



one in 1.18 million



Regina Airport
Authority Inc.

It's Your Airport security
 customer service YQR satisfaction smile
 Regina people improvements understanding
 knowledgeable www.yqr.ca quality it's your airport
 winning attitudes exceptional customer service YQR
 smile Regina timeliness helpful caring www.yqr.ca
 best approachable it's your airport quality www.yqr.ca people
 knowledgeable www.yqr.ca quality security it's your airport opportunities YQR
 smile Regina timeliness helpful caring www.yqr.ca people smile winning attitude
 winning attitudes friendly helpful caring www.yqr.ca people improvements Regina timeliness
 smile Regina timeliness helpful caring www.yqr.ca people smile winning attitude
 Regina timeliness helpful caring knowledgeable www.yqr.ca people improvements understanding
 customer service YQR satisfaction it's your airport quality helpful caring it's your airport
 www.yqr.ca quality security exceptional customer service
 friendly it's your airport
 customer service YQR smile
 improvements understanding
 winning attitudes www.yqr.ca people
 security opportunities caring www.yqr.ca

1,185,715 passengers

annual report 2012



Regina Airport
Authority Inc.

[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

[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.



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[our customer is
our focus

[our chair's message]

Each year we reflect on the growth and opportunities, challenges and changes we face in managing the Regina International Airport for the community. That means the day to day safety and customer service we place as priority number one, the capital and fiscal planning to be ready for and stay ahead of the growth and new service expectations with a prudent and sustainable financial plan, ever vigilant interface with the airlines in a dynamic, competitive industry changing their routes and fleets to meet regional and international markets and ensuring our organizational capacity is in place.

We have a vision and mission to be the customer service oriented facility that contributes to the economic growth of the region and does so within carefully articulated and monitored values and strategic priorities. The Board and management take that mandate and accountability seriously as we constantly analyse, measure and monitor our progress against our clear objectives in this dynamic and accelerating market. We know the industry is challenged to meet growing passenger traffic, our customers are seeking a growing market access and want to experience free flow and timely passage through our airport. Our role is to provide the facility with the amenities and function, customer service and safety they expect. That requires constant engagement with our partners, the airlines, the security and regulatory bodies and our service and retail tenants.

2012 brought more passenger growth approaching 1.2 million and escalating annually, stretching our capacity. We made major internal improvements this past year to meet that demand, well ahead of previous projections. The new entry hall and technology expedite passenger check-in within a more spacious environment, the second level has more seating and retail service, and the rental car companies have very modern and efficient facilities. Behind the terminal on the air service side the new fire fighting capability ensures safety, the taxi ways, aprons and runways have been focused on to meet air industry needs and new fleets. Significantly much of our investment is not visible to the customer but essential to the success of the airport and the airlines.

This next year will be one of careful thought and planning for the future. We know our currently enhanced facility will serve us only for the next five years but beyond that major improvements and capacity expansion are required. We will first pursue major investment on the air side to prepare for more air service with newer fleets and to ready the area for a major and contemporary terminal expansion. Our parking facilities are now nearing capacity during the busy charter season in the most difficult weather period. Our fiscal demands are extreme as we must carefully prioritize and make strategic choices to meet our seemingly conflicting but complimentary goals of customer service, infrastructure capacity and fiscal sustainability. It is a daunting but exhilarating challenge that we welcome to continue to be an integral part of the Saskatchewan and Regina growth trajectory.

Regina Airport Authority Inc. (RAA) has been fortunate to have a stable and committed, energetic Board that embraces the vision and challenge. We are grateful to our Nominators for their response to our needs. We have equally been well served by an experienced and competent management team and staff that deliver the product daily. Our airline partners have been diligent and positive to understand our passenger needs as they bring new service and fleet on line. Together with our regulatory and service partners they daily respond to the Regina customer and echo our values and vision.

The horizons are infinite and we stand poised to see them expand with an airport facility anchoring the connections in our ever expanding and improving facility.



Bob Linner
Board Chair



[our ceo's message]

I am very pleased to second our Board Chair's optimism for the future and his satisfaction with the past year's performance here at Regina Airport Authority Inc. (RAA). Our 2012 passenger numbers of 1,185,715 represent an increase of 3.9% over 2011, and establish another record. Given the unpredictability's of the world economy, this is indeed a positive achievement, and notwithstanding these global uncertainties, the forecasts for the local economy bode well for the upcoming year.

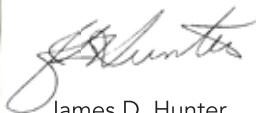
Our passenger numbers are all the more impressive considering that they were achieved during a major terminal building infrastructure upgrade during the year. Both our check-in hall and post security hold room underwent extensive renovations and expansions, such that we will be able to handle projected passenger throughput for the near future. Of particular note from the project are the increase in post security capacity of 180 seats (and the inclusion of a modest retail capability and expanded washrooms) as well as the introduction of Common Use Passenger Processing Systems-CUPPS (including new self serve kiosks) in the check-in hall that will allow the airlines much more flexibility in check-in counter use as well as preparing us for future changes such as self tagging baggage initiatives.

Upgrades also occurred at our fire hall which underwent a major renovation to address some longstanding structural issues as well as to accommodate the two new fire fighting vehicles (Rosenbauer Panthers) acquired in the fall. RAA is now in possession of state of the art safety and emergency response equipment which, coupled with our fire hall renovation, will serve us well into the future.

State of the art is also an apt description of the Quick Turn Around Car Rental Support Facility (QTA) which was completed and opened this past year. We are now well positioned for efficient and superior customer service well into the future through the provision of onsite refueling, detailing and parking facilities now for all six rental car companies.

These achievements reflect the continuing pressures that the success of the economy of Regina and southern Saskatchewan continue to exert on the capabilities and capacities of the Regina International Airport, and thus we continue to plan and anticipate for further improvements and expansions. These activities will come at a cost, but as can be seen in our financial statements, RAA is well positioned to undertake whatever financial impositions these demands may exert into the future.

Indeed, this future is bright as we reflect on a busy and productive year that has produced results that will serve the travelling public well. As our Chair has mentioned, however, we must continue to maintain our vigilance as to the needs of Regina's and southern Saskatchewan's travelling public as the future continues to build both confidence and activity at the Regina International Airport. RAA's management team is proud of this past year's accomplishments and looks forward to continue to work with our Board and with input from the public as we contemplate the exciting future we will share.



James D. Hunter
President and CEO



[our people]

Regina Airport Authority Inc. (RAA) continues to strengthen connections with its employees – and the airport community as 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 the 24/7 seamless operation of Regina International Airport. RAA employees have a multitude of roles from keeping the runways operational, to administering contracts, to ensuring the airport's safety, security and environmental responsibilities are met and everything in between.

RAA continues to assess its resource and staffing needs to meet its strategic objectives. This will involve a review of the organizational structure during 2013.



[RAA team working together in support of the annual charity barbecue]

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

As of December 31, 2012 the RAA team was comprised of the following individuals:

[executive]

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

[operations]

Rick Proulx, Manager Airport Operations
Dennis Sandoff, Operations Officer
Doug Cascaden, Security Operations Officer

[administration]

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



[RAA Rider Tail Gate Kick-off Party and Barbecue for the 2012 season]



[RAA Firefighters]

[fire hall]

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

[maintenance]

Emile Forest, Manager of Airport Facilities and Environment Officer
 Joanne Bell, Operations Assistant
 Dale Peterson, Projects Officer
 Earl Spencer, Supervisor Building Electrical
 Josh Morris, Electrician
 Elizalde Acob, Electrician
 Brent Wesley, Building Maintenance Mechanic
 Ryan Pope, Plumber
 Eldon Blenkin, Supervisor Airfield Mobile
 Chris Mickleborough, Mechanic
 Randy Papegnies, Mechanic
 Rod Wheeler, Equipment Operator

George Toro, Equipment Operator
 Kelly Heichert, Equipment Operator
 Larry Prychak, Equipment Operator
 Martin Fortier, Equipment Operator
 Doug Scheibel, Equipment Operator
 Warren Terry, Equipment Operator
 Curtis Adams, Seasonal Equipment Operator
 James Birrell, Seasonal Equipment Operator
 Wes Crofts, Seasonal Equipment Operator
 Perry Lindgren, Seasonal Equipment Operator
 Jeffrey Moreside, Seasonal Equipment Operator
 Bruce Munro, Seasonal Equipment Operator

Regina Airport Authority would like to thank the following staff for their contributions throughout 2012 that are no longer with the organization.

Megan Barss
 Nuno Dias
 Destiney Dwyer

Chelsea Gullacher
 Daniel Okerstrom
 Sara Ruston
 Levi Scheibel

Lori Sly
 Brian Stewart
 Leon Urszulan

working together is
success

[our operations]

a continued focus and commitment to
Safety – Security – Environmental Stewardship

[safety achievements]

- Completion of the final phase (4) of the airport's Safety Management System (SMS).
- Continued development of internal SMS processes and Regina Airport Authority Inc. (RAA) staff initial and recurrent SMS training initiatives.
- Full compliance with regulated airport safety and occupational health standards.
- Completion of a full scale emergency exercise – Operation Fallen Bird – in cooperation with local mutual aid agencies.
- Acquisition of two new fire fighting vehicles and completion of a fire hall expansion/renovation including revisions to operational and training procedures required to integrate these vehicles into our daily operation.
- RAA continues to be an active participant with our industry partners and agencies in support of continued enhancement of safety initiatives.



[full scale emergency exercise]

For 2013 we have planned the following safety activities:

- Continued advancement of SMS initiatives, including the first self evaluation assessments of the overall effectiveness of RAA's SMS program.
- Completion, implementation and finalization of automated incident reporting formats leading to improved benchmarking and performance measures.
- Demonstration of compliance with reporting standards for health and safety.
- Renewed emphasis for 2013 on bird and wildlife control programs and issues identified in the 2013 Airport Risk Profile.
- Review and re-issue airport operational circular documentation, preferably in an electronic format readily available to airport stakeholders.



[royal departure of their Royal Highnesses the Prince of Wales and the Duchess of Cornwall]

[security achievements]

- Commenced design development for Closed Circuit Television (CCTV), access control and Security Operations Centre (SOC) enhancements scheduled for implementation in 2013.
- 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.
- Conducted a real time major security incident exercise in cooperation with the Regina Police Service as well as 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.
- Developed a comprehensive Airport Security Plan in accordance with anticipated regulatory requirements.
- Transitioned to a new security services contract.



[reconfiguration of the check-in hall]

For 2013 security focused goals include:

- Continue to develop and implement, as required, regulatory requirements and standards as part of the Airport Security Program.
- Completion of annual table-top security exercise with stakeholders.
- Complete installation of CCTV and access control capital improvements for the air terminal building, airside and groundside operations.
- Complete Emergency Control Centre (ECC) and Security Operations Centre (SOC) room facility and technology upgrades.



[completion of an atrium infill and post security space enhancement project]

[environmental responsibility]

RAA continues its renewed emphasis on environmental stewardship and in 2012 saw significant advancements within the environmental areas that included:

- Completion of an updated Environmental Management Systems (EMS) Manual.
- Identification and implementation of a rotating tenant compliance inspection process utilizing a risk based approach.
- Attendance and participation with industry partners/stakeholders focused on environmental sustainability.
- Demonstrated environmental regulatory compliance.
- Initial programming for environmental aspects risk based training.
- Air emissions and greenhouse inventory capture initiative.
- Development and implementation of quarterly reporting processes to ensure we stay abreast of impending legislative and/or industry change.
- Establishment of a formalized Environmental Committee for increased accountability and performance monitoring.



