

Winnipeg Airports Authority (WAA)

Governance systems, Challenges and Goals

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What is the WAA?

- Non-share capital, not-for-profit corporation
- No access to equity capital; no distributions of profits.
- Raises capital from internal sources or by borrowing.
- AIF (Airport Improvement Fee) funds airport capital projects.
- The WAA is self-sufficient:
 - ✓ Receives no government subsidies
 - ✓ Revenue generated through landing and other fees charged for transportation services, concessions, parking, rentals and AIF.
 - ✓ All net profits reinvested in airport development
 - ✓ WAA pays “rent” to federal government

History: How And why the WAA?

- Origin traces back to government deficit fighting in the 1990's
- Canadian Airport system operated at a substantial deficit
- Government wished to avoid funding capital improvements
- Hit on solution of shifting financial and operating burdens to new, community-based, airport authorities

Airport Privatization : A big win for Government

- Airport deficit became a growing revenue surplus.
- Prior to 1992 federal airport deficit was \$135 million annually*.
- By 2007 the government was collecting \$300 million* in rents annually from the 14 largest Canadian airports.
- Airport authorities took on major airport renewal projects.
- Participation provisions in leases will provide government with a growing share of incremental airport revenues from 2010 onwards.

* Source: Canadian Airports Council

WAA Ground Lease Rent

Escalating progressive rate rent starts in 2010

<u>Revenue</u>	<u>Rent factor</u>
\$5 - \$10 million	1%
\$10 - 25 million	5%
\$25 - 100 million	8%
\$100 - 250 million	10%
In excess \$250 million	12%

Initial Governance Challenges

- Form a local group to undertake the organizational challenge to set up WAA Inc (1992)
- WAA Inc to negotiate terms and conditions of transfer with Transport Canada (1994-1996)
- Assemble a full Board pursuant to the bylaws
- Implement transfer in 1997

Initial Challenges (cont.)

- Identify priorities and develop an action plans
- Transform Transport Canada airport bureaucracy into a viable private sector management and staff
- Address relationship between Board and management
- Address operating revenue and expenditure requirements
- Address need for infrastructure improvements
- Figure out how to raise needed financial capital

Transfer set out Blueprint for Governance

- WAA Bylaws consistent with Transport Canada “*Public Accountability Principles for Canadian Airport Authorities,*”
- Other government policies established requirements on safety and security, rules for setting fees and charges etc.
- Bylaws developed by the WAA Board were subject to approval of Minister of Transport
- Periodic audits ensure conformity with all requirements
- Bylaws require a community-based Board through the nomination by mainly local entities of up to 15 members, each appointed for 3-year renewable terms.

Governance: Board is Community-Based

WAA Bylaws specify nominating entities As follows:

- City of Winnipeg: 3
- Province of Manitoba: 2
- Federal Government: 2
- R.M. Of Rosser: 1
- Winnipeg Chamber of Commerce : 2
- Assiniboia Chamber of Commerce: 1
- Nominated by the WAA Board: 4

Members appointed to three-year terms may be re-nominated for a maximum of three terms so that Board membership is constantly renewed.

Governance based on “Carver” or Policy Board” model

The Board :

- Meets six times annually or at the call of the Chair.
- Sets policies, objectives and goals.
- Is fully accountable (No delegation of decision-making to Committees).
- Sets business and other goals through a planning process:
 - Long-term vision,-- (*The Master Plan*),
 - Medium term – (*The Strategic Plan*) and
 - Short term:-- (*The Annual Business Plan*)
- Delegates implementation to the CEO.

The Board (cont):

Three Board Committees:

- **Audit**
- **Airplan**
- **Governance**

Bi-annual off-site two-day planning sessions re-examine and validate long and medium term plans

Includes evaluation of Board performance using a qualified outside consultant.

Cornerstones

Vision:

To lead transportation innovation and growth

Mission:

With our community we provide excellent airport services and facilities in a fiscally prudent manner

Values:

RISE – Respect, Integrity, Service, Excellence

Examples of Board Policies

Code of Conduct: Applies to Directors, and senior employees. Includes disclosure and other provisions on conflicts of interest

Ethical Business Conduct: Codifies the WAA commitment to integrity, respect and service excellence. Includes whistle-blowing provisions to protect both the complainant and the target of any alleged breach.

