



2007 Sustainability Report

GOVERNANCE

Who We Are

Vancouver Airport Authority is a community-based, not-for-profit organization that has managed and developed Vancouver International Airport since 1992 under the provisions of a long-term lease with the Government of Canada. The Airport Authority has no shareholders and reinvests all earnings into airport development and service improvements.

Our Board has 14 Directors, nine of whom are appointees of eight nominating entities with key ties to the local community. Five additional Directors are appointed by the Board from the community at large. The President and CEO also serves as a Director.

The Airport Authority is responsible for ensuring that YVR meets the growing demand for air travel, and realizes its potential as a premier global gateway and economic generator for British Columbia. As part of operating and developing YVR, the Airport Authority:

- Provides multi-lingual customer care and information.
- Leases airport space to tenants, including airlines and retail outlets.
- Plans and directs major construction projects at YVR and issues permits for work on Airport Authority lands.
- Manages commercial development on Sea Island.
- Markets the airport worldwide to airlines and passengers.
- Advocates to the federal government on behalf of aviation development.
- Maintains airport security, including the airport perimeter, terminal buildings and the airfield, through computerized access control, centralized monitoring and patrolling by security personnel.
- Protects the health and safety of passengers, customers, visitors and employees through emergency planning and preparedness.
- Coordinates the response to emergencies on Sea Island and provides airport emergency response services, including aircraft firefighting and emergency first aid in conjunction with BC Ambulance Service.
- Manages information technology infrastructure in cooperation with airlines, business partners and government agencies to implement leading-edge processing for airport users.
- Operates and maintains airport facilities and systems, including all automated baggage systems, 45 aircraft loading bridges, and advanced building management and monitoring systems, including one of the largest monitored fire alarm systems in British Columbia.
- Maintains monitored utility metering systems for both water and electrical distribution on Sea Island.
- Maintains YVR lands and the airfield, including high voltage power systems, BC Hydro substations and one of the world's most technologically advanced computer-controlled airfield lighting systems.
- Operates and maintains dykes, storm water piping, and sewer and water systems to all Airport Authority lands.
- Manages parking facilities and ground transportation, including Sea Island roadways and ditches, and the Arthur Laing and Dinsmore bridges.
- Schedules baggage carousels, check-in counters, and aircraft gates.

Airport Partners

YVR is a community of aviation businesses, and operating the airport requires close collaboration with many partners. Following are some of the many companies, organizations and government agencies that work with the Airport Authority to provide safe, secure and convenient 24-hour air travel.

AIRLINES: Airlines are the Airport Authority's major tenants and business partners. They lease ticket counters, waiting areas and private offices, and are responsible for all baggage handling using infrastructure built and maintained by the Airport Authority.

BC AMBULANCE SERVICE (BCAS): BCAS provides onsite bike patrols and emergency medical response services at YVR.

CANADA BORDER SERVICES AGENCY (CBSA): CBSA provides all of the services associated with crossing the border into Canada, either as a visitor, a returning resident, an importer of goods or a potential immigrant.

CANADIAN AIR TRANSPORT SECURITY AUTHORITY (CATSA): All pre-board screening of passengers and their luggage is performed by CATSA, which is also responsible for training and certification of screening officers, all security screening equipment at airports, as well as the purchase, deployment, maintenance and operation of explosives detection systems.

NAV CANADA: Safe and efficient movement of aircraft in Canadian airspace and international airspace assigned to Canadian control is the responsibility of NAV Canada. Through the control tower at YVR and its Vancouver Area Control Centre, NAV Canada provides air traffic control, information services, and alerting services for aircraft arriving and departing the airport.

PUBLIC SERVICE ALLIANCE OF CANADA (PSAC): 277 of the Airport Authority's 377 employees (as of year-end 2007) are members of the PSAC.

ROYAL CANADIAN MOUNTED POLICE (RCMP): Policing at the airport is provided through a contract with the City of Richmond for RCMP services. The Airport Authority maintains the security of restricted areas at YVR.

RETAIL AND COMMERCIAL TENANTS: Our retail and commercial tenants are an essential part of the airport experience, providing more than 160 shops, services and restaurants for passengers and travellers at YVR.

RICHMOND FIRE RESCUE (RFR): Structural firefighting and medical response at YVR is provided by RFR.

TRANSPORT CANADA: The Airport Authority's landlord, Transport Canada is responsible for the development of regulations and national standards for aviation, as well as for the implementation of air transportation system monitoring, testing and inspections.

U.S. CUSTOMS AND BORDER PROTECTION (USCBP): USCBP provides all of the services associated with crossing the border into the United States, either as a visitor, a returning resident, an importer of goods or a potential immigrant; this includes preclearance for passengers departing YVR for destinations in the United States.

The Airport Authority's partners also include flight kitchens, air freight forwarders and brokers, air cargo facilities and handlers, logistics and distribution companies, and other government agencies.

Our Governance Process

When the Airport Authority assumed responsibility for YVR in 1992, it put in place governance rules and practices. These were revised in 1998 and are reviewed at least annually with the assistance of outside expert advice. Comprehensive governance procedures are contained in the Board of Directors' Governance Rules and Practices Manual, which is available on our website. The Manual includes:

- Administrative guidelines
- Terms of Reference for the Board, Board Chair, President & CEO and Directors
- Code of conduct and conflict of interest guidelines
- Performance evaluation process for the President & CEO and Board of Directors
- Director compensation
- Accountability and transparency practices
- Guidelines, Terms of Reference and membership for each of the Board's committees: Finance and Audit, Governance, Human Resources and Compensation, and Planning and Development

BOARD OF DIRECTORS' GOVERNANCE RULES AND PRACTICES MANUAL

www.yvr.ca ⇒ Who We Are ⇒ Board of Directors ⇒ Governance Rules and Practices ⇒ The Board of Directors Manual

Our Planning Process

The Airport Authority has a five-tiered planning process to guide airport operations and development in the short, medium and long terms. The Strategic Plan provides the fundamental direction—the Mission, Vision and Values—for the organization.

The Master Plan looks forward 20 years to ensure the best allocation of YVR resources. The Master Plan process includes a significant public consultation program and evaluates potential airside, terminal, and ground access and parking development options based on comprehensive sustainability criteria that are divided into four areas: Governance, Economic, Environmental and Social.

The Airport Authority completed a draft 20-Year Master Plan that outlines our recommendations for meeting YVR's needs to 2027, provides a proposed 2027 Airport Land Use Plan and forms the basis for further consultation. In 2007, we submitted the 2027 Land Use Plan to the Federal Minister of Transport for approval. Once finalized, the updated YVR: Your Airport 2027 Master Plan, Technical Report and approved 2027 Land Use Plan will be available in print and on our website.

The Capital and Financial Plans determine the funding and timing of airport infrastructure developments. The Detailed Strategic Plan looks five years out and provides the planning context for the annual Business Plan. The Business Plan outlines the Airport Authority's objectives and initiatives for the coming year.

The Airport Authority has five corporate priority areas that reflect our goals and business practices:

1. **People:** To maintain a strong, flexible and capable team of professionals, and provide a safe and secure environment, not just for our employees, but for all who work at or visit the airport
2. **Passengers:** To provide exceptional customer service to passengers and airport visitors
3. **Partners:** To work closely with the communities we serve, business partners and government agencies, and take an active role in community and industry initiatives
4. **Profitability:** To generate aeronautical and non-aeronautical revenues to operate and develop YVR and help ensure it remains an economic generator; to diversify non-aeronautical revenue and be a low-cost airport to attract new air services and retain existing ones to meet the needs of British Columbia
5. **Plant:** To build and operate outstanding facilities to ensure YVR can meet growing passenger demands, as well as connect British Columbians with the world

MASTER PLAN 2007-2027 INFORMATION AND PROCESS

 www.yvr.ca ⇒ Airport Authority ⇒ Draft 20-Year Master Plan: Your Airport 2027

 master_plan@yvr.ca

Managing Risk

The Airport Authority manages risk by first understanding that risk is inherent to our business. We incorporate into our planning the presumption of the “certainty of uncertainty.” The Airport Authority’s risk management and planning processes centres around five key principles:

1. Vigilant monitoring and early appraisal of external events
2. Conservative timing with no major capital expenditure until dictated by demand
3. Phased development
4. Explicit inclusion of flexibility factors in airport design on the presumption that the processes within airport facilities will change frequently over the life of the asset
5. Prudent financial management based upon conservative business plans

Rigorous risk identification and management processes are in place to deal with all areas of our business, including safety, security and environment.

Key Issues for our Success

The following chart outlines key issues for the growth of the YVR gateway and the Airport Authority's initiatives to achieve success.

ISSUE	THE AIRPORT AUTHORITY'S POSITION	SUPPORTING INITIATIVES (ONGOING)
<p>Gateway Competitiveness</p>	<p>Long-range aircraft and polar routes diminish YVR's geographic advantage of being closer to Asia than other West Coast competitors. Inland airports like Toronto, Calgary and Chicago now compete for gateway traffic. To remain competitive, we seek to be a low-cost, high-service airport and continue to advocate for policy changes that help us meet this goal.</p>	<ul style="list-style-type: none"> • Advocating faster implementation of the federal government's Blue Sky international air policy, including more focus on key Asian trading partners—we are pleased that talks are planned with Hong Kong and Korea in 2008. • Advocacy work with local business and tourism organizations, and local and provincial governments.
<p>Border and Facilitation: Trusted Traveler Programs and Electronic Primary Inspection Line</p>	<p>A component of our gateway competitiveness is making passenger processing from check-in to arrival as simple, fast and hassle-free as possible. The Airport Authority was pleased with the expansion of the NEXUS trusted traveller program to other airports in Canada in 2007. The Airport Authority also welcomes approval of a new pilot program, for Canadian citizens, known as the Electronic Primary Inspection Line, that will be initiated in the fall of 2008. The use of new technology expedites the movement of low-risk passengers and allows Canada Border Services Agency to focus its resources on high-risk passengers and goods.</p>	<ul style="list-style-type: none"> • Work with government agencies to continue to expand the NEXUS membership base. • With government agencies and the airlines, work to develop a new trusted traveller program for pre-board screening. • Work with government agencies to successfully implement the pilot Electronic Primary Inspection Line program for returning Canadian residents. • Continue working partnership between Vancouver, Montreal and Toronto airports to promote automated border-crossing programs.

<p>Border and Facilitation: International Transit Passengers—Transfer Departure Facility</p>	<p>International transit passengers provide incremental traffic and revenue streams. The Transfer Departure Facility allows these passengers to make seamless connections. This program needs to be restored permanently so Vancouver can continue to compete for transit traffic. In 2007, an interim solution helped facilitate transit passengers' connections and as this report is drafted, legislation is pending in the House of Commons which, if adopted, may resolve this issue.</p>	<ul style="list-style-type: none"> • Continue advocacy with the federal government for speedy passage of necessary Customs Controlled Area legislation. • Continue with the interim solution introduced in 2007 to allow the efficient transfer of international-to-U.S. passengers until the permanent solution is in place. • Continue working with the airlines, other stakeholders, local Canada Border Service Agency officials and other federal government officials to ensure the Transfer Departure Facility can be implemented swiftly.
<p>China: Transit Without Visa and Guangzhou Visa Office</p>	<p>China is a key market for building Vancouver into Canada's Pacific Gateway. The federal government recently announced a pilot Transit Without Visa program—the China Transit Trial—for Chinese nationals travelling from specified Chinese cities on specified air carriers. A Canadian visa office in Guangzhou is another important measure, particularly with direct air service to this market anticipated in 2009.</p>	<ul style="list-style-type: none"> • Working with government agencies and the airlines to ensure successful implementation of the China Transit Trial. • Advocacy effort with the federal government to expand the pilot program in 2009. • Working with the B.C. tourism industry to encourage opening of a visa office. • Working for support from provincial government, B.C. tourism and business groups.

<p>Driving Down Costs: Provincial Fuel Tax and Passenger-Based Calculation of Annual Payments in Lieu of Taxes</p>	<p>Lowering costs is essential to attracting new, and retaining existing, air services. At our competitor gateways—Los Angeles, San Francisco, Seattle—air carriers do not pay fuel tax on international services. The Airport Authority wants the provincial government to extend its current tax exemption for international cargo to international passenger flights. The current method of calculating Payments in Lieu of Taxes to the City of Richmond is costly and time consuming for both the B.C. Assessment Authority and the Airport Authority. A passenger-based system, as in other jurisdictions, better captures the growth of the business.</p>	<ul style="list-style-type: none"> • Continue advocacy with the province for the elimination of the provincial fuel tax for international and transborder flights. • Continue advocacy with the province, B.C. Assessment Authority and the City of Richmond to revise the system of determining Payments in Lieu of Taxes from the current complicated building and land assessment process to a passenger-based system.
<p>The Sustainable Airport</p>	<p>There is growing attention on the aviation industry's contribution to climate change—estimated at 3.5% by a United Nations panel. The Airport Authority needs to continue to manage growth in a sustainable manner and work to reduce its carbon footprint.</p>	<ul style="list-style-type: none"> • Work to integrate and reinforce successful programs addressing the economic, social and environmental spheres of the sustainability equation. • Continue to expand our programs to reduce emissions, energy consumption and waste. • Work to persuade and partner with other airport companies in our sustainability efforts—particularly the reduction of greenhouse gas emissions.

<p>Commercial Opportunity: Arrivals Duty Free</p>	<p>Security regulations related to liquids and gels continue to have a negative impact on duty free sales and cause confusion for consumers. Duty free is an important source of non-aeronautical revenues and helps the Airport Authority to keep fees and charges to airlines low. While federal finance policies do not permit the sale of duty free goods upon arrival at Canadian airports, more than 50 jurisdictions in the world have implemented "Arrivals Duty Free." Arrivals Duty Free would repatriate sales, and the accompanying jobs and revenues to Canada, while being more convenient to passengers as they do not have to carry goods with them or worry about them being confiscated at connecting airports.</p>	<ul style="list-style-type: none"> • Continue to work with other airport and business groups for a united advocacy effort with the federal government. • Continue to work with the International Civil Aviation Organization and other stakeholders to try to ensure harmonized security regulations with regard to carrying liquids and gels between jurisdictions.
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Financial Planning

The soundness of the Airport Authority's financial planning is reflected in our consistently high credit ratings, which are among the best in the world. Both Standard & Poor's and Dominion Bond Rating Service confirmed the Airport Authority's ratings at AA and AA (Low), respectively, in November 2007.

The Airport Authority's AA rating is shared with four other airports: Hong Kong International Airport, Los Angeles International Airport, Chicago's O'Hare International Airport and Oklahoma City's Will Rogers World Airport.



TARGET: Maintain a rating of AA minus or better



2007 RESULT: Achieved

In 2007, the financial markets voted their continued approval of the Airport Authority as a \$200-million, eight-year debenture was oversubscribed. We also arranged an additional \$200-million in short-term financing at very competitive rates.

Ethics and Integrity

Since 2004, an official Whistleblowing Policy has been in place at the Airport Authority. The policy applies to all Airport Authority employees and was created to provide a formal means of reporting any possible misdeed within the organization.

The Airport Authority has also established Conflict of Interest Guidelines for all employees. Both the Whistleblowing Policy and the Conflict of Interest Guidelines are available on the Airport Authority's intranet, and an e-mail is sent to employees on a yearly basis to remind them of their rights and responsibilities.

Sustainable Business Partnerships

The Airport Authority expects business partners to operate in a manner consistent with our organization's ethics and integrity.

Before beginning a business partnership, the Airport Authority undertakes a rigorous evaluation process. In addition to criteria such as customer service excellence and demonstrated expertise, the evaluation process considers a potential supplier's long-term economic sustainability, as well as its safety, labour and environmental practices.

All contracts formed with business partners and tenants include environmental terms and conditions to ensure our business partners operate in a manner that meets the objectives of the Airport Authority's Environmental Management Plan. All tenants are required to adhere to the environment requirements of their leases so that collectively we can improve environmental performance.

Directors and Executive

BOARD OF DIRECTORS

Director	Representative Capacity (Nominating Entity)	Term Expiry	Committee Memberships (see key below)
Graham Clarke	Chair, Director At Large	2008	b, c
Larry Berg	President and Chief Executive Officer	n/a	
Peter Dhillon	City of Richmond	2008	a, d, e
Rhys Eyton	Institute of Chartered Accountants of British Columbia	2009	a, c
Bruna Giacomazzi	Director At Large	2010	a, d
Ruston Goepel	Director At Large	2010	b, c, f
Grayden Hayward	The Vancouver Board of Trade	2009	a, d, f
Beth Johnson	Metro Vancouver	2008	a, b, e
Mary Jordan	Director At Large	2010	a, d
Carol Alter Kerfoot	The Law Society of British Columbia	2009	b, d, e, f
Philip Owen	City of Vancouver	2008	b, d
Ronald Stern	Government of Canada	2008	b, c, f
John Watson	Association of Professional Engineers and Geoscientists of British Columbia	2009	b, d, e
Peter Webster	Government of Canada	2009	d, e

Board Committees

- a) Finance and Audit
- b) Governance
- c) Human Resources and Compensation
- d) Planning and Development
- e) October 14 Incident Task Force
- f) YVRAS Task Force

THE EXECUTIVE COMMITTEE

Larry Berg	President and Chief Executive Officer
Bob Cowan	Senior Vice President, Engineering
Tony Gugliotta	Senior Vice President, Marketing and Commercial Development
Don Ehrenholz ¹	Vice President, Airport Operations
Paul Levy ²	Vice President, Planning, 2010 Olympic and Paralympic Winter Games
Michele Mawhinney	Vice President, Human Resources
Glenn McCoy	Vice President, Finance and Chief Financial Officer
Kevin Molloy	Vice President, Simplified Passenger Travel and Chief Information Officer
Anne Murray	Vice President, Community and Environmental Affairs
Michael O'Brien	Corporate Secretary and Vice President, Strategic Planning and Legal Services

¹ Don Ehrenholz assumed this role in February 2008.

² Paul Levy assumed this role in February 2008.

Subsidiaries**YVR AIRPORT SERVICES LTD.**

YVR Airport Services Ltd. (YVRAS), a subsidiary of Vancouver Airport Authority, markets the expertise, operating philosophies and leading-edge systems developed at YVR. It is one of the world's foremost airport operators and, in 2007, was selected by the B.C. Ministry of Economic Development and Canadian Manufacturers and Exporters as the B.C. Export Company of the Year in the Professional and Services Category.

YVR Airport Services Ltd. Executive

George Casey	President and Chief Executive Officer
Neville Weir	Vice President, Finance and Chief Financial Officer
Coleen Rogers	Vice President, Operations
Ailish Boyle	Director, Human Resources

YVRAS' portfolio consists of 18 airports in seven countries, including Canada, Chile, Cyprus, Dominican Republic, Jamaica, The Bahamas, and Turks and Caicos Islands. The YVRAS network of airports welcomed more than 27 million passengers in 2007.

CANADA**Cranbrook Airport, Cranbrook, B.C.**

Cranbrook is the largest town in the East Kootenay region of the Canadian Rocky Mountains, a year-round tourist destination. The airport has been managed and operated by YVRAS since 1997 under an agreement with the City of Cranbrook. In 2007, a new arrivals area was officially

opened. Terminal expansion, doubling the size of terminal, continues and will be complete in 2008.

2007 › Passengers: 98,920 › Flights: 13,621

Fort St. John Airport, Fort St. John, B.C.

Fort St. John Airport serves communities in the North Peace region of northeastern British Columbia, which is rich in agriculture, oil and gas, and energy generation. YVRAS has managed and operated the airport since 1997 under a 30-year lease with the North Peace Airport Society. Since then, YVRAS has provided project management for runway and airport lighting systems upgrades, and a new 2800-square-metre terminal, which opened in February 2005.

2007 › Passengers: 119,047 › Flights: 28,865

Greater Moncton International Airport, Moncton, New Brunswick

YVRAS has managed and operated Greater Moncton International Airport since 1997 under a contract with the Greater Moncton International Airport Authority that extends to 2024. Greater Moncton is located at the geographical hub of the Maritime provinces. The airport offers an extensive network of flights to Canadian cities, charter service to sun destinations, as well as weekly summer service to Paris, France. In September 2007, Greater Moncton International Airport Authority hosted a Family Fun Day at the airport to celebrate the 10th Anniversary of Airport Authority operation.

2007 › Passengers: 518,930 › Flights: 130,565

John C. Munro Hamilton International Airport, Hamilton, Ontario

Located in the heart of the vibrant 'Golden Horseshoe' region of southwestern Ontario, Hamilton Airport boasts the country's largest courier/cargo terminal and a runway that can accommodate fully loaded wide-body international flights. YVRAS is the sole owner of TradePort International Corporation, which holds a 40-year lease with the City of Hamilton to develop, manage and operate the Hamilton International Airport. In 2007, Flyglobespan inaugurated thrice daily summer service from the U.K. The airport has officially opened its first duty free facility and two Tim Hortons, and expanded the international arrivals area. Expansion of the boarding lounge is underway and will be complete in 2008.

2007 › Passengers: 662,855 › Flights: 42,253

Kamloops Airport, Kamloops, B.C.

Located in British Columbia's scenic interior, Kamloops is a city of 85,000 that serves as a transportation hub and regional commercial centre. YVRAS signed a 45-year lease with the Kamloops Airport Authority Society in 1997 to manage and operate the airport. YVRAS is managing an airport expansion: design of a runway extension and new navigation aids commenced in 2007; runway extension and terminal expansion are scheduled to begin in 2008.

2007 › Passengers: 200,611 › Flights: 40,413

CHILE

Arturo Merino Benitez International Airport, Santiago, Chile

Since 1998, YVRAS and its equity partners in the SCL Terminal Aéreo Santiago S.A. have invested more than US\$200-million in infrastructure development at Chile's largest airport, including expanding the international terminal and apron, constructing a new control tower, and installing a new operations centre and flight information display system. The airport has been recognized several times as "Best in Latin America." YVRAS was instrumental in the transition, operation

and development of the airport terminal during the early stages of the concession and currently provides operational advice and support. In 2007, construction of a new airport hotel was completed.

2007 > Passengers: 8.4 million > Flights: 81,242

CYPRUS

Larnaka International Airport and Pafos International Airport, Cyprus

In May 2006, YVRAS and its equity partners in the Hermes Airports Ltd. consortium signed a 25-year concession agreement with the government of Cyprus to manage, operate and develop the Larnaka and Pafos international airports. The consortium will invest US\$655-million in capital improvements at the airports over the first four years of the agreement. In Pafos, a new terminal building will be completed in 2008. In Larnaka, a new terminal building and ancillary facilities will be completed in 2009.