[Rosenbauer Panther fire fighting vehicle]

For 2013, environmental initiatives include:

- Coordination with human resources for the required training initiatives within environment for new hires and employee recertification/development as required and/or identified including WHMIS.
- Demonstrated regulatory compliance with reporting standards consistent with our Environmental Policy Statement.
- Initiate and complete Environmental Phase 2 remediation as recommended within the land redevelopment infill area.
- Implementation of ongoing sampling programs for monitoring against identified key performance indicators and legal requirements with periodic due diligence reporting to the Environmental Committee.



[Quick Turn Around Car Rental Support Facility]

- Continued monitoring and review of actual environmental incidents with regular reporting to the Environmental Committee and Board.
- Analyze findings and recommend programs derived from the emissions and greenhouse gas inventory gathering initiatives.
- Completion of the identified 2013 scheduled risk based tenant inspections.
- Evolution of environmental communications plans to achieve improved tenant and RAA operational accountability.
- Complete assessment and alternative options for firefighter hot drill training program.

[operational efficiencies]

- Substantial completion of a reconfigured check-in hall, including redesigned ticketing counters and introduction of additional common use and self serve elements.
- Completion of an atrium infill and post security space enhancement project.



everything starts with the
customer]

[our destinations]

10

[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
Montego Bay, Jamaica
Panama City, Panama
Puerto Vallarta, Mexico
Punta Cana, Dominican Republic
Santa Clara, Cuba
Varadero, Cuba

*seasonal service

[our flight services]

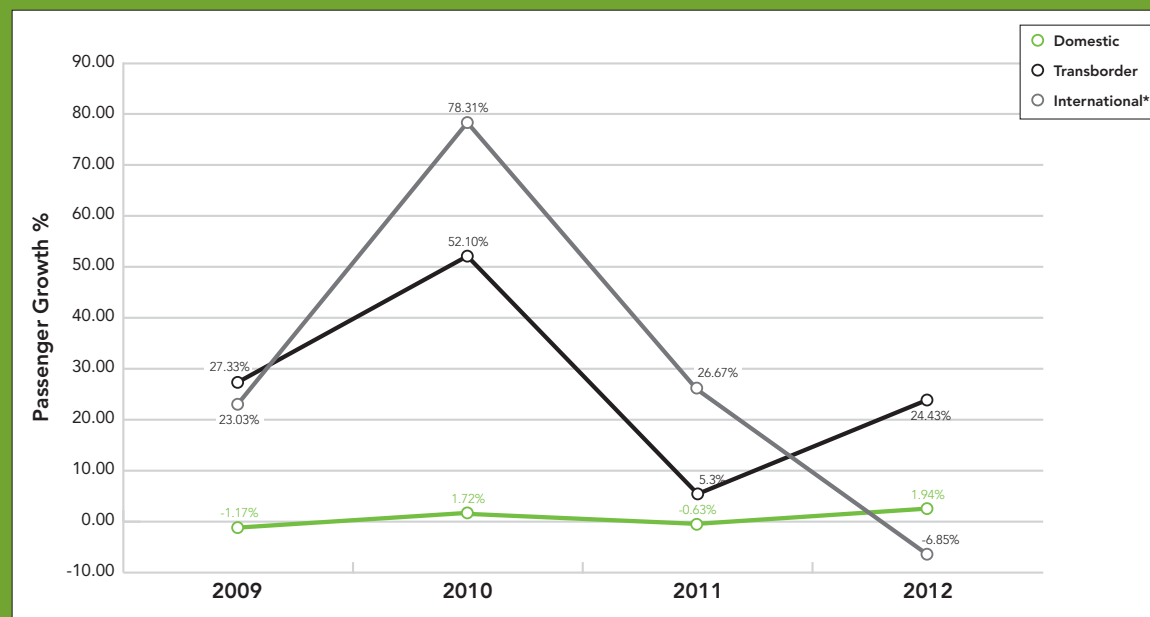
eighth straight year of passenger growth at Regina International Airport

Regina International Airport (YQR) continues to expand and, as we grow our record breaking passenger numbers, the variety of flight service options also continues to increase. YQR continues to offer passengers a wide variety of domestic service, successful transborder routes to Denver, Chicago and Minneapolis (including seasonal service with increased frequency and length to Las Vegas and Phoenix), and an excellent variety of international sun and tourist destinations during the winter period. Continued research and future route development continues while our focus continues to remain on the maintenance of existing airline services through the aggressive marketing of the economic prosperity and growth of our region.

As in 2012, our main focus in 2013 is to continue securing and solidifying existing domestic and transborder services. We are aware of continued demand for more efficient flights to Asia and particularly Europe, and we will continue to explore these opportunities in partnership with our provincial and community stakeholders.

The figure below illustrates the growth in each air service segment: continued and significant rapid growth in our transborder segment at an increase of 24.43%; an increase in our domestic segment at 1.94%; and our international segment positioned with a decline of 6.85%.

Figure 1. Breakdown of Air Service according to type



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

[our mark]

Regina Airport Authority Inc. (RAA) is committed to making our mark on each and every one of our customers by ensuring they have a memorable and positive experience. We know each of our passengers is unique and we do our best to listen to our customers and share information through various communication methods so we can meet their expectations.

To meet these needs, we focus on how to reach and make an impression on our customers through marketing, communications and customer service. In 2012, we utilized the following mediums to make our mark.

[talk to the experts]

In 2012, RAA shared information with our passengers, customers and stakeholders through quarterly update sessions on News Talk 980 CJME Radio's Talk to the Experts. These half hour segments provided listeners with valuable information on the current happenings and upcoming activities at Regina International Airport. To ensure this valuable information was shared outside of these quarterly sessions, throughout 2012, weekly advertising spots provided an additional means of communication.



[Jim Hunter, RAA President and CEO, and Dave Arnold, CJME radio host, recording a session of Talk to the Experts]

[YQReview]

Regina International Airport's Community Newsletter "YQReview" distributed quarterly continues to be a valuable source of communication with members of our airport community, stakeholders and passengers. This newsletter allows us to share airport activities and events, highlight airport news and allows us to showcase members of our airport 'family'.

All of our newsletters are available for viewing on our website at www.yqr.ca.

[enhanced mobile website]

With the enhancement of Regina International Airport's mobile website in May 2012, passengers are now able to view important airport information in addition to arrival and departure information. The supporting 'Check It All' advertising campaign encouraged the audience to use the new and enhanced mobile website by highlighting the following:

- Easy and convenient way to check all of the Regina International Airport happenings through your phone or tablet
- From arrivals and departures, to airport news and information, you will be a well-informed traveller

On your phone or tablet visit our enhanced mobile website at www.yqr.ca.



[airport service quality]

RAA continues to conduct regular Airport Service Quality (ASQ) benchmarking surveys on a quarterly basis to gauge our service and performance allowing us to continually evolve our airport operations and service. The analysis of the ASQ surveys assists us in targeting required improvements to customer satisfaction and is supplemented by other forms of feedback we receive through email, facebook, our website and comment cards. Through these means RAA continues to review, monitor and make adjustments to our services. This information also provides groundwork for a comprehensive, airport-wide customer service program to be initiated in 2013.

[community]



[Youth performers from Saskatchewan Express]

RAA continues to demonstrate our commitment to our passengers by partnering with key members of our community. In 2012, RAA participated in various events with organizations like Regina Hotel Association (Conventions Regina), Regina Regional Opportunities Commission and Regina Downtown. By participating with these organizations RAA had additional opportunities and means to reach out to customers on a city, provincial, national and international level.

The communities of Regina and southern Saskatchewan overflow with talented individuals and groups. As we continue to create memorable experiences for our guests we invite members of our community to showcase their talents and by doing so provide a unique experience for our passengers in addition to our airport community. In 2012, we had the opportunity to showcase an airport display outside of our main office as well as musical performances during the holiday season in our arrivals area.

In 2013, we will maintain our engagement in activities and initiatives that focus on the needs of our customers. We will continue to place significant importance on feedback from our customers to ensure we are meeting and responding to our customers' needs.



[The Daae family, professional music group from southern Saskatchewan]

alone we can do so little

together

we can do so much

[our community]

With our growing number of passengers our commitment and involvement with community and charitable organizations also continues to increase. In 2012, Regina Airport Authority Inc. (RAA) made a difference with various community organizations and we continue to demonstrate the importance of charitable and community events and activities by supporting a variety of community organizations throughout Regina and southern Saskatchewan. Some of the organizations assisted in 2012 include:

- 34 Roland J. Groome Air Cadet Squadron – an annual \$3,500 sponsorship was donated by RAA (www.34rcac.ca)
- Regina Open Door Society – \$1,186 donation from our BBQ fundraiser with proceeds matched by RAA for a total donation of \$2,382 (www.rods.sk.ca)
- Regina Flying Club – the annual \$2,000 RAA Flight Scholarship Award (recipient Reagan Schroeder) (www.reginaflyingclub.ca)
- Saskatchewan Aviation Council – \$2,000 toward the Saskatchewan Aviation Council annual conference (www.saskaviationcouncil.ca)
- Teddy Bears Anonymous – raised \$2,942 at the annual RAA Golf Tournament with proceeds matched by RAA for a total donation of \$5,884 (www.erinsgift.ca)



[Curtis Tutthill, RAA, presents a cheque to Teddy Bears Anonymous from proceeds raised at the RAA Charity Golf Tournament and matched by RAA]

In addition to the monetary commitment we make to our community we also provide:

- Advertising in support of charitable organizations
- Support to Air Cadet Squadrons throughout Saskatchewan
- In-kind donations and support to various golf tournaments and charitable events
- Assistance and support within our facility to community and charitable organizations

We welcome and support the social efforts of our airport community and are proud to be a part of the many member-initiated charitable activities that took place in 2012.

As we move into 2013, we will maintain our participation and support of our airport community's social efforts as well as our investment in our social responsibility program with continued support of Regina and southern Saskatchewan's community and charitable events.



[together, WestJet and PCL Construction hosted a charity barbecue inside the Air Terminal Building]



[RAA's annual charity barbecue in support of the Regina Open Door Society in 2012]

[our plan]

As we reflect on 2012 we also look to 2013, a year of relatively lessened activity with regards to capital projects and more emphasis given to our Terminal Reserve Plan implications and planning. The following highlights our 2012 achievements and the 2013 interim planning and projects in preparation for these issues, while at the same time continuing our efforts to provide Regina and southern Saskatchewan with an outstanding, modern and effective facility that will continue to meet the needs of our passengers.

operate a safe, secure and environmentally sustainable airport

[safety]

The finalization of Safety Management Systems (SMS) programming to meet regulatory requirements, an electronic incident reporting system, a full scale emergency exercise, the acquisition of two new fire fighting vehicles and fire hall expansion/renovation were among the safety objectives achieved in 2012.

For 2013 and in support of our ongoing strategic initiatives we have planned the following activities:

- Completion, implementation and finalization of automated incident reporting formats and outcome reporting leading to improved benchmarking, reporting and performance measures.
- Coordinate and complete with human resources required training initiatives of SMS for new hires and employee recertification as required and other safety initiatives as may be identified.
- Conduct of first self evaluation assessments of effectiveness of SMS.