Terms of reference for Directors: Includes guidelines and mandates for Board Committees

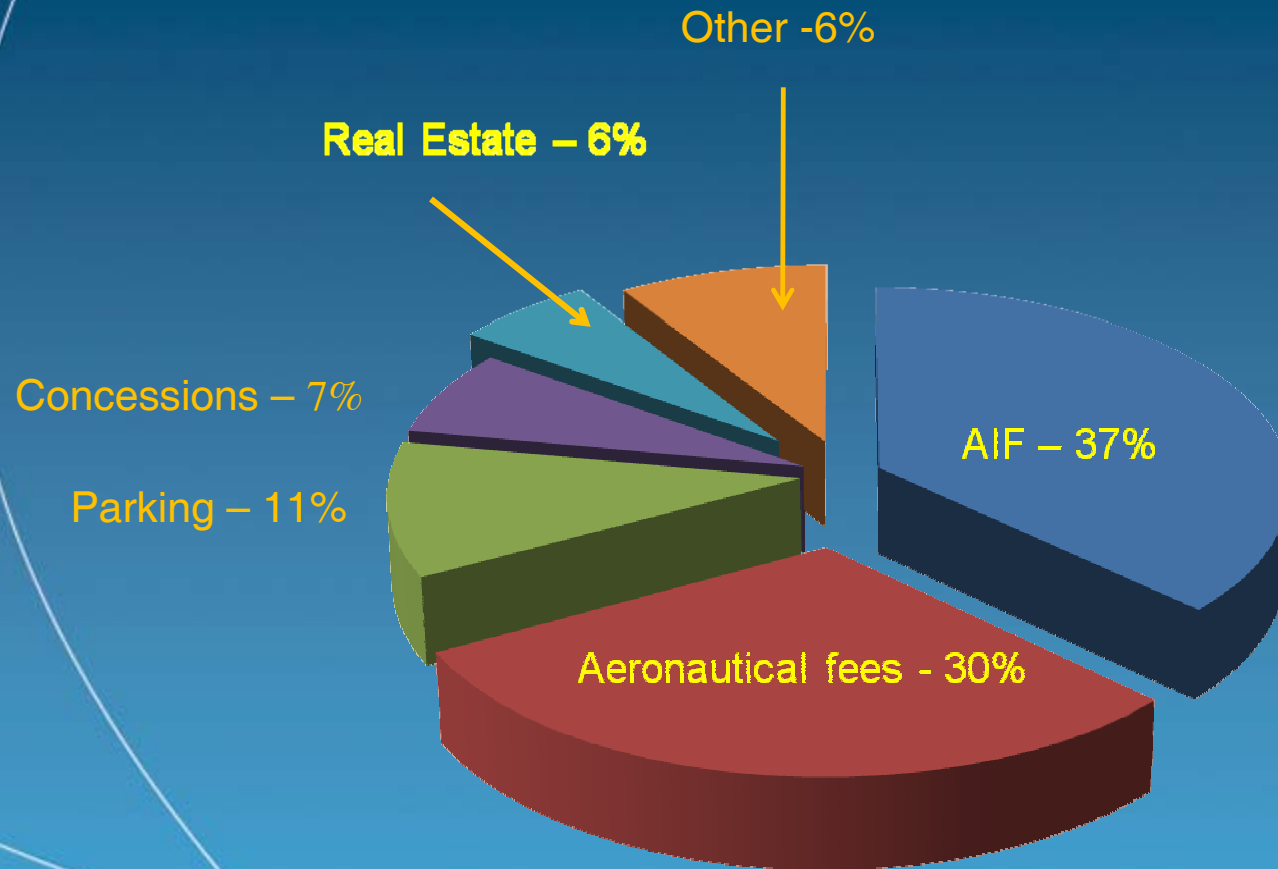
Board operating policies: Includes requirement for annual election of Chair and Vice Chair

Community Relations Policy: Fosters open communications and involvement of the community in WAA decision-making

