

IT'S YOUR AIRPORT



Regina Airport  
Authority Inc.

www.yqr.ca

REGINA AIRPORT AUTHORITY INC.

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Regina Airport  
Authority Inc.







*Shaping our future*



*from the success  
of our past*



# POST CARD



CORRESPONDENCE

ADDRESS

As Regina Airport Authority Inc.  
reflects on 2011 we are able to share the  
success of our past, illustrate our recent  
developments and improvements and  
demonstrate how these accomplishments  
will continue to shape the future of the  
Regina International Airport.



Annual Report  
2011

BUILDING FROM THE SUCCESS OF OUR PAST – CHAIR & CEO MESSAGES: PAGE 4

ESTABLISHING OUR FUTURE: PAGE 6

REFLECTING ON OUR CORE OPERATIONS: PAGE 8

CONTRIBUTING TO OUR FUTURE: PAGE 11

REACHING AHEAD: PAGE 12

CREATING MEMORABLE EXPERIENCES: PAGE 14

SHARING OUR PAST, SHAPING OUR FUTURE: PAGE 15



## Fundamental Beliefs & Values

- act with integrity and ethically
- meet or exceed all applicable safety, security and environmental regulations
- be fiscally responsible
- develop effective communications programs
- consistently excel at meeting customer and stakeholder expectations
- promote positive and respectful labour relations
- develop our employees to realize their potential
- be adaptive



*Lieut. Groome  
and his flying machine*



## Vision

A sustainable and customer service focused gateway airport that enhances economic growth and access to Regina and Southern Saskatchewan.

## Mission

To manage and operate our airport in a safe, secure, efficient, commercially viable and environmentally responsible manner.

# *Building from the success of our past*

## Chair Message

Those who had the foresight and vision, trust and confidence, that a community operated airport would be a pillar in the economic growth of Regina and southern Saskatchewan must feel proudly vindicated by the modern and successful facility and operation. The vision and mission to be that sustainable and customer focused, competitive and financially independent entity has been successfully delivered seamlessly and in pace with the New Saskatchewan of growth and prosperity in a challenging world.

2011 gave us one more successful year, meeting and exceeding customer expectations, new passenger records approaching 1.15 million, solid financial performance, major new capital expenditures with renewed runways and aprons achieved in one year with almost no down time to air service, and the start on a new partnership with the car rental operators to enhance their service to the growing user market.

As we approach 2012 and the next several years our focus turns to thinking and planning for the future to meet the increasing demands. Our past success has been achieved by timing our capital growth to stay comfortably ahead of demand to accommodate airline and customer needs. The last terminal expansion finished in 2005 was projected to meet demands until after 2020. We are already seeing congestion at peak periods. Our continued success means decisions and actions in 2012 to commit to new capacity in the waiting areas at check-in and post security with enhanced customer facilities required in a modern facility. Parking investment and terminal expansion by 2020 will be the subject of vigorous Board discussion with management as we prepare to meet the changing and growing demands of buoyant Saskatchewan airline users, changing airline service and airplane design.



Saskatchewan and Regina are in the midst of an unparalleled growth cycle. Regina Airport Authority Inc. (RAA) has met and stayed abreast with that to ensure the air travel industry for commerce and recreation functions efficiently and effectively at an airport that is community responsive and sustainable. The Board and management have shown their capacity to meet this challenge and will be vigilant to maintain that path. RAA is funded wholly from user fees that compel responsiveness to the industry and users. They expect responsible and prudent decisions and justifiably so. RAA has earned the confidence to move forward and maintain the success of our past.

Our Board is going through a revitalization with five new members through 2011 and 2012. Frank Flegel will retire from the Board after serving his full nine year term with skill and commitment. The Board is to be commended for its diligent service... through 2011 attendance was 97.2% based on total Committee and Board meeting requirements. These achievements and diligence are ably supported by the management and staff whose service and exemplary commitment to the mission, vision and strategic objectives are without fail.

If it is true that failing to learn from the mistakes of the past brings the same poor results, then a constructive corollary would be that continuing the attributes that brought success in the past will mean continued progress. It is through that lens that we look forward to meeting our vision and mission for a continued vibrant and successful airport serving our valued customers, airlines and southern Saskatchewan.

Bob Linner  
Board Chair

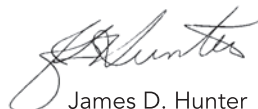
## CEO Message

2011 proved to be another very successful year for Regina Airport Authority Inc. (RAA), as we set yet another record for passenger throughput with 1,141,177 passengers enjoying the amenities of our airport. This growth represents an increase of 1.9% over last year's record as global economic and industry uncertainties continued, but still reflects a healthy increase over what was an industry leading increase last year.

As always, the management and staff here at RAA continued to meet the challenges of a southern Saskatchewan and Regina economy that defies those uncertainties. In our efforts to continue to provide safe and efficient service to our passengers, we successfully completed a major runway rehabilitation and apron expansion project of \$17.5 million. Achieved on time and within budget and contingency amounts, we have now ensured that Regina's most important main street will continue to serve the community for at least the next 15 years while also increasing our capability to accommodate increased numbers of aircraft on our main apron. Our signage project, also completed last year, now provides way finding services both inside and outside the terminal building in both official languages, using international symbology familiar to travellers worldwide.

In our never ending quest to fulfill our mission of operating a safe, secure, efficient, and environmentally responsible airport, we achieved much in 2011. Our cooperative efforts with Transport Canada have led to the successful development and implementation of Phase 3 of our Safety Management Systems program which moves us into the realm of risk based analysis and management of safety issues at the airport. As well, our Board approved a new management developed environmental policy that will not only provide the framework for our environmental plan moving forward but ensure our continued compliance with environmental standards and continued enhancements reflecting best practices as we meet the increasing expectations of the public of southern Saskatchewan and Regina in this most important issue to future generations. Also, we continue to meet and exceed Transport Canada expectations in the development of an Airport Security Plan that not only will integrate your airport into a national and international security framework, but ensure the security of our passengers for years to come.

We continue to work closely with our Board to develop strategic initiatives and overviews that will guide the development of your airport successfully into the future, ensuring our air service and facilities, be they groundside or airside, continue to meet the needs of the people of southern Saskatchewan and Regina for years to come. I am thus pleased to second our Chair's enthusiasm and optimism about the Regina International Airport's current state, its past year's achievements and the future. The management and staff of RAA are proud of our achievements in 2011 and we are looking forward to continuing to provide Regina and southern Saskatchewan with the best service possible as we strive to keep up with the expectations and achievements of Regina and southern Saskatchewan.

  
James D. Hunter  
President and CEO





# *Establishing our future*

Regina Airport Authority Inc. (RAA) continues to strengthen connections with its employees – and the airport community as a whole – as part of our commitment to the responsible growth of the airport.

The employees of RAA – and the broader airport community – are dedicated to a seamless 24/7 operation of the Regina International Airport. Our employees have a multitude of roles: keeping the runways operational; administering contracts; ensuring the airport's safety, security and environmental responsibilities are met; and a multitude of other essential tasks.

RAA continues to assess its resources and staffing needs to meet its strategic objectives. In response to 2011's continued growth, RAA added an additional Equipment Operator and continues to monitor other personnel needs and alignments. This will involve a review of the organizational structure during 2012.

In support of RAA's commitment to its employees and further fostering internal communications, the RAA will launch a database information-sharing system (SharePoint). In addition, programming reviews focused on ongoing employee training, development, and skills enhancement are contemplated.

The 2011 contributing team is comprised of the following individuals:

## **Executive**

Jim Hunter, President and CEO  
Steve Burchi, VP Operations  
Derrick Thue, VP Administration and CFO

## **Administration**

Don Carvalho, Administration Assistant – Finance  
Kari Dean, Communications, Customer Service and Marketing Director (Acting)  
Terry Klimosko, Lease and Contracts Officer  
Judy Plumpton, Administration Assistant – Finance  
Luanne Quick, Administration Associate (part-time)  
Dave Skene, IT  
Lori Sly, Communications, Customer Service and Marketing Director (Maternity Leave)  
Curtis Tutthill, Corporate Administrator / HR Administration Officer





## Operations

Rick Proulx, Manager Airport Operations  
Doug Cascaden, Security Operations Officer  
Andrew Duncan, Summer Student (Operations)  
Dennis Sandoff, Operations Officer

## Fire Hall

Kevin Hembroff, Manager Airport Safety / Fire Chief  
Kevin Joa, Firefighter Captain  
Ray Silzer, Firefighter Captain  
Brian Stewart, Firefighter Captain  
Dean Davyduke, Firefighter  
Chris Grant, Firefighter  
Chad Kemery, Firefighter  
Mark Kress, Firefighter  
Kelly Schwartz, Firefighter  
Jamie Smith, Firefighter

## Maintenance

Emile Forest, Manager Airport Facilities  
and Environmental Officer  
Earl Spencer, Supervisor Building Electrical  
Eldon Blenkin, Supervisor Airfield Mobile  
Dale Peterson, Projects Officer  
Joanne Bell, Operations Assistant  
Elizalde Acob, Electrician  
James Birrell, Seasonal Equipment Operator  
Wes Crofts, Seasonal Equipment Operator  
Nuno Dian, Trades Helper  
Alexandra Duczek, Summer Student Groundskeeper  
Martin Fortier, Equipment Operator  
Doug Harbor, Summer Student Groundskeeper  
Kelly Heichert, Equipment Operator  
Benjamin Love, Summer Trades Helper  
Ashley Marshall, Summer Student Operations Assistant  
Chris Mickleborough, Mechanic  
Jeffrey Moreside, Seasonal Equipment Operator  
Josh Morris, Electrician  
Bruce Munro, Seasonal Equipment Operator  
Kyle Nadiger, Summer Student Groundskeeper  
Randy Papegnies, Mechanic  
Rick Penner, Building Technician (Retired)  
Ryan Pope, Plumber  
Larry Prychak, Equipment Operator  
Don Ross, Carpenter  
Doug Scheibel, Equipment Operator  
Warren Terry, Equipment Operator  
George Toro, Equipment Operator  
Leon Urszulan, Seasonal Equipment Operator  
Brent Wesley, Building Maintenance Mechanic (Millwright)  
Rod Wheeler, Equipment Operator



*Roland J. Groome, Roger "Cap" Delhaye,  
Art Brazier*



# *Reflecting on our core operations*

Safety, security, environmental responsibility and efficiency are the operational cornerstones at Regina International Airport:

## **Safety Achievements**

- Oversight and management of a complex airside rehabilitation project, encompassing overlays of both runways and an expansion of our main aircraft parking area (Apron I).
- Full compliance with regulated airport safety and occupational health standards.
- Completion of Phase 3 of the airport's Safety Management System (SMS).
- Continued development of internal SMS processes and SMS initial and recurrent training initiatives for all staff.
- Development and distribution of an Apron Safety Plan to standardize and enhance operational safety.
- Working with airport partners, effective accommodation of record passenger numbers and associated operational challenges while providing a highly safe operating environment.

## **Security Achievements**

- Commenced design development for closed circuit television (CCTV), access control and security operations centre (SOC) enhancements scheduled for implementation in 2012.
- Continued active participation with industry associates (Transport Canada, air carriers, Canadian Air Transport Security Authority, Canada Border Services Agency, Transportation Security Administration, Canadian Airports Council, Airports Council International – North America) with a view towards continual security improvements and implementation of best practices.
- Development of a draft Airport Security Program in accordance with anticipated regulatory requirements.
- Conducted a "table-top" security exercise in fulfillment of Transport Canada requirements.
- Demonstrated compliance in meeting all airport security legislative standards through feedback from regulatory agencies, airport inspections and internal programming.