[security]

2012 objectives achieved demonstrated substantial compliance with regulatory security standards, and included the completion of the new security contracted services agreement, the identification of CCTV and access control system project upgrade requirements and the completion of a full scale security emergency exercise.

For 2013 and in support of our ongoing strategic initiatives we have planned the following activities:

- Complete restricted area access points upgrades to improve and enhance operational efficiencies.
- Complete installation of CCTV and access control capital improvements for air terminal building, airside and groundside operations.
- Complete Emergency Control Centre (ECC) and Security Operations Centre (SOC) room facility and technological upgrades and mantrap upgrades as identified through exercise and capital planning.

[environment]

2012 objectives saw significant advancements within the environmental areas that included the completion of an updated Environmental Management Systems Manual, identification and implementation of a rotating tenant compliance inspection process, air emissions and greenhouse inventory capture initiative and the establishment of a formalized Environmental Committee for increased accountability and performance monitoring including development and implementation of quarterly reporting processes.

For 2013 and in support of our ongoing strategic initiatives we have planned the following activities:

- Implementation of ongoing sampling programs for monitoring against identified key performance indicators and legal requirements with periodic due diligence reporting to the Environmental Committee.
- Analyze findings and recommend programs derived from the emissions and greenhouse gas inventory gathering initiatives.
- Completion of the identified 2013 scheduled risk based tenant inspections.

advance Regina International Airport as a gateway of choice

Consistent with previous plans we have identified four main thrusts that include: air services, airport marketing, customer service and enhancement of image and profile. For continuity purposes we will continue with this approach.

[air services]

2012 objectives achieved included our attendance at World Routes and Jump Start® airline conferences conveying Regina International Airport (YQR) as a competitive and attractive market opportunity for scheduled and potential overseas summer charters, attendance at selected airline headquarters combined with continual conferencing with our key Regina occupant airlines to ensure we understand and are able to respond to the various airline objectives, and we initiated formalized approaches for “at risk” airline services and identified opportunities.

For 2013 and in support of our ongoing strategic initiatives we have planned the following activities:

- Complete benchmark assessment (with assistance from external resources) to better understand and improve upon airline dialogue (risks/opportunities) and establishment of program to keep information current.
- Evaluate and establish benchmarking to assist with identification of current operations and provide for a two year forward looking strategy (with assistance from external resources).
- Identify 2013/14 risks and opportunities.

[airport marketing]

2012 objectives achieved included completion of regular programming associated with the Fly YQR brand, enhanced stakeholder engagement promoting YQR, the enhancement of the YQR mobile website and initiated marketing themes and approaches.

For 2013 and in support of our ongoing strategic initiatives we have planned the following activities:

- To undertake Regina International Airport Economic Impact Study and develop a communication strategy to engage stakeholders and incorporate the Economic Impact Study into marketing materials.
- To continue regular programming and marketing of Regina Airport Authority Inc. and Regina International Airport.

[customer service/enhancement of image and profile]

During 2012 objectives achieved included completion of ACI Airport Service Quality (ASQ) customer service survey programming and comment card feedback allowing for the establishment of sufficient data to identify key baseline performance measures, assembled survey and other data findings, strategic planning priorities and operational requirements into customer service airport wide programming and engaged community partners and other stakeholders to raise YQR's profile.

For 2013 and in support of our ongoing strategic initiatives we have planned the following activities:

- To identify final baseline benchmarking utilizing a standard reporting format with semi-annual reporting to the Board.
- To finalize draft customer service plan and initial rollout of "Airport Wide Customer Service" program.
- To roll out long-term airport vision for development in response to economic growth illustrating YQR's focus toward community expectations.

remain financially viable and cost competitive

In 2012, we continued to remain financially viable and cost competitive through the advancement of the risk management analysis and initialization of programming for mitigation and monitoring of the top organizational risks, advancement of internal and external financial benchmarking, and completion of the revenue enhancement review. Additional 2012 objectives achieved in this area include completion of operational and maintenance programming within budget guidelines, the evolution of terminal reserve planning and the introduction of the topic of risk tolerance.

For 2013 and in support of our ongoing strategic initiatives we have planned the following activities:

- To complete work to define financial framework (including financial risk tolerance and contingency planning) in development of a long range model to ensure financial viability and cost competitiveness reflecting the industry and environment that RAA operates within.
- To develop and implement development triggers to monitor and assist with the timing of financial investment (demand/capacity, financing and cost of construction considerations).
- To refine both short and long term capital and financing plans resulting from annual development trigger review and annual strategic planning session results.

ensure facilities address current and future demands of users

2012 objectives achieved include finalization and endorsement of the terminal reserve conceptual study and phasing program, substantial completion of hold room infill expansion, concession and furnishing upgrades, renewal of firefighting equipment (trucks) and fire hall facility renovations, completion of the business case analysis for parking facility options, substantial advancement regarding ground side serviced land infrastructural renewal, rental car common use facility completion, and conceptual planning for the multi-tenant facility in support of future terminal expansion. In addition, a conceptual planning for Taxi "C" relocation was added as a new initiative (terminal reserve requirement).

Operation efficiency enhancements for 2012 were achieved with check-in hall reconfiguration, improving queues, and the common use solutions reducing time of processing with self serve options. In addition, improved/enhanced concessions (post security), overflow parking lot improvements and the addition of the cell phone parking lot have added to efficiencies.

For 2013 and in support of our ongoing strategic initiatives we have planned the following activities:

- Continue to evolve and develop phasing and implementation strategies for the Terminal Reserve requirements.
- To complete the parking facility analysis and recommendations.
- To complete the CCTV and access control system installation.
- To complete the Apron 1 detailed design for major rehabilitation works planned for 2014.
- To complete the Hold Baggage System (HBS) review and facility expansion detail design for planned 2015 construction.

develop and maintain a talented and motivated organization

2012 objectives achieved included completion of the compensation market review, initiation of collective bargaining requirements and identification of negotiator, revisions/updates to Human Resource strategies, completion and implementation of whistle blower, respectful workplace and code of conduct policies, and enhanced options for staff development including completed pension and benefits presentation for all staff.

For 2013 and in support of our ongoing strategic initiatives we have planned the following activities:

- Finalize collective bargaining strategy leading to the delivery of a timely negotiated settlement.
- Provide for and coordinate identified training and development initiatives for all specified disciplines.

our plan is to **exceed**
expectations]



[corporate governance]

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our governance and nominating committee: page 30

our human resources committee: page 34

good service]
is good business

[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 authorized at 11 – 13 members; currently there are 12 serving members appointed by the following governmental bodies and RAA as represented below:

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

RAA 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.

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

[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 RAA, 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 President and Chief Executive Officer written 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 Human Resources Committee carries out the responsibility of completing the annual assessment of the President and Chief Executive Officer consistent with the President and Chief Executive Officers evaluation criteria and recommends to the Board the appropriate compensation.

The auditor for RAA is KPMG LLP; audit fees for 2012 totaled \$36,225 (\$33,000 – 2011). The organization's corporate lawyer is MacPherson, Leslie & Tyerman LLP.

[our board]

board remuneration and attendance

Bob Linner CHAIR

REMUNERATION: \$30,800 PAID DEVELOPMENT EXPENSE: \$10,181 ATTENDANCE: 6/6
OCCUPATION: Retired – City Manager, City of Regina NOMINATOR: Province of Saskatchewan (2006)
COMMITTEES: Governance & Nominating (5/5), Audit & Finance* (6/6), Human Resources* (7/7)

Brian Martynook VICE-CHAIR

CHAIR OF HUMAN RESOURCES COMMITTEE
REMUNERATION: \$19,450 ATTENDANCE: 6/6 NOMINATOR: City of Moose Jaw (2004)
OCCUPATION: Executive Director, Moose Jaw Chamber of Commerce
COMMITTEES: Human Resources (7/7)

James Rybchuk SECRETARY

CHAIR OF COMMUNITY CONSULTATIVE COMMITTEE
REMUNERATION: \$20,050 ATTENDANCE: 6/6 NOMINATOR: City of Regina (2007)
OCCUPATION: Lawyer, Partner, McDougall Gauley LLP, Adjunct Professor Law, University of Regina
COMMITTEES: Community Consultative (2/2), Human Resources (7/7)

Paul Bourassa

REMUNERATION: \$16,300 PAID DEVELOPMENT EXPENSE: \$3,136 ATTENDANCE: 6/6 NOMINATOR: City of Regina (2011)
OCCUPATION: General Counsel and Chief Compliance Officer, Western Surety
COMMITTEES: Audit & Finance (6/6)

Nigel Harris

REMUNERATION: \$10,567 ATTENDANCE: 3/4*** NOMINATOR: City of Regina (2012)
OCCUPATION: Network Director, Colt International, LLC
COMMITTEES: Governance & Nominating (5/5)

Darlene Hincks

REMUNERATION: \$16,000 ATTENDANCE: 6/6 NOMINATOR: Government of Canada (2011)
OCCUPATION: President of Damara Day Spa Franchises
COMMITTEES: Governance & Nominating (5/5)





Sean McEachern

REMUNERATION:
OCCUPATION:
COMMITTEES:

\$10,867 PAID DEVELOPMENT EXPENSE: \$3,500
Director of Policy and Communication, Saskatchewan Urban Municipalities Association
Audit & Finance*** (4/5)

ATTENDANCE: 4/4***

NOMINATOR: City of Regina (2012)



Catherine Roberts

REMUNERATION:
OCCUPATION:
COMMITTEES:

\$16,900 PAID DEVELOPMENT EXPENSE: \$3,500
Accountant, Consultant
Governance & Nominating** (2/2), Human Resources (4/5)***

ATTENDANCE: 6/6

NOMINATOR: City of Regina (2005)



Larry Smart

CHAIR OF AUDIT & FINANCE COMMITTEE

REMUNERATION:
OCCUPATION:
COMMITTEES:

\$19,150 PAID DEVELOPMENT EXPENSE: \$3,500
Retired – Director, Distribution Utility Accounting, SaskEnergy
Audit & Finance (6/6)

ATTENDANCE: 6/6

NOMINATOR: R.M. of Sherwood (2007)



Alex Taylor

REMUNERATION:
OCCUPATION:
COMMITTEES:

\$16,300 ATTENDANCE: 5/6 NOMINATOR: City of Regina (2011)
Retired – Minister of the United Church of Canada
Human Resources (6/7)



David Walsh

REMUNERATION:
OCCUPATION:
COMMITTEES:

\$16,000 PAID DEVELOPMENT EXPENSE: \$3,500
Principal, Virtus Group LLP, Chartered Accountants and Business Advisors
Audit & Finance (5/6)

ATTENDANCE: 6/6

NOMINATOR: Regina Airport Authority (2006)



Ken Waschuk

CHAIR OF GOVERNANCE & NOMINATING COMMITTEE

REMUNERATION:
OCCUPATION:
COMMITTEES:

\$19,150 PAID DEVELOPMENT EXPENSE: \$510
President, Tanko Resources Group
Governance & Nominating (5/5), Community Consultative (2/2)

ATTENDANCE: 6/6

NOMINATOR: Government of Canada (2009)

* Ex officio

** On Committee until April 2012

*** Started on Board / Committee April 2012

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

[position]	[retainer]
Chair	\$20,000
Vice-Chair	\$12,250
Directors	\$10,000
Committee Chairs	\$12,250
Task Force Chairs	\$12,250

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 at Nominators and public meetings. Per diem rates are paid at \$600 per day and/or \$300 per half day (3 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 \$38,581 in expenses during the year 2012 (2011 - \$41,744) in conducting its responsibilities. These amounts include dollars spent on development, orientation and participation in industry interest groups.