Strategic Directions

- Deliver and operate excellent facilities and services
- Enhance customer service and value
- Develop and realize employee potential
- Develop new revenue streams
- Be an effective community partner
- Expand air services to and from Winnipeg

Revenue Diversification Helps keep WAA Competitive



Revenue diversification means attracting new businesses to airport lands



Future home of the
**Winnipeg Mail
Processing Facility**

Futur site de
**L'établissement de traitement
du courrier de Winnipeg**

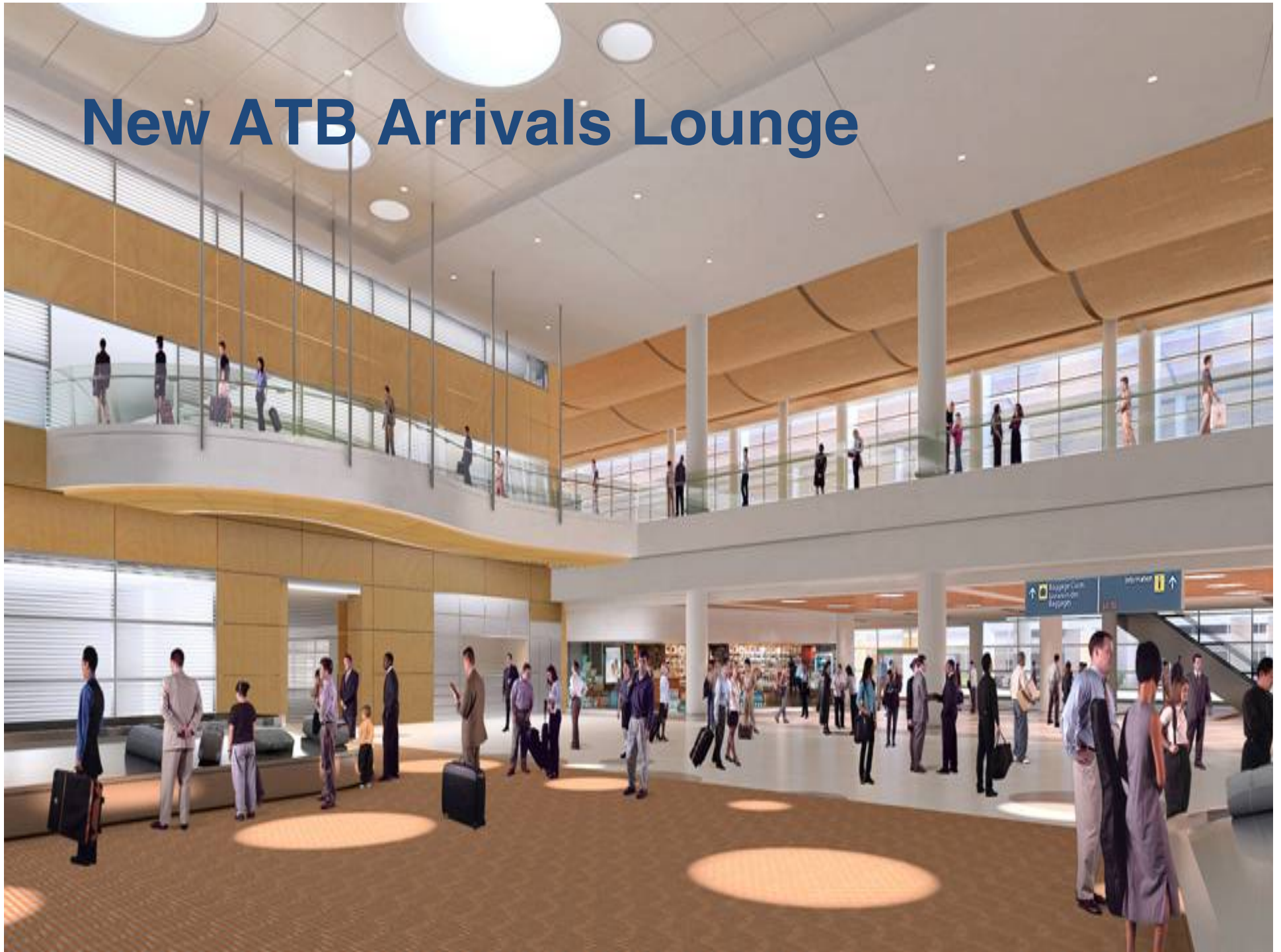
Airport Re-development : New Terminal Building to Open in 2010