## Environmental Responsibility

Regina Airport Authority Inc. (RAA) has increased its emphasis towards environmental stewardship and due diligence through the multi-phased development of an effective environmental management system (EMS), including:

- Review and update of the RAA's Environmental Policy statement.
- Completion of an internal audit and gap analysis, confirming RAA's substantial compliance with major environmental requirements and identifying a number of low risk focus areas.
- Conclusion of a tenant compliance audit focusing on identifying higher risk operations, and the subsequent development of tenant compliance reporting/audit protocols.
- Identification of all legislated environmental requirements (Federal/Provincial/Municipal) and their applicability to the Regina International Airport.
- Review of the current water sampling program and development of recommendations to increase its effectiveness.

## Operational Efficiency

- Commenced discussions with airlines to finalize the design for 2012 implementation of a reconfigured check-in hall, including redesigned ticket counters and introduction of additional common use and self serve elements.
- Completed a Common Use Terminal Equipment (CUTE) program for winter charter operations at check-in and boarding counters.
- Completed a multi-year signage improvement program for both external and internal wayfinding elements.





## Major 2012 Initiatives

- Construction of the check-in hall reconfiguration and implementation of a common use IT platform, as well as post security holdroom expansion to address capacity constraints and to enhance food, beverage and concession offerings.
- Submission of Safety Management System Phase 4 in compliance with the March 31, 2012 Transport Canada deadline.
- Coordination and conduct of a full scale emergency response exercise, including active participation from mutual aid agencies within the City.
- Integration of new fire fighting vehicles into operational plans and procedures, as well as coordination of a firehall expansion to house these larger units.
- Upgrade of the closed circuit security television and access control system within the air terminal building.
- Completion and delivery of an updated environmental management system and formalized due-diligence reporting for RAA Board approval.
- Development of air emissions and green house gas inventories utilizing specialized air monitoring equipment on loan from Transport Canada.



*2012 conceptual drawing  
of check-in hall*

# *Contributing to our future*

As we continue to involve ourselves in our community, our level of commitment increases. Our contributions play a key role in the future success of our airport, and in 2011 we continued to partner with various community organizations to make a difference in our community and in the future of our community.

By supporting a variety of community organizations we continue to demonstrate the importance of our community to our organization:

- 34 Roland J. Groome Air Cadet Squadron – \$3,500 sponsorship donated annually by Regina Airport Authority Inc. (RAA) ([cac34.sasktelwebsite.net](http://cac34.sasktelwebsite.net)).
- ACI-NA Japan Airport Employee Relief Fund - \$500 donation ([www.aci-na.org](http://www.aci-na.org))
- Hope Air – \$600 donation ([www.hopeair.org](http://www.hopeair.org))
- Hope's Home – \$675 donation raised at RAA BBQ fundraiser with proceeds matched by RAA for a total sponsorship of \$1,350 ([www.hopeshome.org](http://www.hopeshome.org))
- Regina Flying Club – the annual \$2,000 RAA Flight Scholarship Award (recipient Francois Vermeulen) ([www.reginaflyingclub.ca](http://www.reginaflyingclub.ca)).
- Saskatchewan Aviation Council – \$2,500 toward the Saskatchewan Aviation Council annual conference ([www.saskaviationcouncil.ca](http://www.saskaviationcouncil.ca)).
- Teddy Bears Anonymous – \$2,005 donation raised at the annual RAA Golf Tournament with proceeds matched by RAA for a total sponsorship of \$4,010 ([www.erinsgift.ca](http://www.erinsgift.ca))
- Yellow Wings Tour - \$1,100 for fuel for the Regina stopover ([www.yellowwings.ca](http://www.yellowwings.ca))



In addition to the monetary commitment we make to our community, we also provide advertising in support of charitable organizations, Air Cadet Squadrons throughout Saskatchewan and in-kind donations and support to various golf tournaments.

RAA and its staff are proud to be a part of an airport-wide team that welcomes and supports each other's social efforts. With many fundraisers and initiatives taking place within the airport, RAA is pleased to support and participate with the airport community.

As we move into 2012 we will formalize our commitment to our community and our levels of participation. We will continue our mandate of the social responsibility program to ensure the well-being and equitable treatment of RAA's employees, communities and stakeholders.



# Reaching ahead

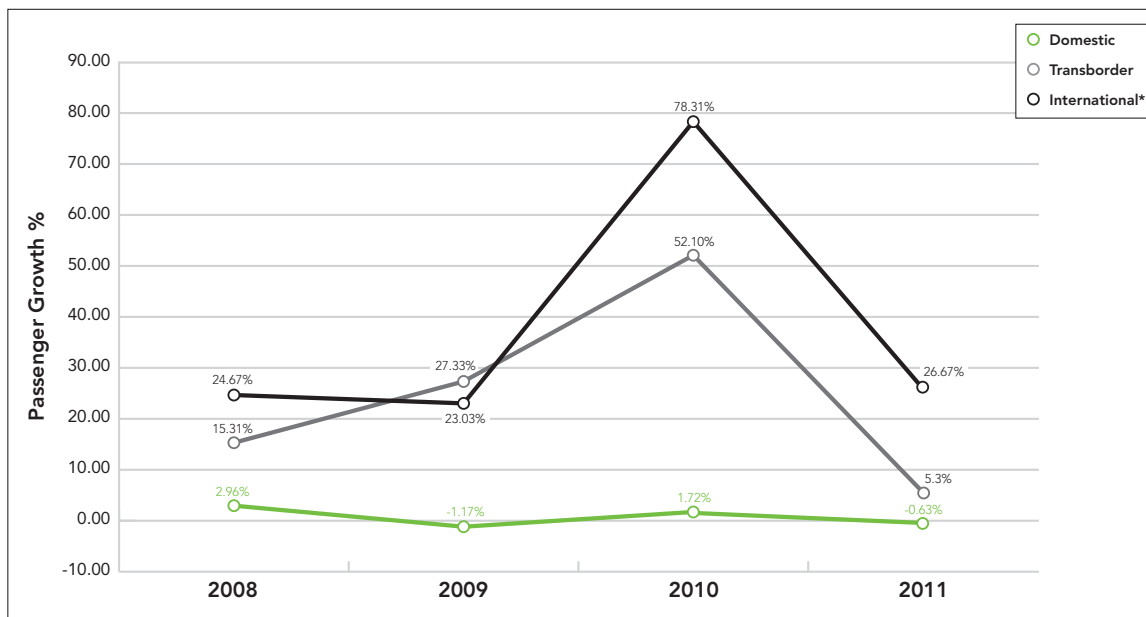
## Seventh straight year of passenger growth.

As we reach ahead with record breaking passenger numbers, the variety of flight service options out of the Regina International Airport (RIA) continues to expand. Passengers flying out of RIA enjoy excellent domestic service, transborder non-stop routes to Denver, Chicago and Minneapolis, as well as a wide variety of sun and tourist destinations during the winter period. RIA continues to focus on the maintenance of existing airline services through the aggressive marketing of the economic prosperity and growth of the region while continuing to research and seek future route development.

With a strong economy that thrives on exports to the global marketplace, there is demand for direct flights to key trading partners in Europe and Asia. Initial efforts in the development of attaining direct service to international destinations in both Europe and Asia began with a mission by a Saskatchewan delegation to attend the Annual World Routes Conference. In 2012 the focus will be on securing and solidifying existing domestic and transborder services. We will also continue to explore international destination opportunities in cooperation with provincial and community stakeholders.

The figure below illustrates the growth in each air service segment with the largest gain in the international charter segment at 26.67%; rapid growth in transborder service at 5.3%; while domestic service continues to lag with a .63% decline.

Figure 1. Breakdown of Air Service according to type



\*Note: International figures include seasonal southern traffic to Las Vegas and Phoenix

### Domestic

Calgary, AB, Canada  
Edmonton, AB, Canada  
Ottawa, ON, Canada\*  
Saskatoon, SK, Canada  
Toronto, ON, Canada  
Vancouver, BC, Canada  
Winnipeg, MB, Canada

### Transborder

Chicago, IL, USA  
Denver, CO, USA  
Las Vegas, NV, USA\*  
Minneapolis, MN, USA  
Phoenix, AZ, USA\*

### International\*

Cancun, Mexico  
Huatulco, Mexico  
Los Cabos, Mexico  
Mazatlan, Mexico  
Montego Bay, Jamaica  
Panama City, Panama  
Puerto Vallarta, Mexico  
Punta Cana, Dominican Republic  
Varadero, Cuba

\* Seasonal service



# *Creating memorable experiences*

We value our stakeholders, our tenants and the travelling public, and we want to assist in creating memorable and positive experiences at the Regina International Airport. As such, your feedback is essential to how we meet your needs and Regina Airport Authority Inc. (RAA) is committed to listening and responding to each and every concern.

To reflect our commitment and the value we place on feedback, below are new activities and initiatives that took place in 2011.

## Why Fly YQR?

RAA's 2011 marketing initiative 'Why Fly YQR?' campaign and contest, while increasing Airport awareness became a catalyst in creating two-way communication and engagement. The 'Why Fly YQR?' campaign generated the following three key messages:

- YQR is friendly
- YQR is easy to use
- YQR is home

## Airport Service Quality

RAA is committed to conducting regular Airport Service Quality (ASQ) benchmarking surveys to gauge how our service compares to approximately 186 airports worldwide, as well as our own past performance. Quarterly surveying began in the second quarter of 2011, and through survey findings RAA continues to review, monitor and make adjustments to ensure we are doing our best to create a memorable and positive experience for everyone at Regina International Airport. Based on our first year of measurable data we placed 46th out of 186 surveyed airports. Regina International Airport rated the highest in terms of customer satisfaction in 2011 in the following five areas:

- Courtesy and helpfulness of inspection staff
- Waiting time at passport/personal ID inspection
- Walking distance inside the terminal
- Efficiency of check-in staff
- Waiting time at security inspection
- Waiting time in check-in queue/line

The analysis of the ASQ surveys also assists us in targeting required improvements to customer satisfaction and provides groundwork for a comprehensive, airport-wide customer service program to be implemented in 2012.

RAA continues to demonstrate our commitment to our customers by focusing on activities and initiatives that engage our customers. By continuing to place significant importance on feedback and suggestions we will continue to shape the future of our airport.



# *Sharing our past, shaping our future*

Regina Airport Authority Inc. (RAA)'s Board and Management revisited the strategic plan as part of its annual review exercise during 2011 to ensure continued alignment of strategy with identified goals and objectives in establishing the 2012 plan. The outcomes are identified below, incorporating 2011 achievements:

## **Operate a safe, secure and environmentally (SSE) sustainable airport.**

This objective references RAA's primary purpose reflecting key criteria in the operation of the Regina International Airport (RIA). The objectives within this goal have been categorized into four primary thrusts for the action plan: safety, security, environmental and operational efficiency.

### **Safety:**

2011 objectives achieved include safety management systems (SMS) program validation for phase two and acceptance of phase three SMS documentation resulting in a fully endorsed plan from the regulator. All aspects of day-to-day regulatory compliance have been met as supported by regulatory review and inspection with no outstanding issues.

For 2012, we have identified the following goals in support of our strategic direction:

- Complete SMS Phase 4 – quality assurance programming, self inspection, emergency preparedness and regular evaluation of safety management policies and procedures, adhering to the March 31, 2012 Transport Canada deadline.
- Enhance safety training resulting from analysis of actual RAA incidents through utilization of the approved SMS programming and enhanced technology for tracking and due diligence documentation.
- Coordinate and conduct a full scale emergency response exercise, including participation from mutual aid agencies within the City.
- Integrate new fire fighting vehicles into operational plans and procedures, as well as coordinate a firehall expansion to house these units.

### **Security:**

2011 objectives achieved include completion of a security threat and risk assessment. All aspects of day-to-day compliance have been met as supported by regulatory review and inspection with no outstanding issues.