Total Remuneration (includes development) \$230,600 (2011 - \$200,165).

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

[individual commitment contributes to the
success of many

[our thanks]

Regina Airport Authority's Board of Directors would like to thank the following Director for his tenure on the Board up to and including April 19, 2012.

Frank Flegel BOARD MEMBER

REMUNERATION: \$5,128 ATTENDANCE: 2/2 NOMINATOR: City of Regina (2003)
OCCUPATION: Retired – Media Relations Consultant
COMMITTEES: Human Resources (2/2)



Regina Airport Authority's Board of Directors would like to thank the following Director for her tenure on the Board up to and including March 15, 2012.

Vaughn Solomon-Schofield BOARD MEMBER

REMUNERATION: \$2,683 ATTENDANCE: 0/1 NOMINATOR: City of Regina (2007)
OCCUPATION: President and CEO – Western Limited Group of Companies
COMMITTEES: Audit & Finance (0/1)

[our 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.

[2012 highlights]

The Committee met six times in 2012 to conduct its business. Specific activities of note in 2012 include the following:

- Reviewed and recommended Board approval of a cost recovery model developed by management to assess rates and fees to users of common use airport systems.
- Reviewed, endorsed and recommended for Board approval banking arrangements for line of credit and long term debt financing.
- Coordinated with management and the Board an enterprise risk management workshop to identify, categorize and rank key organizational operating and strategic risks.
- Provided oversight and input into the development of environmental risk criteria and recommended Board approval of an updated environmental management system including policies and monitoring procedures.
- 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 of financial results for Board approval.
- Reviewed, endorsed and recommended Board approval of the 2013 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 including annual review of the Committees terms of reference.
- Provided oversight and recommended funding requirements to sustain pension obligations.
- Scrutinized business cases presented by management related to current and future airport facility developments. Projects included a cell phone parking lot, irrigation system upgrades, land infill redevelopment proposals, solutions for future parking, ground handling multi-tenant and cargo facilities, and projects required to prepare for future terminal expansion.

[2013 objectives]

- To lead, with the support of management, further development of the risk management process including formalization of risk tolerance statements along with risk contingency and mitigation plans to address key critical risk priorities (strategic, operational, financial and other threats) identified during 2012.
- To oversee continued enhancement of financial and performance indicator reporting for monitoring progress towards the achievement of strategic and financial objectives.
- To guide the development of a financial strategy that supports Regina Airport Authority Inc. (RAA)'s long term development plan while ensuring RAA continues to be financially sustainable.
- Review and scrutinize facility development proposals and endorse asset replacement plans as recommended by management.

[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 RAA'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, Sean McEachern, 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

there is incredible
value
in being of service

[our community consultative committee]

[terms of reference]

The Community Consultative Committee assists 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 provides effective dialogue with the community on matters of airport planning, operational aspects of the airport, municipal concerns and noise abatement.

[2012 highlights]

- Reported on 2012 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 2012, only 17 noise complaints were logged (2011 – 31) with Regina Airport Authority Inc. (RAA); a decrease of 45% over the reporting period. Of those 17 complaints registered, 6 resulted from military aircraft operations and 4 from cargo aircraft activities. Abatement protocols are achieving intended goals and objectives.
- Outlined the anticipated impacts to Regina International Airport with the introduction of the Q400 fleet (turbo-prop) for the mainline domestic carriers (WestJet and Air Canada).
- Highlighted airport business development achievements of current year and planned activities for upcoming year (Achievements: fire truck renewal; fire hall renovations and common use passenger check-in hall improvements; Planned activities: design for main apron renewal, backroom baggage system improvements and ongoing future planning for the next terminal expansion).
- Provided overview of Airport Improvement Fee (AIF) increase to \$20 in support of longer term capital requirements and objectives.
- Advised on environmental management system renewal and ongoing strategies.

[2013 objectives]

- Focus on expanding communications with the community about the airport community and potential impacts to passenger movement throughout the airport.
- 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 RAA Directors, one of whom is 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 RAA in carrying out its mandate.

During 2012, James Rybchuk (Chair) and Ken Waschuk were active RAA Directors on the Committee. A complete listing of active participants and representative organizations can be obtained from RAA upon request.

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

Respectfully submitted,



James Rybchuk
Committee Chair



ordinary people can achieve extraordinary

results]

[our 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 recruiting 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 RAA's alignment with its approach to governance and best practices.

CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
1. STEWARDSHIP		
Board should explicitly assume responsibility for stewardship of the Corporation, and specifically for:		
i. Adoption of a strategic planning process	Yes	Annual process completed September 2012
ii. The identification of principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks	Yes	Principal risks identified; Audit and Finance is the lead committee for completing strategies in 2013
iii. Succession planning of senior management	Yes	HR strategy updated 2012
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	NP Policy 58-201 provides guidance in 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 orientation for new members

CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
2. COMPOSITION AND MEETINGS OF THE BOARD		
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
3. POSITION DESCRIPTIONS		
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 requirements
4. ORIENTATION AND CONTINUING EDUCATION		
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	Policies were amended focused on generative processes and continuous development; 2 working sessions completed in 2012
5. CODE OF CONDUCT AND ETHICS		
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 2012; 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	Annual declarations for 2012 complete
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	Respectful Workplace and Whistleblower policies completed in 2012
The Board should be responsible for monitoring compliance with the code	Yes	Annual Compliance Statements in place

6. APPOINTMENT OF COMMITTEES

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 deal with CEO and executive compensation and executive HR policies thereby completed its 2012 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 combination of governance and nominating functions

7. REGULAR BOARD ASSESSMENTS

The Board and its Committees should have their effectiveness and contributions regularly assessed.	Yes	Annual evaluation processes established; reviews for 2012 ongoing
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[2012 highlights]

- Completed and implemented revisions to Bylaws, Conflict of Interest Policy and Indemnity Agreements reflecting the requirements of the new Canada Not-for-profit Corporations Act (NFP Act).
- Implemented a program called ConfidenceLine which is a communications program that allows employees/Board Members to anonymously report wrongdoing and sensitive issues within the workplace consistent with corporate Code of Conduct, Whistleblower and Respectful Workplace policies.
- Completed and implemented a continuing education program for Board development focused on strategic and generative processes.
- Coordinated Board development sessions focused on Enterprise Risk Management (identification and risk ranking) and refresher presentations for strategic review of insurance and ground lease requirements.

[2013 objectives]

- Provide assurance that the affairs of the corporation were conducted in compliance with all statutory requirements, bylaws, codes and all previously approved policies and plans.
- Monitor developments in corporate governance and provide review of overall new governance framework.
- Consult Directors and identify Board development initiatives.
- Revise and refine planning succession questionnaires for key Board positions and committees.
- Review industry norms and finalize Board remuneration.
- Complete integrity review of corporate governance policy statements.

[committee membership]

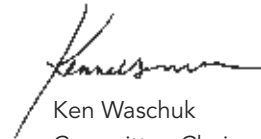
This report has been reviewed and endorsed by the entire Committee comprised of the following individuals:

- Ken Waschuk (Chair), Bob Linner, Darlene Hincks and Nigel Harris.

I would like to thank my fellow Committee members and RAA management.

The Committee reports that the airport regulator has provided RAA 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 RAA are conducted in compliance with statutory requirements, Bylaws, codes and approved policies and plans.

Respectfully submitted,


Ken Waschuk
Committee Chair



a job worth doing is a job worth doing
[together]

[our human resources committee]

[terms of reference]

The terms of reference (mandate) of the Human Resources Committee (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.

[2012 highlights]

- Provided oversight in completion of the tri-annual Regina Airport Authority Inc. (RAA) compensation review resulting in updates to compensation Philosophy and Practices.
- Analyzed Compensation report results leading to recommendations for Executive compensation.
- Reviewed HR Strategy objectives ensuring alignment with strategic and executive succession planning objectives.
- Completed 2011 CEO annual and 2012 CEO interim reviews.
- Monitored Occupational Health and Safety and Respectful Workplace Policy reporting for compliance.
- Completed ongoing terms of reference requirements applicable to 2012 operations and considered evolving trends, emerging practices and proposed legislation for functional areas.

[2013 objectives]

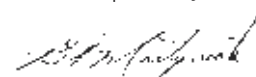
- Review organizational structure in consideration of updated HR strategy implementation to ensure alignment with strategic core business priorities and ongoing succession plans.
- Complete ongoing terms of reference requirements applicable to 2013 operations and consider evolving trends, emerging practices and proposed legislation for functional areas.
- Provide oversight for collective bargaining strategy development and negotiations.
- Complete 2012 formal CEO Evaluation, and identify 2013 performance measure objectives.

[committee membership]

This Committee has completed its responsibility through the dedicated efforts of my fellow Committee members, and the support of RAA management.

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

Respectfully submitted,



Brian Martynook
Committee Chair



[financial statements]