2007 (consolidated) > Passengers: 7.0 million > Flights: 62,385

DOMINICAN REPUBLIC

Dominican Republic Airports, Dominican Republic

The Dominican Republic is one of the largest tourist destinations in the Caribbean. Aeropuertos Dominicanos Siglo XXI, S.A. (Aerodom) holds a 30-year concession for six airports, awarded in 1999. Through its equity partnership in Aerodom, YVRAS is responsible for the management, development and operation of the six airports: Las Américas International Airport and Dr. Joaquín Balaguer International Airport in Santo Domingo, Gregorio Luperón International Airport in Puerto Plata, María Montez International Airport in Barahona, and El Catey International Airport and Arroyo Barril International Airport in Samaná. In 2007, resurfacing of a major runway commenced at Las Américas International Airport with completion expected in 2008. Las Américas welcomed new air services with the introduction of JetBlue (JFK), TACA (San José, Costa Rica), Delta (Atlanta) and COPA (Panama). WestJet inaugurated services from Toronto to Puerto Plata at Gregorio Luperón International Airport.

2007 (consolidated) > Passengers: 4.2 million > Flights: 88,000

JAMAICA

Sangster International Airport, Montego Bay, Jamaica

Montego Bay is located on Jamaica's northwest coast, one of the world's most popular tourist destinations. YVRAS is an equity partner in MJB Airports Limited, a consortium holding a 30-year build-operate-transfer concession agreement from the government of Jamaica. The second phase of the US\$120-million airport expansion program, underway since 2006, is expected to be complete in the summer of 2008. In 2007, the Ground Transportation, Customs and Immigration Halls were officially opened.

2007 > Passengers: 3.4 million > Flights: 44,681

THE BAHAMAS

Lynden Pindling International Airport, Nassau, The Bahamas

In 2006, YVRAS signed a 10-year management agreement for the Lynden Pindling International Airport in Nassau, The Bahamas. In addition to providing management services, YVRAS will project manage a \$425 million airport development program. Operational hand-over of the airport was completed in 2007. An interim refurbishment of existing facilities is underway.

2007 (July to December only) > Passengers: 1.6 million > Flights: 38,483

TURKS AND CAICOS ISLANDS

Providenciales International Airport and JAGS McCartney International Airport, Turks and Caicos Islands

The Turks and Caicos Islands are located 1,000 kilometres southeast of Miami, Florida, and are home to the third largest coral reef system and some of the best tropical beaches in the world. Under an agreement that runs to 2018, YVRAS provides management and operations services to the terminal complex at Providenciales International Airport on Providenciales, and the terminal complex and selected airside functions at JAGS McCartney International Airport on Grand Turk. In 2007, the Turks & Caicos Government announced a \$75-million expansion of Providenciales International Airport. Phase One includes runway extension and construction of a parallel taxiway, and is scheduled for completion in 2008.

2007 (consolidated) > Passengers: 786,706 > Flights: 39,834

YVR AIRPORT SERVICES LTD. WEBSITE

 www.yvras.com

YVR PROJECT MANAGEMENT

YVR Project Management (YVRPM) is subsidiary of Vancouver Airport Authority established in 2005 to oversee major expansion projects at YVR.

In 2007, YVRPM delivered the new International Terminal wing—a three-year, \$200-million project—ahead of schedule and under budget during challenging market conditions. At the Vancouver Regional Construction Association's Annual Awards of Excellence in Projects dinner, the new wing won a total of four awards—three Golds and one Silver.

YVR Project Management Senior Management

Ray Zibrik	President
Brian Boomars	Project Manager
Rick Stewart	Manager, Project Controls
Nazim Jamal	Manager, Contracts

2007 Governance Report

PART ONE – CORPORATE GOVERNANCE

I. Introduction

The Airport Authority's Board of Directors and management regard effective corporate governance as critical to the proper execution of their responsibilities. Corporate governance refers to the process of establishing structures, policies and procedures to ensure adequate stewardship of the business and affairs of the Airport Authority. This includes ensuring the financial viability of its business.

II. Composition of the Board

The Board's fundamental role is to ensure that the Airport Authority fulfils its objectives in a safe, efficient and reliable manner. Its responsibilities include oversight, review, and approval of the Airport Authority's strategic plan, long-term financial plans and annual budgets. Maintaining the integrity of internal controls, assuring prudent plans are in place for Board renewal and management succession, and making sure there is a policy

to enable effective communications with employees, business partners and the community are also critical Board functions.

Except for the president, all Directors are “unrelated Directors.” Each is independent of management and free from any interest, business or other relationship that could, or could reasonably be perceived to, interfere materially with the Director’s ability to act with a view to the best interests of the Airport Authority. The Airport Authority’s President and Chief Executive Officer is a “related” member of the Board by virtue of his position in management.

The Airport Authority’s By-laws permit a maximum of 15 Directors. Nine Directors are appointed by “Nominating Entities,” up to five Directors are appointed by the Board from the community at large and, as noted above, one seat on the Board is held by the President and CEO of the Airport Authority.

The following organizations (Nominating Entities) appoint Directors:

- The Association of Professional Engineers and Geoscientists of British Columbia - One Director
- City of Richmond - One Director
- City of Vancouver - One Director
- Government of Canada – Two Directors
- Metro Vancouver – One Director
- The Institute of Chartered Accountants of British Columbia - One Director
- The Law Society of British Columbia - One Director
- The Vancouver Board of Trade – One Director

Collectively, Directors must possess knowledge in relation to transportation, aviation, business, finance, law, government, the organization of workers and the interests of consumers. Directors normally serve a three-year term and are eligible for re-appointment. The Board usually meets six times annually.

III. Committees of the Board

The Finance and Audit Committee ensures that the Airport Authority has a rigorous system of internal controls and financial reporting and is in compliance with applicable laws and regulations as they relate to financial disclosure. As part of its function, the Committee assesses the effectiveness of the Airport Authority’s business practices and policies that affect the financial position of the Airport Authority such as: internal auditing; accounting; insurance; risk management; information systems; financial controls; and management reporting. The Committee also reviews: airport finances, including the retirement or issuing of debt; the financial impact of major capital projects and annual budget assumptions. The Committee is responsible for recommending the appointment of the Airport Authority’s auditors to the Board. All members of the Committee must have a basic level of financial literacy.

The Governance Committee is responsible for ensuring that Board governance practices enhance corporate performance and meet accepted levels of transparency and accountability. The Committee is also responsible for the process of recruiting and

recommending to the Board candidates from the community for Director at large positions and for recommending the Directors' remuneration plan to the Board. It also reviews the Airport Authority's environmental, health and safety management system and plans to ensure that the Airport Authority achieves both compliance and continual improvement in the areas of safety and the environment. Finally, the Committee annually reviews the Airport Authority's Communication Policy, Facility Permit Process, and government relations activities.

The Human Resources and Compensation Committee oversees human resources and compensation policies and ensures that there is a plan for the development and orderly succession of executive and other key employees. It annually reviews the performance evaluation process for the President and the adequacy of executive compensation arrangements.

The Planning and Development Committee assists the Board in fulfilling its responsibility for long-range planning including strategic, master and capital plans. It reviews the plans, scope, schedule and budget for major capital projects. The Committee also oversees land and commercial development to ensure that it is designed to achieve the Airport Authority's strategic objectives of enhancing revenues, becoming the best in customer service and ensuring that the airport continues to be a key economic generator for the community.

When circumstances require, the Board may also establish task forces. Task forces are created to deal with a specific issue and are constituted for a defined period of time. In 2007, the Board established two task forces, the **YVR Airport Services (YVRAS) Task Force** and the **October 14 Incident Task Force**. The YVRAS Task Force's mandate is to assist the Board with the consideration of options for the next steps in the future of the Airport Authority's subsidiary, YVRAS.

The **October 14 Incident Task Force** was established after the tragic death of an international passenger following the use of a taser by law enforcement officers. This Task Force's mandate is to ensure that the Airport Authority exercises all due diligence in investigating its own policies, procedures and practices with regard to safety, security and customer service. It is also tasked with recommending to the Board any changes to these policies as well as changes to how the Airport Authority works with government agencies and private companies in order to make certain that the airport is caring for every customer.

IV. Code of Conduct for Directors

All Directors of the Airport Authority are required to comply with a Code of Conduct and Rules Concerning Conflicts of Interest. These require that Directors avoid involvement in situations of conflict of interest.

Every Director of the Airport Authority is required to file a disclosure statement upon becoming a Director. Thereafter, each Director must file an annual disclosure statement, which is reviewed by the Chair, the President and the Corporate Secretary and the Airport Authority's external auditors. In addition, any Director may review the statements upon request to the Corporate Secretary.

The Airport Authority's by-laws require that it report annually in writing on the Directors' compliance with its conflict of interest guidelines. The Airport Authority confirms that all Directors have complied in full with the Rules Concerning Conflicts of Interest.

PART TWO - EXECUTIVE AND BOARD COMPENSATION

I. Executive Compensation Philosophy

The objectives of the Airport Authority's executive compensation program are:

- To attract and retain the calibre of executive required to ensure that the Airport Authority remains a global leader;
- To recognize achievement by linking executive pay with the advancement of such key corporate objectives, as:
 - Financial performance;
 - Operating efficiencies; and
 - Customer satisfaction.

Peer Group for Pay Comparisons

In determining executive pay levels, the Airport Authority makes comparisons with comparable companies, both public and private, from a variety of industries across Canada. A size adjustment is made for comparator firms' revenue.

Market Positioning

The Airport Authority targets compensation at the median of the peer group, with the opportunity of incentive pay when individual and corporate performance exceeds expectations.

II. Executive Compensation Review Process

Each year the Human Resources and Compensation Committee retains independent compensation consultants to provide the market compensation data on which compensation decisions are based. The Committee then recommends to the Board the compensation of the CEO and other executives after considering the consultant's report and individual and corporate performance.

III. Executive Salaries

The salary range for the President of the Airport Authority during 2007 was \$380,000 to \$720,000 and for each of the Vice Presidents it was \$170,000 to \$325,000.

The ranges set forth above include base salaries and bonus payments paid during the year. Bonus payments are contingent on individual and corporate achievements. Executives also participate in post-retirement arrangements as reported in the Consolidated Financial Statements, footnote No. 22.

IV. Directors' Remuneration

Each year, the Governance Committee obtains independent compensation advice to provide market compensation data on which Directors' remuneration decisions are based.

The President, who is an employee of the Airport Authority, is not remunerated for services as a Director.

The remuneration for non-management Directors is:

Annual Retainer	Chair	\$115,000
	Committee Chair	\$ 26,000
	Other Directors	\$ 20,000
Board and Committee meeting attendance fee		\$1,000
Other meeting fee		\$ 500

Subject to approval from the Governance Committee, Directors are reimbursed for all reasonable out-of-pocket expenses. Out of town travel expenses incurred to attend to the business of the Airport Authority must be pre-approved by the Chair in the case of Directors and by the Governance Committee Chair in the case of the Chair. Travel expenses for attendance at Board and Committee meetings are not reimbursed unless the Director resides outside the Metro Vancouver Regional District.

The total remuneration paid during 2007 to each Director was as follows:

G. Clarke ¹	\$132,200	M. Jordan	\$46,500
P. Dhillon	\$38,500	C. Kerfoot	\$44,000
R. Eyton	\$39,000	P. Owen	\$38,500
B. Giacomazzi	\$47,000	R. Stern	\$39,000
R. Goepel	\$46,000	J. Watson	\$42,500
G. Hayward	\$40,500	P. Webster	\$38,000
B. Johnson	\$43,000		

¹ Mr. Clarke's remuneration also includes fees earned as the Chair of YVRAS. He received \$115,000 as Chair of the Airport Authority Board and the remainder as Chair of YVRAS.

In addition to the above remuneration, directors were reimbursed for expenses totaling \$22,760 in 2007.

PART THREE - PURCHASING POLICIES

I. Conflict of Interest and Confidentiality

All Airport Authority employees and consultants must comply with the Airport Authority's Conflict of Interest Guidelines.

II. **Environmental and Safety Considerations**

The Airport Authority is committed to meeting or exceeding any laws or regulations concerning both environmental protection and workplace safety. During the purchasing process, suppliers are encouraged to offer, and the buyer will seek out, environmentally responsible products or services. Contractors and suppliers will be required to abide by all Airport Authority safety and environmental rules and regulations.

III. **Insurance**

No contractor shall commence work on the Airport Site until evidence of adequate insurance and WCB coverage is provided.

IV. **Acquisition Methods**

Best Value Purchasing

Best value purchasing is assessed in terms of legal and financial risks as well as timing of delivery, quality, pricing, life cycle costs including warranties, operating and maintenance costs, disposal, and any other costs associated with ownership, function, and use.

Competitive Submissions

In general, the procurement of goods, services and construction service contracts in excess of \$100,000 (in 2000 dollars, subject to an annual adjustment for inflation) will be awarded following a competitive process.

The Airport Authority will provide information to all proponents including:

- written competitive specifications;
- proposed terms and conditions;
- whether alternatives will or will not be considered;
- an indication of the evaluation criteria that will be used to assess the offers.

If a site visit or contractor meeting is required prior to submission closing time, the Airport Authority will ensure all proponents are invited. At the conclusion of the meeting, the Airport Authority will prepare and distribute minutes of the meeting, and issue in writing any required addenda to all contractors.

Submissions will be received in accordance with the instructions given by the Airport Authority. The Airport Authority reserves the right to accept or reject late or incomplete submissions. Following the submission Closing Time, submissions are opened by Purchasing and Contracting Services in the presence of a witness. All submissions are initialled, and date and time stamped at time of opening.

Exceptions

Exceptions to this policy may be made in the circumstances described below. The person with the appropriate signing authority will state in writing upon what grounds the exception is being made.

Reasons for exceptions:

1. The goods or services are of a proprietary nature or there is only one qualified supplier;
2. The urgency of a safety, security or critical operating need so requires;
3. In compliance with a product or equipment standardization program;
4. When the supplier has satisfactorily performed previous related services that provided a cost saving to the Airport Authority;
5. The essential partnership of the transaction exists between a major third party (for example, airlines, hotels, cruise ship lines) and the supplier;
6. The value of the product or service does not warrant the cost and time required to invite competitive submissions;
7. The supplier has been awarded a contract for a similar product or service by the Airport Authority as the result of a competitive process within the previous five (5) years.

PART FOUR - REPORT ON SINGLE-SOURCE CONTRACTS IN EXCESS OF \$100,000

The table below reports contracts for the purchasing of goods and services in excess of \$100,000 awarded during 2007, which were not awarded on the basis of a competitive process.

Contract Value	Contractor	Description of Contract	Reasons*
\$3,415,386	Vanderlande Industries	Hold Baggage Screening system upgrade	3, 4, 7
\$1,574,820	Vancouver Aquarium Marine Science Centre	Goods for and servicing of International Terminal aquarium	1
\$1,514,432	Fujitec Canada Inc.	Canada Line stations escalators and elevators	3, 4
\$1,066,289	Commissionaires BC	Shuttle bus operation in employee and public lots	4
\$846,817	Commissionaires BC	Labour for parking system operation – cashiers, supervisors	4
\$738,426	Eldorado	Shuttle buses	3
\$412,087	Ledcor Special Projects	Link Offices construction management	4, 7
\$281,193	ITT Flygt Canada	Sewage system for YVR pump station 7	3
\$235,404	Smarte Carte	Baggage Cart acquisition	4
\$235,000	Ledcor Special Projects	Link 2/ Air Canada office relocation project	4
\$197,559	Oracle Corporation Canada	Oracle Database software and license	1
\$195,000	Trane BC	Chillers overhaul	4
\$187,609	Intersystems USA Inc.	Graphic media controllers for flight information display system	1
\$180,800	Ledalite Architectural Products	Link Offices light fixtures	4
\$176,138	Vanderlande Industries	Contingency “vertibelt” for international baggage system	3, 4, 7
\$154,700	Ultra Electronics	Software support for 2008 BRS system	1
\$142,083	Air Transport IT	Air Transport IT corporate systems	1, 4
\$134,900	Western Integrated	Electrical work for baggage system 6 upgrade	2
\$134,651	ARINC International of Canada, Inc.	ARINC software and license support	1
\$121,725	ALSTEC	Software support for BTS and BCS baggage systems	1
\$111,581	ARINC International of Canada, Inc.	ARINC software and license support	1, 4

**Reasons are explained on page 20.*

PART FIVE - GUIDELINES FOR CORPORATE GOVERNANCE

While not obligated to do so, the Airport Authority chooses—and considers it to be a major aspect of its accountability to the community—to set its governance practices as if it were a TSX-listed company. It reports against National Policy 58-201 Corporate Governance Guidelines and the accompanying National Instrument 58-101 Disclosure of Corporate Governance Practices.

The following table demonstrates how Vancouver Airport Authority meets these Corporate Governance Guidelines.

Vancouver Airport Authority Corporate Governance Disclosure	
Guideline	Disclosure
<p>1. The Board of Directors Disclose:</p> <ul style="list-style-type: none"> ➤ Independent Directors and whether or not majority are independent. ➤ Directors who are not independent and explain. ➤ If Independent Directors hold regularly scheduled meeting at which members of management are not in attendance. ➤ If the Chair of the Board is an Independent Director, the identity of the Chair and his or her responsibilities. ➤ Disclose the attendance record of Directors. 	<ul style="list-style-type: none"> ➤ All Directors are independent with the exception of the President and CEO, who as an employee and executive officer of the Airport Authority is not independent. ➤ Independent Directors hold an <i>in camera</i> session, without the presence of management, at every Board and committee meeting. ➤ Graham Clarke, the Chair, is an Independent Director. The Chair's Terms of Reference can be found at Tab 4 in the Board's Governance Rules and Practices Manual, published at www.yvr.ca. ➤ Director attendance is reviewed annually by the Governance Committee. In 2007, there were 34 meetings of the full Board and Board Committees. Including all of these meetings, the Board had an overall average attendance rate of 95%.
<p>2. Board Mandate</p> <ul style="list-style-type: none"> ➤ Disclose the text of the Board's written mandate. 	<ul style="list-style-type: none"> ➤ The Administrative Guidelines and Terms of Reference for the Board of Directors can be found at Tabs 2 and 3 respectively in the Board's Governance Rules and Practices Manual, published at www.yvr.ca.

Vancouver Airport Authority Corporate Governance Disclosure	
Guideline	Disclosure
<p>3. Position Descriptions Disclose:</p> <ul style="list-style-type: none"> ➤ Whether the Board has developed written position descriptions for the Chair, and the Chair of each Board Committee. ➤ Whether the Board and CEO have developed a written position description for the CEO. 	<ul style="list-style-type: none"> ➤ The Terms of Reference for the Chair (Tab 4), Guidelines for Committees (Tab 15b) and Terms of Reference for each individual Committee (Tabs 15c to 15f) can be found in the Board's Governance Rules and Practices Manual, published at www.yvr.ca. The Airport Authority thinks the latter two provide sufficient guidance to Committee Chairs. ➤ Terms of Reference for the President and CEO can be found at Tab 5 in the Board's Governance Rules and Practices Manual, published at www.yvr.ca.
<p>4. Orientation and Continuing Education Briefly describe:</p> <ul style="list-style-type: none"> ➤ What measures the board takes to orient new Directors regarding the role of the Board, its committees and its Directors and the nature and operation of the corporation's business. ➤ What measures the Board takes to provide continuing education for its Directors and how the Board ensures its Directors maintain the skill and knowledge necessary to meet their obligations as Directors. 	<ul style="list-style-type: none"> ➤ The orientation and continuing education programs are described in Tab 8 Director Development and Education Plan in the Board's Governance Rules and Practices Manual, published at www.yvr.ca. An orientation checklist is prepared for each new Director and the completed list is circulated to the Governance Committee. The Education and Development program is reviewed annually by the Governance Committee.

Vancouver Airport Authority Corporate Governance Disclosure	
Guideline	Disclosure
<p>5. Ethical Business Conduct Disclose:</p> <ul style="list-style-type: none"> ➤ Whether the Board has adopted a written code of conduct; how an interested party may obtain a copy; and how the Board monitors compliance with its code. ➤ Any steps the Board takes to ensure Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or executive officer has a material interest. ➤ Any other steps the Board takes to encourage and promote a culture of ethical business conduct. 	<ul style="list-style-type: none"> ➤ The Code of Conduct for Directors and Rules Concerning Conflicts of Interest can be found at Tab 7 in the Board's Governance Rules and Practices Manual, published at www.yvr.ca. Each Director is required to file an annual disclosure statement; the statements are reviewed by the Chair, President and Corporate Secretary and available for review by any Director upon request to the Corporate Secretary. ➤ Should a Director engage in an activity which may be construed as a conflict, the Director must make full disclosure to the Chair who will rule on the conflict in writing. It would be a very rare occurrence for a Director or Executive to have a material interest in a transaction or agreement being considered by the Board; should this occur, the Director or executive will recuse him- or herself from the Board discussion and decision making. ➤ The by-laws require an annual statement on Directors' compliance with its conflict of interest guidelines. See Part One, Section IV. of this report. The Chair has appointed the Corporate Secretary to serve as the Designated Officer for the administration of rules for Airport Authority employees concerning Conflict of Interest. The Board adopted a formal Whistleblower Policy in 2004; copies of which are available upon request to the Corporate Secretary.

Vancouver Airport Authority Corporate Governance Disclosure	
Guideline	Disclosure
<p>6. Nomination of Directors Disclose:</p> <ul style="list-style-type: none"> ➤ The process by which the Board identifies new Director candidates. ➤ Whether or not the Board has a nominating committee composed entirely of Independent Directors. ➤ If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee. 	<ul style="list-style-type: none"> ➤ See Part One, Section II, of this report. The Board may appoint up to five Directors from the Community at large. Annually, the Governance Committee reviews the skills, knowledge and attributes of current Directors—as well as their age and length of tenure—in order to identify any current and upcoming gaps. The Committee then seeks candidates who would contribute the necessary skills sets and experience to the Board. It may use an independent consultant to assist in identifying such candidates. The Committee vets potential candidates and makes a recommendation to the Board. ➤ The Governance Committee acts as the Nominating Committee and it is composed entirely of Independent Directors. ➤ The Governance Committee’s Terms of Reference can be found at Tab 15d in the Board’s Governance Rules and Practices Manual, published at www.yvr.ca.