For 2012, we have identified the following objectives in review of our updated strategic direction:

- Implement assessment criteria from 2011 study for closed circuit security systems, access control, and overall enhanced security solutions for the air terminal and demised premises.
- Develop a comprehensive Airport Security Plan.
- Transition to a new security services contract in April of 2012.



## Environmental:

2011 objectives completed included an updated issued environmental policy statement flowing from an environmental compliance audit that was completed during the year. A training workshop was held for all key RAA employees involved in environmental issues.

For 2012, the following objectives have been set for this area reflecting the strategic update:

- Complete and deliver an updated environmental management plan for Board approval and formalized due-diligence reporting.
- Initiate rotating annual tenant environmental compliance inspections.
- Complete “Environmentally Friendly Communication Plan” once the updated environmental management system is approved by the Board for implementation.

## Operational Efficiency:

2011 objectives included completion of the conceptual check-in hall design as well as IT common use and infill redevelopment initiatives. Security, janitorial, ground transportation and customer service contracts were also renewed.

For 2012, we have identified the following initiatives:

- Completion of check-in hall reconfiguration and common use IT platform and post security holdroom expansion to address capacity constraints and enhance post security food and beverage and confectionary offerings.
- Complete strategic air terminal reserve planning and conclude detailed design for future parking enhancements.
- Long term parking lot improvements to improve access/exit and service levels.



## Become a more effective gateway.

Consistent with the 2011 Business Plan, we have identified three main thrusts in this area: air services, airport marketing, and customer service. In addition, a fourth thrust – enhanced image and profile – which was a 2011 standalone goal, has also been incorporated into this area.

### Air Services:

2011 accomplishments included the marketing campaign and associated contest “Why Fly YQR” which focused on the unique benefits of flying YQR and provided some counter messaging to offset aggressive US marketing into our catchment area. Also emphasized was the maintenance of current services and ongoing contact with all the main carriers serving Regina.

For 2012, as the global aviation industry contends with economic uncertainty and a limited and changing fleet size, we will once again focus on the maintenance of existing airline services through the aggressive marketing of the economic prosperity and growth in our catchment area. Thus the main initiatives for 2012 are:

- Continue targeted approach to carriers to preserve services and to ensure effective competition with airports vying for redeployment of limited fleets.
- Continue to market summer charter options with a Saskatchewan-wide approach.

### Airport Marketing:

Advances in airport marketing and branding were made on several fronts during 2011 including an enhanced website and the launch of our quarterly newsletter. Airport-wide bilingual signage improvements were completed. The “Why Fly YQR” campaign was used as an awareness campaign to better engage the community and stakeholders.

For 2012 focus will be in the following areas:

- Define core activities and incorporate themes into a formal marketing plan.
- Participate in the joint development of a community marketing program.
- Maintain a regular Fly YQR brand presence through ongoing paid and unpaid marketing opportunities.



## Customer Service:

2011 accomplishments included the initiation of the Airport Service Quality (ASQ) survey benchmarking providing for continuous feedback from our users and development of key performance measures.

For 2012, we plan to build on these initiatives and roll out a formalized customer service and communication strategy. More specifically our goals for 2012 are as follows:

- Fine-tune and implement the airport-wide customer service program, focused on regular training, support, evaluation and recognition.
- Identify key benchmarks and continuous monitoring of stakeholder satisfaction.

## Enhanced Image and Profile:

In 2011, RAA enhanced relationships with key stakeholders through more regular strategy meetings and ongoing engagement (key stakeholders include the City, Global Transportation Hub, Regina Regional Opportunities Commission, Canadian Airports Council, Tourism Saskatchewan, Enterprise Saskatchewan, Saskatoon Airport Authority, the general aviation group and others).

Key thrusts in 2012 include the following:

- Continue to engage community stakeholders through active participation in joint initiatives, meetings and events.
- Develop a community engagement program that relates to corporate donations/sponsorship and RAA's community involvement.



## Remain financially viable and cost competitive.

2011 accomplishments included a review of core and non-core activities focusing on revenue enhancement. This analysis included consultation with airlines in support of a \$20 airport improvement fee that takes effect January 1, 2012.

Options for Key Performance Indicators (KPI's) for financial monitoring have been identified and have been incorporated into 2012 plans.

## 2012 Objectives:

- Evolve and enhance financial reporting incorporating a forward looking longer-term strategic approach that ensures the appropriate balance of risk tolerance and financing requirements in support of a sustainable and cost competitive operation utilizing key industry Key Performance Indicators (KPIs).
- Finalize a risk management analysis leading to a Board-approved work plan that Management will use to develop contingency and risk mitigation plans for the top risks.

## Ensure facilities address current and future demands of users.

Several key initiatives were completed during 2011 including the air terminal reserve and air cargo assessments. These studies will assist RAA in moving into the implementation phase for infrastructure improvements that include the determination of future parking options and future air terminal expansion. Air cargo was assessed as an extension of our core operations, the transportation of passengers, realizing synergies that air cargo may bring towards maximizing yields to the carriers and protecting air services. We completed the following major investments to ensure our facilities will meet future demands of users:

- Rehabilitation of the primary and secondary runways for an extended life of 15+ years.
- Expansion of Apron 1 to mitigate carrier congestion and safety.
- Began construction of the common use car rental facility.

Major thrusts for 2012 consistent with the strategic vision are as follows:

- Finalize vision resulting from the terminal reserve study and phasing programming.
- Complete infill holdroom and common check-in hall modifications.
- Complete purchase of replacement fire trucks and firehall renovations.
- Complete detailed study of parking options in consideration of terminal reserve planning.





## Maintain a talented and motivated workforce.

Through 2011, RAA increased its emphasis in the areas of training and staff development. We are well into our departmental assessments for environmental and ongoing IT requirements; identification of priorities and associated resourcing will occur in 2012.

Formalized staff meetings, staff development days and staff surveys are now in place; in addition, policy programming was initiated in cooperation with the Union in the areas of code of conduct, whistle blower and respectful workplace policies.

2012 strategies will evolve from the background works completed in 2011:

- Review organizational structure for alignment with the updated strategic core business priorities including key position succession considerations.
- Complete evaluations for IT and environmental management plans and put appropriate resources in place.
- Identify departmental training programming to match strategic goals to improve knowledge base and staff development initiatives.
- Initiate market assessments for remuneration reviews for Board and staff in consideration for 2013 formalized commitments.



*The old "Jenny"! This was the first civilian aircraft of any kind registered in Canada, and was given the identifying registration letters G-CAAA*



*Corporate Governance*



CORPORATE GOVERNANCE: PAGE 23

BOARD REMUNERATION AND ATTENDANCE: PAGE 24

AUDIT AND FINANCE COMMITTEE: PAGE 28

COMMUNITY CONSULTATIVE COMMITTEE: PAGE 30

GOVERNANCE AND NOMINATING COMMITTEE: PAGE 32

HUMAN RESOURCES COMMITTEE: PAGE 36



# Corporate Governance

Regina Airport Authority Inc. (RAA) is committed to implementing corporate governance practices that are aligned with those required for public companies as a non-share corporation under National Policy 58-201 Corporate Governance Guidelines, which requires disclosure of corporate governance practices.

## Membership and Committees

Board membership is comprised of 11 – 13 members; currently there are 12 serving members nominated by the following governmental bodies and Regina Airport Authority Inc. as represented below:

City of Regina – 6	Province of Saskatchewan – 1
City of Moose Jaw – 1	Government of Canada – 2
RM of Sherwood – 1	Regina Airport Authority Inc. – 2 (1 RAA position is currently vacant)

The Authority utilizes four primary Committees; each committee has its own charter and/or mandate. Copies are available upon request. The four Committees include Audit and Finance, Community Consultative, Governance and Nominating and Human Resources. Committee Chairs have provided a written summary of their activities within this annual report. A complete listing of the Community Consultative Committee membership will be provided upon request.

## Roles and Responsibilities

The fundamental role and responsibility of the Board is to provide direction to, and oversight of, the Authority.

**Roles:** The Board sets strategic direction approving the strategic planning document and the annual business plan. The Board provides stewardship overseeing management of RAA's business affairs through determination of policy, and the monitoring of performance and progress in meeting the objectives of the Corporation.

The Board's role is to ensure effective communication of plans and policies including appropriate transparency of processes and disclosures to the community it serves.

**Responsibilities:** A key responsibility of the Board is to be aware of the nature and extent of strategic and critical business risks faced by the Authority, and to ensure that there are appropriate systems in place to address and manage these risks.

Directors are independent of Management. Regular board meetings are held; written position descriptions including delineation of duties and responsibilities are in place for the Board, Chair and Committees; and further a written President and Chief Executive Officer position description including duties and responsibilities is in place.

Board orientation and continuing education processes are identified. A written code of conduct for Directors, Officers and employees is in place and available upon request. The Board is responsible for compliance and is monitored through the Governance and Nominating Committee which is responsible to review and recommend board compensation. The HR Committee carries out the responsibility of completing the annual assessment of the President and Chief Executive Officer consistent with the President and Chief Executive Officer's evaluation criteria and recommends to the Board the appropriate compensation.

The auditor for RAA is KPMG LLP; audit fees for 2011 totaled \$33,000 (\$31,500 – 2010). The organization's corporate lawyer is MacPherson, Leslie & Tyerman LLP.

# Board Remuneration and Attendance

Larry Smart  
Board Member (2007)

Brian Martynook  
Vice-Chair (2004)

David Walsh  
Board Member (2006)

Bob Linner  
Chair (2006)



Vaughn Solomon-Schofield  
Board Member (2007)

Paul Bourassa  
Board Member (2011)



BOARD MEMBER:	Bob Linner, Chair		
REMUNERATION:	\$30,100	ATTENDANCE: 7/7	NOMINATOR: Province of Saskatchewan (2006)
OCCUPATION:	Retired – City Manager, City of Regina		
COMMITTEES:	Governance & Nominating, Ex officio all Committees	COMMITTEE ATTENDANCE: 5/5, 16/17	

BOARD MEMBER:	Brian Martynook, Vice-Chair		
REMUNERATION:	\$16,700	ATTENDANCE: 7/7	NOMINATOR: City of Moose Jaw (2004)
OCCUPATION:	Executive Director, Moose Jaw Chamber of Commerce		
COMMITTEES:	Human Resources (Chair)	COMMITTEE ATTENDANCE: 7/7	

BOARD MEMBER:	James Rybchuk, Secretary		
REMUNERATION:	\$16,400	ATTENDANCE: 7/7	NOMINATOR: City of Regina (2007)
OCCUPATION:	Lawyer, Partner, McDougall Gauley LLP; Adjunct Professor Law, University of Regina		
COMMITTEES:	Community Consultative (Chair), Human Resources	COMMITTEE ATTENDANCE: 2/2, 5/5	

BOARD MEMBER:	Paul Bourassa		
REMUNERATION:	\$9,533	ATTENDANCE: 4/4	NOMINATOR: City of Regina (2011)
OCCUPATION:	General Counsel and Chief Compliance Officer, Western Surety		
COMMITTEES:	Audit & Finance	COMMITTEE ATTENDANCE: 4/5	

BOARD MEMBER:	Frank Flegel		
REMUNERATION:	\$15,200	ATTENDANCE: 7/7	NOMINATOR: City of Regina (2003)
OCCUPATION:	Retired – Media Relations Consultant		
COMMITTEES:	Human Resources	COMMITTEE ATTENDANCE: 7/7	

BOARD MEMBER:	Catherine Roberts		
REMUNERATION:	\$13,700	ATTENDANCE: 7/7	NOMINATOR: City of Regina (2005)
OCCUPATION:	Accountant; University of Regina Engineering Student		
COMMITTEES:	Governance & Nominating	COMMITTEE ATTENDANCE: 4/5	

\*Note: Government of Canada position vacant from May through December 2011.