our past, our present, our future: page 37

management discussion and analysis: page 40

our risks and uncertainties: page 44

our management responsibility: page 46

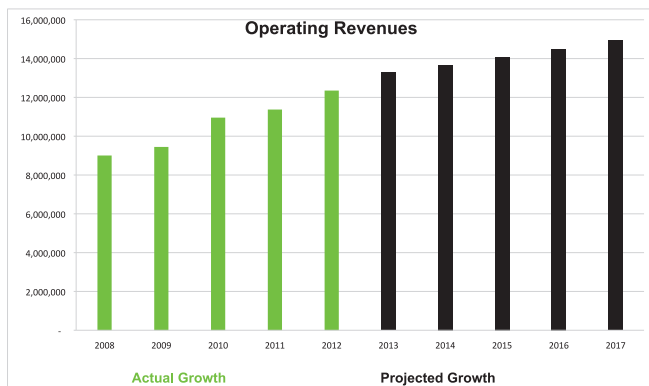
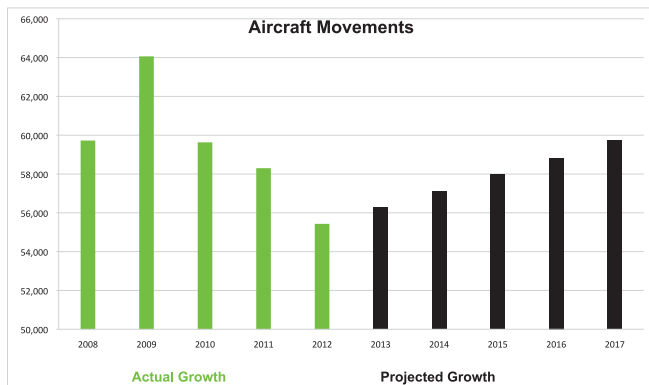
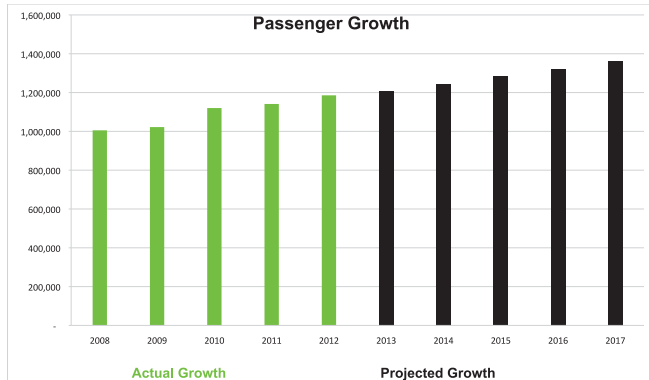
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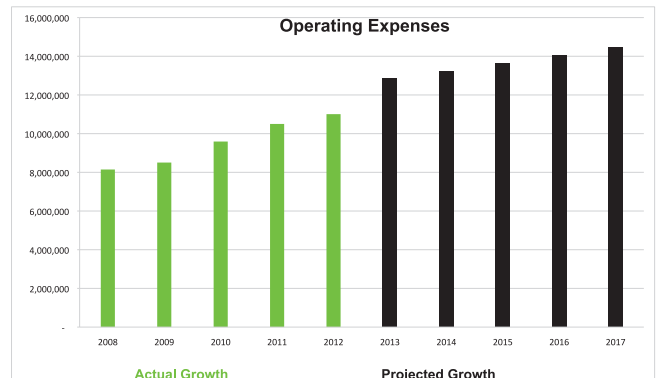
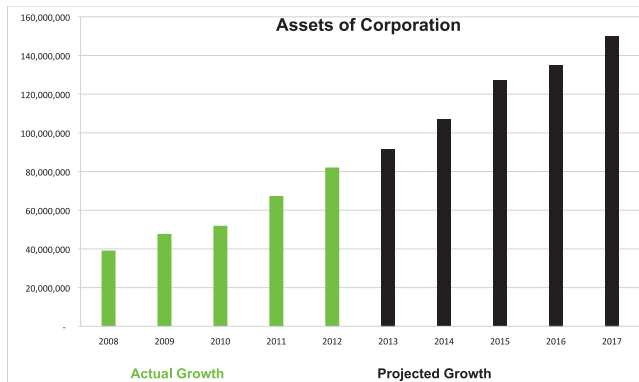
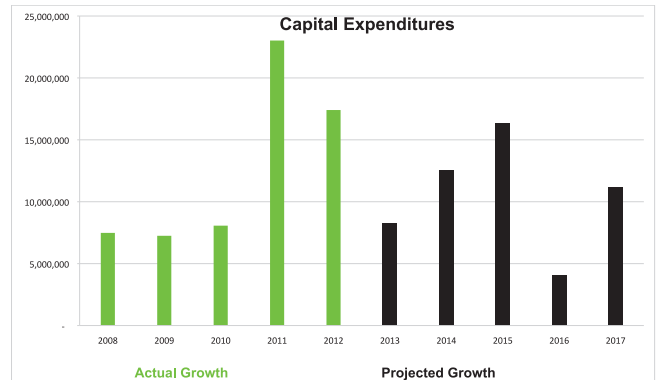
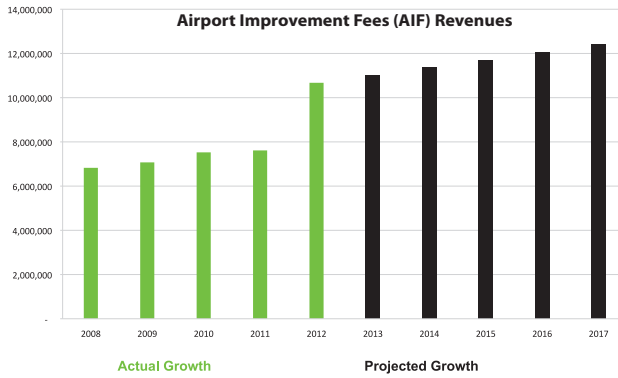
financial statements: page 48

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what counts]
most in life is what we do for others

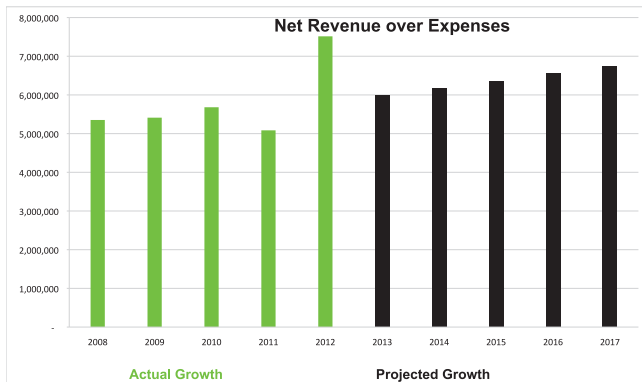
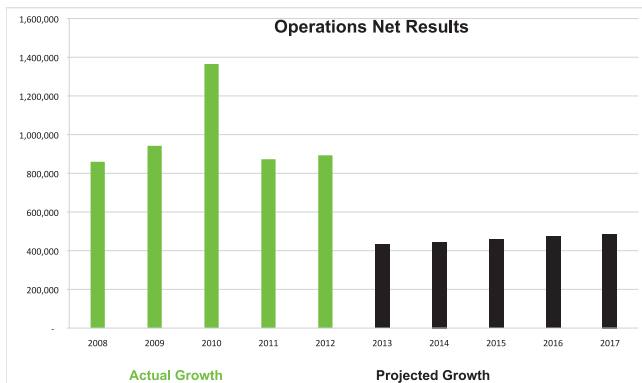
[our past, our present, our future]





our customers are
the key

to our
future



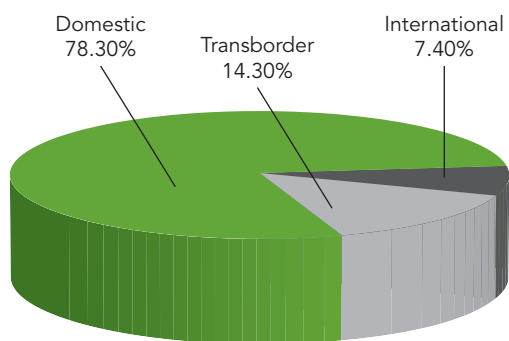
[management discussion & analysis]

Management Discussion and Analysis (MD&A) provide 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, 2012. RAA has prepared these statements in accordance with accounting standards for not-for-profit organizations (ASNPO); 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, 2012 is into the fourteenth 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]

2012 total enplaned and deplaned passenger growth was 3.9%; 2011 growth was 1.9%. This translates into a new record number of 1,185,715 passengers; an additional 44,538 passengers over last year's total of 1,141,177.



Total Passenger Traffic in 2012

Domestic activity increased slightly, up 17,637 passengers (1.94%) over 2011 to 928,865; transborder traffic passenger counts increased by 33,309 (24.43%) over 2011 to 169,679 passengers; and international, charter traffic decreased 6,408 passengers (6.85%) over 2011 to 87,171. The breakdown by passenger type is illustrated on the pie chart (left).

Using normalized growth patterns RAA would have anticipated an actual passenger growth rate of 4.20% for 2012 consistent with local GDP indicators; however, due to limited fleet opportunities identified by carriers and taking into account well served charter and transborder segments, realized growth was expected to be somewhat less for 2012.

Increased frequencies for transborder Phoenix and Las Vegas destinations led the way with increasing load factors for Denver and Chicago destinations. Domestic numbers have improved but growth here continues to be marginalized by the lack of increased frequency within this segment and the airlines restricted ability to make fleet improvements. RAA has established a 2.0% passenger growth target for 2013 about 1.0% less than targeted GDP growth estimates (the next three year projections indicate compounded GDP growth in the 3% - 3.5% range) as it is anticipated that the delivery of aircraft to the carriers will be limited until 2014. The 2013 targeted passenger count utilizing a growth rate of 2% applied to 2012 actual results would be 1,205,000.

[rates and fees]

During 2012, RAA increased landing fees by 5% (all categories) effective April 1, 2012 and implemented 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 were implemented in 2012 to offset increasing costs and to address supply and demand considerations. These new revenues help offset increasing costs in the provision of airside and backroom services.

Within our 2012 workplan we completed common use check-in, departure and upgraded self serve check-in solutions resulting in the establishment of new common use fees methodology. The changes here came into effect as of January 1, 2013.

[airport improvement fees (AIF)]

Airport Improvement Fees (AIF) rates have a direct relationship and correlation to capital planning and other revenue generating opportunities/capabilities. During 2012, \$10,673,386 (2011; \$7,614,092) net of collection fees was generated and \$13,100,583 (2011; \$19,443,259) was expended on eligible AIF capital programming including eligible interest.

The AIF fee increased to \$20/enplaned passenger effective January 1, 2012 contributing an additional \$3,059,294 in revenues (net collection fees) over the previous year. The increase provides certainty in matching the ten year capital expenditures plan and debt servicing requirements to growth requirements. As of December 31, 2012 AIF eligible expenditures exceed AIF revenues generated by \$9,664,175 since its inception (May 1999). This shortfall is backstopped by long-term debt and over the longer planning period will be repaid from future AIF funds generated.

[capital activity highlights]

2012 RAA capital programming included the following major project highlights on a capital spend of \$17,406,872:

- \$4,020,328 – completion of the common use quick turn around car rental support facility
- \$463,368 – restoration of serviced land infill areas
- \$40,768 – other tenant line improvements

In total, \$4,524,464 was spent on non-qualifying AIF funded capital improvements during the year; while \$12,882,408 was spent on eligible AIF funded activities as follows;

- \$8,166,730 – check-in hall/mezzanine infill improvements and common use solutions
- \$510,967 – hold room and terminal area furnishing upgrades
- \$1,357,420 – retrofit and upgrades to fire hall
- \$1,479,399 – procurement of two new fire trucks
- \$133,486 – cell phone parking lot development
- \$218,580 – airport site irrigation system renewal and building replacement
- \$70,520 – LED parking lot lighting upgrade
- \$133,111 – parking lot kiosk relocation and exit improvements
- \$56,747 – bridge upgrades
- \$163,925 – CCTV access control improvements
- \$591,523 – other continual existing facility programming and studies

The check-in/in-fill mezzanine project (90% complete) remains a work in progress at December 31, 2012 with the substantial completion date moved to January 31, 2013. Construction and informational technology (IT) delays have been experienced in trying to complete a significant upgrade while remaining operational during the busy winter charter season.

For 2013, we have a reduced capital plan in terms of dollars spent on core activities of \$5,052,000 with an emphasis on planning and design to address challenges in the areas of parking capacity, main apron rehabilitation, hold baggage screening and continued planning for future growth options within the terminal reserve area.

[cash flow]

The 2012 cash flow position remains positive. The 2012 current ratio remains in good standing at 1.83 to 1 (the 2011 current ratio was 2.23 to 1). RAA is well positioned to meet its short term obligations. RAA has \$7,170,000 undrawn on a \$10,000,000 capital facility in addition to an undrawn \$500,000 line of credit providing further liquidity.

Growth in revenues generated increased the earnings before amortization enhancing 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. CSR is defined as earnings before amortization divided by the annual interest payments and current portions of long term debt.