Vancouver Airport Authority Corporate Governance Disclosure	
Guideline	Disclosure
<p>7. Compensation Disclose:</p> <ul style="list-style-type: none"> ➤ The process by which the Board determines the compensation for Directors and officers. ➤ Whether or not the Board has a compensation committee composed entirely of Independent Directors. ➤ If the Board has a compensation committee, describe the responsibilities powers and operation of the committee. ➤ If a compensation consultant or advisor has at any time since the beginning of the corporation's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's Directors and officers, disclose the identity of the consultant or adviser and summarize the mandate for which they have been retained. 	<ul style="list-style-type: none"> ➤ See Part Two - Executive and Board Compensation of this report. ➤ The Human Resources and Compensation Committee is composed entirely of Independent Directors. ➤ The Human Resources and Compensation Committee's Terms of Reference can be found at Tab 15e in the Board's Governance Rules and Practices Manual, published at www.yvr.ca. ➤ Hewitt Associates was engaged by the Human Resources and Compensation Committee to provide independent compensation advice with regard to the executive compensation plan. A summary of its mandate is published on the Board of Directors page at www.yvr.ca.
<p>8. Other Board Committees</p> <ul style="list-style-type: none"> ➤ Disclose whether or not the Board has standing committees other than audit; compensation and nominating committees and describe their function. 	<ul style="list-style-type: none"> ➤ The Board also has a Planning and Development Committee. Its Terms of Reference can be found at Tab 15f in the Board's Governance Rules and Practices Manual, published at www.yvr.ca.
<p>9. Assessments</p> <ul style="list-style-type: none"> ➤ Disclose whether or not the Board, its committees and individual Directors are regularly assessed with respect to their effectiveness and contribution and describe the process used for the assessment. 	<ul style="list-style-type: none"> ➤ This is an annual process, which is set out in Tab 10 – The Board Evaluation Process in the Board's Governance Rules and Practices Manual, published at www.yvr.ca.

ECONOMIC

Economic Impact of YVR

Vancouver International Airport is an important economic generator for B.C. An economic impact study conducted in 2005 found that YVR's 23,800 person-years of direct employment generate \$1.7-billion in direct Gross Domestic Product (GDP) value added. The total GDP (including indirect and induced) related to the airport is \$3.1-billion, and total output is \$6.8-billion.

HIGHLIGHTS OF THE 2005 ECONOMIC IMPACT STUDY

www.yvr.ca ⇒ Airport Authority ⇒ Facts & Statistics ⇒ Economic Impact

COMPLETE ECONOMIC IMPACT REPORT

☎ 604.276.6772

✉ community_relations@yvr.ca

Passengers

In 2007, YVR welcomed 17.5 million passengers, meeting our target and representing a 3.6% increase over 2006.

YVR PASSENGERS (2003-2007)

	2003	2004	2005	2006	2007
Millions of passengers	14.3	15.7	16.4	16.9	17.5



2007 RESULT: 17.5 million



2008 TARGET: 17.9 million

DETAILED YEAR-OVER-YEAR PASSENGER, CARGO, AND AIRCRAFT TAKE-OFF AND LANDING NUMBERS

www.yvr.ca ⇒ Airport Authority ⇒ Facts & Statistics

Serving our Customers

Serving customers is as much a part of running an airport as maintaining runways, terminals and roads. The Airport Authority uses quarterly customer surveys conducted by an independent consulting firm to track customer satisfaction levels at YVR. In 2007, the consulting firm conducted comprehensive interviews with 2,839 passengers at the airport.

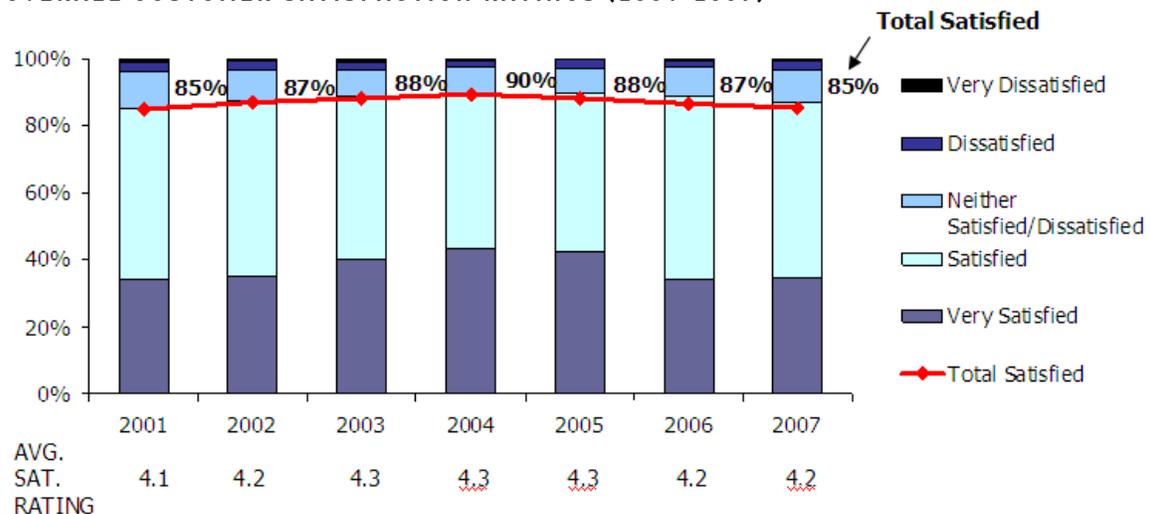
The survey asked passengers to rate their level of satisfaction with a number of key variables, including services provided directly by the Airport Authority, and products and services offered at the airport, but not directly by the Airport Authority. These include ground transportation options to and from the airport, retail prices, and the quality of service offered by our tenants and business partners, among others.

Passengers' satisfaction scores were assessed on a five-point scale, where;

- 1 = Very Dissatisfied
- 2 = Dissatisfied
- 3 = Neither Satisfied Nor Dissatisfied
- 4 = Satisfied
- 5 = Very Satisfied

⚠ In 2007, 85% of all passengers expressed satisfaction with YVR's facilities and services, down slightly from 87% in 2005. This translated into a strong overall satisfaction score of 4.2.

OVERALL CUSTOMER SATISFACTION RATINGS (2001-2007)



On December 7, 2007, following the death of Robert Dziekanski, we announced 33 changes to meet our commitment to care for every customer, including initiatives that are unique among Canadian airports, including:

- 24-hour customer care in the International Arrivals area and inside the Canada Border Services Agency (CBSA) Customs Hall
- Additional customer care training and tools
- Easily identifiable, terminal-wide access to translation services
- 24-hour in-terminal medical response
- Messaging service from the CBSA Customs Hall to the public greeting area
- Larger, brighter signs with pictograms and multiple languages
- Hourly walk-throughs of the CBSA Customs Hall and 24-hour public safety patrols

In 2008, we'll complete the majority of work on a redesign of the international passenger service and public greeting areas to provide a unified, full-service international welcome centre that will be staffed 24 hours a day, seven days a week.

We will continue to focus on customer care and maintaining a leadership role in how we serve each and every passenger or guest—no matter what time they arrive, what language they speak, or whether they are a seasoned or novice traveller. We will report back on our progress in the coming year.

Consolidated Financial Statements of

VANCOUVER AIRPORT AUTHORITY

Year ended December 31, 2007



KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

AUDITORS' REPORT TO THE DIRECTORS

We have audited the consolidated statement of financial position of Vancouver Airport Authority (the "Airport Authority") as at December 31, 2007 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Airport Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Airport Authority as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied, except for the change in method of accounting for financial instruments as explained in note 2(b) to the financial statements, on a basis consistent with that of the preceding year.

Chartered Accountants

Vancouver, Canada

March 14, 2008

VANCOUVER AIRPORT AUTHORITY

Consolidated Statement of Financial Position
(In thousands of dollars)

December 31, 2007, with comparative figures for 2006

	2007	2006
Assets		
Current assets:		
Cash and short-term investments	\$ 64,678	\$ 184,172
Accounts receivable	32,859	29,234
Other receivables	4,352	6,426
Current portion of net investment in lease (note 3)	307	248
Other current assets	6,828	5,570
	109,024	225,650
Contract procurement costs	2,780	2,856
Deferred financing costs (note 2(b))	-	2,728
Net investment in lease (note 3)	10,160	10,467
Long-term receivables (note 4)	913	1,203
Investments in airport concessions (note 5)	2,404	2,545
Due from and investments in MBJ Airports Ltd. (note 6)	17,324	5,614
Capital assets (note 7)	1,434,262	1,210,380
Future income taxes (note 8)	1,683	1,091
Intangible interest in airport lease (note 9)	17,818	18,189
Prepaid ground lease (note 23(a))	17,310	11,128
Other long-term investments (note 27(d))	26,425	-
Other long-term assets	4,274	1,694
	\$ 1,644,377	\$ 1,493,545
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	77,815	82,349
Notes payable (note 11)	-	150,000
Current portion of long-term debt (note 12)	2,198	1,927
Current portion of deferred ground lease (note 14)	2,053	2,053
Current portion of capital lease obligations (note 15)	171	161
Current portion of other long-term liabilities (note 16)	1,000	-
	83,237	236,490
Deferred revenue	5,820	6,713
Long-term debt (note 12)	21,054	7,424
Debentures (note 13)	546,441	350,000
Deferred ground lease (note 14)	14,370	16,423
Capital lease obligations (note 15)	731	903
Other long-term liabilities (note 16)	25,771	26,593
Deferred capital contributions (note 17)	89,771	66,960
	787,195	711,506
Non-controlling interest (note 18)	42	8,818
Net assets:		
Invested in capital assets (note 19)	773,896	633,005
Unrestricted net assets	83,244	140,216
	857,140	773,221
	\$ 1,644,377	\$ 1,493,545

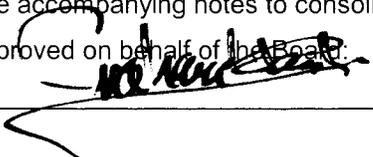
Commitments and contingencies (note 23)

Guarantees (note 24)

Subsequent event (note 29)

See accompanying notes to consolidated financial statements.

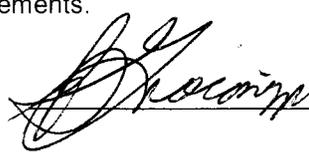
Approved on behalf of the Board:



Director

Director

1



Director

Director

VANCOUVER AIRPORT AUTHORITY

Consolidated Statement of Operations
(In thousands of dollars)

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Revenue:		
Landing fees	\$ 44,356	\$ 50,960
Terminal fees	94,738	91,331
Concessions	64,307	63,587
Airport improvement fees	101,672	92,604
Car parking	33,197	31,556
Rentals, fees and miscellaneous	53,905	48,419
Grant revenue	13,718	14,450
	<u>405,893</u>	<u>392,907</u>
Expenses:		
Salaries, wages and benefits	45,002	41,132
Materials, supplies and services	84,622	74,210
Payment in lieu of taxes, insurance and other	16,976	17,365
Amortization	70,760	60,404
	<u>217,360</u>	<u>193,111</u>
	188,533	199,796
Other expenses:		
Ground lease (note 23(a))	65,619	65,660
Interest and financing charges	30,431	22,198
	<u>96,050</u>	<u>87,858</u>
Excess of revenue over expenses before underrated items and income taxes	92,483	111,938
Foreign exchange gain (loss) on long-term liabilities	2,091	(124)
Non controlling interest	(51)	(913)
Loss on fair value of other long-term investments	(7,345)	-
Excess of revenue over expenses before income taxes	87,178	110,901
Income taxes	1,121	(484)
Excess of revenue over expenses	<u>\$ 86,057</u>	<u>\$ 111,385</u>

See accompanying notes to consolidated financial statements.

VANCOUVER AIRPORT AUTHORITY

Consolidated Statement of Changes in Net Assets
(in thousands of dollars)

Year ended December 31, 2007, with comparative figures for 2006

	Invested in capital assets (note 19)	Unrestricted	2007	2006
Balance, beginning of year	\$ 633,005	\$ 140,216	\$ 773,221	\$ 661,836
Transitional adjustment on adoption of financial instrument standards (note 2(b))	3,922	(4,267)	(345)	-
Unrealized currency translation adjustment directly recorded to net assets	-	(1,793)	(1,793)	-
Excess (deficiency) of revenue over expenses	(63,361)	149,418	86,057	111,385
Net change in invested in capital assets (net)	200,330	(200,330)	-	-
Balance, end of year	\$ 773,896	\$ 83,244	\$ 857,140	\$ 773,221

See accompanying notes to consolidated financial statements.

VANCOUVER AIRPORT AUTHORITY

Consolidated Statement of Cash Flows
(In thousands of dollars)

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Cash provided by (used for):		
Operations:		
Excess of revenue over expenses	\$ 86,057	\$ 111,385
Items not involving cash:		
Amortization of capital assets	70,076	59,629
Amortization of other intangibles	1,773	1,046
Amortization of deferred capital contributions	(6,715)	(6,499)
Non-controlling interest	51	913
Loss on fair value of other long-term investments (note 27(d))	7,345	-
Future income tax	(673)	(1,486)
Loss on disposal of capital assets	20	27
Equity earnings, net of amortization	(78)	-
Long-term receivable interest	(1,050)	-
Interest on other long-term liabilities	1,149	-
Unrealized foreign exchange (gain) loss	(2,565)	123
Changes in non-cash operating working capital (note 28)	(13,086)	16,672
	142,304	181,810
Financing:		
Increase in long-term receivables	290	1,652
Decrease in bank indebtedness	-	(1,900)
Repayment of demand note	-	(438)
Issuance (repayment) of notes payable	(150,000)	150,000
Decrease in deferred revenue	(893)	(897)
Increase in deferred financing charges and other assets	(1,434)	(3,105)
Repayment of long-term debt	(2,169)	(1,119)
Issuance of long-term debt	16,630	6,000
Increase in debentures	200,000	200,000
Repayment of debentures	-	(150,000)
Repayment of deferred ground lease	(2,053)	(2,053)
Repayment of capital lease obligations	(162)	(152)
Increase in other long-term liabilities	2,950	759
Increase in deferred capital contributions	29,526	10,943
Distribution to non-controlling interest	(94)	-
	92,591	209,690
Investments:		
Decrease in marketable securities	-	59,937
Increase in other long-term investments (note 27(d))	(33,770)	-
Decrease in net investment in lease	248	197
Increase in contract procurement costs	(115)	(124)
Increase in investments	(9,151)	(1,793)
Increase in due from MBJ Airports Ltd.	(4,624)	-
Additions of capital assets	(293,989)	(322,295)
Proceeds on disposal of capital assets	12	8
Acquisition of non-controlling interest in YVRAS	-	(11,598)
Acquisition of non-controlling interest in TradePort (note 9(a))	(13,000)	-
	(354,389)	(275,668)
Increase (decrease) in cash	(119,494)	115,832
Cash, beginning of year	184,172	68,340
Cash, end of year	\$ 64,678	\$ 184,172

Cash is defined as cash and short-term investments.
Supplementary cash flow information (note 28)

See accompanying notes to consolidated financial statements.

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2007

1. Operations:

The Vancouver Airport Authority (the "Airport Authority") is incorporated under Part II of the Canada Corporations Act as a not-for-profit corporation. The Airport Authority is governed by a Board of Directors of whom nine members are appointed by the Government of Canada and various government and professional bodies, up to five directors are appointed by the Board from the community at large, and one seat on the Board is held by the President and CEO of the Airport Authority.

The Airport Authority operates the Vancouver Airport (the "Airport") pursuant to a lease of most of Sea Island, Richmond, British Columbia, from the Government of Canada (the "ground lease"). The subsidiaries of the Airport Authority include Vancouver Airport Enterprises Ltd. ("VAEL"), a holding company for the investment in YVR Airport Services Ltd. ("YVRAS"), which invests in and manages a number of airports in Canada and around the world, and YVR Project Management Ltd. ("YVRPM"), which provides capital project management services. CDC Airport Investments (Canada) Ltd. ("CAIC"), a holding company that held the minority interest in YVRAS, was a subsidiary of the Airport Authority from March 15, 2006 to December 31, 2006.

On January 1, 2007, YVRAS and CAIC completed a short form amalgamation and continued as YVRAS. The issued and outstanding common and preference shares of YVRAS were cancelled effective January 1, 2007. CAIC share capital structure continued with a total of 13,631,000 issued and outstanding common shares owned by VAEL. YVRAS became a wholly owned subsidiary of VAEL. Prior to the completion of the 2006 fiscal year, both CAIC and YVRAS had to effect temporary name changes to facilitate the short form amalgamation.

2. Significant accounting policies:

(a) Presentation and basis of accounting:

The Airport Authority's consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and include the accounts of its subsidiaries. All intercompany transactions and balances have been eliminated on consolidation.

(b) Financial instruments:

On January 1, 2007, the Airport Authority adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, *Financial Instruments - Recognition and Measurement*, Section 3861, *Financial Instruments - Disclosure and Presentation*, and *Section 3865 - Hedges*. These standards have been retroactively applied, but prospectively presented (through a transitional adjustment to opening net assets) and, as such, comparative amounts for prior periods have not been restated.

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2007

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

Under these standards, financial assets are classified as one of the following: held for trading, available-for-sale, loans and receivables or held-to-maturity. Financial liabilities are classified as held for trading or other liabilities. Financial assets and liabilities held for trading are measured at fair value with gains and losses recognized in the statement of operations. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. Financial assets available-for-sale are measured at fair value with changes in fair value recognized in the statement of changes in net assets until realized. All derivatives, including embedded derivatives are generally classified as held for trading.

The new standards permit designation of any financial instrument as held for trading upon initial recognition. This designation requires that the fair value of the financial instrument be reliably measured.

Contracts denominated in U.S. dollars are accounted for as single service contracts denominated in a commonly used currency, as permitted by Canadian generally accepted accounting principles.

The impact of applying the new standards is described below:

Financial liabilities

The USD \$22,000,000 promissory note on acquisition of CAIC included in other long-term liabilities (note 16(a)) has been measured at fair value upon adoption of these standards. This resulted in a reduction to opening net assets of \$943,000, a reduction in the promissory note of \$3,395,000, and a reduction to intangible asset of \$4,338,000.

Investments

All of the Airport Authority's short and other long-term investments held on January 1, 2007 or acquired subsequently are designated as held for trading investments under the new standards. Purchases and sales of investments are recorded on a trade date basis. Held for trading investments are measured at fair value with realized and unrealized gains and losses included on the statement of operations. Further information with regard to the Airport Authority's holdings of non-bank sponsored Asset Backed Commercial Paper ("ABCP") is set out in note 27(d).

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2007

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

Financing costs and the effective interest rate method

The new standards require the Airport Authority to recognize all transaction costs relating to the acquisition of financing in the statement of operations or to be included in the debt balances and recognized as an adjustment to interest expense over the life of the debt. The Airport Authority capitalizes transaction costs. The Airport Authority is also required to use the effective interest rate method to recognize debenture interest expense meaning the expense amount to be recognized varies over the life of the debt based on the principal outstanding. Previously, deferred financing costs were amortized on a straight-line basis and recorded as an interest expense.

As at January 1, 2007, the Airport Authority reclassified deferred financing costs of \$3,242,000 to notes payable, long-term debt and debentures. As a result of reflecting the effective interest method, opening net assets increased by \$598,000, with a corresponding decrease in notes payable of \$1,000, long-term debt of \$299,000, future income taxes of \$82,000 and debentures of \$380,000.

Derivatives

Upon adoption of the new standards, the Airport Authority reviewed all its outstanding contracts subsequent to the elected transition date of January 1, 2003 in accordance with Section 3855 to determine if any were derivatives or contained embedded derivatives. As at December 31, 2007, the Airport Authority had no such embedded derivatives.

Hedges

Section 3865 addresses the accounting treatment for qualifying hedging relationships and the necessary disclosures and also requires all derivatives to be recorded at fair value. As at December 31, 2007, the Airport Authority had no financial derivative contracts outstanding.

(c) Accounting changes:

Effective January 1, 2007, the Airport Authority adopted CICA Handbook Section 1506, *Accounting Changes*. Under this section, voluntary changes in accounting policy are allowed only if they result in the financial statements providing reliable and more relevant information and that new disclosures are required in respect of changes in accounting policies, changes in accounting estimates and correction of errors. The Airport Authority was not affected by the adoption of this new section.

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2007

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

Effective January 1, 2008, the Airport Authority will be adopting the following new sections of the CICA Handbook that were issued but not yet effective as of December 31, 2007:

- (i) Section 3031, *Inventories*, provides more guidance on the measurement and disclosure requirements for inventories; the new standard allows the reversals of previous write-downs to the net realizable value when there is a subsequent increase in the value of inventories. This accounting standard will be applied retrospectively and is anticipated to have no material impact on the financial statements of the Airport Authority.
- (ii) Sections 3862 and 3863, *Financial Instruments – Disclosures and Presentation*, respectively, establish standards for the presentation of financial instruments and non-financial derivatives, and require additional disclosure of the nature and extent of an entity's exposure to risks arising from financial instruments and how the entity manages those risks.

(d) Cash and short-term investments:

Cash and short-term investments include securities that, on acquisition are designated as held for trading, have an initial term to maturity of three months or less.

(e) Inventory:

Inventory, which is included in other current assets, is valued at the lower of cost and replacement value.

(f) Investments in airport concessions:

Investments in companies that own rights to airport concessions are recorded at cost and are amortized over the term of the related concession or management agreement. Provisions for impairment are made, where necessary, to recognize other than temporary declines in value.

(g) Capital assets:

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

Buildings and other structures	2.5% to 10%
Runways and other paved surfaces	3.3% to 33%
Machinery and equipment	6.7% to 33%
Furniture and fixtures	6.7% to 20%
Computer equipment and software	10% to 100%

The art collection is recorded at cost with no amortization.

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2007

2. Significant accounting policies (continued):

(h) Assets under capital leases:

Leases that transfer substantially all of the benefits and risks of ownership of the property to the Airport Authority are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation. Assets under capital leases are amortized over their estimated useful lives at the same rates used for related capital assets.

(i) Deferred financing costs:

Deferred financing costs, offset against notes payable, long-term debt and debentures issued, represent the unamortized cost of the issue of the related debt, including the related discount. Amortization is provided using the effective interest method over the term of the related debenture.

(j) Other long-term assets:

Included in other long-term assets is a land-use restriction payment which is being amortized over a period of 30 years.

(k) Deferred revenue:

Deferred revenue represents premiums received from tenants of preferential locations, prepaid rents and licenses received from tenants and operators in advance, which is deferred and amortized over the terms of the related agreements. The current portion of deferred revenue is included in accounts payable and accrued liabilities.