Frank Flegel  
Board Member (2003)



Ken Waschuk  
Board Member (2009)

Alex Taylor  
Board Member (2011)



James Rybchuk  
Secretary (2007)



Catherine Roberts  
Board Member (2005)

BOARD MEMBER:	Larry Smart		
REMUNERATION:	\$18,200	ATTENDANCE: 7/7	NOMINATOR: R.M. of Sherwood (2007)
OCCUPATION:	Retired – Director, Distribution Utility Accounting, SaskEnergy		
COMMITTEES:	Audit & Finance (Chair)	COMMITTEE ATTENDANCE: 7/7	

BOARD MEMBER:	Vaughn Solomon-Schofield		
REMUNERATION:	\$14,300	ATTENDANCE: 7/7	NOMINATOR: City of Regina (2007)
OCCUPATION:	President & CEO, Western Limited Group of Companies		
COMMITTEES:	Audit & Finance	COMMITTEE ATTENDANCE: 6/7	

BOARD MEMBER:	Alex Taylor		
REMUNERATION:	\$10,133	ATTENDANCE: 6/7	NOMINATOR: City of Regina (2011)
OCCUPATION:	Retired – Minister of the United Church of Canada		
COMMITTEES:	Human Resources	COMMITTEE ATTENDANCE: 5/5	

BOARD MEMBER:	David Walsh		
REMUNERATION:	\$15,200	ATTENDANCE: 7/7	NOMINATOR: Regina Airport Authority (2006)
OCCUPATION:	Principal, Virtus Group LLP, Chartered Accountants and Business Advisors		
COMMITTEES:	Audit & Finance	COMMITTEE ATTENDANCE: 7/7	

BOARD MEMBER:	Ken Waschuk		
REMUNERATION:	\$20,300	ATTENDANCE: 7/7	NOMINATOR: Government of Canada (2009)
OCCUPATION:	President, Tanka Resources Group		
COMMITTEES:	Governance & Nominating (Chair), Community Consultative	COMMITTEE ATTENDANCE: 5/5, 1/2	

\*Note: Darlene Hincks joined the Board in December 2011.

Regina Airport Authority Inc. (RAA) Board retainers are as follows:

Position	Retainer
Chair	\$20,000
Vice-Chair	\$ 9,800
Committee Chairs	\$ 9,800
Task Force Chairs	\$ 9,800
Directors	\$ 8,000

All Board members including the Chair receive per diems rates of \$300 per Board or Committee meeting less than 3 hours and \$600 per meeting over 3 hours attended. Further, \$150 per diems are paid for attendance of nominators and public meetings. Per diem rates are paid at \$600 per day and/or \$300 per half day (three hours or less) for authorized business and training/attendance. Travel time for in-town and out-of-town activities are not compensated. Travel expenses are reimbursed.

The Board also incurred \$41,744 in expenses during the year 2011 (2010 - \$47,269) in conducting its responsibilities. These amounts included dollars spent on development, orientation and participation in industry interest groups.

Total Remuneration \$200,165 (2010 - \$185,601)

\*Note: President & CEO is the sole employee of the Board and not a Director.

Regina Airport Authority's Board of Directors would like to thank the following Directors for their tenure on the Board up to and including April 26, 2011.



Blair Ross  
Past Board Member (2008)

David MacLeod  
Past Board Member (2002)

Larry Schneider  
Past Chair (2002)

BOARD MEMBER:	Larry Schneider, Past Chair		
REMUNERATION:	\$11,165	ATTENDANCE: 3/3	NOMINATOR: City of Regina (2002)
OCCUPATION:	Past Mayor, Regina; Former Minister Western Diversification and Canada Post, Semi-retired		
COMMITTEES:	Governance & Nominating, Ex Officio of all Committees	COMMITTEE ATTENDANCE: 2/2, 6/6	

BOARD MEMBER:	David MacLeod		
REMUNERATION:	\$4,466	ATTENDANCE: 3/3	NOMINATOR: City of Regina (2002)
OCCUPATION:	Retired – Professional Engineer		
COMMITTEES:	Audit & Finance	COMMITTEE ATTENDANCE: 2/2	

BOARD MEMBER:	Blair Ross		
REMUNERATION:	\$4,766	ATTENDANCE: 3/3	NOMINATOR: Government of Canada (2008)
OCCUPATION:	President & CEO, SRG Security Resource Group		
COMMITTEES:	Governance & Nominating	COMMITTEE ATTENDANCE: 2/2	



# *Audit and Finance Committee*

## Terms of Reference:

The Audit and Finance Committee (the "Committee") will assist the Board of Directors in fulfilling its obligations and oversight responsibility for financial strategy and performance, risk management, internal controls, financial and management information systems, audit and related accounting matters and financial reports prepared for public distribution.

It is the responsibility of the Committee, management, the external auditors and the Board to ensure there are adequate financial reporting, disclosure, risk management and control systems in place. The Committee is responsible for reviewing the adequacy and effectiveness of these activities.

## 2011 Highlights:

The Committee met six times in 2011 to conduct its business. Specific activities of note in 2011 include the following:

- Oversaw the development of a revenue enhancement strategy that included the review, assessment and endorsement of adjustments to pricing and fees for board approval.
- Reviewed, endorsed and recommended for board approval banking arrangements for line of credit and long term debt financing.
- In consultation with management identified strategic and critical business risks. Considered enterprise risk and the Authority's plans to manage and mitigate potential threats.
- Reviewed, endorsed and recommended board approval of an updated Environmental Policy Statement along with a work plan to address compliance.
- Considered the scope of the annual audit plan, reviewed accounting observations and recommendations and financial reporting matters arising from the year-end audit, and recommended engagement and related compensation of the auditor.
- Met with KPMG (the external auditor) without management present to review specific issues as deemed appropriate.
- Met with management without the external auditor present and independently assessed the effectiveness and overall satisfaction with the auditor (KPMG).
- Reviewed interim financial statements, external auditor reports and management's discussion and analysis required for board approval.
- Reviewed, endorsed and recommended board approval of the 2012 Business Plan and associated capital and operating budgets.
- Reviewed, endorsed and recommended for board approval significant transactions and business development initiatives as deemed appropriate.
- Conducted an assessment of its activities to ensure that its responsibilities, as set out in its terms of reference, had been fulfilled.

## 2012 Objectives:

- To lead, with the support of management, further development of the risk management process related to risk assessment and prioritization. This risk analysis will facilitate development of a work plan that management will use to prepare contingency and risk mitigation plans to address critical risks (strategic, operational, financial and other threats).
- To oversee implementation of enhanced forward looking financial reporting utilizing industry key performance indicators to provide information needed to assist in the achievement of long term financial targets.
- To guide the development of a financial strategy that supports the Authority's long term development plan while ensuring the Authority continues to be financially sustainable.
- To oversee completion of an updated environmental management plan that complies with environmental regulations and incorporates best practices and due diligence reporting.

## Committee Membership:

The Board has determined that all the members of the Committee meet the standards set out within the Audit and Finance Committee Terms of Reference:

- Independence – to eliminate conflict of interest for Directors.
- Financial Literacy – the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues reasonably expected to be raised by the Authority's financial statements.

This report has been reviewed and endorsed by the members of the Audit and Finance Committee.

- Committee members: Larry Smart (Chair), Paul Bourassa, Vaughn Solomon-Schofield, and David Walsh; Bob Linner (Board Chair; ex officio).

I wish to thank my fellow Committee members and management for their commitment, dedication and support.

Respectfully submitted,



Larry Smart  
Committee Chair



# Community Consultative Committee

## Terms of Reference:

The Community Consultative Committee will assist the Board of Directors in fulfilling its obligations to consult with the community for effective dialogue on matters related to the corporation.

For clarity, and as required under the ground lease with the Crown, the Committee will provide for effective dialogue with the community on matters of airport planning, operational aspects of the airport, municipal concerns and noise abatement.

## 2011 Highlights:

- Reported on 2011 noise abatement management and actual results including abatement operational goals that assist with minimizing the overall impact of aircraft noise on the surrounding community. During 2011, only 31 noise complaints were logged with the Authority of which a majority of the complaints were associated with the redirection of aircraft due to runway construction.
- Recapped air service expansion, associated passenger and revenue growth and provided an overview of 2011 capital improvements.
- Reviewed airport business development plans and their link to the community including various considerations and options for potential revenue diversification.
- Shock Trauma Air Rescue Society (STARS) provided a presentation of their operations that will commence during April 2012. STARS entered into a long term land lease and will provide emergency medical care and transportation by helicopter to Saskatchewan residents.

## 2012 Objectives:

- To focus on expanding communications with the community for the upcoming check-in hall and hold room construction projects and their potential impacts to passenger movement throughout the airport.
- To focus on timely communications with the community in all areas of airport planning, development and growth and in particular, sharing of terminal reserve planning results.



## Committee Membership:

The Committee membership includes two Regina Airport Authority Inc. (RAA) Directors, one of whom shall be the Chair along with other member representatives of the community including various interest groups of consumers, the travelling public, aviation and provincial and municipal government. The Committee is supported by senior executive management of the RAA in carrying out its mandate.

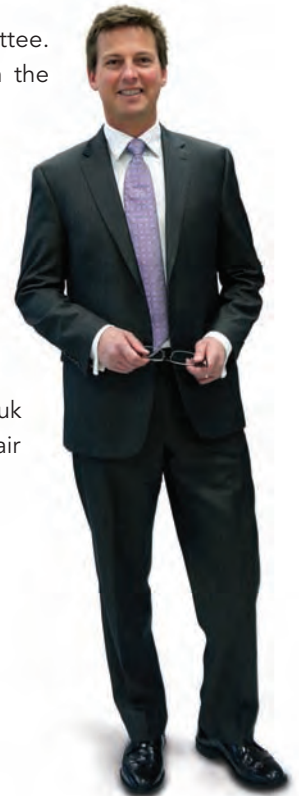
During 2011, James Rybchuk (Chair) and Ken Waschuk were active RAA Directors to the Committee. A complete listing of active participants and representative organizations can be obtained from the Authority upon request.

In closing, I wish to thank management and my fellow Board members for their assistance in getting RAA's message out.

Respectfully submitted,



James Rybchuk  
Committee Chair



# Governance and Nominating Committee

## Terms of Reference:

The Governance and Nominating Committee will assist the Board of Directors in fulfilling its obligations and oversight responsibility for the following:

- Establishing and delivering effective and appropriate approaches to corporate governance;
- Planning for board succession and the recruiting of new Directors;
- Providing orientation and ongoing training of Directors;
- Assessing the effectiveness of the Board, its committees and the Chair;
- Communicating effectively with Nominators and other stakeholders; and
- Ensuring Board and Director compliance with regard to ethics and conflict of interest policies.

Note: The full mandate of the Committee is contained within the Regina Airport Authority Inc. (RAA) Corporate Policy Manual and a copy will be provided upon request.

Below, the RAA Corporate Governance Criteria Checklist highlights the corporate guidelines and the Authority's alignment with its approach to governance and best practices.

CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
<b>1. STEWARDSHIP</b>		
Board should explicitly assume responsibility for stewardship of the Corporation, and specifically for:	Yes	
i. Adoption of a strategic planning process	Yes	Annual process completed 2011
ii. The identification of principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks	Yes	Ongoing. Audit and Finance is the lead committee for this area
iii. Succession planning of senior management	Yes	Continuous review
iv. A communications policy	Yes	
v. The integrity of the corporation's internal control and management information systems	Yes	Audit & Finance Committee and External Auditor.
vi. Satisfying itself as to the integrity of the CEO and that the CEO creates a culture of integrity throughout the organization	Yes	Human Resources Committee considered in annual review and evaluation process
vii. Developing a set of corporate governance principles and guidelines that are specifically applicable to Regina Airport Authority Inc.	Yes	Modelled after NP Policy 58-201; striving to achieve evolving best practices
The written mandate of the Board should also set out:		
i. Measures for receiving feedback from stakeholders	Yes	Nominator and AGM provide; Community Consultative Committee provide; in addition stakeholder briefing sessions
ii. Expectations and responsibilities of Directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials	Yes	Terms of Reference annual evaluation completed

CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
<b>2. COMPOSITION AND MEETINGS OF THE BOARD</b>		
i. The Board of Directors should be constituted of independent directors	Yes	100%; annual review updates done
ii. In addition to ongoing regular meetings, the Directors should hold regularly scheduled meetings at which members of the management team are not in attendance	Yes	In-Camera meetings of the Board and Committees are a regular agenda item
<b>3. POSITION DESCRIPTIONS</b>		
i. The Board should develop clear position descriptions for the Board Chair and Committee Chairs	Yes	Position descriptions are reviewed and updated annually
ii. The Board together with the CEO should develop a clear position description for the CEO which includes delineating management responsibilities. The Board should also annually develop, with the CEO, and approve the corporate goals and objectives the CEO is responsible for meeting.	Yes	Human Resources Committee recommended and Board approved annual CEO Parameters and position descriptions were refined
<b>4. ORIENTATION AND CONTINUING EDUCATION</b>		
i. The Board should ensure that all new Directors receive a comprehensive orientation. All new Directors should fully understand the role of the Board and its Committees, as well as the contribution individual Directors are expected to make (including in particular, the commitment of time and effort that the Corporation expects from its Directors). All new Directors should also be given sufficient information so they are able to understand the nature and operation of the Corporation's business.	Yes	Overview and high level presentation provided. Past minutes and agenda materials as provided with emphasis placed at orientation session on Director responsibilities.
ii. The Board should provide continuing education opportunities for all Directors, so that individuals may maintain or enhance their skills and abilities as Directors, as well as to ensure their knowledge and understanding of the Corporation's business remains current.	Yes	Board education and training policies were amended focused on generative processes and continuous development
<b>5. CODE OF CONDUCT AND ETHICS</b>		
The Board should adopt a written code of conduct and ethics (a code). The code should be applicable to directors, officers and employees of the Corporation. The code should constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. In particular, it should address the following issues:	Yes	Disclosure Compliance Statements completed 2011; recognized as ongoing duty.
i. Conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;	Yes	Policy completed 2011
ii. Protection and proper use of corporate assets and opportunities;	Yes	
iii. Confidentiality of corporate information;	Yes	
iv. Fair dealing with corporate customers, suppliers, competitors and employees	Yes	
v. Compliance with laws, rules and regulations; and	Yes	
vi. Reporting of illegal or unethical behaviour	Yes	
The Board should be responsible for monitoring compliance with the code	Yes	Annual Compliance Statements



CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
<b>6. APPOINTMENT OF COMMITTEES</b>		
i. The Board should appoint the following Committees:		
- Governance Committee	Yes	
- Audit and Finance Committee	Yes	
- Community Consultative Committee	Yes	
- Nominating Committee	Yes	Function fulfilled by Governance Committee
- Compensation Committee	Yes	Function fulfilled by HR Committee
ii. The Committees should have a written charter that clearly establishes the Committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations and manner of reporting to the Board. In addition, the Committees should be given authority to engage and compensate any outside advisor that it determines necessary to permit it to carry out its duties.	Yes	Human Resources Committee in combination with Governance and Nominating Committee dealt with CEO and determined executive compensation and executive HR policies thereby completing its 2011 mandate
iii. The Board, at its discretion, may combine the duties of more than one Committee into a single Committee.	Yes	Governance and Nominating Committee is a combination of governance and nominating functions
<b>7. REGULAR BOARD ASSESSMENTS</b>		
The Board and its Committees should have their effectiveness and contributions regularly assessed.	Yes	New evaluation processes established and implemented during 2010.

## 2011 Highlights:

- Updated RAA Bylaws to reflect the guideline provisions of the "Canada Not-for-profit Corporations Act" (NFP Act) and outstanding housecleaning amendments.
- Developed and implemented a skill matrix chart (tool) to assist with assessment of current and required board skills consistent with strategic planning processes and outcomes to support board composition, succession and recruitment.
- Completed board record retention policy.
- Completed remaining corporate governance policies resulting from the review process that include: CEO succession, whistle blower, respectful workplace, code of conduct and conflict of interest.
- Reviewed and updated Director and Officer Indemnity Agreements.

## 2012 Objectives:

- To complete Director and Officer insurance gap coverage analysis for appropriateness with updated indemnity agreements.
- To complete risk management policy requirements flowing from Audit and Finance Committee recommendations and arrange for board training.
- To provide assurance that the affairs of the corporation were conducted in compliance with statutory requirements, Bylaws, codes and approved policy and plans.
- To monitor developments in corporate governance and provide review of overall new (2010) governance framework.
- Implementation of new Bylaws and Conflict of Interest Policy.
- Oversee remuneration market assessment consulting for the Board.

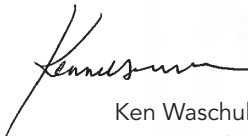
## Committee Membership:

This report has been reviewed and endorsed by the entire Committee comprised of the following individuals:

- Ken Waschuk, (Chair), Bob Linner, and Catherine Roberts.
- The Committees focus was in completing the remaining elements of our newly completed corporate governance policy and the associated responsibilities in a timely and efficient matter. I would like to thank my fellow Committee members and RAA management.

The Committee reports that the airport regulator has provided the Authority with a clean report with no issues of significance outstanding as primarily contained in the Annual Lease Monitoring report prepared by Transport Canada. The Committee confirms that the affairs of the Authority are conducted in compliance with statutory requirements, Bylaws, codes and approved policies and plans.

Respectfully submitted,



Ken Waschuk  
Committee Chair



# Human Resources Committee

## Terms of Reference:

The terms of reference (mandate) of the HRC assists the Board of Directors in fulfilling its obligations and oversight for the following:

- Management and/or oversight of executive officers;
- Compensation and benefit structures and programs;
- Performance management; and
- Human resource strategies, frameworks and practices.

## 2011 Highlights:

- Reviewed, endorsed and recommended the following policies to the Board for approval: Code of Conduct; Whistleblower; CEO Recruitment and Succession; CEO and Executive Employment Philosophy; Occupational Health and Safety; and Respectful Workplace.
- Formal 2011 CEO Evaluation, and identified 2012 performance measure objectives to be completed, reported and recommended to the full Board for consideration in early 2012.
- Completed ongoing terms of reference requirements applicable to 2011 operations and considered evolving trends, emerging practices and proposed legislation for functional areas.

## 2012 Objectives:

- Revisit organizational structure to ensure alignment with strategic core business priorities including key position succession considerations.
- Oversee remuneration market assessment consulting for the Board.
- Consider collective bargaining planning strategy for 2013 negotiations.
- Complete ongoing terms of reference requirements applicable to 2012 operations and consider evolving trends, emerging practices and proposed legislation for functional areas.

## Committee Membership:

This Committee has been active in establishing the Committee's framework. This was made possible due to the dedicated efforts of my fellow Committee members, and the support of Regina Airport Authority Inc. (RAA) management and our external consultant.

- Committee members: Brian Martynook (Chair), Alex Taylor, Frank Flegel and James Rybchuk; Bob Linner (Board Chair; ex officio)
- Management representation: Jim Hunter, Derrick Thue, Curtis Tutthill

Respectfully submitted,



Brian Martynook  
Committee Chair





Our past





*Financial Statements*

*De Havilland moth machines  
at the Regina Flying Club*



LOOKING TO OUR PAST, LOOKING TO OUR FUTURE: PAGE 41

MANAGEMENT DISCUSSION & ANALYSIS: PAGE 42

RISKS & UNCERTAINTIES: PAGE 46

MANAGEMENT RESPONSIBILITY: PAGE 48

AUDITOR'S REPORT: PAGE 49

FINANCIAL STATEMENTS: PAGE 50

NOTES: PAGE 54

# Looking to our past, looking to our future

	Year	Passenger Count	Growth Rate %	Aircraft Movements	Growth Rate %	Operating Revenues	Growth Rate %
ACTUAL	2007	962,692	10.47%	63,690	9.79%	8,068,158	7.37%
	2008	1,005,270	4.42%	59,724	-6.23%	9,005,482	12.40%
	2009	1,022,042	1.67%	64,063	7.27%	9,447,173	4.90%
	2010	1,120,134	9.60%	59,632	-6.92%	10,957,019	15.98%
	2011	1,141,177	1.89%	58,300	-0.10%	11,373,703	3.80%
PROJECTED	2012	1,164,000	2.00%	59,175	1.50%	11,979,000	5.32%
	2013	1,198,920	3.00%	60,062	1.50%	12,338,370	3.00%
	2014	1,234,888	3.00%	60,963	1.50%	12,708,521	3.00%
	2015	1,271,934	3.00%	61,877	1.50%	13,089,777	3.00%
	2016	1,310,092	3.00%	62,806	1.50%	13,482,470	3.00%
	Year	AIF Revenues	Growth Rate %	Capital Expenditures	Variance Rate %	Assets of Corporation	Growth Rate %
ACTUAL	2007	5,697,210	44.95%	2,786,019	15.05%	34,039,758	13.76%
	2008	6,826,672	19.82%	7,483,354	168.60%	39,135,013	14.97%
	2009	7,072,704	3.60%	7,248,358	-3.14%	47,770,431	22.07%
	2010	7,526,325	6.41%	8,067,117	11.30%	51,953,337	8.76%
	2011	7,614,092	1.17%	23,019,994	185.36%	67,369,692	29.67%
PROJECTED	2012	10,510,200	38.04%	18,157,000	-21.13%	78,876,000	17.08%
	2013	10,825,506	3.00%	7,775,000	-57.18%	81,242,280	3.00%
	2014	11,150,271	3.00%	21,530,000	176.91%	96,000,000	18.17%
	2015	11,484,779	3.00%	19,285,500	-10.42%	116,000,000	20.83%
	2016	11,829,323	3.00%	14,181,875	-26.46%	125,000,000	7.76%
	Year	Operating Expenses	Growth Rate %	Ground Lease Rent	Variance Rate %		
ACTUAL	2007	7,420,731	4.97%	243,771	98.57%		
	2008	8,145,871	10.61%	350,922	43.96%		
	2009	8,504,958	4.41%	381,100	8.60%		
	2010	9,591,979	12.78%	488,960	28.30%		
	2011	10,501,401	9.48%	535,000	9.42%		
PROJECTED	2012	11,592,150	10.39%	712,000	33.08%		
	2013	11,939,915	3.00%	750,000	5.34%		
	2014	12,298,112	3.00%	785,000	4.67%		
	2015	12,667,055	3.00%	824,000	4.97%		
	2016	13,047,067	3.00%	865,000	4.98%		
	Year	Operations Net Results	Return on Revenues	Net Revenue over Expenses	Variance Rate %		
ACTUAL	2007	647,427	8.08%	4,403,955	66.01%		
	2008	859,611	9.55%	5,352,494	21.54%		
	2009	942,215	9.97%	5,412,190	1.12%		
	2010	1,365,040	44.88%	5,681,311	4.97%		
	2011	872,662	-36.07%	5,084,570	-10.50%		
PROJECTED	2012	386,850	-55.67%	4,389,000	-13.68%		
	2013	398,456	3.00%	4,520,670	3.00%		
	2014	410,409	3.00%	4,656,290	3.00%		
	2015	422,721	3.00%	4,795,979	3.00%		
	2016	435,403	3.00%	4,939,858	3.00%		



# Management Discussion & Analysis

Management Discussion and Analysis (MD&A) provides details to assist in the interpretation of the operations and financial condition of Regina Airport Authority Inc. (RAA) for the fiscal period ending December 31, 2011. RAA has prepared these statements in accordance with Generally Accepted Accounting Principles (GAAP); details of this report should be read in conjunction with the financial statements and the related note disclosures.

