satisfied by cash, qualified investments, letters of credit and the allocation by the Authority of un-drawn availability under a Committed Credit Facility.

(c) Credit Facilities

The credit facilities of the SJIAA are secured by a \$75,000,000 pledge bond issued pursuant to the Master Trust Indenture. Indebtedness under the credit facilities ranks *pari passu* with other indebtedness issued under the Master Trust Indenture.

i) Revolving Credit Facility

The SJIAA has a Revolving Credit Facility of \$ \$30,000,000. The facility has a term of twenty-two and a half months and a maturity date of July 15, 2024.

Indebtedness under the Revolving Facility bears interest at rates that vary with the lender's prime rate and Banker's Acceptance rates, as appropriate. During 2023, the interest rate was 0.8%.

# St. John's International Airport Authority

## Notes to Financial Statements

December 31, 2023

(tabular amounts expressed in thousands of dollars except where otherwise noted)

### Long-term debt (continued):

(d) The annual principal payments required over the next five years and thereafter are as follows:

2024	\$61,027
2025	1,081
2026	1,139
2027	1,200
2028	1,263
Thereafter	40,352
	<hr/>
	\$106,062

### 7. Deferred contributions for capital projects:

From time to time the SJIAA receives contributions for capital projects from various sources. These funds are accounted for under the deferral method, as outlined in note 2.

	2023	2022
Balance, beginning of the year	\$28,851	\$27,777
Add capital contributions received during the year	5,025	3,386
Less amortization	(2,519)	(2,312)
Net deferred contributions for capital projects	<hr/>	<hr/>
	\$31,357	\$28,851

During the year the SJIAA received capital contributions of \$4,944,223 (2022 - \$2,771,529) from the Government of Canada for the airfield rehabilitation project and for critical fleet replacement (note 14). In 2022 \$613,756 was received from the Canadian Air Transport Security Authority for the Hold Bag Screening System Expansion.

# St. John's International Airport Authority

## Notes to Financial Statements

December 31, 2023

(tabular amounts expressed in thousands of dollars except where otherwise noted)

### 8. Airport improvement fees:

The SJIAA entered into an AIF agreement dated May 27, 1999 with the Air Transport Association of Canada and major air carriers serving the Airport. The AIF agreement provides for a consultative process with air carriers regarding the expansion of airport facilities and the collection of AIF by air carriers. The air carriers collect the AIF from passengers on behalf of the SJIAA which entitles them to withhold a handling fee. The AIF rate at December 31, 2023 was \$42 (2022 - \$42) and applies to each departing enplaned passenger. AIF revenues earned and the cash collected can only be used to fund Airport infrastructure projects and associated financing costs that relate primarily to the passenger-handling functions of the Airport.

As at December 31, 2023, cumulative expenditures of \$374,161,243 (2022 - \$358,749,303) exceeded cumulative net AIF revenue collected of \$290,670,782 (2022 - \$265,714,838) by \$83,490,461 (2022 - \$93,034,465). A summary of the AIF collected and the related collection costs are as follows:

<b>AIF revenue (net):</b>	<b>2023</b>	<b>2022</b>
AIF revenue	\$26,845	\$22,852
AIF collection costs	(1,889)	(1,601)
	<b>\$24,956</b>	<b>\$21,251</b>

# St. John's International Airport Authority

## Notes to Financial Statements

December 31, 2023

(tabular amounts expressed in thousands of dollars except where otherwise noted)

### 9. Defined benefit pension plan:

	2023	2022
<b>Plan assets</b>		
Market value, beginning of year	\$30,117	\$33,154
Interest earned	952	934
Employer contributions	185	432
Employee contributions	63	53
Benefits paid	(869)	(780)
Actuarial gain (loss)	2,957	(3,676)
Market value, end of year	33,405	30,117
<b>Plan obligations</b>		
Accrued benefit obligations, beginning of year	21,460	20,903
Employee contributions	63	53
Current service cost	273	291
Interest cost	954	931
Benefits paid	(869)	(780)
Actuarial (gains) losses	(1,004)	62
Accrued benefit obligations, end of year	20,877	21,460
<b>Determination of total cost for the year</b>		
Current service cost	273	291
Remeasurement and other items	(88)	141
Income for the year	185	432
<b>Defined benefit asset</b>		
Defined benefit asset, beginning of year	-	-
Income for the year	(185)	(432)
Employer contributions during the year	185	432
Defined benefit asset, end of year	-	-
<b>Valuation allowance</b>		
Valuation allowance, beginning of year	8,657	12,251
Effect of valuation allowance on finance cost	(2)	3
Remeasurement of valuation allowance	3,873	(3,597)
Valuation allowance, end of year	12,528	8,657
<b>Weighted average actuarial assumptions</b>		
	2023	2022
Discount rate	5.00%	4.50%
Rate of salary increases	3.25%	3.25%

# St. John's International Airport Authority

## Notes to Financial Statements

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(tabular amounts expressed in thousands of dollars except where otherwise noted)

### Defined benefit pension plan (continued):

The assets of the pension plan are invested and maintain the following asset mix:

	Percentage of plan assets	
	2023	2022
Bonds/fixed-income securities	42.26%	44.81%
Equity securities	57.74%	51.19%
Total	100%	100%

The date of the last actuarial valuation of the defined benefit pension plan is December 31, 2022. According to this valuation, the SJIAA's employer service contribution as a percentage of payroll was 23% for 2023 (2022 – 25%). A \$4,312,500 wind-up surplus in the defined benefits pension plan existed as of December 31, 2023.

### 10. Financial risk factors:

#### (a) Interest rate risk:

The SJIAA's exposure to interest rate risk relates to its floating rate Credit Facilities described in Note 6 (c), long-term debt. It should be noted that the majority of SJIAA's debt is fixed-rate debt and therefore changes in interest rates do not significantly impact interest payments but may impact the fair value of this debt.

#### (b) Credit risk:

The SJIAA is subject to credit risk through its financial assets. The SJIAA performs ongoing credit valuations of these balances and maintains valuation allowances for potential credit loss. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about the customer.

The SJIAA's revenues are largely dependent on the domestic air transportation industry. One major carrier providing passenger traffic to the Airport accounted for approximately 61.2% (2022 – 57.6%) of the total enplaned and deplaned passengers for the Airport during the year.

### 11. Commitments:

#### Ground Lease:

In January 2006, the SJIAA began paying Ground Rent to Transport Canada as outlined in its terms of the Ground Lease.

The annual payments are forecasted to be as follows over the next five years:

2024	\$3,398
2025	3,534
2026	3,675
2027	3,822
2028	3,975

# St. John's International Airport Authority

## Notes to Financial Statements

December 31, 2023

(tabular amounts expressed in thousands of dollars except where otherwise noted)

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### 12. Other information:

The Authority may, from time to time, be involved in legal proceedings, claims and litigation that arise in the ordinary course of business which the Authority believes would not reasonably be expected to have a material adverse effect on the financial condition of the Authority.

### 13. Directors' and officers' remuneration:

The salary range for the Authority's Chief Executive Officer and for senior managers reporting to the Chief Executive Officer was \$146,352 to \$233,300 during 2023 (2022 - \$137,800 to \$235,000).

### 14. Government Assistance

In 2022, the SJIAA was successful in its Airport Critical Infrastructure Program ("ACIP") application to the Government of Canada for critical fleet replacement and airfield rehabilitation. This multi-year program provides 50% funding for approved projects from 2022 to 2026. During the year funding of \$4,944,223 (2022 - \$2,771,529) was received (note 7). During the year advances of \$1,802,944 (2022 - \$nil) were received and are included in capital contribution advances.