(l) Intangible interest in airport leases:

The intangible interest in airport lease is recorded at cost and amortized over the term of the underlying lease plus one renewal period and is tested for impairment when events or changes in circumstance indicate that the assets might be impaired. When the carrying amount of an intangible asset exceeds the fair value of the intangible asset, an impairment loss is recognized in an amount equal to the excess and is presented separately in the statement of operations.

(m) Contract procurement costs:

The Airport Authority capitalizes contract procurement costs incurred in connection with the process of bidding for the rights to operate airports and related assets for a defined period, referred to as a "concession." Capitalization commences when material conditions have been negotiated and there is a reasonable assurance that the Airport Authority will commence operations in the future. Capitalized costs, net of recoveries, are amortized over the term of the concession, commencing with the date the concessions become operational. Management periodically reviews contract procurement costs to ensure amounts will be recovered from expected net future cash flows.

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2007

2. Significant accounting policies (continued):

(n) Revenue recognition:

The Airport Authority follows the deferral method of accounting for contributions whereby 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. The Airport Authority does not receive endowment contributions. Grants received to offset specific operating costs are recorded as revenue. Grants towards capital are deferred and brought into income on a basis consistent with the amortization of the related capital assets.

Revenue is recognized as follows:

- Aeronautical charges, which consist of landing and terminal fees, are recognized as revenue when airport facilities are utilized.
- Concession revenue is recognized based on the greater of agreed percentages of reported concessionaire sales and specified minimum rentals over the terms of the respective leases.
- Revenue from Airport Improvement Fee ("AIF"), which is collected from passengers by air carriers, is recognized based on monthly remittances from air carriers.
- Car parking revenue is recognized when airport facilities are utilized.
- Rental revenue is recognized over the terms of the respective leases.
- Airport management and operation revenue is recognized upon delivery of services.
- Revenue from contracts for consulting and project management (included in rentals, fees and miscellaneous) is recognized based on the percentage-of-completion method if the contract is for a fixed fee. Otherwise consulting revenue is recognized upon delivery of services.

(o) Ground lease expenses:

Ground lease expenses are charged to operations on an accrual basis. The ground lease has been accounted for as an operating lease.

(p) Taxes:

Income arising from the operation of the Airport is exempt from federal and provincial income taxes.

A payment, in lieu of taxes, is paid for municipal services.

Operations of each subsidiary are subject to taxes in the jurisdictions in which the subsidiary operates.

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2007

2. Significant accounting policies (continued):

(p) Taxes (continued):

The subsidiaries use the liability method of accounting for future income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

(q) Translation of foreign currencies:

The accounts of the Airport Authority's integrated foreign subsidiaries, included in the consolidated financial statements, are translated into Canadian dollars using the temporal method. Monetary assets and liabilities are translated at the rate in effect at the balance sheet date. Other balance sheet items and revenue and expenses are translated at the rates prevailing on the respective transaction dates. Transaction gains and losses are included in income.

Beginning in 2007, when the equity basis of accounting was first applied, unrealized foreign exchange gains or losses for the long-term amount due from and investment in MBJ Airport Ltd., a self-sustaining foreign business, are reported as direct increases and decreases to unrestricted net assets.

(r) Employee future benefits:

The Airport Authority has a contributory defined benefit pension plan which covers employees of the Airport Authority who, immediately prior to joining the Airport Authority, were employees of the Federal Public Service; a defined contribution plan which covers new employees who have joined the Airport Authority since June 1992; and an unfunded defined contribution plan which covers its senior executives.

The Airport Authority accrues its obligations under these plans as the employees render the service necessary to earn the employment benefits.

The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected accrued benefit cost method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2007

2. Significant accounting policies (continued):

(r) Employee future benefits (continued):

For the purpose of calculating the expected return on plan assets, those assets are valued at fair market value.

Actuarial gains (losses) arise from the difference between actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain (loss) over 10 percent of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the defined pension plan is 9 years.

Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

Certain employees of a subsidiary of the Airport Authority are eligible for a deferred share unit plan ("DSU"). The DSU plan, approved in 2006, will recognize the compensation expense throughout the deferral provided to the extent that the fair value of YVRAS at the end of each year warrants such recognition as adjusted for a notional cost.

(s) Use of estimates:

The preparation of 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 revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of accrued revenue, allowance for doubtful accounts, carrying value of investments and intangible interest in airport lease, net recoverable value of assets, useful lives for amortization, accrued liabilities, valuation of ABCP and provisions for contingencies. Actual results could differ from those estimates.

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
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Year ended December 31, 2007

3. Net investment in lease:

During 2002, the Airport Authority acquired a cargo facility for cash consideration of \$11,254,000 which was then leased back to the vendor under an agreement expiring December 31, 2019. The Airport Authority's net investment in the direct financing lease consists of:

	2007	2006
Minimum lease payments receivable	\$ 20,667	\$ 22,265
Unearned income	(10,200)	(11,550)
	10,467	10,715
Less current portion	307	248
	\$ 10,160	\$ 10,467

At December 31, 2007, the future minimum lease payments receivable under the direct financing lease are as follows:

2008	\$ 1,621
2009	1,646
2010	1,670
2011	1,696
2012	1,721
Thereafter	12,313
	\$ 20,667

4. Long-term receivables:

	2007	2006
(a) Tenant receivables	\$ 1,163	\$ 1,394
(b) Other	-	40
	1,163	1,434
Less current portion (included in accounts receivable)	250	231
	\$ 913	\$ 1,203

(a) The Airport Authority has long-term repayment schedules over 3 to 4 years with tenants for repayments of leasehold improvements. The Airport Authority receives interest calculated at approximately 8.5% annually.

(b) The long-term receivable was due from a shareholder of TradePort International Corporation ("TradePort"), a subsidiary of YVRAS. The receivable was non-interest bearing and fully repaid in the year ended December 31, 2007.

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2007

5. Investments in airport concessions:

	2007	2006
(a) Aeropuertos Dominicanos SIGLIO XXI, S.A. ("AERODOM") (net of accumulated amortization of \$1,071 (2006 - \$930))	\$ 2,401	\$ 2,542
(b) Hermes Airports Limited ("Hermes") (net of accumulated amortization of \$0.183 (2006 - \$0.064))	3	3
(c) SCL Terminal Aereo Santiago S.A. ("SCL") (net of accumulated amortization of \$5,116)	-	-
	\$ 2,404	\$ 2,545

- (a) AERODOM is a single-purpose corporation incorporated under the laws of the Dominican Republic for the purpose of operating, renovating and expanding facilities at six airports in the Dominican Republic pursuant to a thirty-year term of concession.

Vancouver Airport Services S.A., a subsidiary of YVRAS, has been contracted by AERODOM to provide management and operation services to the airports.

As at December 31, 2007, YVRAS' investment represents a 7.75% interest (503,750 common shares) in AERODOM.

- (b) Hermes is a single-purpose corporation incorporated under the laws of Cyprus for the purpose of development and operation of Larnaka and Pafos International Airports in Cyprus. CAOG Airport Operations (Cyprus) Limited ("CAOG") has been contracted by Hermes to provide management, operation and project management services to the Airports.

The investment represents an 11% ownership (1,100 ordinary shares) of Hermes. YVRAS also has a 64% ownership in CAOG. Together with Egis Projects S.A. and Nice Air-Ports Engineering S.A.S., YVRAS provides expertise and support to CAOG in order for CAOG to be able to meet its service obligations to Hermes.

- (c) SCL is a single-purpose corporation incorporated under the laws of Chile for the purpose of operating, renovating and expanding certain facilities at the Arturo Merino Benitez International Airport in Santiago, Chile for a concession which expires July 6, 2013. In prior years, SCL negotiated an extension to this concession term of up to 78 months to allow SCL to earn a return on invested capital and to repay further financing placed during 2004. SCL has a term of existence of 22 years, from July 16, 1998, expiring in 2020.

YVRAS holds a 10% equity interest (100 common shares) in SCL and is restricted in its ability to dispose of its investment in SCL. YVRAS' original investment of \$5,116,000 was written off in previous years as significant uncertainty existed as to the likelihood of YVRAS recovering the cost of the investment either through management fees or dividends.

YVR Airport Services (Chile) S.A. has been contracted by SCL to provide management services for the development and operation of the Airport.

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
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Year ended December 31, 2007

6. Due from and investment in MBJ Airports Ltd. ("MBJ"):

	2007	2006
(a) Due from MBJ	\$ 5,377	\$ 3,567
(b) Accrued interest receivable (net of current portion of \$491; 2006 - nil)	2,754	1,426
(c) Investment	9,193	621
	<u>\$ 17,324</u>	<u>\$ 5,614</u>

MBJ is a single purpose corporation incorporated under the laws of Jamaica for the purpose of renovating, expanding, developing, operating and maintaining the airport in Montego Bay pursuant to a concession agreement for a thirty-year term. YVR Airport Services (Jamaica) Limited was contracted by MBJ commencing on April 12, 2003 for a twelve-year term to provide project management and operation services to the Airport.

On June 8, 2007, YVRAS, pursuant to a Shareholders Agreement dated December 21, 2006, increased its ownership of MBJ, from 15% to 25.5% by acquiring an additional 10.5% of MBJ's common shares held by Agencias Universales S.A. ("Agunsa"). YVRAS also assumed subordinated debt (previously held by Agunsa) on completion of the transaction, including the assumption of subordinated debt, the total purchase price for this acquisition was USD \$11,100,000. As at December 31, 2007, YVRAS holds 153,000 (2006 - 75,000) common shares of MBJ. The increased ownership provides YVRAS with significant influence over MBJ. YVRAS has accounted for the investment using the equity method, whereby YVRAS' proportionate share of MBJ's income since June 8, 2007 has been included in the Airport Authority's consolidated statement of operations

Included in the investment of \$9,193,000 is the difference between MBJ's net book value and the cost of YVRAS' investment in MBJ, which as at the date of acquisition was \$2,861,000. The difference for purposes of equity accounting is accordingly being amortized over the term of the concession. An amortization amount of \$60,000 has been recorded for the current year.

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
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7. Capital assets:

	Cost	Accumulated amortization	2007 Net book value	2006 Net book value
Buildings and other structures	\$ 911,937	\$ 226,513	\$ 685,424	\$ 522,195
Runways and other paved surfaces	370,117	103,867	266,250	259,303
Machinery and equipment	38,375	18,103	20,272	15,417
Furniture and fixtures	21,338	12,956	8,382	5,868
Computer equipment and software	62,841	36,131	26,710	21,489
Construction-in-progress	417,464	-	417,464	377,474
Art collection	4,823	-	4,823	4,120
Equipment under capital lease	1,450	-	1,450	1,027
Land	3,487	-	3,487	3,487
	<u>\$ 1,831,832</u>	<u>\$ 397,570</u>	<u>\$ 1,434,262</u>	<u>\$ 1,210,380</u>

8. Income taxes:

As at December 31, 2007, the Airport Authority's subsidiaries have \$4,026,000 (2006 - \$1,400,000) of non-capital losses and \$511,000 (2006 - \$713,000) of net deductible temporary differences available for carry forward to reduce future years' income for tax purposes resulting in a future income tax asset of \$1,244,000.

The future income tax asset as at December 31, 2007 of \$1,683,000 (2006 - \$1,091,000) includes \$439,000 (2006 - \$415,000) of anticipated benefits of TradePort temporary differences.

A previously recognized future income tax liability of approximately \$2,000,000 was reversed during the year ended December 31, 2006 recognizing that no taxes would arise on January 1, 2007 during the amalgamation (note 1).

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Notes to Consolidated Financial Statements
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Year ended December 31, 2007

9. Intangible interest in airport lease:

	2007	2006
(a) Intangible interests in Hamilton airport leases (net of accumulated amortization of \$1,158; 2006 - \$994)	\$ 16,843	\$ 17,180
(b) Lease acquisition costs in Hamilton (net of accumulated amortization of \$71; 2006 - \$37)	975	1,009
	\$ 17,818	\$ 18,189

- (a) During the year ended December 31, 2006, YVRAS received an additional 5% interest in TradePort as a result of a contingent clause of the original share purchase agreement entered into 2002 not being met. This brought YVRAS' ownership of TradePort up from 57.33% to 62.33% (note 18). As a result, there was no consideration payable. YVRAS has decreased the intangible interest in the Hamilton Airport lease and decreased the non-controlling interest by the amount of \$1,107,000.

On March 8, 2007, the Airport Authority, through its subsidiary YVRAS increased its ownership of TradePort International Corporation and 2113522 Ontario Inc. from 62.33% to 100% for cash consideration of \$13,000,000. This resulted in an increase in intangible interest in airport lease of \$4,267,000 and a decrease in non-controlling interest of \$8,733,000.

- (b) On June 28, 2005, the City of Hamilton ("City") acquired land adjacent to the Hamilton airport from a tenant. Subsequently TradePort's lease agreement with the City was amended to incorporate the acquired land into the airport lease. As partial consideration for this transaction, TradePort agreed to waive and discharge the tenant from any obligation or requirement to pay rent or other airport charges in respect of its premises until March 2036. The present value of this waiver in the amount of \$1,000,000 has been recorded as deferred revenue and will be realized over the remaining term of the lease in an amount equal to \$68,000 per annum, offset by interest expense relating to amortization of the discount. The unrealized deferred revenue balance remaining at December 31, 2007 is \$868,000 (2006 - \$930,000), of which \$62,000 (2006 - \$61,000) net revenue was recognized in 2007. A value of \$1,000,000 was also assigned to the lease amending agreement between the City and TradePort. This amount was added to lease acquisition costs and is being amortized over the remaining term of the initial airport lease.

On December 14, 2006, TradePort paid \$1,159,000, plus disbursements, to an adjacent land owner to prohibit, for a period of 30 years, the development or use of that adjacent land for use as a commercial parking lot for the Hamilton Airport passengers or for use by car rental agencies. This amount, net of amortization, is included in other long-term assets.

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
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Year ended December 31, 2007

10. Bank indebtedness:

- (a) During the year, the Airport Authority increased its unsecured bank operating line to \$200,000,000 (2006 - \$75,000,000), \$100,000,000 of which is subject to the Landlord's acknowledgement and consent not yet received as at December 31, 2007. Interest is charged at a rate of prime.
- (b) As at December 31, 2007, letters of credit with respect to YVRAS are outstanding totaling \$3,530,000 (2006 - \$5,841,000):
 - (i) YVRAS' credit facility consists of a facility of \$5,000,000, or lesser of 100% hypothecated bank balances and/or hypothecated U.S. dollar fixed deposits, for issuing letters of credit relating to the performance and bid bonds as required to support bid submissions for new contracts. As at December 31, 2007, YVRAS has issued \$896,000 (2006 - \$2,011,000) of letters of credit from the \$5,000,000 credit facility.
 - (ii) A facility for the lesser of \$12,000,000, or, the sum of 100% of specific performance security guarantees ("PSG") issued by Export Development Canada ("EDC") for each individual letter of credit issued under this facility. All letters of credit issued under this facility (providing the said EDC PSG is in place) are to be used to support YVRAS with their proportionate interest in financing of any foreign airport contract.
- (c) In 2004, TradePort completed a restructuring of the CIT Financial Ltd. ("CIT") financing with a revised credit facility with a bank resulting in the release of the security and removal and amendment of certain covenants within the CIT loan agreement. As part of the restructuring, the bank provided CIT with a letter of credit to be renewed annually in the amount of \$2,536,000 (2006 - \$3,751,000), which includes an early repayment penalty if necessary, as security for TradePort's outstanding balance of \$2,239,000 (2006 - \$3,232,000) with CIT (note 12). At December 31, 2007, no amount has been drawn on the letter of credit as it is TradePort's intention to continue to repay the CIT loan according to the original repayment schedule.
- (d) TradePort issued a letter of credit in favour of the Ontario Municipal Employees' Retirement System in the amount of \$98,000 (2006 - \$80,000). As at December 31, 2007, no amount has been drawn on this letter of credit.
- (e) TradePort has a line of credit in the amount of \$500,000 (2006 - \$500,000) bearing interest at the prime lending rate plus 0.5% per annum with interest payable monthly and principal due on demand.
- (f) All credit facilities provided by TradePort's bank are secured by a demand debenture in the amount of \$15,000,000 providing for a fixed charge over the leasehold interest in the Hamilton International Airport, a general security agreement over all assets, a general assignment of rents and unlimited guarantees by Hamilton International Airport Limited and TradePort (2016) International Corporation. TradePort is also required to maintain a debt service reserve in the amount of \$1,500,000, which is included in cash and cash equivalents.

VANCOUVER AIRPORT AUTHORITY

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10. Bank indebtedness (continued):

(g) In 2006, YVRAS established a committed facility of USD \$15,000,000 for the sole purpose of financing airport investments. The committed facility can be increased to USD \$50,000,000 (upon request from YVRAS) subject to being able to identify additional lenders to provide such commitments. The facility can be renewed at YVRAS' request (and with lender(s) consent) three years from the commencement date of the facility. YVRAS also has two years from the commencement date to draw down funds from the facility and this period can be extended upon mutual agreement between YVRAS and the lender(s). YVRAS' obligations under the facility are secured *pari passu* by all assets and equity interests of specific subsidiaries of YVRAS. The interest rate applied to any outstanding balance is equal to three month London Inter-bank Offering Rate ("LIBOR") plus 1.5%; and, on any undrawn commitment a commitment fee will accrue and be payable quarterly in arrears at the rate of 0.5% per annum. As at December 31, 2007, the balance drawn down by YVRAS is USD \$11,770,000 (note 12).

11. Notes payable:

Upon maturity on November 14, 2007, the Airport Authority repaid \$150,000,000 of unsecured floating rate notes ("FRNs"). Total interest paid on the FRNs was \$6,774,000.

12. Long-term debt:

	2007	2006
Citibank – bearing interest at LIBOR plus 1.5% per annum, a revolving credit facility (note 10(g))	\$ 11,630	\$ -
Scotiabank, bearing interest at prime plus 0.5% per annum, due in blended monthly payments, maturing March 2013, secured by a first charge over land held in 2113522 Ontario Inc.	4,750	-
Scotiabank, bearing interest at prime plus 0.5% per annum, due in blended monthly payments, maturing November 30, 2014, secured by a first charge over land held in 2113522 Ontario Inc.	5,187	6,000
CIT Financial Ltd., bearing interest at 11.11% per annum, due in blended monthly payments, maturing November 29, 2009, secured by a letter of credit (note 10(c))	2,239	3,232
Other	6	119
	23,812	9,351
Less current portion	2,198	1,927
	21,614	7,424
Less unamortized deferred financing costs	560	-
	\$ 21,054	\$ 7,424

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12. Long-term debt (continued):

The aggregate amount of principal payments required in each of the next five years is as follows:

2008	2,198
2009	2,214
2010	1,833
2011	2,083
2012	2,083
Thereafter	13,401
	<u>\$23,812</u>

13. Debentures:

	2007	2006
Amended Series B 7.425%, due December 7, 2026	150,000	150,000
Series D 4.424%, due December 7, 2018	200,000	200,000
Series E 5.020%, due November 13, 2015	200,000	-
	<u>550,000</u>	<u>350,000</u>
Less unamortized deferred financing costs	3,559	-
	<u>\$ 546,441</u>	<u>\$ 350,000</u>

The Series B debentures are issued under the Trust Indenture dated December 6, 1996. The Airport Authority received approval from holders of the Series B debentures to make changes to the Trust Indenture by way of a Supplemental Indenture dated December 7, 2006. These changes include increasing the limitation on guarantees and investments, and updating accounting terminology. To permit these changes, the debenture holders required that the Airport Authority increase the coupon on its Series B debentures by 5 basis points to 7.425%.

The Series D and Series E debentures are issued under Supplemental Indentures dated December 7, 2006 and November 14, 2007, respectively. The Series E debentures were issued November 14, 2007 to refinance the \$150,000,000 FRN maturity (note 11), with the remaining \$50,000,000 being used to finance capital expenditures and to meet general corporate requirements.

The effective interest rates on the Series B, D and E debentures are 7.530%, 4.484% and 5.094%, respectively.

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13. Debentures (continued):

The debentures are direct, unsecured and subordinated obligations of the Airport Authority. Interest is payable semi-annually in arrears in June and December for Series B and D and in May and November for Series E. The debentures are redeemable at the option of the Airport Authority, in whole or in part, at any time. The redemption price is the higher of par and that value which would result in a yield to maturity equivalent to that of a Government of Canada bond plus a premium. The premium is 0.15% for the Series B debentures, 0.125% for the Series D debentures, and 0.20% for the Series E debentures.

While the debentures are outstanding, the Airport Authority is required to maintain an interest coverage ratio of not less than 1.25:1. Any further new issues of debt with a maturity of 12 months or longer are subject to a minimum interest coverage ratio of 1.75:1 on a pro-forma basis. The Trust Indenture also places certain limitations on the Airport Authority in the areas of encumbrances of assets, sales of assets and acquisitions of corporations.

14. Deferred ground lease payments:

Between July 2003 and June 2005, the Airport Authority deferred a total of \$20,529,000 of ground lease payments due to Transport Canada under an arrangement whereby Transport Canada provided temporary relief to Canadian airports, which suffered declines in passenger traffic resulting from international events in 2001 through 2003.

Repayments are interest free over a ten-year period, commencing January 1, 2006. As at December 31, 2007, the Airport Authority has repaid a total of \$4,106,000 (2006 - \$2,053,000) of rent deferrals to Transport Canada (note 23(a)).

15. Capital lease obligations:

The aggregate future minimum lease payments under the capital leases of YVRAS are as follows:

2008	220
2009	220
2010	220
2011	365
<hr/>	
Total minimum lease payments	1,025
Less imputed interest at 6.09%	123
<hr/>	
Balance of obligation	902
Less current portion	171
<hr/>	
	\$ 731

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16. Other long-term liabilities:

	2007	2006
(a) Promissory note on acquisition of CAIC (USD \$22,000)	\$ 19,918	\$ 25,639
(b) Lease inducement credit	3,000	-
Deferred share unit ("DSU") plan (note 22(d))	3,539	589
Other	314	365
Other long-term liabilities	26,771	26,593
Less current portion of other long-term liabilities	1,000	-
Other long-term liabilities	\$ 25,771	\$ 26,593

(a) Promissory note on acquisition of CAIC:

On March 15, 2006, the Airport Authority, through its subsidiary VAEL, increased its control of YVRAS from 54.8% to 100.0% by acquiring control of CAIC (a subsidiary of CDC Group PLC, ("CDC") a UK public company). The purchase price consists of consideration of USD \$13,631,000 and USD \$18,369,000 for the preferred and common shares, respectively, with certain additional amounts for the purchase of common shares that are contingent on future specified changes in investments held by YVRAS. The contingent consideration will be accounted for as additional purchase price as the contingencies are resolved and the amounts payable become fixed and/or determinable.