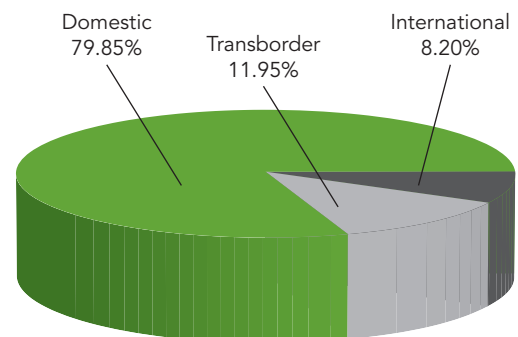
RAA is a not-for-profit private corporation without shareholders where all excess revenues over expenditures are applied to managing and operating our airport consistent with the mission statement. RAA, operating as a local authority, as of December 31, 2011 is into its thirteenth year of operation of a 60 year lease arrangement with the Crown; a further option to renew for an additional 20 years remains.

## Passenger Statistics

2011 total enplaned and deplaned passenger growth was 1.9%; 2010 growth was 9.6%. This translates into a new record number of 1,147,177 passengers; an additional 21,043 passengers over last year's total of 1,120,134.

Domestic activity fell slightly, down 5,786 passengers (0.63%) over 2010 to 911,228; transborder traffic passenger counts increased by 7,147 (5.3%) over 2010 to 136,370 passengers; and international, charter traffic increased by 19,701 passengers (26.67%) over 2010 to 93,579. The breakdown by passenger type is illustrated on the pie chart (right).

Using normalized growth patterns RAA would have anticipated an actual passenger growth rate of 2.8% for 2011 consistent with local GDP indicators; however, due to the tightening of domestic seats, optimized transborder growth opportunities and reduced passenger loads during the runway rehabilitation work, RAA fell just short of its 2011 budgeted target of 2.6%. RAA has established a 2% passenger growth target for 2012 about 1.4% less than targeted GDP growth estimates. With limited fleet opportunities identified by carriers and with well served charter and transborder segments, realized growth will be somewhat stagnated for 2012. The 2012 targeted passenger count is 1,165,000.



Total Passenger Traffic in 2011

## Rates and Fees

During 2011, RAA conducted a full revenue enhancement review that resulted in fee changes during 2011 and recommended changes for 2012. The review was completed to rationalize rates and fees and sources for funding capital requirements to address growth and ongoing facility demands. Long term parking lot fees were increased from (\$9/day; \$56/week) to (\$11/day; \$77/week) effective July 1, 2011 resulting in additional revenues of \$525,000. The Customer Facility Charge (CFC) increased to \$4.50 per rental day transaction effective September 1, 2011; the fee is utilized for the development and operation of a common use rental car facility.

Fee changes for 2012 include an increase to landing fees of 5% (all categories) effective April 1, 2012 and a new airport infrastructure levy (AIL) of \$0.75/1000 kg per landed aircraft (cargo operators); in addition some minor rate changes to concession

fees on fuel, emergency response recovery rates, common room baggage makeup and aircraft parking fees have also been identified and will be implemented in 2012.

## Airport Improvement Fees (AIF)

Airport Improvement Fees (AIF) rates have a direct relationship and correlation to capital planning and other revenue generating opportunities/capabilities. RAA last increased AIF fees in April 2007, moving from \$10 to \$15 per enplaned passenger (flights within the province attract an AIF rate at \$5.00 per enplaned passenger). During 2011, \$7,614,092 (2010; \$7,536,325) was generated and \$19,398,609 (2010; \$5,572,815) was expended on eligible AIF capital programming.

RAA capital cash requirements were reviewed throughout 2011 for major facility and infrastructure improvements. The recommendation to move to an AIF fee of \$20/enplaned passenger was Board approved effective for January 1, 2012. The increase provides certainty in matching the ten year capital expenditures plan and debt servicing requirements to growth requirements. The fee will generate an additional \$2,500,000 in revenues for 2012 for capital and financing programming requirements. It should be noted that the intra-provincial rate remains unchanged.

## Capital Activity Highlights

2011 RAA capital programming included the following major project highlights on a capital spend of \$23,019,994:

- \$17,227,839 – Runways resurfacing and Apron expansion
- \$3,542,241 – Development of common use rental car support facility
- \$833,866 – Air Terminal Building (ATB) customer service enhancements
- \$579,356 – Air Terminal Building (ATB) service improvements
- \$551,878 – Fleet equipment and other miscellaneous capital requirements
- \$284,814 – Air Terminal Building (ATB) future development planning

The common use car rental facility is about 40% built at year end with approximately \$3,821,000 in additional capital investment expected in 2012. The facility is to commence operation on or before July 1, 2012.

For 2012, the major capital projects and works include delivery of two new fire trucks \$1,440,000; \$1,314,000 for fire hall improvements/renovations; check-in hall and holdroom infill and concession improvements \$7,500,000; \$500,000 for new CCTV and camera systems; \$550,000 for new holdroom seating and fixtures; \$700,000 has been reserved for long-term parking solutions (design) and other projects of \$1,830,000 for a total capital budget of \$13,580,000 for 2012.

## Cash Flow

The 2011 cash flow position remains positive. Although current assets have decreased by \$3,494,134; surplus cash has been applied to 2011 capital programming. The 2011 current ratio remains in good standing at 2.17 to 1 (the 2010 current ratio was 4.88 to 1); a ratio of 1.5 to 1 or better is considered to be excellent. RAA is well positioned to meet its short term obligations. RAA has an undrawn \$10,000,000 capital facility in addition to an undrawn \$500,000 line of credit providing further liquidity.

Improvements in the revenues generated increases the earning before income tax depreciation and amortization (EBITDA) and enhances RAA's ability to meet its debt servicing obligations. RAA must maintain, at all times, a current service ratio (CSR) of 1.25 to 1 or better. EBITDA divided by annual interest payments and current portions of long term debt.

The 2011 CSR ratio is approximately 6.5 – 1; we are very well positioned to meet our debt and interest obligations.

Our overall cash flow position will be further strengthened upon implementation of the aeronautical fees increases identified to take effect during 2012.

## Balance Sheet

Assets of the corporation increased by \$15,416,355 (29.7%) to \$67,369,692 built on the increased investment in property, plant, and equipment which increased \$18,926,928 (net of amortization and disposals). Receivables increased \$505,840 primarily due to yearend receipts that carried into 2011 from major commercial carriers. Investments decreased slightly (\$16,439) due to weakness in market returns.

Cash on hand decreased as cash was applied against 2011 capital expenditures.

Current Liabilities increased \$666,427 over 2010, primarily associated with increases to the current portion on bank term loans. Accounts payable include accrued project liabilities and holdbacks associated with the car rental development (\$327,962) and the runway and apron expansion projects (\$420,815) and are included in the regular trade payables.

Long term bank term debt increased \$10,081,000 associated with ongoing capital spending requirements.

Overall net assets increased \$5,084,570 during 2011.

## Statement of Operations

**Revenues:** 2011 revenues increased \$917,491 over 2010; parking revenue growth of \$543,717 accounts for the majority of the increase resulting from parking rate increases that took effect July 1, 2011 as we experienced only a modest increase to passenger growth of 1.9%; actual paying parking transactions grew only by 0.60%. Operating revenues exceeded budget by \$611,703 with the variance attributed to parking, concession revenue growth and increased land rental activities as aeronautical revenues weakened.

Aeronautical revenues fell \$217,833 from 2010 values due to fewer landings (revenue producing seats and weights of landed aircraft were lower). Although actual passenger numbers increased, frequency and seat availability dropped in the marketplace and thus overall revenues declined. Lost daily frequency to Calgary (Jazz) and a partial loss to Minneapolis (Delta) explain the majority of the decline. Actual budgeted aeronautical revenues were exceeded by \$20,320 as RAA had included allowances for the decreased activities and for impacts of the runway improvement project. Increases over budget are attributed to the earlier seasonal start up on the Las Vegas route and the additional Phoenix frequency that commenced late in the year.

Rental revenues increased \$64,221, as expected, based on the November 2010 land policy changes as renewals come due; in addition a new hangar development along with the new STARS operation have contributed to the modest increase. Rental revenues outperformed budget by \$42,646 due to the new developments.

The 2011 customer facility charge (CFC) revenues increased \$292,971 over 2010; incorporating the fee increase to the CFC rate, \$4.50 per transaction, that took effect September 1, 2011; the previous \$3.00 per transaction day rate was established effective July 1, 2010. In addition, increased transaction numbers contributed an additional \$29,065 over original budget estimates.

Airport Improvement Fees increased \$87,767; consistent with passenger growth of 1.9%. Fees collected were expected to increase \$142,000; the variance is within an acceptable range for reporting under the memorandum of understanding with the carriers.

**Expenses:** 2011 expenditures increased \$1,514,232 over 2010: \$348,938 for amortization of property, plant and equipment; \$434,470 for salaries/benefits (\$301,560 in special pension plan solvency payments; increased staffing and salary increase); \$114,472 decrease in unrealized gains due to weak investment market; \$75,736 in rental car expenditures; \$24,865 in loss on disposal of capital assets; increased costs for material and supplies (\$148,461) due to a difficult winter; and runway lighting maintenance contributed to increased expenditures in 2011. There were also modest increases to property taxes (\$61,828), utilities, contracted services, ground rent and services supply and administration (as expected) contributing to the remaining increase. Operating expenses (net of amortization charges) remained \$366,559 under the established operating budget for 2011.

Net operating revenues over operating expenditures (net of amortization) are \$872,662, well ahead of the \$105,600 budgeted shortfall.

Overall net revenue over expenses generated \$ 5,084,570 (2010 - \$5,681,311); a decrease of \$591,741 from 2010. The budget was exceeded by \$728,170.

## Contracts not Tendered

All projects with a value in excess of \$75,000 (base year 1992=100 CPI annually adjusted) require a public tender or request for proposal process. In 2011 dollars this value approximates - \$125,000. All projects in excess of these values were tendered.

## Officers and Senior Management Compensation

Total remuneration paid to RAA senior officers was a total of \$422,371 (2010- \$404,438) and was allocated as follows:

- James D. Hunter, President and CEO: range (\$123,349 - \$155,509)
- Derrick B. Thue, VP Administration and CFO: range (\$94,044 – \$141,066)
- Steve D. Burchi, VP Operations: range (\$94,044 – \$141,066)



# *Risks & Uncertainties*

## **Economic Considerations**

Uncertainties in the global economic system are well known, with the Euro Zone crisis leading the pack, and the ongoing uncertainties of the US economy also contributing (although there has been some room for guarded optimism regarding the US of late). Couple these with a soaring Saskatchewan economy within the context of a reasonably stable Canadian economy, and predicting the effects of all this on the aviation business in Regina and southern Saskatchewan becomes difficult. International as the aviation business is, fraught with interconnected relationships and causal issues, regardless of the local economic strengths, we can still pay a price for the global and US fluctuations.

That said, the outlook for Saskatchewan and Regina continues to offer encouragement for our operation. The population of Saskatchewan is higher than ever in its history, with Regina's population growing by close to 10%. This growth has been accompanied by record numbers in housing starts and building permits, to name two areas, all of which bode well for Regina and southern Saskatchewan's growth into the future. Indeed, Regina's GDP grew by more than 5% in 2011 and recent projections are that growth here will be 2.9% in 2012 and will equal 3% annually over the period 2013 to 2015.