The 2012 CSR ratio is approximately 7.14 - 1 (2011 - 6.5 - 1); we continue to be very well positioned to meet our debt and interest obligations. Increases to AIF fees and other aeronautical fees combined with continued growth have assured stability to the ratio when compared to 2011.

[balance sheet]

Assets of the corporation increased by \$14,704,710 (21.8%) to \$82,081,410 built on the increased investment in property, plant, and equipment which increased \$12,504,965 (net of amortization and disposals) as discussed earlier in the report. Receivables and accrued revenues increased \$666,038 primarily due to higher yearend billings due to the increased AIF receivables associated with the rate change that took effect January 1, 2012. Prepaid material and supplies primarily increased \$63,325 related to the car rental support facility fuel supply (\$33,825) and increases to firefighting supplies of (\$25,773) for the enhanced fire fighting vehicles. Investments held increased \$89,615 with returns and realized gains on investments of \$52,553 and market appreciation in fair values of \$37,062.

Cash on hand increased \$1,380,767 to \$4,340,151 over 2011.

Current liabilities increased \$1,671,975 over 2011; within trade payables \$1,262,083 in holdbacks and project payables remain payable on the check-in hall and land infill projects accounting for the majority of the increase; and the current portion on bank term loans have also increased by \$363,528. Higher occupancy accruals (\$40,000) and holdbacks/deficiency amounts on the fire hall renovation (\$92,321) remain unpaid due to an early and severe winter as roof repairs are incomplete.

Long term bank term debt increased \$5,946,710 associated with ongoing capital spending requirements (net of scheduled repayments of \$834,762 made during the year). Loan advances were made in the amount of \$4,315,000 for the car rental support facility; \$1,080,000 for the firehall upgrades and \$1,750,000 has been drawn to date for the check-in hall and mezzanine infill projects. Scheduled principle repayments for 2013 are \$1,205,528 and are represented as the current portion of long term debt.

Other liabilities are recorded in the statements for pension plan and retirement allowance liabilities in the amount of \$2,385,300. This amount is \$426,500 lower than last year's \$2,811,800.

Overall net assets increased \$7,514,525 during 2012 reflective of excess revenues over expenses.

[statement of operations]

Revenues: 2012 revenues increased \$4,312,598 over 2011. Airport Improvement Fees (gross) increased \$3,303,405 due to the fee increases (\$15 to \$20 per enplaned passenger) and increased traffic; \$176,198 on the rental car customer facility charge; \$79,275 on landing fees (reflective of 5% fee increase implemented April 1, 2012 and increased transborder frequencies); \$78,405 on general terminal fees reflective of continue passenger growth; \$119,284 on other airline fees (baggage and after hour emergency services recovery fee increases and continued traffic growth contributing); \$514,565 on public parking resulting from the full year effect of the fee increase announced July 2011 and growth in the actual parking transactions of 2.5%; \$162,499 on concessions reflective of the increased traffic growth. Rental revenues increased \$100,087 attributed to land lease renewals reflecting market rates for the rental car operators, new developments and agreement renewals.

Operating revenues generated were \$12,351,704 and excludes AIF, CFC, interest, realized and unrealized gains, and other car rental support activities. This represents an increase of \$978,001 over 2011 results.

Expenses: 2012 expenditures increased \$872,543 over 2011; \$833,707 more for amortization of property, plant and equipment; \$212,065 more for ground lease commitments based on the increased revenue base primarily associated with the increase to AIF fees; and a \$738,206 reduction in personnel costs caused by a difference in the amount of pension expense recognized between 2012 and 2011 of \$1.3 million, offset by regular payroll increases. There were also modest increases to property taxes, and utilities while services, supplies and administration increased by \$210,900 primarily attributed to the operation of the car rental support facility. Other expenditures of \$250,587 are comprised of interest expenses.

Operating expenditures incurred (net of amortization, AIF collection costs, interest expense and the car rental operation) during 2012 were \$11,007,519 (\$503,622 under last year's result).

[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 2012 dollars this value approximates - \$125,000. All projects in excess of these values were tendered with the exception of the IT backbone upgrade carrying a budget of \$345,000 (specialized technology).

[officers and senior management compensation]

Total remuneration paid to RAA senior officers was a total of \$440,563 (2011- \$422,371) and was allocated as follows:

- James D. Hunter, President and CEO: range (\$126,802 - \$159,863)
- Derrick B. Thue, VP Administration and CFO: range (\$96,677 - \$145,016)
- Steve D. Burchi, VP Operations: range (\$96,677 - \$145,016)

[our risks and uncertainties]

[introduction]

The aviation sector generally offers an environment of continued growth over time for both business and leisure travel. This is evidenced by continued global and local population growth and the fact that there is widespread public acceptance that air travel offers both a fast and safe way to travel, built upon an excellent safety record. Despite volatility within the industry and despite economic downturns, growth will continue over the long term due to this increased propensity to fly coupled with increased populations and economic growth.

[economic risk]

Given the continued levels of global economic uncertainty, we must remain cognizant of these impacts as the current global slow-down (described as the worst since the great depression) continues unabated. Political crises and dysfunction continue to dominate, creating a high level of uncertainty with regard to economic output upon which this industry is highly dependent. The political situation in Washington, the continuing Euro zone crisis and its very real threat of another recession, continued Middle East unrest all lend themselves to the instability and weakening of emerging markets and bring uncertainty to our highly resourced economy. The details that follow reflect on this backdrop in highlighting potential risk for the short to medium term:

regulatory risk

This is often referred to as government intervention or implementation of costly rules that result in over taxing of the aviation industry. The imposition of Safety Management Systems (SMS) at the airports' expense, the possibility of onerous Runway End Safety Areas (RESAs) requirements, the real possibility of enforcement of until now unenforced official language regulations, and the ever burgeoning environmental regulatory process are but some examples. As well, we await the regulator's response to our soon to be submitted Airport Security Plan (ASP), another area of potential regulatory expansion and burden. Regina Airport Authority Inc. (RAA) needs to continue to focus on and support industry wide efforts to encourage cooperation with the regulator to assuage the effects of these potentialities and minimize the effects of future regulatory activity which need to be strategically considered in developing ongoing mitigation and contingency plans.

facilities/capital risks

As mentioned above, the aviation industry is expected to continually grow over time and therefore, we need to be sure we understand our economic situation in relation to the global market of which we are a part. Although there is a weakening economic climate globally, we have sustained growth and indications are this growth will continue regionally, primarily built upon expansion and capital investment in the resource sectors of our economy. This activity should sustain us through the current global volatility and we need to respond with appropriate facility improvements so that we can flourish as global economic conditions improve. As a highly capital intensive operation, RAA must manage the risk of raising the appropriate capital to match and exceed the growth demands in its management of facility and funding risks in order to meet the public expectations.

Other factors that need to be included in our analysis in managing our overall enterprise risks include understanding our airline operators and customer service demands. Timely responses here such as our recently completed technological upgrades (common use solutions) positively improve services and revenue opportunities for our carriers and customer experience for our travellers. Ensuring we have the facility that can respond is critical in meeting the expectations of both our primary users (airline operators and public).

In conclusion, we have seen disposable income improve provincially by over 7.3% on average and economic activity increase by 4.2% for the Regina area in 2012. These indicators and predictions of sustained growth in the 3% range over the next several years must assist us in responding to our strategic, facility, public profile and regulatory risks. We have many challenges but through understanding our situation we will be responsive in meeting the needs of our community.



always give]
people more than they expect

[our management responsibility]

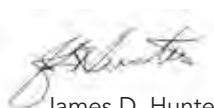
The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these are set out in Note 3 of the financial statements.

Regina Airport Authority Inc. (RAA)'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 RAA 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 RAA 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 consolidated 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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[Independent auditors' report to the shareholders]

We have audited the accompanying financial statements of Regina Airport Authority Inc., which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations and net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits 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, 2012, December 31, 2011 and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants
Regina, Canada
February 26, 2013

[regina airport authority inc.]

statement of financial position

december 31, 2012, december 31, 2011 and january 1, 2011

	December 31, 2012	December 31, 2011	January 1, 2011
ASSETS			
Current Assets:			
Cash (note 5)	\$ 4,340,151	\$ 2,959,384	\$ 6,987,737
Accounts receivable and accrued revenue (note 6 and 10)	2,770,743	2,104,705	1,591,857
Prepaid materials and supplies	395,833	332,508	304,129
	7,506,727	5,396,597	8,883,723
Investments (note 7)	1,620,436	1,530,821	1,547,260
Capital assets (note 8)	72,954,247	60,449,282	41,522,354
	\$ 82,081,410	\$ 67,376,700	\$ 51,953,337
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable and accrued liabilities (note 10)	\$ 2,840,451	\$ 1,546,447	\$ 1,524,816
Deferred Revenue	50,582	36,139	40,835
Current portion of long-term debt (note 11)	1,205,528	842,000	180,000
	4,096,561	2,424,586	1,745,651
Long-term debt (note 11)	17,467,710	11,521,000	1,440,000
Tenant security deposits	65,352	67,352	72,852
Pension plan liability (note 16)	1,898,000	2,349,200	1,583,500
Retirement allowance liability (note 17)	487,300	462,600	434,200
Deferred contribution revenue	-	-	199,642
	24,014,923	16,824,738	5,475,845
Net assets (note 4)	58,066,487	50,551,962	46,477,492
	\$ 82,081,410	\$ 67,376,700	\$ 51,953,337
Commitments (note 15)			

See accompanying notes to financial statements

Approved on behalf of the Board:


 Bob Linner, Chair of Board


 Larry Smart, Chair of Audit and Finance Committee

[regina airport authority inc.]

statement of operations and net assets
years ended december 31, 2012 and 2011

	2012	2011
Revenue:		
Airport improvement fees (note 12)	\$ 11,490,601	\$ 8,187,196
Customer facility charge (note 13)	705,263	529,065
Landing fees	2,460,615	2,381,340
General terminal fees	1,844,708	1,766,303
Other airline fees	1,318,961	1,199,677
Public parking	3,671,258	3,156,693
Concessions	2,066,257	1,903,758
Rentals	942,734	842,647
Other	283,868	504,988
	24,784,265	20,471,667
Expenses:		
Airport improvement fee collection costs (note 12)	817,215	573,104
Salaries and benefits	4,394,361	5,132,567
Services, supplies and administration	4,605,044	4,394,144
Ground lease	743,399	531,334
Property taxes	838,263	821,184
Amortization	4,901,908	4,068,201
Utilities	718,963	707,649
Other	250,587	169,014
	17,269,740	16,397,197
Excess of revenues over expenses	7,514,525	4,074,470
Net assets, beginning of year	50,551,962	46,477,492
Net assets, end of year	\$ 58,066,487	\$ 50,551,962

See accompanying notes to financial statements

[regina airport authority inc.]

statement of cash flows

years ended december 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 7,514,525	\$ 4,074,470
Add (deduct) non-cash items:		
Amortization of capital assets	4,901,908	4,068,201
Amortization of deferred contributions	-	(199,642)
Loss on capital asset disposals	-	24,865
Unrealized (gain) loss on investments	(37,062)	61,998
Gains on investment disposals	6,492	18,688
	12,385,863	8,048,580
Change in non-cash working capital:		
Accounts receivable and accrued revenue	(666,038)	(512,848)
Prepaid materials and supplies	(63,325)	(28,379)
Accounts payable and accrued liabilities	1,294,004	21,631
Deferred revenue	14,443	(4,696)
Tenant security deposits	(2,000)	(5,500)
Retirement allowance liability	24,700	28,400
Pension plan liability	(451,200)	765,700
Cash flow from operations	12,536,447	8,312,888
Investing:		
Purchase of capital assets	(17,406,872)	(23,019,994)
Purchase of Investments	(187,271)	(581,790)
Proceeds on sale and maturity of investments	128,225	517,543
Total investing activities	(17,465,918)	(23,084,241)
Financing:		
Advances of long-term debt	7,145,000	10,923,000
Repayments of long term debt	(834,762)	(180,000)
Total financing activities	6,310,238	10,743,000
Increase (decrease) in cash	1,380,767	(4,028,353)
Cash, beginning of Year	2,959,384	6,987,737
Cash, end of year	\$ 4,340,151	\$ 2,959,384

See accompanying notes to financial statements

[regina airport authority inc.]

notes to the financial statements
years ended december 31, 2012 and 2011

1. Purpose and description of business:

Regina Airport Authority Inc. (the "Authority") was incorporated June 18, 1997 as a corporation without share capital under Part II of the *Canada Corporations Act* (the "Act"). The Authority is exempt from federal and provincial income tax. The Authority has operated Regina International Airport since May 1, 1999, under a lease from the Government of Canada (the "Ground Lease"). The Ground Lease has an initial term of 60 years with an option to extend for 20 years.