VAEL, through funds received by the Airport Authority, paid \$11,598,000 (USD \$10,000,000) and \$1 (USD \$1) of the purchase price for the preferred and common shares, respectively, of YVRAS upon closing. The remaining amounts due from VAEL to CDC in the form of a promissory note is payable in U.S. dollars as follows, subject to adjustments:

	Preferred shares (USD \$)	Common shares (USD \$)
March 15, 2009	\$ 3,631	\$ 13,369
March 15, 2011	-	5,000
	\$ 3,631	\$ 18,369

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16. Other long-term liabilities:

(a) Promissory note on acquisition of CAIC (cont'd):

To fund the acquisition, the Airport Authority has committed USD \$22,000,000 as an additional investment in VAEL to fund the acquisition, with payments of USD \$17,000,000 in 2009 and USD \$5,000,000 in 2011, subject to adjustments. The promissory note has been recorded at the amortized cost, with an interest accretion cost of \$1,149,000 and a foreign exchange gain of \$3,475,000, which represents the adjustment necessary to translate this US denominated long-term liability to its fair value as at December 31, 2007.

(b) Lease inducement liability:

On March 1, 2007, the Airport Authority agreed to provide a concession operator a \$3,000,000 rent credit, payable at \$1,000,000 per year in each of 2008, 2009, and 2010. This lease inducement is recognized against revenue evenly over the life of the lease term of 8 years and 10 months. As at December 31, 2007, the lease inducement asset of \$2,717,000 is included in other long-term assets on the statement of financial position, \$283,000 has been recognized as an offset to revenue, and a corresponding \$3,000,000 rent credit is accrued as part of other long-term liabilities.

17. Deferred capital contributions:

	2007	2006
Capital contributions:		
Canadian Air Transport Security Authority ("CATSA")	\$ 97,554	\$ 68,039
Airports Capital Assistance Program	9,781	9,781
BC Hydro	707	696
	108,042	78,516
Accumulated amortization	(18,271)	(11,556)
Ending balance	\$ 89,771	\$ 66,960

The Airport Authority receives funding from CATSA towards certain security infrastructure upgrades. The funds received are deferred and brought into income as grant revenue consistent with the amortization of the related capital assets.

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18. Non-controlling interest:

On March 8, 2007, the non-controlling interest of TradePort was acquired (note 9(a)). As at December 31, 2007, Westpark Developments Inc. and Laborers' International Union of North America have nil% (2006 - 30.3%) and nil% (2006 - 7.4%) interest in TradePort, respectively, as a result of the aforementioned transaction.

The remaining non-controlling interest balance of \$42,000 (2006 - \$14,000) represents the 36% (2006 - 36%) interest in CAOG.

19. Invested in capital assets:

(a) Invested in capital assets is determined as follows:

	2007	2006
Capital assets	\$ 1,434,262	\$ 1,210,380
Amounts financed by:		
Deferred capital contributions	(89,771)	(66,960)
Debentures and FRN's	(546,441)	(500,000)
Long-term debt	(23,252)	(9,351)
Capital lease obligation	(902)	(1,064)
	\$ 773,896	\$ 633,005

(b) Deficiency of revenue over expenses:

	2007	2006
Amortization of deferred capital contributions	\$ 6,715	\$ 6,499
Amortization of capital assets	(70,076)	(59,627)
	\$ (63,361)	\$ (53,128)

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19. Invested in capital assets (continued):

(c) Net change in invested in capital assets:

	2007	2006
Purchase of capital assets	\$ 293,989	\$ 322,295
Amounts funded by deferred capital contributions	(29,526)	(10,943)
Principal payments on capital leases	162	152
Proceeds from disposal of capital assets	(12)	(8)
Loss on disposal of capital assets	(20)	(27)
Principal payments on long-term debt	2,169	1,119
Issuance of long-term debt	(16,630)	(6,000)
Issuance of debentures and FRNs	(200,000)	(350,000)
Repayment of debentures	-	150,000
Repayment of FRNs	150,000	-
Increase in deferred financing fees	1,001	-
Amortization of deferred financing fees & discount	(803)	-
	\$ 200,330	\$ 106,588

20. AIF - use of funds:

The AIF is collected on the airline ticket by air carriers under an agreement between several Canadian airport authorities, air carriers and the Air Transport Association of Canada. Under this agreement, consistent with past practice and policy, the AIF may only be used to pay for the capital and related financing costs of airport infrastructure development as jointly agreed with the air carriers. During the year, the Airport Authority recorded \$96,356,000 (2006 - \$88,655,000) main terminal AIF revenue, and main terminal AIF eligible capital expenditures totaled \$260,193,000 (2006 - \$306,547,000). To December 31, 2007, the cumulative AIF revenue totaled \$854,765,000 (2006 - \$758,575,000), and cumulative AIF eligible expenditures totaled \$1,732,882,000 (2006 - \$1,472,689,000).

21. Operating contributions:

During 2002, the Airport Authority entered into a policing contribution agreement with CATSA. CATSA contributes to the costs of policing incurred by the Airport Authority. Contributions are determined annually by CATSA up to a maximum amount not to exceed the actual allowable costs incurred by the Airport Authority in providing these services. This agreement is to be extended annually as required and recorded as grant revenue.

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22. Employee future benefits:

(a) Funded pension plans:

Defined contribution plans:

The Airport Authority participates in a Registered Retirement Savings Plan ("RRSP") which covers employees who have joined the Airport Authority since June 1992. Employees covered by this plan are required to contribute 6% of their earnings and the Airport Authority contributes equal amounts. Total contributions included in the pension expense for 2007 were \$1,267,000 (2006 - \$1,055,000).

The Airport Authority participates in a defined contribution plan, which covers some of the senior executives who are also in an unfunded supplementary plan discussed in (b) below. Pension expense for the supplementary plan for the year ended December 31, 2007 was \$10,100 (2006 - \$11,600). Some senior executives are also provided a Retirement Compensation Arrangement (RCA). Contributions to the RCA in 2007 totaled \$2,300,000 (2006 - \$628,000).

Defined benefit plan:

The Airport Authority's and YVRAS' contributory defined benefit pension plan covers employees of the Airport Authority and YVRAS who, immediately prior to joining the Airport Authority or YVRAS, were employees of the Federal Public Service and were accruing pension benefits under the Public Service Superannuation Act. The pension plan provides benefits based on length of service and the best six years' average earnings.

The Airport Authority measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year, using a measurement date of October 31. The most recent actuarial valuation of the pension plans for funding purposes was as of December 31, 2006. The next valuation will be as of December 31, 2007, the results of which are expected to be available during the year ended December 31, 2008.

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22. Employee future benefits (continued):

(a) Funded pension plans (continued):

Information regarding the Airport Authority's defined benefit pension plans is as follows:

	2007	2006
Accrued benefit obligation:		
Balance, beginning of year	\$ 43,149	\$ 38,970
Current service cost	1,380	1,337
Interest cost	2,303	2,197
Benefits paid	(1,316)	(735)
Actuarial losses	(4,208)	1,380
	41,308	43,149
Fair value of plan assets:		
Balance, beginning of year	37,158	32,638
Actual return on plan assets	1,916	3,629
Employer contributions	982	1,332
Employee contributions	274	294
Benefits paid	(1,316)	(735)
	39,014	37,158
Deficiency of plan assets	(2,294)	(5,991)
Unamortized net actuarial loss	4,354	8,324
Unamortized transitional obligation	(1,108)	(1,477)
Accrued benefit asset	\$ 952	\$ 856

The accrued benefit asset is included in other current assets.

Plan assets (measured as of the measurement date of October 31 each year) comprise:

	2007	2006
Asset category:		
Equity shares	54.2%	59.5%
Debt securities	30.8%	32.2%
Cash and short-term investments	15.0%	8.3%
Total	100.0%	100.0%

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22. Employee future benefits (continued):

(a) Funded pension plans (continued):

Defined benefit plan (continued):

The significant assumptions used are as follows (weighted average):

	2007	2006
Accrued benefit obligation as of December 31:		
Discount rate	5.75%	5.25%
Rate of compensation increase	4.00%	4.00%
Benefit costs for years ended December 31:		
Discount rate	5.25%	5.55%
Expected long-term rate of return on plan assets	7.00%	7.00%
Rate of compensation increase	4.00%	4.00%

The elements of the Airport Authority's and YVRAS' defined benefit plan costs recognized in the year are as follows:

	2007	2006
Current service cost, net of employees' contributions	\$ 1,106	\$ 1,042
Interest cost	2,303	2,197
Actual return on plan assets	(3,283)	(1,002)
Actuarial losses	(4,208)	1,380
Employee future benefits costs before adjustments to recognize the long-term nature of employee future benefit costs	(4,082)	3,617
Adjustments to recognize the long-term nature of employee future benefit costs:		
Difference between expected return and actual return on plan assets for the year	684	(1,313)
Difference between actuarial gain recognized for year and actual actuarial gain on accrued benefit obligation for year	4,654	(835)
Amortization of the transitional obligation	(369)	(369)
Defined benefit costs recognized	\$ 887	\$ 1,100

Total cash payments:

Total cash payments for employee future benefits for the year ended December 31, 2007, consisting of cash contributed by the Airport Authority to its funded pension plans (the defined benefit plan, defined contribution plans and RCA) were \$4,559,000 (2006 - \$3,027,000).

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22. Employee future benefits (continued):

(b) Unfunded pension plans:

The Airport Authority participates in supplementary plans for its senior executives, along with some of the senior management and YVRAS executives.

Pension expense for 2007 was \$807,000 (2006 - \$827,000). Based on an actuarial report prepared as at December 31, 2006, the accrued benefit obligation as at December 31, 2007 was \$5,505,000 (2006 - \$5,196,000).

(c) TradePort defined benefit plan:

Employees of TradePort contribute a prescribed percentage of their earnings to a multi-employer pension plan administered by the Ontario Municipal Employees' Retirement System.

Employer contributions during the year amounted to \$131,000 (2006- \$129,000).

(d) YVRAS DSU plan:

On June 1, 2006, YVRAS' Board of Directors adopted a DSU plan for senior management employees ("Executive") of YVRAS. This plan covers the period from 2001 - 2009. Each participating Executive has been allotted a finite number of units. If at any time, YVRAS sells a significant amount of their common shares to an external party on an arm's length basis, YVRAS will have the obligation to purchase the units. If such a sale or other specified conditions have not occurred and the Executive still holds the units at September 30, 2009, YVRAS will purchase their units at market value. YVRAS recognized at December 31, 2007 a compensation expense and related long-term liabilities of \$2,950,000 (2006 - \$589,000) reflecting both units that had vested due to retirement and pro rata for units to be vested over the deferral period.

(e) YVRAS employee incentive plan:

No expense associated with the employee incentive plan was recognized during 2007 (2006 - \$988,000)

23. Commitments and contingencies:

(a) Ground lease:

The ground lease governs both the economic and day-to-day relations between the Airport Authority and the Government of Canada for a term ending June 30, 2052. The lease provides the option to extend the term for a further twenty years.

The ground lease requires that the Airport Authority operate the Airport as a "first class international airport" and that, as the operator, the Airport Authority exercise sound business judgment.

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23. Commitments and contingencies (continued):

(a) Ground lease (continued):

Under the ground lease, Transport Canada is required to assume all costs associated with environmental remediation in the event an order is issued by an appropriate government agency requiring the clean-up of any noxious or hazardous substance when such substance was present prior to the commencement of the ground lease on July 1, 1992. Transport Canada has taken the position that payment is contingent upon the actual issue of a direction from a government agency requiring the clean-up. The Airport Authority is of the view that compliance with the law, the ground lease and the general duty to the environment are the tests. These matters are under active discussion.

On May 9, 2005, the Government of Canada announced the adoption of a new rent policy that resulted in reduced rent for Canadian airport authorities, including the Airport Authority. This reduced rent formula is being phased in over a period of four years, beginning in 2006, during which the rent is fixed. Subsequent to 2009, the rent will be based on percentages of gross revenue on a progressive scale.

During the four year period, rent expense will be recorded on a straight-line basis. As a result, the ground lease payments made in excess of the ground lease expense during the year have been recorded as a prepaid ground lease expense. The amount of prepaid ground lease to date is \$17,310,000 (2006 - \$11,128,000).

Projected lease expense and payments (including repayments of deferred ground lease payments - note 14) under the amended ground lease for the three years, are as follows:

	Lease expense	Lease payments
2008	\$ 65,619	\$ 66,435
2009	65,619	51,598

(b) Capital and operating commitments:

In connection with the construction of certain capital projects, the Airport Authority has capital commitments outstanding as at December 31, 2007 of approximately \$52,671,000 (2006 - \$120,353,000). In connection with operating the Airport, the Airport Authority has total operating commitments, as at December 31, 2007, of approximately \$14,547,000 (2006 - \$30,000,000). These commitments extend for periods of up to five years.

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23. Commitments and contingencies (continued):

- (c) Canada Line Rapid Transit Line Inc. ("CLCO") (formerly Richmond Airport Vancouver Rapid Transit Line):

On January 24, 2005, the Airport Authority entered into an agreement with the South Coast British Columbia Transportation Authority ("SCBC") (formerly Greater Vancouver Transportation Authority) and CLCO, which is a wholly owned subsidiary of the SCBC, with respect to the funding and construction of the Canada Line rapid transit project (the "Project"). The project involves the design, construction, implementation and operation of a rail-based rapid transit line running from central Richmond to the Vancouver International Airport (the "YVR Connector") and downtown Vancouver. As part of the funding agreement, the Airport Authority has committed to fund up to \$300,000,000 (in 2003 dollars) towards the YVR Connector and common costs.

The agreement provides for the Airport Authority to develop, design and construct the YVR Connector. The YVR Connector will be owned by the Airport Authority. Upon completion of construction, the Airport Authority will lease the YVR Connector to SCBC, or a private partner, on terms satisfactory to the Airport Authority and SCBC.

The Airport Authority has contributed a total of \$218,700,000 (2006 - \$124,100,000) to CLCO towards the Project costs, which reduced the remaining contribution obligations of the Airport Authority. The amounts have been capitalized as construction-in-progress.

- (d) Legal claims:

In the normal course of operations, the Airport Authority becomes involved in various claims and legal proceedings.

The Airport Authority has received notice of two claims from a contractor and service provider. Management of the Airport Authority believes that they will successfully defend these claims.

While the final outcome with respect to these and other claims and legal proceedings cannot be predicted with certainty, management believes that their resolution of these proceedings will not have a material adverse effect on the Airport Authority's financial position or the results of its operations.

- (e) Other airport leases:

YVRAS and its subsidiaries lease certain airports under long-term lease agreements. The leases contain specific conditions for compliance with specific requirements, including environmental standards, minimum insurance coverage, specific accounting and reporting requirements and various other matters, that have a significant effect on the day-to-day operations of the airports. The leases are accounted for as operating leases.

The future minimum payments over the next five years in respect of the airport ground leases are not disclosed as the annual charges for these rentals are based on participation in revenues or net income after taxes. The leases expire between 2027 and 2042.

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23. Commitments and contingencies (continued):

(f) Under the operating lease agreement with the City of Hamilton which terminates in 2036, TradePort is required to pay rent based on a formula of revenue and operating income.

(g) Future cash commitments:

Cash includes amounts designated by management of YVRAS for the following purposes:

	2007	2006
Investment – Jamaica	\$ -	\$ 649
Consortium financial support - Jamaica	2,016	3,058
TradePort (note 9(b))	98	80
Other	-	5
	<u>\$ 2,114</u>	<u>\$ 3,792</u>

24. Guarantees:

Shares held by YVRAS as investments (note 5) in the following companies are pledged as collateral for borrowings made by those companies.

Investment	Shares	Term (Years)	Expiry
AERODOM	503,750	10	2014
MBJ	153,000	13	2015
SCL	100	15	2019
Hermes	1,100	20	2025

(a) The terms of the guarantees are co-terminus with the loans.

(b) The guarantees arise in respect of borrowings made by each of the above companies for the following purposes:

- (i) The International Finance Corporation (“IFC”) and Export Development Canada (“EDC”) loaned USD \$125,000,000 to finance the completion of construction at airports concessioned to AERODOM in the Dominican Republic. Both lenders required that each shareholder pledge the interest in, rights to and title for the shares to IFC and EDC, respectively.
- (ii) The IFC loaned USD \$77,000,000 to finance capital works expansion at the Sangster International Airport in Montego Bay, Jamaica. The IFC required each shareholder in MBJ pledge the interest in, rights to and title for the shares to the IFC until expiry date of the loan.

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24. Guarantees (continued):

- (b) (continued):
- (iii) SCL issued fully insured bonds in the amount of Chilean UF 2,960,000. The bonds were insured as part of a remediation financing of SCL following a default on an existing debt obligation.
 - (iv) Hermes arranged with a syndication of lenders credit facilities for a total of €612,500,000. A condition to the arrangement of these credit facilities was the requirement that YVRAS pledge its interest in, rights to and title for its Hermes shares to Societe Generale in trust for the Secured Finance Creditors of Hermes.
- (c) YVRAS has provided guarantees to the concessionaires (MBJ, AERODOM and SCL, and to an affiliate of the Airport Authority of Bahamas) on the performance of its management contracts. The total liability is limited to USD \$1,000,000 for Jamaica management contract and twelve months' fees for Dominican Republic and Chile management contracts, respectively.
- (d) CAOG (64% interest held therein by YVRAS) has a service contract with Hermes and guarantees with respect there to reference maximum liabilities undernoted:
- (i) up to €1,400,000 in respect of one claim, or
 - (ii) up to €2,800,000 in aggregate until CAOG has been paid €2,800,000 in management fees, or
 - (iii) thereafter the aggregate amount of all claims increased on a Euro for Euro basis as management fees are paid to CAOG up to an aggregate cap of €4,200,000.
- (e) Except for the stated pledge of shares and the performance guarantees, no other financial recourse exists.
- (f) The Airport Authority has entered into a securities pledge agreement with CDC Airport Investments (Barbados) Ltd. which provides rights, title and interest in the YVRAS common and preferred shares, and related dividends, interest, or repayment of capital in respect thereof, in the event of default on any of the remaining amounts due in 2009 and 2011 relating to the acquisition of the remaining non-controlling interest of YVRAS by VAEL.
- (g) The Airport Authority, through one of its subsidiaries, YVR Airport Services (Cyprus) Limited ("YVRAS Cyprus"), made an investment in Hermes Airports Limited ("Hermes"), which holds the concession to develop and operate two airports in Cyprus (Pafos and Larnaka) over a period of twenty-five years commencing May 13, 2006.

YVRAS Cyprus has an 11.0% interest in Hermes, which was funded by an equity bridge facility established by Hermes. The security for this facility was provided by each shareholder in Hermes. YVRAS Cyprus share is secured by an irrevocable letter of credit guaranteed by the Airport Authority. The amount of this guarantee is €6,655,000 (CAD \$10,200,000).

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24. Guarantees (continued):

(h) In certain circumstances, the Airport Authority has agreed to provide compensation to the security contractor providing security escorts to construction contractors working at the Airport should the construction contractor default on payments to the security contractor. The Airport Authority would then have the right to recover such compensation from the construction contractor.

25. Related party transactions:

YVRAS earned airport management fees of \$10,043,000 (2006 - \$7,258,000) from certain investees (note 5). Accounts receivable from these investees as at December 31, 2007 are \$2,238,000 (2006 - \$2,293,000).

These transactions are in the normal course of operations and have been recorded at the exchange amount.

26. Economic dependence:

The Airport Authority derives approximately \$47,900,000 (2006 - \$49,900,000) in aeronautical fees and rents from one airline and \$20,100,000 (2006 - \$22,600,000) in concession revenue from one concession operator.

27. Financial instruments:

(a) Concentration of credit risk:

The Airport Authority's revenue is dependent on the domestic, transborder and international air transportation industry. Due to this diversification, the concentration of credit risk is considered to be minimal. The Airport Authority believes that the cessation of operations of an airline would not have a material long-term effect on the Airport Authority's revenue or operations.

YVRAS' revenues are dependent on large contracts from a limited number of domestic and international customers. As a result, periodic concentration of credit risks may occur.

(b) Foreign exchange:

YVRAS has an exposure to foreign currency fluctuations related to its international operations. Foreign exchange risk on foreign denominated liabilities is managed whenever possible by matching assets with related liabilities by currency.

The fair value of the debentures at December 31, 2007 is estimated to be \$587,000,000 (2006 - \$541,000,000).

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27. Financial instruments (continued):

(c) Fair value of financial instruments:

The Airport Authority's financial instruments include cash and short-term investments, accounts receivable, other receivables, long-term receivables and accounts payable and accrued liabilities for which the carrying amounts approximate fair values. The fair value of other long-term investments is discussed below in note 27(d).

(d) Other long-term investments:

As at December 31, 2007, the Airport Authority held investments in non-bank sponsored ABCP with maturity values totaling \$33,770,000, which are included in other long-term investments.

During August 2007, disruptions occurred in the Canadian non-bank sponsored ABCP market that prevented some trusts from meeting their obligations regarding commercial paper maturities. On December 23, 2007, a restructuring plan was announced and is anticipated to be completed by March, 2008. This restructuring plan contemplates converting holdings in the affected trusts into new floating rate notes with a term to maturity matching that of the underlying assets.

There is uncertainty related to the outcome of the restructuring plan being considered for these securities and in estimating the amount and timing of cash flows in any restructuring. As a result, management has applied its best judgment to assess market conditions and, following a probability weighted cash flow model, has estimated the fair value of these securities at December 31, 2007. The valuation of each security has been limited by a lack of information about the underlying assets of each of the Trusts as the information has not been made available by them.

As a result of the valuation, the Airport Authority has recognized a loss on fair value of \$7,345,000 against the carrying value of the ABCP. This estimate of the fair value of the ABCP is subject to uncertainty. While management believes that its valuation technique is appropriate in the circumstances, changes in assumptions could affect the value to ABCP in the next fiscal quarters. The resolution of these uncertainties could be such that the ultimate fair value of these investments may vary from management's current best estimate and any such difference could affect the Airport Authority's financial results.

The Airport Authority has sufficient credit facilities to satisfy its financial obligations as they come due and does not expect a material adverse impact on its business as a result of the ABCP liquidity issue.