## **Industry Considerations**

Unfortunately such sunny figures do not translate into similar performance in the aviation industry. Aviation industry consolidation (Delta/Northwest, Continental/United) has contributed to uncertainty and turmoil in the provision and expansion of service into and out of Regina. These uncertainties, combined with the economic uncertainties noted above, have led to the industry imposition of capacity discipline resulting in fewer flights and smaller equipment as the airlines strive to maximize their loads, yields and profits on given routes. Thus, in spite of the rosy economic outlook here, the future for airline service expansion at Regina remains murky. The airlines are aware of our economic successes, but are hesitant to increase their service/capacity until more of these uncertainties clear up. As well, notwithstanding the airlines' attempts to tighten up to produce profits, this outcome is not always guaranteed, as witnessed by Air Canada's \$260 million loss in the last quarter of 2011.

Also, if the US economy continues to improve (by no means an assured outcome), we can expect increased competition for limited aircraft fleet resources from airports of similar size in the US. Many US airports, which are largely or completely subsidized by the federal government, have suffered service losses due to the economic turndown and industry response to it, and are eager to recover these lost services. This competition is compounded by the aggressive marketing of low cost carriers operating out of US border airports in a concerted effort to penetrate into the Canadian market. This has become a major issue for the Canadian aviation industry, and continues to pose a significant challenge to Regina Airport Authority Inc. (RAA) as we strive to keep our passengers flying through our airport.

The fleet constraints mentioned above are imposed by aging RJ aircraft (which comprise a significant percentage of the commercial aircraft that fly into RIA) and the lack of any similarly sized aircraft on the manufacturing horizon. As these aircraft have aged out, airlines have found their flexibility to react to market dynamics similar to Regina's limited to non-existent. While the desire to expand might be there, the lack of appropriate equipment renders any such considerations moot. Indeed, the aircraft under current consideration to replace aging equipment bring in the neighbourhood of 50 to 100% increases in seating capacity which may then, as they come on line, have an adverse effect on frequency.

## Domestic Considerations

While Canadian airport authorities are independent organizations with a reasonably flexible and successful business model, they are still subject to significant federal governmental regulatory interference. Safety, security and environmental areas have been and will continue to fall into this category, and the government has been busy. Uncertainties regarding the imposition of an Airports Act, ongoing inconsistencies and reactions to political pressures in the Transport Canada's (TC) approach to safety matters such as the Runway End Safety Area (RESA) issue and the implementation of the Safety Management Systems (SMS) have caused much energy to be expended by airports across the country in their dealings with TC on these issues.

Other governmental pressures are more tangible, not the least of which is the ongoing collection of so-called "rent" from airports. This tax has proven very profitable for the government and there is no political pressure to have it removed or modified. Thus, the amounts collected continue to rise, and indeed, because the airports' Airport Improvement Fees (AIF) are taxed in this formula, our success in improving service and increasing passenger throughput is penalized. While RAA is not so naïve as to think this issue will disappear in the near future, it does support through our association, the Canadian Airports Council (CAC), a subset of the Airports Council International North America (ACI-NA), an approach towards renegotiation, for example in the lessening or deletion of inclusion of the AIF in the formula.

Cost pressures that threaten the industry are also to be found in the imposition of fuel and security taxes which, in the case of the latter, are not completely redistributed to the activity for which they are collected. Add to these the recent increase in oil prices due to Middle East uncertainties in Iran, Iraq, Afghanistan and Syria, and the cost of air travel in Canada could become an issue as travellers begin to reach a price point beyond which they are unwilling to go. Decreased passenger levels are a real possibility as we move forward under the umbrella of global economic uncertainty, government imposed regulatory and tax expense and industry uncertainty and challenges.

This discussion is not considered exhaustive, but rather reflective of the many risks and challenges to which our industry is subject. Thus, notwithstanding RAA's continued success and growth, the micro-environment in which we operate is subject to the many pressures, challenges and unknowns of the macro-environment in which our industry is inextricably entwined and inevitably affected.

# Management Responsibility

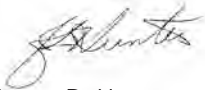
The accompanying financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles. The most significant of these are set out in Note 2 of the financial statements.

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

The Board of Directors has appointed an Audit Committee consisting of five independent Directors. The committee meets periodically during the year to review with management and the auditors any significant accounting, internal control, and auditing matters. They also review and finalize the annual financial statements of Regina Airport Authority Inc. together with the independent auditors' report before the submission of the financial statements to the Board of Directors for final approval.

The financial information throughout the text of this annual report is consistent with the information presented in these financial statements.

On behalf of Regina Airport Authority Inc.:



James D. Hunter  
President and CEO



Derrick B. Thue  
VP Administration and CFO



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Chartered Accountants  
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1881 Scarth Street, 20th Floor  
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Canada

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## Independent Auditors' Report to the Stakeholders

We have audited the accompanying financial statements of Regina Airport Authority Inc., which comprise the balance sheet as at December 31, 2011, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Regina Airport Authority Inc. as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**KPMG LLP**

Chartered Accountants

Regina, Canada  
March 15, 2012



# Regina Airport Authority Inc.

Balance Sheet  
December 31, 2011, with comparative figures for 2010

	2011	2010
<b>Assets</b>		
Current assets:		
Cash (note 3)	\$ 2,959,384	\$ 6,987,737
Accounts receivable and accrued revenue	2,097,697	1,591,857
Prepaid materials and supplies	332,508	304,129
	5,389,589	8,883,723
Property, plant and equipment (note 4)	60,449,282	41,522,354
Investments (note 5)	1,530,821	1,547,260
	\$ 67,369,692	\$ 51,953,337
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,575,578	\$ 1,565,651
Security deposits	67,352	72,852
Current portion of bank term loans (note 6)	842,000	180,000
	2,484,930	1,818,503
Bank term loans (note 6)	11,521,000	1,440,000
Accrued benefit liability (note 7)	5,000	221,000
Deferred contributions	-	199,642
Net assets:		
Invested in property, plant and equipment (note 8)	48,086,282	39,702,712
Restricted airport improvement fee (note 9)	-	-
Unrestricted	5,272,480	8,571,480
	53,358,762	48,274,192
Commitments (note 10)		
	\$ 67,369,692	\$ 51,953,337

See accompanying notes to financial statements.

APPROVED BY THE BOARD



Director



Director

# Regina Airport Authority Inc.

## Statement of Operations

Year Ended December 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Landing fees	\$ 2,381,340	\$ 2,467,941
Public parking	3,156,693	2,612,976
Concessions	1,903,758	1,881,351
General terminal fees	1,766,303	1,880,212
Other airline	1,199,677	1,217,000
Rental	842,647	778,426
Interest and other	286,658	173,483
Amortization of deferred contributions	199,642	199,641
Gain on investment disposal	18,688	7,623
	11,755,406	11,218,653
Customer facility charge (note 12)	529,065	236,094
Airport improvement fees (note 9)	7,614,092	7,526,325
	19,898,563	18,981,072
Expenses:		
Salaries and benefits	4,122,467	3,687,997
Amortization of property, plant and equipment	4,068,201	3,719,263
Contracted services	2,153,345	2,064,607
Repairs, maintenance, material and supplies	1,156,130	1,007,669
Property taxes	821,184	759,356
Utilities	707,649	685,629
Transport Canada ground rent	531,334	488,960
Services, supplies and administration	338,829	278,632
Board	241,910	232,820
Professional and consulting fees	229,474	188,858
Insurance	198,718	197,451
Interest	82,153	40,993
Common use facility (note 12)	75,736	-
Unrealized loss (gain) on investments	61,998	(52,474)
Loss on asset disposal	24,865	-
	14,813,993	13,299,761
Excess of revenue over expenses	\$ 5,084,570	\$ 5,681,311

See accompanying notes to financial statements.

# Regina Airport Authority Inc.

Statement of Change in Net Assets  
Year Ended December 31, 2011, with comparative figures for 2010

	Invested in property, plant and equipment (note 8)	Restricted airport improvement fee (note 9)	Unrestricted	2011 Total	2010 Total
Balance, beginning of year	\$ 39,702,712	\$ -	\$ 8,571,480	\$ 48,274,192	\$ 42,592,881
Excess (deficiency) of revenue over expenses	(3,893,424)	7,569,442	1,408,552	5,084,570	5,681,311
Net change in invested in property, plant and equipment	12,276,994	(19,398,609)	7,121,615	-	-
Appropriation (note 9)	-	11,829,167	(11,829,167)	-	-
Balance, end of year	\$ 48,086,282	\$ -	5,272,480	\$ 53,358,762	48,274,192

See accompanying notes to financial statements.

# Regina Airport Authority Inc.

## Statement of Cash Flows

Year Ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 5,084,570	\$ 5,681,311
Items not affecting cash:		
Amortization of deferred contributions	(199,642)	(199,641)
Amortization of property, plant and equipment	4,068,201	3,719,263
Loss on asset disposals	24,865	-
Increase (decrease) in accrued benefit liability	(216,000)	77,000
Gains on investment disposals	18,688	7,623
Unrealized (gain) loss on investments	61,998	(52,474)
Net change in non-cash working capital items (note 11)	(529,792)	(1,249,171)
	8,312,888	7,983,911
Investing activities:		
Decrease in restricted cash	-	2,831,171
Collections of loan receivable	-	29,000
Purchase of property, plant and equipment	(23,019,994)	(8,067,117)
Purchase of investments	(581,790)	(982,308)
Proceeds on sale or maturity of investments	517,543	946,214
	(23,084,241)	(5,243,040)
Financing activities:		
Repayments of bank term loan	(180,000)	(180,000)
Proceeds from bank term loan	10,923,000	-
	10,743,000	(180,000)
Increase (decrease) in cash	(4,028,353)	2,560,871
Cash, beginning of year	6,987,737	4,426,866
Cash, end of year	\$ 2,959,384	\$ 6,987,737

See accompanying notes to financial statements.



**1. Purpose of organization:**

The Regina Airport Authority (the "Authority") was incorporated June 18, 1997 as a corporation without share capital under Part II of the Canada Corporations Act. The objective of the non-profit Authority is:

*To manage and operate our airport in a safe, secure, efficient and commercially viable and environmentally responsible manner.*

The Authority signed a 60 year Ground Lease with Transport Canada, effective May 1, 1999, and assumed responsibility for the management, operation and development of the Regina International Airport.

The Authority is exempt from federal and provincial income tax.

**2. Significant accounting policies:**

The financial statements of the Authority have been prepared in accordance with Canadian generally accepted accounting principles. The more significant of these accounting policies are summarized below.

*a) Financial assets and liabilities*

The measurement basis for financial assets and liabilities depends on whether the financial assets or liabilities has been classified as held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities. Financial assets classified as held for trading are measured at fair value and changes in fair value are recognized in increase in net assets for the year. Financial assets or liabilities classified as available for sale are measured at fair value with changes in fair value recorded in other comprehensive income; however, unrealized losses considered other than temporary continue to be recognized as a decrease in net assets for the year. Financial assets or liabilities designated as held to maturity, loans and receivables, or other financial liabilities are measured at amortized cost using the effective interest method. The Authority has no financial instruments designated as available for sale.

The Authority has designated its cash and investments as held for trading. Accounts receivable and accrued revenue and loans receivable are designated as loans and receivables. Accounts payable and accrued liabilities and the bank loan have been designated as other financial liabilities.

The Authority has elected to apply the disclosure requirements of the CICA Handbook, Section 3861 in place of Handbook Sections 3862 and 3863 which results in more limited disclosure of the nature and extent of risks arising from financial instruments.

*b) Revenue recognition*

The Authority follows the deferral method of accounting for contributions. Restricted contributions are reflected as deferred contributions and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government re-imbursement of specific operating costs is offset against the costs incurred.

