

MESSAGE FROM *THE CHAIR & CEO*

“Growth and economic activity, from the perspective of operating a world-class airport, means the future arrives rapidly, often faster than anticipated. Your Airport is ready and positioned to meet the challenge.”

*A*s passenger traffic records continue to be set, the future often arrives ahead of schedule at Saskatoon’s John G. Diefenbaker International Airport. Being always ready to meet that advancing future and to serve a larger community with an expanding economy is the singular focus of the Saskatoon Airport Authority (SAA).

Your Board of Directors renewed that focus in 2006 with a variety of initiatives, including a new vision to provide the best airport experience and aviation environment in North America. Similarly, our new mission seeks to operate a world-class airport and be a leader and partner in developing Saskatoon and Saskatchewan.

To make that happen we defined Key Community Accountabilities and Strategic Goals to guide the Airport’s development. As a community-controlled airport since 1999, we take seriously our responsibility to serve – as a strong regional gateway – Saskatoon, central and northern Saskatchewan. The Key Community Accountabilities and Strategic Goals provide the framework to define that responsibility, outlining the commitment, accountability and transparency that are central to our purpose. Details on both the accountabilities and goals are featured in this annual report.

For 2006, the numbers tell a compelling story of the Airport’s success:

- For the second consecutive year, a record was set with 953,000 passengers using the Airport, compared to 902,000 the previous year.
- Financially, SAA once again posted an operating surplus, with \$1.6 million to be re-invested in Airport infrastructure.
- Expansion of the parking lot was largely completed last year, with over 400 new stalls available for peak periods.



Patrick Pitka, FCA

W.A. (Bill) Restall



During 2006 we approved a new 10-year capital plan designed to ensure the Airport's continued success. If we are to support the community in maintaining its economic success the Airport must be prepared to invest in its own future, both in terms of maintaining current capacity and expanding to meet coming demand. Specifically, those asset improvements will involve expenditures over the next 10 years in excess of \$50 million. This program commences with reconstruction of the main runway and upgrading surrounding taxiways and support services.

The Airport is the first impression visitors have of Saskatoon, and it is important our terminal building be kept contemporary, modern and functional. After several years of major construction, 2006 was a year of fine-tuning, including the addition of soft seating, rest stations and expansive interior greenery to increase the aesthetic appeal of the Airport. Consideration is being given to further enhancements of the terminal to meet user needs.

As we look back at total redevelopment of the terminal in recent years, and as we look forward to significant investment in runways and related airside assets in the coming years, it is a noteworthy that all this capital improvement was accomplished without borrowing money or incurring debt. A strong financial position continues to be a hallmark of SAA.

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Ensuring Saskatoon's Airport is successful goes beyond the borders of our facility to include external forces such as government regulation. SAA is active in working with all levels of government, always aware that increasing regulation tends to increase inconvenience and financial burdens for air travellers. Airport rent remains one of the most pressing issues. While the federal government has made some concessions regarding rent, we believe the current charge is excessive and amounts to a hidden tax on the travelling public. In light of the fact that our local authority is responsible for all operating and capital costs of the Airport, we see the current level of rent as excessive. We continue to work toward a permanent solution.

Increasing government regulation is also a threat to airports and the travelling public. Airports are subject to a cascade of new regulations from government, and it costs additional dollars to comply with each of them. That growing regulatory cost translates into higher air fares. The Board believes the time has come to confront regulatory creep and is advocating a government review and rationalization of the regulations to which airports must conform. The time has come for Smart Regulation.

Keeping abreast of the latest technological innovations in airport operations is also important, and we are determined to have Saskatoon included in all these advances. NEXUS and Canpass are new approaches to trusted passenger systems which hold the promise of speeding the flow of passengers through airports.

Internally, we also always work to strengthen our management systems. A risk assessment model is being developed to assist in evaluating various aspects of risk faced by the Airport, and how those risks can best be mitigated.



Just as the robust local economy creates heightened demand for air travel, the healthy economy is raising prospects for additional development on airport land to serve the local aviation sector.

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Our co-operative relationship with the airlines means we are constantly encouraging improved air service to Saskatoon. A steadily increasing flow of passengers moving through the Airport, combined with an average occupancy of about 90 per cent for airlines using our Airport, builds a strong argument for expanded air service. Just as the robust local economy creates heightened demand for air travel, the healthy economy is raising prospects for additional development on airport land to serve the local aviation sector.

People committed to the cause of ensuring the Airport is ready for the future are critical to our success. We extend our thanks to Gary Merasty, who moved from the SAA Board to the House of Commons in 2006. He was replaced by Russell Mirasty of La Ronge. We are also grateful to our employees, volunteers and community partners who work so hard in building a successful airport and a positive airport experience for our passengers and guests.

This is a remarkable time for Saskatoon and Saskatchewan. Growth and economic activity, from the perspective of operating a world-class airport, means the future arrives rapidly, often faster than anticipated. Your Airport is ready and positioned to meet the challenge.



Patrick W. Pitka
Chairman of the Board



W. A. (Bill) Restall
Chief Executive Officer