VANCOUVER AIRPORT AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts in thousands of dollars)

Year ended December 31, 2007

28. Supplementary cash flow information:

(a) Changes in non-cash operating working capital:

	2007	2006
Changes in non-cash operating working capital		
Accounts receivable	\$ (3,625)	\$ (1,890)
Other receivables	2,564	4,337
Other current assets	(1,258)	(1,769)
Prepaid ground lease	(6,182)	(11,128)
Accounts payable and accrued liabilities	(4,534)	27,122
Other	(51)	-
	\$ (13,086)	\$ 16,672

(b) Other supplementary information:

	2007	2006
Supplementary information:		
Interest expense paid	\$ 28,243	\$ 21,536
Interest income received	2,338	2,740
Income taxes paid	1,653	1,564
Non-cash items:		
Lease inducement provided to a concession operator	3,000	-
Financing costs accounted for under effective interest method (note 2(b))	(345)	-

29. Subsequent event:

The Airport Authority and YVRAS have recently agreed to negotiate the issuance of a substantial common equity interest to a third party for cash. If this activity completes, YVRAS' capital will be substantially changed.

30. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the year ended December 31, 2007.

ENVIRONMENTAL

Environmental Management Plan

The Environmental Management Plan details accountabilities for environmental management initiatives within the Airport Authority; it also describes environmental policies and programs around key sustainability issues overseen by the Airport Authority's Environment Department. Issues addressed by the plan include:

- Aeronautical noise
- Air quality
- Contaminated sites
- Environmental impact assessment
- Hazardous materials
- Natural habitat
- Resource efficiency
- Recycling
- Water quality

In 2007, the plan was reviewed and updated and work began on a Sustainability Strategy for the airport. The environmental portion of this strategy will replace the Environmental Management Plan; we anticipate having the strategy in place by the end of 2008, establishing new targets in key environmental areas such as reductions in air emissions, energy consumption and waste generation.

Federal standards are used as the basis for environmental programs and performance. However, in the interests of responsible environmental management, the Airport Authority works to meet or exceed additional, self-imposed standards, including the adoption of applicable provincial and regional requirements. This means that if provincial, regional or municipal guidelines provide pertinent standards, the Airport Authority will endeavour to meet those standards. The Airport Authority also requires tenants on Sea Island to meet the same standards.

To ensure that we are continually improving our environmental performance, the Airport Authority's environmental management system was developed in accordance with the principles of ISO 14001, the internationally recognized standard that outlines the structures of environmental management systems.

ENVIRONMENTAL MANAGEMENT PLAN

 www.yvr.ca ⇒ Airport Authority ⇒ Environment ⇒ Environmental Reports & Plans

 604.276.6656

 environment@yvr.ca

Environmental Advisory Committee

The Environmental Advisory Committee is a group of stakeholders that meets quarterly to provide input on the design and implementation of the Environmental Management Plan at YVR. Committee representatives include:

- Aircraft fuelling operators (FSM and GlobeGround)
- Airline (Air Canada)
- Citizen representatives from Vancouver and Richmond
- City of Richmond (Urban Development Division)
- City of Vancouver (Vancouver Coastal Health Authority)
- Department of Fisheries and Oceans (Habitat Management)
- Environment Canada (Canadian Wildlife Service and Environmental Protection Branch)
- Fraser River Coalition
- Metro Vancouver
- Musqueam Indian Band
- North Fraser Port Authority
- Transport Canada (Environmental Services)
- Vancouver Airport Authority
- Vancouver Natural History Society

In 2007, the Environmental Advisory Committee met five times, including a workshop to solicit input from committee members on developing a Sustainability Strategy for the airport.

Aeronautical Noise

Noise associated with an airport can be attributed to a number of sources, such as:

- Aircraft take-offs and landings
- Aircraft over-flights of residential neighbourhoods
- Engine run-ups, which are tests performed on aircraft engines and systems after maintenance to ensure they are functioning safely
- Reverse thrust, which is used to slow an aircraft when landing on the runway
- General noise from ground service equipment

The Airport Authority has a comprehensive noise management program that strives to balance the community's desire for safe, convenient, 24-hour air travel with enjoyable urban living.

The noise management program includes a five-year noise management plan, published noise abatement procedures, an airport noise monitoring and flight tracking system, and complaint management and response.

AERONAUTICAL NOISE MANAGEMENT COMMITTEE

The Aeronautical Noise Management Committee consists of community and industry stakeholders and provides a forum for the discussion of aeronautical noise management issues at YVR.

The committee meets quarterly and is chaired by the Airport Authority's Vice President, Community and Environmental Affairs. Members of the committee are appointed independently by their respective stakeholder groups, which include:

- Airlines & Operators
- Aviation Industry Associations
- Citizen representatives from Richmond, Vancouver and Delta
- City of Richmond (Planning)

- City of Vancouver (Planning)
- Musqueam Indian Band
- NAV Canada
- Transport Canada
- Vancouver Coastal Health Authority
- Vancouver Airport Authority (Environment and Operations Departments)

In 2007, the Aeronautical Noise Management Committee convened four regular meetings and two extra sessions to discuss the use of the north runway for departures to reduce delays during peak periods.

NOISE MANAGEMENT PLAN

The Airport Authority's 2004-2008 Noise Management Plan contains 17 initiatives to guide noise management efforts at the airport through 2008. Initiatives are generally planned as multi-year projects. In 2007, the Airport Authority started or completed the following initiatives identified in year four of the plan:

- Working closely with City of Richmond officials on the goals of compatible land use planning, construction regulations, and the provisions of notices and lawsuit prevention measures.
- Preparing runway demand profiles for summer 2007 and winter 2007/2008 flight schedules and determining that the use of the north runway for departures during both periods was necessary to reduce delays. NAV Canada began using the north runway for departures in peak periods in May 2007. Departures on the north runway were also approved in the winter season to alleviate delay but for more limited time periods,
- Monitoring and investigating aircraft engine run-up activities on the airport's south side, including discussions with operators and performing night-time observations of activities on Apron III for compliance with the Airport Operations Directives.
- Presenting at the annual YVR Chief Pilots' meeting and awarding the second annual "YVR Fly Quiet Awards" to the airlines with the lowest average annual sound exposure, as measured by the airport noise monitoring and flight tracking system. 2007 winners included Horizon Air (propeller and rotary wing), Northwest Airlines (narrow body jets) and Air Canada (wide body jets).

FIVE-YEAR NOISE MANAGEMENT PLAN

 www.yvr.ca ⇒ Airport Authority ⇒ Environment ⇒ Aeronautical Noise Management

 604.207.7097 (24 hours)

 noise@yvr.ca

NOISE ABATEMENT

Noise abatement procedures for YVR are published in *Canada Air Pilot* and *Canada Flight Supplement* and are enforceable by Transport Canada. Among the published noise abatement procedures specific to operations at YVR:

- Preferential use of runways to place the noisiest operations over the Strait of Georgia whenever possible
- Restricting times and locations that engine run-ups can be performed
- Requiring prior approval for jet operations between midnight and 7 a.m.

- Normally closing the north runway from 10 p.m. to 7 a.m.
- Restricting the departure of older, noisier jet aircraft during night-time hours

Transport Canada Civil Aviation Enforcement investigates suspected violations of published noise abatement procedures and can issue monetary fines. In 2007, nine airlines were suspected of operating in non-compliance with the noise abatement procedures and were referred to Transport Canada for further investigation. Transport Canada is currently reviewing the incidents and has yet to decide if sanctions will be assessed.

MONITORING AIRCRAFT NOISE

The Airport Authority has a sophisticated aircraft noise monitoring and flight tracking system to collect and assess aircraft noise and determine where and when it occurs.

NOISE MONITORING TERMINALS

Sixteen noise monitoring terminals (NMTs) are located throughout the community. Combined with radar, the system is used to monitor and assess aircraft contribution to community noise levels by correlating the noise created by aircraft in proximity to each NMT.

Preliminary work was undertaken in late 2007 to upgrade the YVR noise monitoring system. Technical specifications were identified for a replacement system. It is anticipated that a new system will be online by the end of 2008.



COMPLAINT TRACKING

The Airport Authority offers a variety of ways for individuals to register their questions or concerns about airport and aircraft noise. The YVR Noise Information Line (604.207.7097) provides callers with access to noise management professionals or Airport Operations Officers capable of responding to immediate questions or concerns 24 hours a day. In addition, individuals may register their questions or concerns via email (noise@yvr.ca). All complaints are treated confidentially and responded to on an individual basis if requested.

Information provided by complainants is entered into a database and used to analyze and identify trends. This allows the Airport Authority to better understand activities of concern and the noise impacts of both regular and irregular airport operations. Reports on the noise complaints are presented to the Aeronautical Noise Management Committee at each of its quarterly meetings. The committee and Airport Authority staff evaluate safe and sustainable noise abatement options and recommend possible changes to minimize disturbances to the community.

2007 YVR-RELATED NOISE COMPLAINTS BY MONTH

Jan	59
Feb	24
Mar	30
Apr	42
May	42
Jun	54
Jul	88
Aug	46
Sep	35
Oct	73
Nov	66
Dec	57

TOTAL YVR-RELATED NOISE COMPLAINTS (2003-2007)

2003	447
2004	793
2005	440
2006	409
2007	616

In 2007, the Airport Authority received 616 noise complaints, a 51% increase from the 409 received in 2006. Thirty-five per cent of the complaints in 2007 were related to night-time operations, and complaints during the summer months were associated with float plane traffic and north runway use. Beginning on May 17, 2007, the north runway was used for departures during peak periods to reduce delay; it was also used during the night-time hours while the south runway underwent annual maintenance in late July and early August.

In 2007, Vancouver residents accounted for 38% of all complaints, while Richmond and North Delta residents accounted for 32% and 15%, respectively. Burnaby, New Westminster, Coquitlam, South Delta, Surrey and unspecified areas accounted for the remaining 15%.

In addition to runway aircraft take-offs and landings, which increased by about 1% in 2007 over 2006, aircraft noise is also created by floatplanes and helicopters (non-runway take-offs and landings). In 2007, there were 54,153 non-runway take-offs and landings, approximately 5% more than in 2006.

In 2007, NAV Canada completed a comprehensive study of the airspace around the Lower Mainland, which they have been conducting since 2003. Subsequently, on May 10, 2007, NAV Canada implemented a number of changes to the arrival procedures. These changes are intended to enhance safety in the busy and complex airspace over the Lower Mainland and to simplify procedures for pilots and air traffic controllers. The Airport Authority received 312

complaints as a result of these changes. These complaints are not included in the statistics referenced above. Of these 312 complaints: 50% were from South Delta residents; 41% from Surrey (south); and 9% from Burnaby, North Delta and unspecified areas.

NAV Canada also received a number of complaints regarding the changes. As part of their review of the changes, NAV Canada assessed what improvements to the new procedures could be implemented without compromising air safety. In late 2007, NAV Canada amended and introduced procedures in an attempt to address concerns from residents.

By integrating noise monitoring, aircraft flight track investigations, statistical analysis, weather analysis, complaint investigation, and mapping and reporting, the Airport Authority gains a greater understanding of aircraft noise. This allows us to evaluate and compare proposed changes to airport operations, and reduce the impact of noise on neighbouring communities wherever possible.

The Airport Authority also works with local governments on planning issues to minimize potential non-compatible land uses in high-noise areas.

Detailed information on the results of the 2007 Aeronautical Noise Management Program is contained in the 2007 Aeronautical Noise Management Report.

AERONAUTICAL NOISE MANAGEMENT PROGRAM INFORMATION, INCLUDING THE 2007 AERONAUTICAL NOISE MANAGEMENT REPORT

 www.yvr.ca ⇒ Airport Authority ⇒ Environment ⇒ Aeronautical Noise Management

 604.207.7097 (24 hours)

 noise@yvr.ca

Air Quality

The Airport Authority's air quality program addresses airport and airport-related activities that could impact local, regional and global air quality through the production of pollutants, including greenhouse gases or ozone-depleting substances. The program aims to reduce emissions by raising awareness of clean air issues, promoting alternative forms of transportation to and from Sea Island, and working with business partners to increase the use of alternative fuel and low-emission vehicles.

AMBIENT AIR QUALITY

The Airport Authority is a voluntary partner in the Metro Vancouver ambient air quality management program. A Metro Vancouver continuous monitoring station is located at YVR east of the south runway, near the community of Burkeville. Data collected from this station are reported on Metro's website (www.gvrd.bc.ca/aqi).

Emission inventories indicate how total emissions are changing in the Lower Fraser Valley and are published every five years by Metro Vancouver. The last emission inventory, published in 2000, found that aircraft emissions account for about 1% of all greenhouse gas emissions and less than 1% of all smog-forming pollutants in the Lower Fraser Valley air shed.

The Airport Authority provided data to Metro Vancouver in 2006 as they worked to update the Lower Fraser Valley emission inventory. The 2005 Lower Fraser Valley emission inventory is expected to be published by Metro Vancouver in 2008.

REDUCING SINGLE-OCCUPANCY VEHICLE USE

The 2000 Lower Fraser Valley emission inventory found that the largest source of harmful air emissions across the Lower Mainland was exhaust from vehicle traffic. Reducing vehicle emissions on and off Sea Island is a key goal of the Airport Authority's air quality program.

Employees from several departments of the Airport Authority formed a transportation demand management project team in 2005 to collaborate on initiatives to educate employees on transportation options and encourage employees to get out of their single-occupancy vehicles.

The Airport Authority has continued to implement the Green Commuter Rebate Program first launched in 2006. The program provides a financial incentive to Airport Authority employees who commute by means other than a single-occupancy vehicle. Ninety employees participated in the program in its first year, expanding to 132 in 2007. Employees qualified on a monthly basis and could drop in or out of the program to suit their commuting needs, but on average, there were 63 participants per month. We estimate that the program has reduced the amount of single-occupant vehicle trips by more than 514,706 kilometres, which equates to more than 83,000 kilograms of carbon dioxide emissions.

Each year the Airport Authority supports the Government of Canada's Commuter Challenge as part of national Environment Week. The event encourages people to use sustainable and active modes of transportation during their daily commute, and track their transportation on Clean Air Day. In 2007, as a further incentive, a draw for a new bike was held for Airport Authority employees participating in the Commuter Challenge.

The 2007 Commuter Challenge saw 19% of Airport Authority employees participating (the same participation rate as 2006), for a total of 3,076 kilometres saved in travel, an increase over 2006 savings of 1,479 kilometers. This equates to a reduction in carbon dioxide equivalents of 861 kilograms.

Sustainable transportation was the focus of this year's Environment Week celebrated at the airport. Events during Environment Week included: daily intranet trivia, a sustainable transportation exhibit, a Build Your Own Sustainable Transportation contest, and the annual Commuter Challenge. The sustainable transportation exhibit included 12 exhibitors displaying and educating about alternative forms of transportation.

REDUCING VEHICLE EMISSIONS

The Airport Authority also works to improve air quality through the promotion of alternative fuels such as natural gas, biodiesel and hydrogen.

YVR has begun using biodiesel as a fuel supply for diesel equipment. Biodiesel is a renewable resource, non-toxic, biodegradable, and produces lower net carbon dioxide emissions than petroleum diesel, since it is produced from present day plants that have absorbed "recent" carbon dioxide from the atmosphere. All YVR groundside equipment has been converted to operating on a 5% biodiesel blend and testing is underway to convert airside equipment in early 2008.

In 2005, we began tracking the fuel economy and greenhouse gas emissions of our vehicle fleet. Estimates of fuel economy are currently available only for gasoline vehicles, as the Airport Authority's diesel vehicles are predominately heavy-duty vehicles for which published data on fuel economy are not readily available. The Airport Authority is working to establish a method to collect data on individual vehicles.

In 2007, six vehicles were retired from the fleet and six new vehicles were added to replace them. Three additional vehicles were also added to the fleet. The fuel economy of gasoline vehicles has reduced 7% over 2004 levels, as vehicles are being replaced with more fuel-efficient models more appropriately sized for the duties required.

With the increase in YVR's fleet size since 2005, and the corresponding increase in fuel consumption, we have seen a 2.5% increase in carbon dioxide emissions from the fleet over 2004 levels.

In 2007, the Airport Authority launched an Idle-Free YVR campaign by providing information about idling to Airport Authority employees, tenants, and bus and taxi operators, as well as posting curbside signage to remind drivers to turn off their engines.

In 2004, the Airport Authority implemented an incentive rebate program for alternative-fuelled taxis. This program was revised in 2005 to become emissions-based rather than fuel-based, expanding the eligibility to include vehicles with after-market conversion technologies that result in lower tailpipe emissions. The emission level for rebate eligibility is reviewed on a regular basis to account for improvements in vehicle technologies. By year-end 2007, 81 of the 416 taxis in the fleet serving YVR had taken advantage of the incentive rebate program, including 71 Toyota Prius Hybrids, 9 Toyota Camry hybrids and one Crown Victoria natural gas vehicle. There were a total of 42 new applicants to the incentive program in 2007 and, as more hybrid models become available, the number of participants in the incentive program is expected to increase.

POLLUTANT RELEASES

The Airport Authority tracks various pollutants as part of the National Pollutant Release Inventory (NPRI), a nation-wide, publicly accessible inventory of information on annual releases to air, water, land, and disposal or recycling from all sectors—industrial, government, commercial and others. This report is due each year in June.

The Airport Authority submitted a report to the NPRI in 2007 (for 2006), as the thresholds for reporting were exceeded for two substances. NPRI data for 2007 are not yet available.

POLLUTANT RELEASES (2004-2006)

Pollutant	Threshold for Reporting	Releases (tonnes)		
		2004	2005	2006
Total Particulate Matter (TPM)	20	0.499	0.377	0.335
Particulate Matter 10 microns (PM10)	0.5	0.260	0.377	0.335
Particulate Matter 2.5 microns (PM2.5)	0.3	0.260	0.377	0.335
Volatile Organic Compounds (VOC)	10	9.041	8.453	8.031
Oxides of Nitrogen (NOX)	20	6.429	7.054	6.771
Sulphur Dioxide (SO ₂)	20	4.069	0.318	0.567
Carbon Monoxide (CO)	20	10.172	3.349	3.637
Asbestos	10	0.707	23.430	29.376

There was an increase in SO₂ emissions in 2006 as a result of a Terasen Gas restriction of natural gas supply for a 48-hour period leading to a switch to diesel fuel for terminal boilers.

Asbestos is from the demolition of older buildings; a great deal of asbestos was disposed of in 2005 and 2006. VOC emissions remained high in 2006 due to releases from line painting on road and apron surfaces.

Contaminated Sites

Transport Canada is responsible for contaminated sites on Sea Island that existed prior to the 1992 transfer of YVR to the Airport Authority. The Airport Authority works with Transport Canada to ensure all contaminated sites are managed in accordance with the Treasury's Board's Federal Contaminated Sites Management Policy.

In 2007, no new contaminated sites were identified or created.

Environmental Impact Assessment

To integrate environmental management measures into planning, design, construction and operation of all new projects at YVR, all airport facility permits are subject to an environmental review under the Airport Authority's Environmental Impact Assessment Program.

In addition to considering environmental aspects of new projects, the review process considers any potential archaeological, cultural or historical impacts. Guidelines and mitigation efforts are developed for projects to ensure compliance with regulatory and airport standards.

Large projects and those that are environmentally sensitive are monitored regularly by Environment staff to ensure mitigation efforts are implemented as planned and all standards are met.

In 2007, 100% of airport construction projects underwent an environmental review.



2007 RESULT: 100%



2008 TARGET: 100% of facility permits reviewed by Environment Department

Hazardous Materials

The Airport Authority, airlines, fuellers, car rental companies, couriers, maintenance shops, construction companies and a number of other tenants located on Sea Island use hazardous chemical products in their operations. In addition, hazardous materials are produced as waste products of some airport-related operations.

Chemical products and wastes considered hazardous materials may include:

- Flammable liquids (aviation fuel, jet fuel, solvent, paint)
- Compressed gases (propane, natural gas, nitrogen, oxygen)
- Corrosives (batteries, battery acid, sodium hypochlorite)
- Poisonous or infectious chemicals (medical samples, syringes)
- Others (PCBs, waste oil, and asbestos)

The majority of hazardous wastes generated by the Airport Authority include waste oil, waste paint, antifreeze, waste fuel, batteries, and oil filters. These materials are generated during spill clean-ups, vehicle preventative maintenance, and line painting, among other things.

The Airport Authority has designated areas where hazardous materials can be stored. All wastes are inventoried and labelled prior to being shipped offsite for disposal or recycling.

AIRPORT AUTHORITY HAZARDOUS WASTES (2004-2007)

Year	Volume (kg)
2004	17,548
2005	12,368
2006	17,434
2007	20,754

2007 HAZARDOUS WASTES - COMPOSITION

Hazardous Waste	Total (kg)	Percentage
Paint Related Material	7,825	38
Batteries, Wet, Filled with Acid	5,456	26
Waste Oil	3,695	18
Waste Antifreeze	1,200	6
Diesel Fuel	600	3
Aerosols, flammable	500	2
Contaminated Soil	360	2
Absorbent Contaminated With Waste Oil	280	1
Other	838	4
Total	20,754	100

HAZARDOUS MATERIALS MANAGEMENT PROGRAM

The Health and Safety and Environment Departments work closely to ensure the Hazardous Materials Management Program operates in accordance with its two main objectives:

1. To ensure the Airport Authority handles hazardous materials in a safe and environmentally responsible manner that meets or exceeds all applicable laws, regulations and best practices in the industry;
2. To minimize the amount and variety of hazardous materials used.

An inventory of all hazardous materials stored on Airport Authority property is updated on a regular basis along with maps to show where these materials are stored. The Health and Safety and Environment Departments have determined clear lines of responsibility for hazardous materials management, inspections and training.

SPILL REPORTING AND TRAINING

Tenants are required to have spill response plans in place to ensure the safe handling of hazardous goods. The Airport Authority also has an Environmental Emergency Response Plan, and regularly audits tenants' level of preparedness and management of hazardous materials.

Approximately 1.4 billion litres of aviation fuel are handled at YVR each year. The Airport Authority's target is to have zero fuel spills in excess of 100 litres; however, when spills do occur, they are reported to Airport Operations immediately. Spills with potential to enter ditches or the Fraser River are also reported to Environment Canada and Transport Canada. Spill clean-up is done by the company responsible for the spill, and is closely monitored by the Airport Authority.