# Regina Airport Authority Inc.

Notes to the Financial Statements  
December 31, 2011

## 2. Significant accounting policies (continued):

### c) *Property, plant and equipment*

Property, plant and equipment are recorded at cost and are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Rate
Office furniture and equipment	3-10 years
Computer equipment and software	3 years
Vehicles and equipment	3-15 years
Leasehold improvements	1-30 years
Work in progress	Not amortized, as not available for use

### d) *Employee future benefits*

The Authority maintains a pension plan for its employees which has both a defined benefit and defined contribution component. The Authority accrues its obligations under the pension plan as the employees render their services necessary to earn the pension benefits. For the defined benefit plan, the fair value of pension assets is used for the purpose of calculating the expected return on plan assets. Pension obligations are determined by an independent actuary using the projected benefit method prorated on service and management's best estimate assumptions. The cost of the defined contribution component of the plan is recognized based on the contributions required to be made during each period.

### e) *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

## 3. Cash:

Cash on hand earned interest at an effective rate of 1.25% (2010 – 0.86%) during the year.

## 4. Property, plant and equipment:

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Land	\$ 2,730,060	\$ -	\$ 2,730,060	\$2,730,060
Leasehold improvements	67,318,693	16,739,193	50,579,500	34,571,107
Vehicles and equipment	6,162,989	3,953,047	2,209,942	2,464,913
Computer equipment and software	685,315	493,441	191,874	121,758
Office furniture and equipment	177,138	60,832	116,306	58,892
Work in progress	4,621,600	-	4,621,600	1,575,624
	\$ 81,695,795	\$ 21,246,513	\$ 60,449,282	\$ 41,522,354

# Regina Airport Authority Inc.

Notes to the Financial Statements  
December 31, 2011

## 5. Investments:

The carrying values of the Authority's investments are as follows:

	2011	2010
Guaranteed investment certificates (GIC's), growth notes and savings account	\$ 791,181	\$ 616,829
Common shares	736,930	929,857
Investment savings account	2,810	574
	<u>\$ 1,530,821</u>	<u>\$ 1,547,260</u>

The fair value of the investment savings account, GICs, growth notes and savings account approximates cost due to their short nature. The fair value of common shares is based on quoted market values.

## 6. Bank term loans:

	2011	2010
Land	\$ 1,440,000	\$ 1,620,000
Runway Rehabilitation /Apron Expansion	7,500,000	-
Common Use Rental Car Development	3,423,000	-
Total term loans outstanding	12,363,000	1,620,000
Less: Current portion	(842,000)	(180,000)
	<u>\$ 11,521,000</u>	<u>\$ 1,440,000</u>

The land term loan is repayable in four annual installments of \$180,000 commencing December 1, 2010, with a final payment of the balance and interest then outstanding on December 1, 2014. Interest is paid monthly at a rate of prime less .25%.

The runway rehabilitation / apron expansion term loan is repayable in four annual installments of \$500,000 commencing November 1, 2012, with a final payment of the balance and interest outstanding on November 1, 2016. Interest is paid monthly at a rate of prime less .25%.

The common use rental car development term loan may be increased up to a total of \$8,100,000 by the expected project completion date of June 30, 2012. Interest is paid monthly at a rate of prime less .25%. Monthly principle payments of \$27,000 are to commence over a twenty five year amortization period commencing July 1, 2012.

The term loans are secured by a general assignment of book debts. The Authority is required to maintain, at all times, a ratio of earnings before income tax, depreciation and amortization to interest expense plus current portion of long term debt of 1.25:1 or better.

# Regina Airport Authority Inc.

Notes to the Financial Statements  
December 31, 2011

## 7. Employee future benefits:

The Authority sponsors and funds a pension plan on behalf of its employees, which has defined benefit and defined contribution components. The defined benefit component is for employees who were employed by the Authority on the date of transfer, including former Transport Canada employees, some of whom transferred their vested benefits from the Public Service Superannuation Plan to the Authority's pension plan. Pension plan costs are charged to operations as services are rendered.

The most recent actuarial valuation of the defined benefit component of the pension plan occurred effective December 31, 2010. The results of the actuarial valuation have been extrapolated to December 31, 2011. Information about the defined benefit component of the Authority's pension plan is as follows:

	2011	2010
Accrued benefit obligation:		
Balance, beginning of year	\$ 5,997,000	\$ 4,705,000
Current service cost	190,000	159,000
Interest cost	358,000	330,000
Employee contributions	52,000	49,000
Benefits paid	(106,000)	(91,000)
Change in actuarial assumptions	562,000	845,000
Balance, end of year	\$ 7,053,000	\$ 5,997,000
	2011	2010
Fair value of plan assets:		
Balance, beginning of year	\$ 4,932,000	\$ 4,328,000
Actual return on plan assets	(288,000)	447,000
Employer contributions	572,000	199,000
Employee contributions	52,000	49,000
Benefits paid	(106,000)	(91,000)
Balance, end of year	\$ 5,162,000	\$ 4,932,000



# Regina Airport Authority Inc.

Notes to the Financial Statements  
December 31, 2011

## 7. Employee future benefits (continued):

	2011	2010
Accrued benefit obligation	\$ (7,053,000)	\$ (5,997,000)
Fair value of plan assets	5,162,000	4,932,000
Funded status - deficit	\$ (1,891,000)	\$ (1,065,000)
	2011	2010
Funded status – deficit	\$ (1,891,000)	\$ (1,065,000)
Unamortized transitional obligation	29,000	55,000
Unamortized net actuarial loss	1,857,000	789,000
Accrued benefit liability	\$ (5,000)	\$ (221,000)

The significant actuarial assumptions adopted in measuring the Authority's accrued benefit obligation are as follows:

	2011	2010
Discount rate	5.30%	5.70%
Expected long-term rate of return on plan assets	5.20%	5.40%
Rate of compensation increase	4.00%	4.00%

The Authority's pension expense is as follows:

	2011	2010
Defined benefit component	\$ 270,444	\$ 198,830
Defined contribution component	105,818	94,609
Special payments	301,560	-
	\$ 677,822	\$ 293,439

Special payments to cover pension solvency and ongoing funding liabilities have been made during 2011 resulting from the December 31, 2010 pension valuation; additional annual payments of \$301,560 are required through December 31, 2015.

## 8. Invested in property, plant and equipment:

(a) Invested in property, plant and equipment is calculated as follows:

	2011	2010
Property, plant and equipment	\$ 60,449,282	\$ 41,522,354
Bank term loans	(12,363,000)	(1,620,000)
Deferred contributions	-	(199,642)
	\$ 48,086,282	\$ 39,702,712

# Regina Airport Authority Inc.

Notes to the Financial Statements  
December 31, 2011

## 8. Invested in property, plant and equipment (continued):

(b) Excess of revenue over expenses is calculated as follows:

	2011	2010
Amortization of deferred contributions related to property, plant and equipment	\$ 199,642	\$ 199,641
Amortization of property, plant and equipment	(4,068,201)	(3,719,263)
Loss on asset disposal	(24,865)	-
	<u>\$ (3,893,424)</u>	<u>\$ (3,519,622)</u>

Change in net assets invested in property, plant and equipment is calculated as follows:

	2011	2010
Net change in investment in property, plant and equipment:		
Purchase of property, plant and equipment	\$ 23,019,994	\$ 8,067,117
Proceeds from bank term loan	(10,923,000)	-
Repayment of bank term loan	180,000	180,000
	<u>\$ 12,276,994</u>	<u>\$ 8,247,117</u>

## 9. Restricted airport improvement fee:

The Authority entered into an agreement dated May 31, 1999 with the Air Transport Association of Canada and major air carriers serving the Regina International Airport ("the AIF Agreement"). The AIF Agreement provides for a consultation process with air carriers on airport development as well as the collection of an airport improvement fee ("AIF") by air carriers. The AIF is to be used for airport infrastructure development. AIF reported below is net of the handling fee of 7% withheld by the airlines.

The AIF fee is \$15 per enplaned passenger for all commercial flights with the exception of Intra-provincial flights, for which the AIF fee is \$5 per enplaned passenger. Effective January 1, 2012, the AIF fee increased to \$20 per enplaned passenger; intra-provincial rates remained unchanged.

During the year the Authority transferred \$11,829,167 from unrestricted net assets; for 2010 \$1,953,510 was transferred to unrestricted net assets.

	2011	2010
Balance, beginning of year	\$ -	\$ -
Earned during the year	7,614,092	7,526,325
Eligible interest expense	(44,650)	-
Eligible property, plant and equipment purchases	(19,398,609)	(5,572,815)
Appropriation from (to) unrestricted net assets	11,829,167	(1,953,510)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

# Regina Airport Authority Inc.

Notes to the Financial Statements  
December 31, 2011

## 10. Commitments:

### a) Ground lease

Effective May 1, 1999, the Authority entered into a 60 year lease of the Regina Airport facilities with Transport Canada, with an option to renew for an additional 20 years. Estimates based on rent projections indicate that rent payable over the next five years will be approximately as follows:

2012	\$ 712,000
2013	750,000
2014	785,000
2015	824,000
2016	865,000

### b) Contracted services and operating leases:

The Authority is committed under contracted services and operating leases with the following minimum annual payments over the next five years:

2012	\$ 1,967,500
2013	1,910,200
2015	1,901,100
2015	2,035,400
2016	1,473,200

- c) On November 10, 2011, the Authority entered into a purchase agreement for the delivery of two fire trucks with a purchase price of \$1,450,000. Payment for these trucks is required upon their anticipated delivery date of September 1, 2012.
- d) During the year the Authority entered into an agreement for the development of a common use car rental support facility with a completion date of June 25, 2012. The work remaining to be completed as at December 31, 2011 amounted to \$3,700,000.

## 11. Net change in non-cash working capital:

	2011	2010
Accounts receivable and accrued revenue	\$ (505,840)	\$ (47,128)
Prepaid materials and supplies	(28,389)	(6,279)
Accounts payable and accrued liabilities	9,927	(1,083,264)
Security deposits	(5,500)	(112,500)
	\$ (529,792)	\$ (1,249,171)

## 12. Customer Facility Charge (CFC)

Effective July 1, 2010, the Authority introduced a CFC to be collected by vehicle concession operators. The initial \$3.00 per transaction day charge was increased to \$4.50 on September 1, 2011. The fees collected are used for the capital investment, financing, operation and maintenance of the common use rental car facility that will be available for operation commencing July 1, 2012. Interest, administration fees and rent recoveries total \$75,736 for the reporting period.

# *Regina Airport Authority Inc.*

Notes to the Financial Statements  
December 31, 2011

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## **13. Capital Management**

The Authority determines the amount of capital that may be required by monitoring the long-term airport infrastructure development plans to meet the needs of passengers, tenants and other airport users and stakeholders. The Authority defines capital to be net assets and bank term loans.

## **14. Risk Management**

The Authority, through its financial assets and liabilities, has exposure to credit risk and interest rate risk.

### **Credit risk**

The Authority's principal financial assets are cash, accounts receivable, GIC's, growth notes and investment savings account, which are subject to credit risk. The carrying amounts of financial assets on the balance sheet represent the Authority's maximum credit exposure at the balance sheet date.

The Authority's credit risk is primarily attributable to its trade receivables. The amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by management of the Authority based on previous experience and its assessment of the current economic environment. The Authority does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash, GIC's and growth notes and investment savings account is limited because the counterparties are chartered banks with high credit ratings assigned by national credit-rating agencies.

### **Interest rate risk**

Cash, restricted cash, GIC's, growth notes, savings fund and investment savings account have limited exposure to interest rate risk due to their short-term maturity.

## **15. Fair values**

The carrying value of cash, restricted cash, accounts receivable and accrued revenue, accounts payable and accrued liabilities, security deposits and bank term loan approximate fair value due to the short-term nature of these items. The fair value of investments is disclosed in note 5.

## **16. Comparative figures**

Certain of the prior year's figures have to been changed to conform to the current year's presentation.

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*Roland J. Groome's pilot  
 license – the first in Canada*