Pursuant to the Act, the Authority shall operate as a not-for-profit corporation and as such, the Authority reinvests all excess of revenue over expenses in the capital renovation and expansion requirements of the airport for which it is responsible. In addition to the investment of the excess of revenue over expenses, the Authority is authorized to borrow to invest in the airport infrastructure, and current borrowings are detailed in Note 11. Capital requirements are generally determined on an annual basis in conjunction with the Authority's business planning cycle, although longer projects may involve financial commitments that extend beyond one year. The Authority annually re-evaluates its economic condition and facility demands in setting its objectives.

The mandate of the Authority is to manage and operate the airport in a safe, secure, efficient and commercially viable and environmentally responsible manner in its objective to advance economic and community development by means that include promoting and encouraging improved airline transportation for the general benefit of the public in its region.

2. Basis of preparation:

The financial statements for the year ended December 31, 2012 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook ("ASNPO"). These are the first financial statements prepared in accordance with ASNPO.

The Authority's financial statements were previously prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Canadian GAAP differs in some areas from ASNPO. In preparing the financial statements, management has amended certain accounting and valuation methods previously applied in the Canadian GAAP financial statements to comply with ASNPO. The comparative figures for 2011 have been restated to reflect these adjustments. Any adjustment as a result of differences between Canadian GAAP and ASNPO have been reflected in the Authority's opening statement of financial position as of January 1, 2011, the transition date. Certain information that is considered material to the understanding of the Authority's financial statements along with reconciliations and descriptions of how the transition from Canadian GAAP to ASNPO has affected the reported financial position, performance and cash flows is presented in Note 4.

[regina airport authority inc.]

notes to the financial statements
years ended december 31, 2012 and 2011

3. Significant accounting policies:

The following accounting policies are considered significant:

a) *Capital assets*

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated lives at the following rates:

Asset Category	Rate (years)
Leased land	48
Office furniture and equipment	3-10
Computer equipment	3- 5
Vehicles and equipment	3-15
Leasehold improvements	1-30
Work in progress	not amortized, as not available for use

The various components of the air terminal building, other building structures, roadways and airfield surfaces are amortized on a straight-line basis over their estimated economic life of the component asset, limited to the term of the Ground Lease. These assets revert back to the Government of Canada upon expiry of the Ground Lease.

The Authority has previously purchased Land for operational purposes and future development. The Ground Lease requires that at commencement of development the applicable Land be transferred to the Government of Canada at which time the Authority reclassifies Land to Lease Land and commences amortization on a straight-line basis over the remaining full fiscal years of the Ground Lease. Commencing January 1, 2012 the Authority has reclassified Land to Leased Lands as lands have already been transferred to the Government of Canada while the Authority awaits the Ground Lease amendment.

Capital projects uncompleted at year end are capitalized to work in progress at cost. Costs are transferred to the appropriate capital asset class and amortization commences when the project is completed and the assets become operational.

b) *Impairment of long-lived assets*

The Authority uses a two step process for determining whether an impairment of long-lived assets should be recognized in the financial statements. If events or changes in circumstances indicate that the carrying value of the long lived asset may have been impaired, a recoverability analysis is preformed on the estimated undiscounted cash flows to be generated from the asset's operations and its projected disposition. If the analysis indicates that the carrying value is not recoverable from future cash flows, the long lived asset is written down to its estimated fair

[regina airport authority inc.]

notes to the financial statements
years ended december 31, 2012 and 2011

3. Significant accounting policies (continued):

b) *Impairment of long-lived assets (continued)*

value and an impairment loss is recognized in the statement of operations. If circumstances change impairment loss may be adjusted reflecting a partial or full reversal.

c) *Employee future benefits*

(i) Pension plan

The Authority has a retirement pension plan (the "Plan") for all permanent and term employees. The plan provided employees with an option to elect to continue as defined benefit members or elect to become defined contribution members at the time of transfer (May 1, 1999) to the Authority from the Government of Canada. The defined benefit membership is limited to those that continued on as defined benefit members with all new employees since transfer classified as defined contribution members. The Authority does not provide any non-pension post retirement benefits.

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. Actuarial gains and losses arise because of changes in assumptions and from experience differing from what has been assumed. Actuarial gains and losses are immediately recognized through the statement of operations.

(ii) Retirement allowance

The Authority accrues a retiring allowance for all permanent employees, which is calculated on the basis of current salary at one week per year of service or part thereof to a maximum of thirty weeks.

d) *Revenue recognition*

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-imbursements of specific operating costs are offset against the costs incurred.

Specifically, revenue is recognized as follows:

- Landing, general terminal and other airline fees are recognized when airport facilities are utilized.

[regina airport authority inc.]

notes to the financial statements
years ended december 31, 2012 and 2011

3. Significant accounting policies (continued):

d) *Revenue recognition (continued)*

- Public parking and concession revenues are recognized when facilities are utilized. Concession revenue is recognized based on the greater of agreed percentages of reported concessionaire sales and specified minimum guaranteed amounts over the terms of the respective leases.
- Rental revenues are recognized over the terms of the respective leases at the commencement of each month when rent is due.
- Other income is recognized when earned or received.
- Airport Improvement Fee ("AIF") revenue is recognized when the originating departing passengers board their aircraft as reported by the airlines.
- Customer Facility Charge ("CFC") revenue is recognized based on the transaction day information contained in the rental car agreements as reported by the operators.

Deferred revenue consists primarily of land leasing, space rental, aeronautical fees and concession fees received in advance of land or facilities being utilized.

e) *Financial instruments*

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Authority has not elected to carry any such financial instruments at fair value.

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

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

[regina airport authority inc.]

notes to the financial statements
years ended december 31, 2012 and 2011

3. Significant accounting policies (continued):

f) *Use of estimates*

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets, and the determination of the pension plan and retirement allowance liabilities. Actual results could differ from those estimates.

4. First time adoption of ASNPO:

Consistent with other Canadian not-for-profit organizations, the Authority is required to prepare its financial statements for the year ended December 31, 2012 in accordance with ASNPO. The Authority has accordingly restated its previously reported 2011 results and financial position.

First time Adoption of ASNPO – Exemptions

The Authority is required to determine its ASNPO accounting policies and apply them retrospectively to establish its opening statement of financial position under ASNPO. The Authority has used the following exemption available under the transition to ASNPO:

i. Employee future benefits:

The Authority has elected to recognize all cumulative actuarial gains and losses and past service costs related to its defined benefit pension plan and retirement allowance in opening net assets.

a) *Net assets:*

The following table summarizes the impact of the transition to ASNPO on the Authority's net assets as of January 1, 2011:

Net assets:	
As previously reported under Canadian generally accepted accounting principles, December 31, 2010	\$ 48,274,192
Recognition of all cumulative actuarial gains and losses on employee future benefits (i)	(1,362,500)
Recognition of employee future benefits related to the retirement allowance liability (i)	(434,200)
Restated, January 1, 2011	\$46,477,492

[regina airport authority inc.]

notes to the financial statements
years ended december 31, 2012 and 2011

4. First time adoption of ASNPO (continued):

b) *Excess of revenues over expenses:*

As a result of the noted election and the retrospective application of ASNPO, the Authority recorded the following adjustment to operations for the year ended December 31, 2011:

Excess of revenues over expenses:

As previously reported under Canadian generally accepted accounting principles, December 31, 2011	\$ 5,084,570
Increase to employee future benefit expense as a result of electing to recognize all cumulative actuarial gains and losses	(981,700)
Increase to employee future benefits expense related to the retirement allowance liability	(28,400)

Restated for the year ended December 31, 2011	\$ 4,074,470
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The effects of the January 1, 2011 transition adjustment has resulted in an increase to defined pension plan obligations of \$1,362,500 and a decrease to net assets by the same amount. For the year ended December 31, 2011, the effect of retroactive application of the transition adjustment is to increase the accrued pension plan obligations by \$981,700.

5. Cash:

Cash earns interest at an effective rate of 1.25% (2011 - 1.25%).

6. Accounts receivable and accrued revenue:

Accounts receivable and accrued revenue are reported net of any allowance for bad debts that are estimated to occur. The allowance for 2012 is \$7,647 (2011 - \$512). Bad debts expense for 2012 was \$5,725 (2011 - \$358).

7. Investments:

The carrying value of the Authority's investments is as follows:

	2012	2011
Guaranteed Investment Certificates (GIC's), growth notes and savings account	\$ 791,675	\$ 791,181
Common shares	817,393	736,930
Investment savings account	11,368	2,710
	\$ 1,620,436	\$ 1,530,821

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

[regina airport authority inc.]

notes to the financial statements
years ended december 31, 2012 and 2011

8. Capital assets:

Capital assets	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Leased land	\$ 2,734,844	\$ 57,778	\$ 2,677,066	\$ 2,730,060
Leasehold improvements	77,522,670	21,053,354	56,469,316	50,579,500
Vehicles and equipment	7,775,449	4,361,575	3,413,874	2,209,942
Computer equipment	798,207	585,384	212,823	191,874
Office furniture and equipment	177,138	90,329	86,809	116,306
Work in progress	10,094,359	-	10,094,359	4,621,600
	\$ 99,102,667	\$ 26,148,420	\$ 72,954,247	\$ 60,449,282

9. Operating line of credit:

The Authority has a \$500,000 operating line of credit (the "Operating Facility") bearing interest at the bank's prime lending rate less 0.25%. The Operating Facility is unsecured and repayment terms are on demand. As at December 31, 2012 and December 31, 2011 no amounts were drawn against this line of credit.

10. Accounts receivable and accrued revenue and accounts payable and accrued liabilities:

Included in accounts receivable and accrued revenue are government remittances receivable for goods and services taxes of \$102,914 (2011 - \$7,008); and government remittances payable for provincial sales taxes are included in accounts payable and accrued liabilities of \$9,784 (2011 - \$4,383).