In 2007, the Airport Authority provided hazardous material awareness and basic spill response training for new Maintenance and Airport Operations Staff. More advanced hazardous materials awareness and spill response training is scheduled with our emergency response personnel in early 2008.



The Airport Authority recorded three fuel spills of more than 100 litres in 2007, one more than in 2006.

FUEL SPILLS EXCEEDING 100 LITRES (2003-2007)

2003	5
2004	4
2005	7
2006	2
2007	3



2008 Target: 0 fuel spills.

Natural Habitat

YVR's Sea Island home is part of the ecologically diverse Fraser River Estuary. The estuary is an important staging area for birds on the Pacific Flyway, one of four major migratory routes in North America used by waterfowl. More than one million birds use the delta during peak migration periods.

Sea Island and its immediate surroundings include designated protected habitat areas or parks: Sea Island Conservation Area (SICA), McDonald Beach Park, Sturgeon Banks Wildlife Management Area, Iona Beach Regional Park and Swishwash Island.

The Airport Authority works closely with owners of adjacent lands, regulatory agencies, environmental groups and other stakeholders to protect environmentally sensitive features on and adjacent to YVR from the impact of airport operations. The key challenge is balancing environmental protection with key requirements for airport safety, such as wildlife control and de-icing.

WILDLIFE CONTROL

To reduce the risks associated with birds at the airport, the Airport Authority maintains a comprehensive wildlife management program, recognized as being among the best in the world. Our program has four components: habitat management, monitoring, movement of birds away from aircraft operating areas through harassment techniques and, where a safety risk is perceived, killing of birds. No less than two wildlife officers patrol YVR's 1,300-hectare grounds at all times.

Habitat management is the most important component of the wildlife program. Where possible, habitats on airport lands are modified to reduce their attractiveness to hazardous wildlife species. Management techniques include carefully managing grass, weeds and other vegetation; water drainage; nesting and perching spots; garbage accumulation; and building design.

Through our wildlife monitoring, biologists track bird populations on and adjacent to the airport, study their behaviour, and keep detailed records of bird activity. This information allows us to learn from and improve our wildlife management efforts.

In 2007, approximately 1.58 million birds were moved away from aircraft operating areas using a variety of harassment techniques, including pyrotechnics, sirens, lights, propane cannons, and specially trained Border Collies. This represents a 21% decrease over 2006.

BIRDS MOVED FROM YVR*

2003	1,600,549
2004	1,485,906
2005	1,595,071
2006	2,024,206
2007	1,583,349

**Wildlife Officers keep records of birds moved from airport lands. This number is a total of birds moved through control activities for the year. The same birds could be controlled and counted multiple times.*

While habitat management and harassment techniques are the primary tools used, killing occurs when the officer perceives wildlife behaviour to be a safety risk. This may consist of an immediate risk to an approaching aircraft, or a potential or chronic risk that has increased to unacceptable levels. In 2007, 873 birds were killed by control officers.

BIRDS KILLED BY INTERVENTION

2003	607
2004	1,195
2005	1,060
2006	1,269
2007	873

In 2007, 424 birds were killed in 137 bird-strikes with aircraft, a 73% decrease over 2006. The largest portion of the bird strikes in 2007 involved dunlin and barn swallows, which, because of their small size, pose less of a safety risk than larger bird species.

TOTAL BIRD-STRIKES

2003	76
2004	116
2005	155
2006	149
2007	137

The bird-strike rate measures the number of bird-strikes with aircraft per 10,000 take-offs and landings. In 2007, our bird-strike rate was 4.2.

BIRD-STRIKE RATE*

2003	2.6
2004	3.7
2005	4.8
2006	4.7
2007	4.2

**Strikes per 10,000 take-offs and landings. In 2004, the Airport Authority revised its definition of bird-strike to include near misses, which were previously reported as 'unconfirmed' bird-strikes. This has resulted in changes to previous years' results.*



TARGET: Bird-strike rate = 0.

Factors that contribute to bird-strikes include aircraft operations, environmental conditions and natural variability in bird populations.

Annual summary reports of the Airport Authority's wildlife control activities are prepared and submitted to Transport Canada, Environment Canada and the B.C. Ministry of Environment.

INFORMATION ON THE WILDLIFE MANAGEMENT PROGRAM, INCLUDING BIRDS KILLED BY SPECIES
--

 www.yvr.ca ⇒ Airport Authority ⇒ Facts & Stats ⇒ Wildlife Management
--

Resource Efficiency

The resource efficiency program promotes the importance of resource-efficient operations and identifies ways to reduce consumption of natural gas, diesel, gasoline, water and electricity at the airport.

ENERGY REDUCTION TEAM

The Airport Authority's Energy Reduction Team is a cross-departmental committee whose mandate is to identify and implement energy-reduction initiatives, whether through energy-efficient work activities, purchasing choices or design decisions for future facilities.

The Energy Reduction Team also works to educate staff about the environmental, performance and financial benefits of energy efficiency and conservation, both at work and at home. The team conducts surprise energy audits and provides employees with specific tips for reducing energy consumption at their workstations.

NATURAL GAS CONSUMPTION

The Airport Authority improved its natural gas efficiency through the installation of a solar-powered hot water heating system in the domestic terminal in 2003. In 2007, the solar-powered hot water heating system was expanded to the Link Building. Studies were performed in 2007 in order to further expand the solar-powered hot water heating system in 2008.

In 2007, low NOx burners were installed on all four Domestic Terminal boilers, which has led to improvements to both overall gas consumption and air quality.

The solar-powered hot water heating system and low NOx boiler system, along with the implementation of night-time set-backs, carbon dioxide sensors, and improved scheduling and system tune-ups, has enabled YVR to maintain natural gas consumption to 2001 levels in the Domestic Terminal building.

AIRPORT AUTHORITY NATURAL GAS CONSUMPTION (2003-2007)

Year	Natural Gas – Gigajoules (GJ)			Combined Intensity	
	International Terminal Building	Domestic Terminal Building	Combined	Terminal Area m ²	Intensity GJ/1,000m ²
2003	46,877	37,061	83,938	285,439	294.06
2004	40,196	28,985	69,181	287,439	240.68
2005	37,960	31,257	69,217	287,977	240.35
2006	46,739	35,170	81,909	287,977	284.43
2007	70,782	38,933	109,715	344,513	318.46

Total natural gas consumption increased in 2007 due to opening of the new International Terminal wing, the Domestic Terminal's Gate C-38 and the Link Building, including the new Airport Authority corporate offices. As well, during some phases of construction, portions of the terminal remained open to the elements, increasing heating requirements.

ELECTRICITY CONSUMPTION

In April 2007, the upgrade of the utility building chiller plant, which provides cooling for the Domestic Terminal, was completed. This project included the replacement of two chillers and a cooling tower. In addition, improvements to the Domestic Terminal cooling system valves have decreased the amount of coolant being consumed each year. These projects will not only allow us to meet the additional cooling loads required by terminal expansions and additions, they will avoid more than 1,350,000 kilowatt-hours (kWh) of electricity use annually, which equates to more than \$65,000 in electricity, operating and maintenance costs. It will also result in reduced emissions.

In 2006, a number of lights in the fleet maintenance garage bay were retrofitted during a demonstration project to test light fixture technology in areas with high ceilings where technical work is performed. The retrofit will result in modest electricity savings of 27,000 kWh (\$1,100) per year and improved light quality. A study was undertaken in 2007 to look at the feasibility of using these lights in other areas of the airport; these projects will be rolled out in 2008.

The Airport Authority has a long-term goal to improve electricity efficiency. While electrical efficiency is often indicated by electricity use per floor area in commercial buildings, this indicator is a challenge to the airport, especially when additional load is added as a result of

federal regulation. Since 2001, the security screening of checked baggage has been mandated, and this alone has increased our power consumption by 3,700,000 kWh per year with no change to the floor area of our terminals.

 At year-end 2007, electrical energy efficiency at all facilities operated by the Airport Authority had been improved by 9% relative to 2001. The building floor space increased in 2007 with the construction of the Link building and International Terminal expansion, resulting in an increase in total energy consumption. However, these new facilities include many design features that improve overall energy efficiency relative to older parts of the terminal, resulting in an improved electrical consumption per area.

Given the changing nature of our business and our facilities, we are working on improving our targets to reflect the achievements made, which include cumulative savings of more than \$4.6-million dollars in electricity costs since 1999, and more than 14 gigawatt-hours (GWh) avoided electricity consumption as a result of projects completed between 2001 and 2007.

ENERGY EFFICIENCY (2001-2007)

Year	Total Electricity (GWh)	Intensity (GWh/1000m2)
2001	76.13	0.273
2002	73.46	0.269
2003	72.22	0.253
2004	74.41	0.259
2005	77.08	0.268
2006	77.85	0.270
2007	84.85	0.250

BUILDING GREENER

In 2007, the Airport Authority developed an internal standard for sustainable building design and construction. These sustainable design guidelines will be used to ensure all new facilities incorporate energy efficiency, water efficiency and environmental management measures.

The Airport Authority maintains efficiency and avoids undue expansion through common-use terminal equipment. Common-use equipment, such as check-in counters and self-service kiosks, can be used by any number of airlines, allowing for redistribution based on fluctuations in need. This results in maximum utilization of existing resources and, over the years, has allowed the Airport Authority to serve more passengers with less infrastructure, avoiding terminal expansions that might otherwise have been necessary.

Our design and construction process utilizes energy modeling tools, such as BC Hydro's Design Assistance Workshop, and a Green Building consultant to ensure new buildings are constructed to operate at optimal energy efficiency.

Recycling

The Airport Authority oversees a series of programs aimed at increasing recycling by Airport Authority employees, airport tenants and passengers. These programs centre largely around education to increase awareness of recycling facilities and practices at YVR. The work is supported by a committee comprised of representatives from the Airport Authority and other Sea Island businesses.

Waste statistics are tracked for three areas of the airport: terminals, satellite sites and construction projects. In 2007, the Airport Authority was able to recycle, compost or reuse:

- 30% of waste from airport terminals
- 34% of waste from satellite sites
- 80% of material from construction projects

WASTE BY SOURCE 2007

	Recycled (kg)	Landfill (kg)	Total (kg)	Recycled
Terminals	1,013,060	2,338,730	3,351,790	30%
Satellite sites	52,236	101,745	153,981	34%
Construction	2,869,005	696,931	3,565,936	80%
Combined total	3,934,301	3,137,406	7,071,707	56%



In 2007, the Airport Authority recycled, composted or reused 56% of total waste, down from 63% in 2006, but again surpassing our target of 50% for waste diversion. Recycling has increased in the Terminals and Satellite Sites by as much as 10%. The 2007 overall decrease is due largely to annual differences in construction projects.



2008 TARGET: Greater than 50% (combined) waste diversion.

COMBINED WASTE (2003-2007) (Airport terminals, satellite locations and construction projects)

	Total Waste (kg)	To Landfill (kg)	Recycled (kg)
2003	7,369,886	2,887,007	4,482,829
2004	48,745,363	2,343,184	46,402,179
2005	12,042,525	2,461,877	9,580,648
2006	7,406,963	2,731,444	4,675,519
2007	7,071,707	3,137,406	3,934,301

The Airport Authority's recycling program focuses heavily on the airport terminals, where we have the greatest influence over recycling practices and therefore the greatest opportunity for improvement.

AIRPORT TERMINAL RECYCLING COMPOSITION 2007 (by weight)

Paper/Cardboard	53%
Glass/Metal/Plastic Containers	20%
Compostables	9%
Miscellaneous*	8%
Grease	7%
Yard Waste	2%
Electronics	1%

*Includes batteries, lights, scrap steel, minor construction waste and wood pallets

The general composition of waste from airport terminals has remained fairly consistent year-over-year.

AIRPORT TERMINAL WASTE GENERATED AND RECYCLING PER PASSENGER (2003-2007)

	Garbage (kg)	Recycling (kg)	Total (kg)
2003	0.114	0.048	0.162
2004	0.117	0.059	0.176
2005	0.121	0.053	0.174
2006	0.133	0.054	0.187
2007	0.134	0.058	0.191

AIRPORT TERMINAL WASTE DIVERSION RATES (2003-2007)

(Percentage of waste recycled, composted or reused)

2003 29%

2004 33%

2005 31%

2006 29%

2007 30%

In general, we have improved year-over-year with respect to kilograms of waste recycled per passenger. However, it is also evident that the amount of garbage is increasing as well. This is likely due to increases in passenger numbers and in retail shopping and food venter options at the airport.

The Airport Authority's prototype combined recycling and waste bins were successfully tested in 2007 and deployed in the new International Terminal wing, Gate C-38 and all security checkpoints. Prototype outdoor bins and ashtrays have also been tested. Older waste containers will be replaced throughout the rest of the terminal in the coming years.

In 2007, the Airport Authority continued to observe a large amount of garbage being generated as a result of the liquids, gels and aerosols ban for passenger carry-on baggage. Many passengers were required to discard containers of liquid at security checkpoints. While some recycling of these containers was possible, much of the material collected was disposed of as garbage.

Water Quality

The Airport Authority's Water Quality Program looks to minimize or prevent pollution that results from airport-related activities, with a focus on protecting surface and ground water, and ensuring sensitive aquatic habitats are not compromised. This is achieved through a strict program of pollution prevention, emergency response preparedness and water quality monitoring.

Three key airport activities have the potential to impact storm water runoff and local water quality: aircraft and runway de-icing, aircraft refuelling, and construction activities. The Airport Authority has strategic control measures and procedures in each of these key areas.

DE-ICING

Aircraft de-icing in winter is necessary for aviation safety reasons. De-icing is done using fluid that contains chemicals such as glycol, which is an environmental pollutant. The Airport Authority closely monitors and regulates de-icing activities. Glycol mitigation plans are prepared and reviewed annually. The Airport Authority monitors airport runoff to check that glycol mitigation measures have been effective. In 2007, 399 water samples were collected from surface water

quality monitoring stations located near the edge of Sea Island, and analyzed for ethylene glycol and propylene glycol—ingredients in aircraft de-icing fluids. Of the 399 samples, two exceeded the Canadian Glycol Guideline limit of 100 parts per million.

WATER QUALITY RESULTS—GLYCOL (2002-2006)

(Results exceeding 100mg/L)

2003	0
2004	1
2005	2
2006	2
2007	2



2007 RESULT: 2 exceedences



2008 TARGET: 0 exceedences

The Airport Authority has constructed large de-icing pads, which provide effective containment of glycol, reducing the likelihood of it entering the environment. De-icing fluids contained on these pads are treated at an onsite glycol processing facility that allows for more efficient recycling of glycol and lower costs for airlines.

FUEL SPILL MANAGEMENT

The Airport Authority would prefer that fuel spills not occur and works closely with airlines, ground handlers and tenants to provide training and spill response preparedness. However, in the event that spills do occur, oil-water separators are installed in all new vehicle parking lots and aircraft parking areas at YVR. These oil-water separators are a first line of defence in the event of fuel spills. The second line of defence includes shut-off gates located in drainage ditches at the edge of the airport property; these allow ditch flow to be stopped if necessary should there be a spill or other emergency.

CONSTRUCTION

Excavating soil and the placement of preload materials before a construction project can potentially increase soil erosion and release sediment into sensitive aquatic habitats. The Airport Authority requires strict erosion control measures on all projects that expose soil, and monitors construction projects on an ongoing basis.

To ensure that erosion-control measures are effective, the Airport Authority monitors total suspended solids and turbidity in runoff from construction sites, as well as at the seven drainage ditch discharges from Sea Island to the Fraser River. Results were consistent with previous years, and demonstrate that construction site erosion control efforts have been effective.

2007 Environmental Performance Indicators Summary Table

The Airport Authority is committed to operating YVR in a manner that minimizes its impact on the environment, both natural and urban. The following summarizes environmental performance indicators and results for 2007.

	Measure	2007 Target	2007 Result	2008 Target
Aeronautical Noise <i>Objective: Minimize aircraft noise disturbance on the community.</i>	Number of violations of published noise abatement procedures	0	9 suspected violations are under investigation by Transport Canada	0
	Status of planned initiatives from 2004-2008 YVR Noise Management Plan	Complete 100% of Year 4 initiatives	75% of year 4 initiatives have been completed	Complete 100% of Year 5 initiatives
Environmental Impact Assessment <i>Objective: Integrate environmental measures into design, construction and operation of all new projects.</i>	Percentage of construction projects reviewed and approved by the Environment Department	100%	100%	100%
Hazardous Materials <i>Objective: Minimize pollution that results from airport-related activities.</i>	Number of fuel spills exceeding 100 litres	0	3	0
Recycling <i>Objective: Decrease the amount of solid waste sent for disposal.</i>	Total waste diverted from landfill from Airport Authority facilities, satellite locations and construction projects	Greater than 50% waste diversion	56%	Greater than 50% waste diversion
Water Quality <i>Objective: Minimize pollution that results from airport-related activities.</i>	Water samples exceeding Canadian Glycol Guideline of 100 parts per million of glycol	0	2	0

As part of the development of a Sustainability Strategy for the airport, new performance indicators and targets will be set for reductions in waste generation, air emissions and energy consumption.

SOCIAL

Supporting our communities

COMMUNITY INVESTMENT

In 2007, we introduced a new, online system for submitting and tracking corporate donations, as well as new guidelines for our community investment donations, sponsorships and gifts-in-kind to focus our giving in three main areas: family and communities, First Nations, and employee-driven. As part of our guidelines, we established a target of approximately one per cent of excess of revenue over expenses for community investment contributions, including in-kind, which we will seek to meet in coming years.

The Airport Authority provided \$518,000 (excluding in-kind contributions), or approximately 0.6% of excess of revenue over expenses, to 85 charities or organizations through the community investment program in 2007.

Major contributions include an employee-driven United Way Campaign, YVR Golf for Kids and support for the HSBC Celebration of Light fireworks festival.

Other charitable initiatives include CH.I.L.D. Foundation, Developmental Disabilities Association, Ducks Unlimited Canada, Raise-A-Reader, Richmond Hospital Foundation, Richmond Rotary Hospice House, and the CKNW Orphans' Fund through our annual Christmas tree decorating contest.

The 2007 employee United Way campaign raised more than \$118,000. The Airport Authority matched employee donations for a total contribution of more than \$236,000.

Vancouver Airport Authority has been a strong supporter of YVR Golf for Kids since its inception 15 years ago. The annual event has raised more than \$2-million, including approximately \$270,000 in 2007, and continues to be a popular event for airport employees. Funds are raised primarily for Canuck Place Children's Hospice as well as a variety of children's charities, such as Girl Guides, D.A.R.E. (Drug Abuse Resistance Education) and Kids Up Front, as well as other foundations throughout the Lower Mainland.

Our new online system improves the application and evaluation process for donations. This new service has been well received, with approximately 75% of requests being initiated through our website, which allows us to provide a better service to the community as well as improving our tracking and reporting tools.

COMMUNITY PROGRAMS AND CORPORATE SUPPORT

 www.yvr.ca ⇨ Airport Authority ⇨ Community Corner

Our People

To support a team of flexible and capable professionals, the Airport Authority strives to create a workplace where employees are fulfilled in their jobs. We support skills development, employee recognition, and fitness and balance.

The Airport Authority has 377 employees (as of year-end 2007), 277 of whom are members of the Public Service Alliance of Canada (PSAC). In addition, each year we take on summer and co-op students to provide them with on-the-job training and to support our operations during busy times.

The average age of an Airport Authority employee is 42, with an average length of service of eight years. Our five-year average turn-over rate is 5.1%. Our average attendance rate is 97%.

The Airport Authority's voluntary turn-over rate has increased over the last few years, in part reflecting a tight labour market in Vancouver with numerous career opportunities for those seeking advancement. Our average attendance rate has remained consistently high.

AIRPORT AUTHORITY TURN-OVER RATES (2003-2007)

	2003	2004	2005	2006	2007
Turn-over rate (voluntary resignations)	3.2%	3.3%	4.7%	5.9%	8.0%

AIRPORT AUTHORITY EMPLOYEE ATTENDANCE RATES (2003-2007)

	2003	2004	2005	2006	2007
Attendance (annual average percentage of employees present)	97%	98%	97%	97%	97%



2007 RESULT: 97%



2008 TARGET: >96%

Investing in Our People

One of the ways we maintain a highly skilled and efficient workforce is by investing in the development of our team members. We are committed to providing Airport Authority employees with extensive on-the-job and classroom training and the opportunity to identify and pursue their strengths.

Each employee of the Airport Authority received 48 hours of training on average in 2007. This number includes training through onsite courses offered by the Airport Authority, and external training and skills development during normal work hours.

AIRPORT AUTHORITY EMPLOYEE TRAINING (2003-2007)

	2003	2004	2005	2006	2007
Total training hours (not including apprenticeship time)	17,745	13,450	16,264	14,758	18,244
Average training hours per full-time equivalent position (not including apprenticeship time)	55	41	45	40	48
Total apprenticeship hours	1,832	2,904	4,032	3,276	3,454
Total training and apprenticeship hours	19,577	16,536	20,296	18,065	21,698
Average training/apprenticeship hours per full-time equivalent position	60	50	57	48	58



2007 RESULT: 58 hours of training per employee on average



2008 TARGET: 35 hours of training per employee on average

The Airport Authority maintains a target of 35 hours of training per employee on average during normal work hours each year. In addition, we offer up to \$20,000 reimbursement on the successful completion of education programs outside of normal work hours. We also help children of employees continue their education at recognized post-secondary institutions with up to 20 scholarships awarded each year.

To enable a cross-functional and flexible team, Airport Authority skilled trade employees are encouraged to develop proficiency in a second trade. As of year-end 2007, approximately 56% of the Airport Authority's Maintenance Trades group were dual-ticketed or in the process of becoming dual-ticketed.

In addition, in 2007, the Airport Authority supported apprenticeship training for nine tradespersons and recruited three apprentices.

Among the other ways we facilitate employee training and education:

- Educational leave of absence
- Salary deferral to ensure an income during educational leave
- On-site department-specific training
- On-site training for desktop applications, corporate applications and productivity tools
- Day course/conference attendance during normal work hours
- Interest-free loans for computer purchases

MANAGEMENT DEVELOPMENT

All new managers are enrolled in the Adaptive Leadership and Engagement Coaching program. They also go through a management assessment program prior to being hired; information from this assessment is used to create personalized development plans.

Seeking Feedback From Our Team

Employees are one of our most valuable sources of information and we want to hear what they have to say. The Airport Authority engages employees through the CheckPoint performance review and career development process.