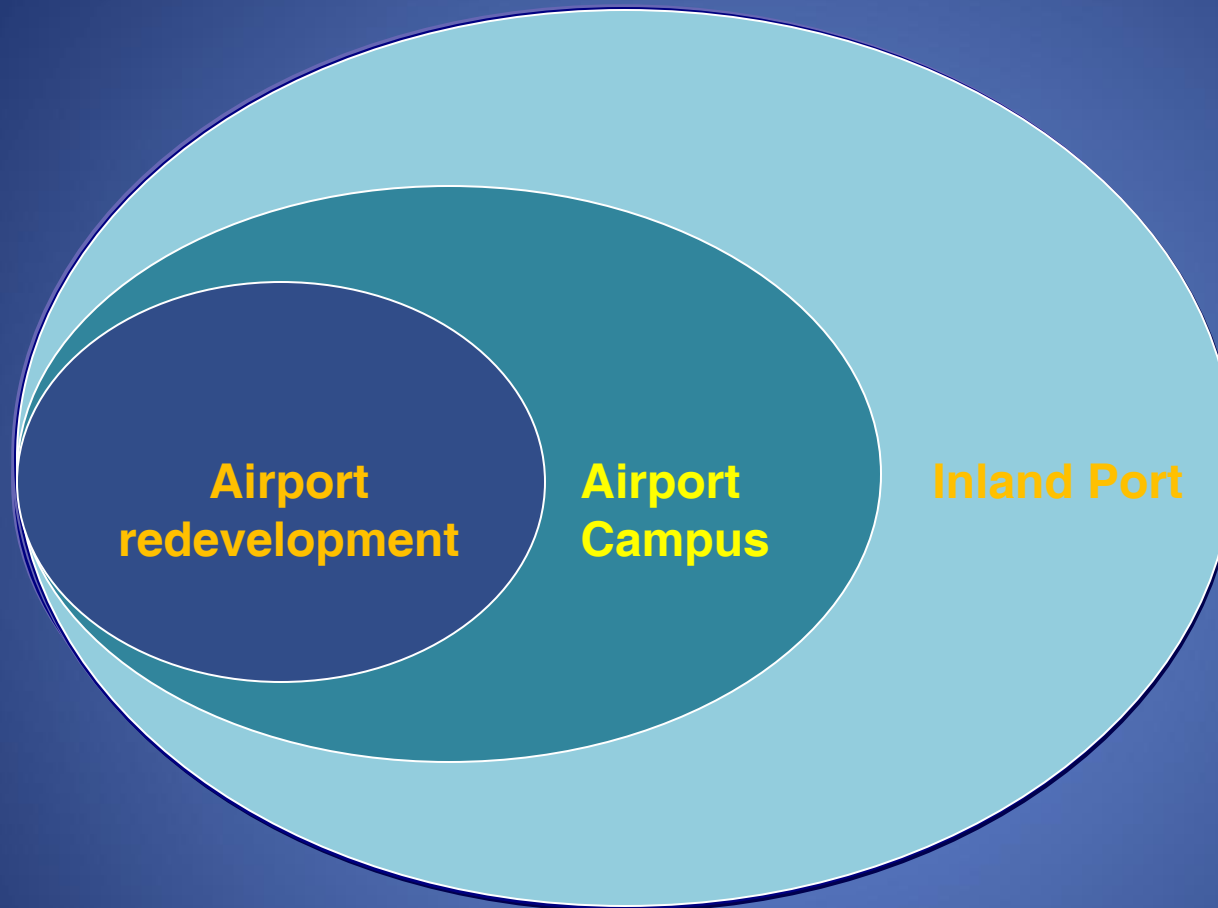
New ATB Departure Lounge



New ATB Arrivals Lounge



The WAA Growth Model



Winnipeg as
an integrated,
intermodal
"Airport City"

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