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11. Long-term debt:

Details of the long-term debt outstanding are described in the following table:

	December 31, 2013	December 31, 2012
Term loan bearing interest at 2.75% per annum, repayable in annual installments of \$180,000 including principal and interest, due February 2015.	\$ 1,260,000	\$ 1,440,000
Term loan bearing interest at 2.75% per annum, repayable in annual instalments of \$500,000 including principal and interest, due November 2016.	7,000,000	7,500,000
Term loan bearing interest at 2.75% per annum, repayable in monthly installments of \$25,794 including principal and interest, due September 2017.	7,583,238	3,423,000
Term loan bearing interest at 2.75% per annum, repayable in quarterly installments of \$54,000 including principal and interest, due November 2017. ¹	1,080,000	-
Term loan bearing interest at 2.75% per annum due December 2013. ¹	1,750,000	-
	18,673,238	12,363,000
Less current portion	1,205,528	842,000
	\$ 17,467,710	\$ 11,521,000

¹ The Authority has a credit agreement with Scotiabank that provides for an ongoing \$10,000,000 commitment to finance construction and acquisition of capital assets of which \$2,830,000 had been used at December 31, 2012 (2011 – nil) and is reflected in the long-term debt shown above.

Interest on long-term debt of \$408,336 was paid during 2012 (2011 - \$94,548).

Future principal payments required on all long-term debt for the next five years are as follows:

2013	\$1,205,528
2014	1,205,528
2015	1,205,528
2016	1,205,528
2017	1,205,528

The authority is required to maintain at all times a current service ratio of 1.25:1 or better.

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12. Airport improvement fee:

The Authority derives revenue from the AIF which is collected by the carriers pursuant to an agreement among various airports in Canada, the Air Transport Association of Canada ("ATAC") and air carriers serving airports that are signatories to the agreement (the "AIF Agreement"). Pursuant to the AIF agreement, signatories receive a 7% collection fee. AIF revenue is used to fund the costs of new airport infrastructure, as well as major improvements to existing facilities, at the Regina International Airport. The AIF as at December 31, 2012 was \$20 (2011 - \$15) for each originating passenger departing Regina International Airport. The AIF increased to \$20 per enplaned passenger effective January 1, 2012. Intra-provincial flights are charged an AIF of \$5 per enplaned passenger.

AIF funding activities on the year are outlined below:

	2012	2011
Earned revenue	\$ 11,490,601	\$ 8,187,196
Airline/ATAC handling and administration fees	(817,215)	(573,104)
Net AIF revenues earned	10,673,386	7,614,092
Eligible capital asset purchases	(12,882,408)	(19,398,609)
Eligible interest expense	(218,175)	(44,650)
Excess of AIF expenditures over AIF revenues	\$ (2,427,197)	\$ (11,829,167)

AIF funding activities on a cumulative basis since inception of the AIF are outlined below:

Earned revenue	\$ 75,966,923	\$ 64,476,322
Airline/ATAC handling and administration fees	(5,483,978)	(4,666,763)
Net AIF revenues earned	70,482,945	59,809,559
Eligible capital asset purchases	(79,756,758)	(66,874,350)
Eligible interest expense	(390,362)	(172,187)
Excess of AIF expenditures over AIF revenues	\$ (9,664,175)	\$ (7,236,978)

13. Customer facility charge:

The Authority derives revenue from the CFC which is collected by the rental vehicle concession operators pursuant to the Rental Vehicle Concessionaires Agreements (the "RVCA"). Pursuant to the RVCA agreements, revenue is used to fund the capital investment, financing, operation and maintenance of the common use support facility at Regina International Airport. The CFC as at December 31, 2012 was \$4.50 (2011 - \$4.50) applied for each transaction day under the rental agreement.

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14. Government assistance:

The Authority has a Maintenance Contribution and Support Agreement (the Support Agreement) with the Canadian Air Transport Security Authority ("CATSA") under which CATSA agreed to pay to the Authority a contribution in respect to baggage handling systems maintenance support and handler support services. The contribution is equal to the lesser of the maximum amount defined in the support agreement or the amount of allocated costs incurred. The support agreement can be extended annually by mutual agreement. Contributions were received during 2012 in the amount of \$96,250 (2011 - \$96,250) and are recorded as services, supplies and administration in the statement of operations.

15. Commitments

a) Ground lease commitments:

The Authority pays an annual ground lease rental payment based on a sliding scale percentage of gross revenue to Transport Canada pursuant to the Ground Lease. The estimated operating lease payments over the next five years:

2013	\$ 814,000
2014	854,700
2015	897,400
2016	942,300
2017	989,400

b) Contracted and other operating leases:

The Authority is committed under contractual and operating lease agreements with the following estimated annual payments over the next five years:

2013	\$ 2,380,825
2014	2,467,550
2015	2,529,500
2016	2,063,650
2017	799,475

During the year the Authority also entered into contractual agreements for certain capital projects. As at December 31, 2012, \$1,548,000 in work remains to be completed on these projects.

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16. Pension plan liability:

The Authority sponsors and funds a registered pension plan (the "Plan") on behalf of its employees, which has both defined benefit and defined contribution components. Pensions payable from the defined benefit component are generally based on the member's average annual earnings near retirement and indexed annually at 100% of the consumer price index. The Authority accrues its obligations and related costs under the Plan, net from plan assets.

The last actuarial valuation for funding was prepared as at January 1, 2012 using a December 31 measurement date. The results of the valuation have been extrapolated to December 31, 2012. The next scheduled valuation for funding purposes will be completed as at January 1, 2013, final valuation results will not be available for this reporting period.

The Authority's pension plan contributions for 2012 amounted to \$288,452 (2011 - \$270,444) for the defined benefit component and \$118,483 (2010 - \$105,818) for the defined contribution component. Benefits paid during 2012 were \$149,215 (2011 - \$108,267). The plan incurred administration and investment management fees of \$125,825 (2011 - \$98,481).

Significant actuarial assumptions used in measuring the Authority's accrued benefits are:

Discount rate 2012 5.00% (2011 - 5.00%); Expected long-term rate of return on plan assets 2012 5.00% (2011 - 5.30%); Rate of compensation increases 2012 4.00% (2011 - 4.00%); and Pre and post retirement indexing for 2012 at 2.50% (2011 - 2.50%).

Information about the defined benefit component of the Authority's pension plan is as follows:

	2012	2011
Accrued benefit obligation:		
Balance, beginning of year	\$ 7,511,000	\$ 6,515,000
Current service cost	233,000	228,000
Interest cost	379,000	356,000
Employee contributions	49,000	52,000
Benefits paid	(149,000)	(106,000)
Actuarial loss	562,000	466,000
Balance, end of year	\$ 8,023,000	\$ 7,511,000
	2012	2011
Fair value of plan assets:		
Balance, beginning of year	\$ 5,162,000	\$ 4,932,000
Actual return on plan assets	324,000	(288,000)
Employer contributions	739,000	572,000
Employee contributions	49,000	52,000
Benefits paid	(149,000)	(106,000)
Balance, end of year	\$ 6,125,000	\$ 5,162,000

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16. Pension plan liability (continued):

Funding Status of Plan:	2012	2011
Accrued Benefit Obligations	\$ 8,023,000	\$ 7,511,300
Fair Value of Plan Assets	6,125,000	5,162,100
Funding Status - deficit	(1,898,000)	(2,349,200)

The Authority is required to make annual special payments over the next five years to cover pension solvency and ongoing funding liabilities. Special payments paid during 2012 total \$450,230 (2011 - \$301,600).

The Authority's policy is to invest fund assets in a balanced and diversified manner in accordance with the Pension Benefits Standards Act. The asset allocation benchmark and actual balanced fund asset allocations are:

	Benchmark	2012	2011
Equities	60%	61.9%	59.6%
Fixed income	37%	34.0%	33.3%
Cash/cash equivalents	3%	4.2%	7.1%

The total defined benefit pension expense recorded in salaries and benefits for the year ended December 31, 2012 was \$850,000 (2011 - \$1,338,000) and the total defined contribution expense recorded in salaries and benefits for the year ended December 31, 2012 was \$118,483 (2011 - \$105,818).

17. Retirement allowance liability:

When the Authority began operating the Regina International Airport on May 1, 1999, the Authority assumed obligations to pay employees retirement and termination allowances on a go forward basis. This agreement was in accordance with the collective agreement and as agreed to in subsequent collective agreement renewals and past practices. The Authority has completed an actuarial valuation as of December 31, 2012. Annual estimates will be extrapolated between valuation years that are scheduled to occur every three years.

The significant economic assumptions used by the Authority's actuary in measuring the unfunded accrued retirement and termination allowance as at December 31, 2012 are as follows:

Discount and compensation rates increases – 3.5% and 3% respectively.

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17. Retirement allowance liability (continued):

Information about the unfunded obligation of the Authority is as follows:

Accrued benefit obligation:	
Balance at January 1, 2012	\$ 462,600
Current service cost	47,100
Interest cost	17,000
Benefits paid	(39,400)
Balance at December 31, 2012	\$ 487,300

18. Financial assets and liabilities:

a) Risk management

The Authority's Board is responsible for understanding the principal risks of the business in which the Authority is engaged, achieving a proper balance between risks incurred and the legislated purpose of the Authority and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Authority.

b) Credit risk

The Authority is subject to credit risk through its accounts receivable, which consists primarily of aeronautical fees and AIF owing from the carriers and concession and CFC fees owing from concession operators. The majority of concessions and CFC owing are settled within 15 days after the end of the month. The majority of aeronautical fees are billed monthly and settled within 30 days thereafter. The majority of AIF owing is settled on a monthly basis on the first day of the subsequent month. Accounts receivable credit risk is reduced further by the Authority's requirement for letters of credit, customer credit evaluations and maintenance of an allowance for potential credit losses. Provisions under the Airport Transfer (Miscellaneous Matters) Act provide the Authority with the right to seize and detain aircraft until unpaid aeronautical fees are paid further mitigating risk.

c) Liquidity risk

The Authority manages its liquidity risk by maintaining adequate cash, investments and credit facilities by updating and reviewing multi-year cash flow projects on a regular and as-needed basis and by matching its long-term financing arrangements with its cash flow needs. The Authority achieves mitigation of liquidity risk through funds generated by operations and ready access to sufficient long-term funds as well as lines of credit through a credit facility. The Authority has an investment policy in place providing for the ability to liquidate investments on short notice. The policy restricts investments to high grade securities.

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18. Financial assets and liabilities (continued):

d) Foreign currency risk

The Authority's functional currency is the Canadian dollar, and major purchases and revenue receipts are transacted in Canadian dollars. Management believes that foreign exchange risk from currency conversions is negligible.

e) Interest rate risk

Interest rate risk arises because of fluctuations in interest rates. The Authority is exposed to interest rate risk on its cash and interest-bearing accounts, investments and its credit facilities which are maintained to provide liquidity while achieving a satisfactory return. The Authority is also exposed to interest rate risk associated with its current and future borrowings. Due to the short-term nature of these financial instruments, the interest rate exposure is limited.

f) Market risk

The Authority has no market risk other than the foreign currency risk and interest risk noted above.

19. Supplemental information:

Interest and investment income of \$116,888 was received (2011 -\$109,812).

20. Comparative figures:

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



one in 1.18 million

everyone makes a
[difference]



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Authority Inc.



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