In 2006, we engaged an external training consultant to get feedback from our team on our current training program and better understand training needs within the organization. As a result of this training needs analysis, the Airport Authority developed a new three-year corporate training plan. Year One of the plan was implemented in 2007.

CHECKPOINT

CheckPoint is the Airport Authority's performance review tool developed through a joint union-management committee as a way to review performance, acknowledge accomplishments and provide employees with coaching and training for their individual development. The process also seeks to align employee efforts and education with organizational plans.

The CheckPoint process provides a format and guidelines for an annual conversation between employees and managers; it also provides a platform for employees to seek feedback from their managers in a quiet environment, free from interruptions. The Airport Authority strives to ensure that each employee takes part in at least one annual CheckPoint session with his or her manager.



In 2007, 98% of employees took part in at least one CheckPoint session with their manager.



2008 TARGET: 100% of employees take part in a performance review

Recognizing and Rewarding Our People

The Airport Authority believes strongly in rewarding employees who, through their actions and achievements, have made an outstanding contribution to our collective success. Formal recognition of employee efforts is a key component of our workplace environment.

The Totem Awards recognition program rewards employees who exemplify corporate values in four key areas: achievement-driven and proactive; leading-edge service; teamwork and loyalty; and innovation and creativity.

Totem Award winners are nominated by their peers. The previous year's award winners review the nominations and recommend the current year's winners to the Executive Committee. Each Totem Award winner has the opportunity to select a gift package valued at approximately \$1,000.

Among the Airport Authority's other employee award and recognition programs:

- Service Awards to recognize employees' service milestones
- The Bravo Program, which gives managers the opportunity to recognize employees' accomplishments with cards and gift certificates
- The Suggestions That Achieve Results (STAR) program, awarding employees for suggestions that generate revenue or result in savings or other, non-financial improvements
- The annual President's Award for Safety Excellence, which encourages employees to make safety their top priority by recognizing a team's proactive safety habits

Supporting Health and Safety

The health and safety of our employees is one of the Airport Authority's top priorities. We adhere to the highest standards for employee health and work to build a safety-oriented workplace culture.

Our health and safety initiatives include:

- An employee-driven wellness program
- Annual Airport Authority-sponsored influenza vaccinations offered to employees and their families
- Regular hearing tests and custom-fit hearing protection for maintenance and airside employees
- A rigorous construction safety and asbestos monitoring program
- Noise and indoor air quality tests for Airport Authority staff and tenant workplaces
- Strategies to address public health concerns, such as the West Nile, Norwalk, SARS virus and Pandemic Influenza

WELLNESS PROGRAM

The Airport Authority's Wellness Program, now in its seventh year, is an incentive-based program that promotes physical fitness, nutrition and wellness. The program is overseen by an employee-management Wellness Committee. In 2007, more than 75% of our employees signed up for the program.

A new Airport Authority Wellness Facility was built in 2007. This 24/7 facility offers employees the opportunity to work out on industrial-grade cardio equipment, plus two machine fitness units as well as a multitude of free weights. In 2007, more than 200 employees signed up for orientation—a mandatory component for gaining access to the gym.

Also in 2007, the program sponsored an annual Airport Authority Sun Run team—the Vancouver Airport Authority Run-A-Ways—including running clinics, and provided on-site fitness activities and health and wellness education seminars, including a 10-week “boot camp,” and “Lunch and Learn” sessions with topics ranging from nutrition to stress management.

EMPLOYEE AND FAMILY ASSISTANCE PROGRAM

The Employee and Family Assistance Program allows Airport Authority employees to access confidential, professional assessment, guidance and counselling for a broad range of personal and family issues.

PROMOTING A CULTURE OF SAFETY

The Airport Authority promotes an organization-wide safety culture by empowering employees to identify hazards in their workplace and to reduce the threat and occurrence of injuries and health problems in their daily work by embracing best practices in safety management, training and innovation.

Our comprehensive safety initiatives extend beyond our employees to tenants, construction contractors and major service providers, as well as the travelling public. These initiatives include:

- Ongoing facility public safety inspections
- Regular departmental safety inspections
- Submission of annual departmental safety goals and objectives
- Employee-led training sessions on safe work practices
- A comprehensive computer-based safety training system for recurrent training, including new employee safety orientation, supervisor safety accountability modules, and disability awareness, to ensure key safety messages are received within days of a new person being hired
- Comprehensive job-related safety training, including a 40-hour safety orientation session for new trades maintenance employees
- A stringent contractor safety pre-qualification process and safety orientation for all construction contractors for the Airport Authority
- Accurate and readily accessible health and safety information for all employees

The Airport Authority had no health and safety non-compliances from either Human Resources and Social Development Canada or WorkSafeBC in 2007.

JOINT OCCUPATIONAL SAFETY AND HEALTH COMMITTEE

The Joint Occupational Safety and Health Committee (JOSH) is made up of employee and employer representatives who work together to identify and resolve safety and health issues at the airport. JOSH is a recommending body and works to resolve issues through consensus. Responsibility for ensuring committee recommendations are effectively implemented lies with management; however, all employees share responsibility for correcting unsafe conditions and following safe work procedures.

LOST-TIME INJURIES

One of the ways the Airport Authority measures its health and safety performance is by tracking key performance indicators. Each year, we report the number of injuries that occurred that resulted in an employee missing work (lost-time injuries), the total number of days lost due to injury, and the frequency and severity of lost-time injuries.

The frequency rate of lost-time injuries is calculated by multiplying the number of lost-time injuries by 200,000 (where 200,000 is equivalent to a company with 100 employees, with each employee working 2,000 hours in a calendar year—a standard multiplier used in North America to allow organizations to compare their rates to others) and then dividing that number by total person-hours worked. The severity of lost-time injuries is calculated by multiplying the number of days lost due to injury by 200,000 and again dividing that number by total person-hours worked.

LOST-TIME INJURIES

2003	2
2004	4
2005	2
2006	5
2007	3



2007 RESULT: 3



2008 TARGET: 0

DAYS LOST DUE TO INJURY

2003	13
2004	10
2005	7
2006	56
2007	5



2007 RESULT: 5



2008 TARGET: 0

FREQUENCY OF LOST-TIME INJURIES*

2003	0.61
2004	1.11
2005	0.56
2006	1.33
2007	0.79

**Frequency rate = (number of time-loss injuries x 200,000) / person-hours worked*



2007 RESULT: 0.79



2008 TARGET: 0

SEVERITY OF LOST-TIME INJURIES*

2003	3.94
2004	2.78
2005	1.94
2006	14.94
2007	1.32

**Severity rate = (days lost x 200,000) / person-hours worked*



2007 RESULT: 1.32



2008 TARGET: 0

Supporting Respect and Equality

WORKFORCE DIVERSITY

The Airport Authority wants a workforce that reflects the vibrancy and diversity of the communities we serve. We comply with the Employment Equity Act and take measures to ensure fair employment practices across our organization.

The Employment Equity Act was passed in 1986 and specifically covers four groups: women, aboriginal peoples, persons with disabilities and members of visible minorities. The purpose of the act is to ensure hiring practices based on ability and merit, regardless of status.

The Airport Authority reports its workforce demographics to the federal government, showing how each of the designated groups is represented within various occupational classifications. Demographic data are taken from a survey supplied to each employee to complete voluntarily in confidence. As such, numbers are based upon employees' self-identification as a member of a designated group.

Numbers are reported in June of each year for the previous year; therefore, the most recent statistics available are from 2006.

AIRPORT AUTHORITY DEMOGRAPHICS VS. LABOUR MARKET DEMOGRAPHICS (2005-2006)

Designated Group	Airport Authority		Metro Vancouver/National Labour Market*	Gap	
	2005	2006		2005	2006
Women	34.4%	33.2%	28.7%	5.7%	4.5%
Aboriginal Peoples	0.9%	1.1%	1.3%	-0.4%	-0.2%
Persons with Disabilities	1.5%	1.4%	3.9%	-2.4%	-2.5%
Members of Visible Minorities	21.0%	22.3%	22.3%	-1.3%	0%

*Information on women, aboriginal peoples and members of visible minorities in the labour market based on Metro Vancouver data collected through the 2001 census. Information on persons with disabilities in the labour market based on national data collected through the 2001 Participation Limitation Survey (PALS).

EMPLOYMENT EQUITY

The Employment Equity Committee is comprised of employees and managers from various departments; it works closely with the Human Resources team on initiatives to raise awareness of diversity issues and extend opportunities in a fair and inclusive manner.

In 2007, the Airport Authority was interviewed by SHAW TV's Caring for Communities program, which featured the airport's award-winning barrier-free design.

Representatives from the Airport Authority attended a Racism-free Workplace workshop presented by Human Resource and Social Development Canada in 2007. The workshop outlined strategies to promote diversity and address potential discrimination in the workplace.

On an ongoing basis, the Airport Authority addresses the issue of workplace diversity through:

- A partnership with Connectra Society, an organization dedicated to helping place people with disabilities and reducing the barriers that may limit them in accessing work.
- Distribution of all Airport Authority employment postings to a variety of outreach organizations in our community, such as YWCA Career Edge, the Asia Pacific Co-op, the B.C. Paraplegic Foundation, Immigrant Services Society, the International Association of Machinists Centre for Administering Rehabilitation and Employment Services, MOSAIC, the Musqueam Indian Band, the Neil Squire Foundation, Partners for Workplace Inclusion, the Greater Vancouver Business Leadership Network, the United Chinese Community Enrichment Services Society, United Native Nations, Western Institute of the Deaf, Women in Aviation, Aboriginal Inclusion Network, the Canadian Association of Professionals with Disabilities and WorkAble Solutions.
- Partnerships with the Aboriginal Inclusion Network and the Greater Vancouver Business Leadership Network (GVBLN). The Aboriginal Inclusion Network works to extend the reach of employers into the untapped Aboriginal talent pool. The GVBLN provides job opportunities for people with disabilities.
- Participation on the Minister's Council on Employment for Persons with Disabilities, of which the Airport Authority's Vice President, Human Resources is a member.

In the summer of 2007, we attracted and selected at least one student representing each of the four designated groups, including women, visible minorities, aboriginal peoples and persons with disabilities.

We strengthened our relationship with the Neil Squire Foundation, a non-profit organization providing programs and services to persons with disabilities. In 2007, we attended an open house, which resulted in an increase in résumé generation from this organization.

A RESPECTFUL WORKPLACE

The Airport Authority is committed to providing a respectful workplace where all employees are treated with dignity. As an employer, the Airport Authority falls under federal jurisdiction and we acknowledge and affirm our obligations under the Canadian Human Rights Act, which prohibits discrimination in respect of employment by reason of race, national or ethnic origin, colour, religion, age, sex, marital status, family status, disability, criminal conviction for which a pardon has been granted, or sexual orientation, in the absence of a bona fide occupational requirement as provided for by the Canadian Human Rights Act. We adhere to the Canadian Human Rights Act in all of our recruitment and selection practices.

We have also put in place specific policies to deal with issues related to human rights, including: sexual harassment, accessible ground transportation, disabled or injured employees, and an alcohol- and drug-free workplace environment.

The Airport Authority strives to raise awareness and encourage understanding of human rights issues through ongoing training covering topics such as Respect in the Workplace, The Barrier-Free Workplace, Hiring Skills for Managers, and Interview Skills for Candidates. In Hiring Skills for Managers and Interview Skills for Candidates, participants are given information on Canadian Human Rights legislation and its application to the recruitment and selection process.

Of our employees, 87%, or 329 of 377, have received Respect in the Workplace training, offered onsite by an independent consultant. In 2007, 58 employees participated in our Disability Awareness training.

The Airport Authority seeks continual improvement on all matters related to respect in the workplace. In 2006, an independent consultant conducted a confidential online Harassment Survey completed by approximately 70% of Airport Authority employees. The results of the survey were presented to all employees by the Department Vice President and the Vice President, Human Resources.

As a result of the survey, a new Respect in the Workplace Policy was put in place and one-day Respect in the Workplace training for all employees was delivered in 2007.

THE ACCESSIBLE AIRPORT

The Airport Authority is a world leader in creating accessible air terminal facilities. We have a facilities design policy that specifies the highest applicable building code requirements with respect to access for people with disabilities, and we utilize an independent access consultant to review all new construction and retail projects.

Throughout the terminals, low-pile carpets, high-contrast pathways, check-in service and writing counters with toe clearance, and specially designed unisex washrooms make it easier for passengers in wheelchairs to navigate.

Visual paging, amplified volume-controlled handsets at all airline check-in and service counters, and public TTY/TTD (Telecommunications Device for the Deaf) machines assist passengers who are deaf or hard of hearing. Closed captioning decoders are included on all entertainment televisions in the facility and, in case of emergencies, the Airport Authority uses visual fire alarm strobes in public areas and washroom facilities.

Passengers with visual impairments can use tactile maps of terminal areas, available at our customer service counters. The Airport Authority also makes use of distinct and consistent floor treatments to identify locations within the terminals.

Connecting with our Communities

The Airport Authority is committed to engaging our stakeholders and providing open, honest and timely communications.

INFORMING

Being a good neighbour means keeping business partners and surrounding communities informed about airport operations and activities that affect them. We do this in a number of ways, including:

- Annual Public Meeting in May
- Annual Report and sustainability reporting
- *YVR Air Mail*, our free monthly electronic newsletter
- Annual presentations to:
 - Richmond, Vancouver, Burnaby, New Westminster, Delta and Surrey municipal councils
 - Provincial Deputy Ministers
 - Business and community groups, including the organizations that nominate Airport Authority Board Members
- A Speakers' Bureau program, through which members of our management team speak at community functions
- Advertisements and public notices regarding operational changes
- *Skytalk*, YVR's monthly newspaper to all of Sea Island
- *Terminal Talk*, YVR's quarterly newsletter sent to all airport tenants
- Timely responses to public enquiries
- Media interviews and open and timely responses to media enquiries
- The Airport Authority's website, www.yvr.ca, which features regular updates, facts and statistics and resources for those seeking additional information on the Airport Authority and operations at YVR

In 2007, Airport Authority representatives attended or presented at approximately 50 community, business or stakeholder groups and events.

ENGAGING

Making ourselves available to answer questions and receive feedback is another way we connect with our communities. The Annual Public Meeting and many of our speaking engagements include a question and answer period.

In 2007, as part of our community relations program, we attended five community days between May and October, answering questions from the community and distributing publications.

CONSULTING

The Airport Authority seeks input from a broad cross-section of stakeholders through community forums that meet regularly to discuss issues of concern. The Aeronautical Noise Management Committee and the Environmental Advisory Committee are comprised of a variety of representatives from diverse stakeholder groups, and provide direct input on sustainability issues, including noise management at YVR and the Airport Authority's Environmental Management Program (see the **ENVIRONMENTAL** section for additional information).

Airport Authority staff also participate in the Airline Operators Committee, and the Airline Consultative Committee, which includes all air carriers serving YVR.

20-YEAR MASTER PLAN CONSULTATION

Since 2004, the Airport Authority has been working on a 20-year Master Plan to guide the development of YVR from 2007 to 2027. As part of the planning process, we undertook a comprehensive consultation program in 2005 and 2006 to promote open discussion with community, industry and government stakeholders on airport development options.

The Airport Authority completed a draft 20-Year Master Plan that outlines our recommendations for meeting YVR's needs to 2027, provides a proposed 2027 Airport Land Use Plan and forms the basis for further consultation. In 2007, we submitted the 2027 Land Use Plan to the Federal Minister of Transport for approval. Once finalized, the updated YVR: Your Airport 2027 Master Plan, Technical Report and approved 2027 Land Use Plan will be available in print and on our website.

MASTER PLAN INFORMATION

 www.yvr.ca ⇨ Master Plan 2007-2027: Your Airport 2027

 master_plan@yvr.ca

COMMUNITY SURVEYS

As part of our public consultation activities, each year we undertake a community survey, conducted and compiled by an external consultant.

The survey explores attitudes and opinions on overall impressions of the airport and the Airport Authority, impacts of YVR on the community, quality of customer service, and current initiatives, such as airport expansion. It also seeks recommendations for improving services and communications.

Approximately 1,000 phone interviews were conducted in late 2007 with residents living near YVR and in other areas of Metro Vancouver. Respondents were asked to rate their general impression of YVR on a scale of one to five, with five being excellent and one being poor. In 2007, 61% of residents surveyed gave a positive "top box" rating of four or five out of five to the airport overall,

down from 77% in 2006, reflecting public concern over the death of Robert Dziekanski while in RCMP custody at YVR in October 2007.

OVERALL IMPRESSION OF YVR (1997-2007)

Year	Percentage giving a rating of 4/5 or 5/5
1997	71
1998	72
1999	74
2000	75
2001	76
2002	74
2003	77
2004	80
2005	82
2006	77
2007	61

The 2007 survey found that 74% of respondents rely on the news media to get their information about the airport, which is the same result as 2006. The high percentage underscores the value of the Airport Authority's media relations program.

Another upward trend is interest in electronic methods of communication, such as our website and our electronic newsletter, *YVR Air Mail*. Of those interviewed, 49% of said they would like to receive information through the Internet or YVR's website.

The shift to increased use of online communication is reflected in *YVR Air Mail* readership; since the newsletter's inception in 2005, readership has gone from less than 200 to more than 4,700 subscribers in 2007, up 24% from 2006 when the newsletter had approximately 3,800 readers.

Members of the public and the media may contact the Communications Department by emailing community_relations@yvr.ca or media_relations@yvr.ca. We strive to maintain a maximum response time of 24 hours for all enquiries.

MEDIA RELATIONS

The Airport Authority is committed to providing open, timely and accurate responses to all media enquiries. The Communications Department coordinates media interviews and tours, and provides facts, figures and other written materials in response to general enquiries. The YVR media relations line (604.880.9815) is staffed 24 hours a day, seven days a week, including holidays.

In 2007, the Communications Department responded to more than 1,200 media requests, a 20% increase over 2006, issued 18 news releases/media statements and hosted or supported a number of media events, including:

- The opening of the new International Terminal expansion
- The opening of gate C-38 in May
- A380 visit in October
- Several airline inaugurations, including Air New Zealand in November
- December 7 media conference about changes at YVR

The focus of media relations efforts in the last three months of 2007 was on enquiries related to the death of Robert Dziekanski. Communications fielded hundreds of calls and coordinated 50-plus interviews with Airport Authority spokespersons.

Operational changes at the airport and community consultation initiatives are also communicated to the general public through advertisements, as well as the Airport Authority's monthly electronic newsletter, *YVR Air Mail*.

Our website—www.yvr.ca—is also used to share information with stakeholders, and, in 2007, visitor sessions totalled almost 3.88 million, compared with 3.75 million in 2006.

EMPLOYEE CONSULTATION

In addition to our ongoing initiatives to support open communication, all-employee meetings are held thrice yearly and include updates from department managers and the executive committee on business results and organizational objectives. Employees are invited to ask questions, provide feedback and share information with other employees and the management team.

Employees also share news and information through our employee newsletter, *Connections*. The Airport Authority intranet provides a forum for managers and employees to post and share information on a daily basis; it also provides access to Airport Authority organizational charts and contact information, as well as policies, manuals and forms.

SERVING

The Airport Authority's president, vice presidents and members of our management team lend their time and expertise to more than three dozen boards, task forces and committees. Through their participation they serve the community and advocate for change to benefit the industry, region and province. In 2007, Airport Authority representatives served on the following:

- Airports Council International
- Asia-Pacific Foundation
- B.C. Aviation Council
- B.C. Chamber of Commerce
- B.C. Guangdong Business Council
- Bell 2010 Business Advisory Committee
- British Columbia Institute of Technology Airport Operations Program Advisory Board
- Business Council of B.C.
- Canada Line Co.
- Canada-China Business Council
- Canada-India Business Council
- Canadian Airports Council
- Canadian Chamber of Commerce
- Canadian International Freight Forwarders Association
- Chief Information Officers Association of B.C.
- Construction Industry Training Organization Board
- Council of Tourism Associations
- Fraser Basin Council
- Greater Vancouver Economic Council
- Greater Vancouver Gateway Council

- Hong Kong-Canada Business Association
- International Air Transport Association
- International Association of Airport Executives of Canada
- Minister's Council for Employment of Persons with Disabilities
- Pacific Asia Travel Association
- Pacific Rim Cruise Association
- Providence Health Care Committee of Advisors Legacy Project
- Provincial Capital Program Board (Ministry of Transportation)
- Richmond 2010 Olympic Oval Project Building Committee
- Richmond Chamber of Commerce
- Richmond Economic Development Advisory Committee
- Richmond Gateway Theatre Society
- Richmond Hospital Foundation
- Richmond Olympic Business Advisory Committee
- The International Air Cargo Association
- Tourism B.C.
- Tourism Industry Association of Canada
- Tourism Richmond
- Tourism Vancouver
- Urban Development Institute
- Vancouver Board of Trade
- Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) Transportation Advisory Committee
- VGH/UBC Hospital Foundation
- Volunteer Richmond
- Whistler 2020 Sustainability Task Force
- Whistler 2020 Transportation Task Force

Airport Authority employees engage with other professionals in their fields through individual memberships in more than 50 professional associations, including the Air & Waste Management Association, Canadian Environmental Auditing Association and the Recycling Council of B.C.

Many of our employees are volunteers. We support their efforts as coaches, canvassers and fundraisers in the community. In 2007, the Airport Authority participated as one of four Richmond organizations in an employer-supported volunteerism pilot program being developed by Volunteer Richmond.

Our own volunteers, the Green Coats, continue to act as goodwill ambassadors, helping visitors navigate the airport by providing directions, information and translation services. In 2007, YVR's 223 Green Coats contributed approximately 33,500 hours of volunteer service. Between them, our Green Coat ambassadors speak more than 20 languages.

ART AT YVR

YVR has one of the most extensive collections of Northwest Coast Native art in the world, including the iconic *The Spirit of Haida Gwaii: The Jade Canoe* by the late Bill Reid. The International Terminal expansion, which opened in 2007, features four significant new works by B.C. artists: *Fog Woman and Raven* by Dempsey Bob, *Orca Chief and the Kelp Forest* by Lyle Wilson and John Nutter, *Beach Tangle* by Gordon Smith, and *Net Work* by Eric Robertson.

In addition to providing a stunning backdrop and a unique sense of place, the art on display showcases the Musqueam and other First Nations' rich artistic heritage. The YVR Art Foundation supports established and emerging B.C. artists, and fosters the development of Northwest Coast Native art by broadening its market and encouraging its public display.

INFORMATION ON ART AT YVR

www.yvr.ca ⇒ Airport Guide ⇒ Things to Do at YVR ⇒ Airport Art