

ACCOUNTABILITY AND TRANSPARENCY

1. WHAT IS ACCOUNTABILITY

“Accountability” means being able to explain or account for one’s conduct and actions. This definition leads to further questions: to whom does one account and against what standard do people judge the success of one’s actions.

1.1 Background

Transport Canada examined these questions when it decided to devolve airports to local control. It set three objectives for devolution: a) improve accountability relative to the federal operation of airports, b) attain commercial viability, and c) enhance local economic development. It then examined a number of models ranging from fully private, for-profit corporations to various quasi-government authorities.

A for-profit private sector company enjoys the benefit of simplicity in terms of understanding its accountability. Both practice and legal precedent make it clear that the company accounts to its shareholders, and it is judged on whether or not it increases the value of those shareholders’ investment. Transport Canada rejected this model as there was little experience with it at the time as well as concerns regarding the balancing of shareholder versus local community interests.

Transport Canada also rejected various other “government” scenarios, such as Crown Corporations and transfer to a different level of government control. Transport Canada rejected these models because it was unclear that they could run commercially viable airports—other levels of government faced the same budget issues as Ottawa. In addition, while the lines of accountability—to some form of elected body—seemed clear on the surface, in practice politicized governance structures often obfuscated accountability due to conflicting political agendas and influences. Indeed, the first objective for Transport Canada’s devolution was to “improve accountability” as this was recognized to be an issue. Pressure to devolve airports arose in large part because of the perceived lack of accountability in the existing government model.

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1.2 The Canadian Solution

Transport Canada opted for a unique Canadian model, a locally-controlled, not-for-profit, private sector airport authority. Under the policy for creation of local airport authorities, the local community established the structure of the airport authority board; Vancouver chose a structure with combined government and professional representation. While directors could be appointed by local and regional governments, however, Transport Canada explicitly stated that directors could not be elected officials or government employees. It also made clear that each director had a fiduciary duty to the airport authority.

Transport Canada's foresight in adopting this model is supported in a study of several U.S. airports. The study found that airports with less politicized governance structures performed better and were more innovative; the study states "the challenges of the air transport industry are seemingly better met by governing structures that reduce local and regional politics and allow airports to operate more like their private business partners."¹

1.3 How is this model of airport authority accountable?

Under this type of governance structure the answers to the questions "who does the Authority account to" and "has it met the community's standard for success" appear less obvious. Airport authorities account not to their shareholders but to their stakeholders, which includes the Nominating Entities, business partners and the local community. How can such a diverse group of stakeholders judge the Authority's performance? Transport Canada answered this question by setting out "objects", i.e., a mandate, for the airport authority and certain accountability principles incorporated in the Ground Lease. The airport authority must account to the community on whether its actions furthered the mandate. This structure imposes a greater burden of communication on local airport authorities. As stated in the study of U.S. airports mentioned above, airports must "prove their commitment to accountability through their actions."²

¹ Tarry, Scott E., Innovation in the Administration of Public Airports, published by the PricewaterhouseCoopers Endowment for the Business of Government, March 2000, p.34. The report goes on to state "Reducing politics and increasing autonomy [of airport authorities] are both attractive outcomes, but not without a clear appreciation that airports must remain accountable to both their business partners and the public."

² Ibid, p. 35.

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2. HOW IS THE AUTHORITY ACCOUNTABLE

2.1 Mission and Mandate

The Authority's mission is to serve the community by building outstanding airports and by connecting BC proudly to the world. As noted above, the federal government set out "objects" for Canadian airports to establish a standard against which to measure whether or not the airport is operating for the general benefit of the public in its region.

These objects are included in the Authority's objects of incorporation, i.e., the Authority's mandate; its accountability can be measured against its performance in fulfilling these objects. The public can ask and the Authority must answer:

- (a) does the Authority manage and operate Vancouver International Airport in a safe and efficient manner for the general benefit of the public;
- (b) does the Authority undertake and promote the development of the lands of the Vancouver International Airport for uses compatible with air transport activities;
- (c) does the Authority generate, suggest and participate in economic development projects and undertakings which are intended to generate economic activity and to expand British Columbia's transportation facilities in all areas compatible with air transportation; and,
- (d) does the Authority assemble information, advise on and otherwise contribute to the advancement of air transportation.

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2.2 How the Authority Accounts for Its Actions

To support its mission, the Authority has divided the activities necessary to achieve its corporate mission into five priority areas: People; Passengers; Partners; Profitability and Plant. The communities that the Authority serves are the first group mentioned under Partners. The Authority's policy is to be both accountable to the community and transparent in its relations with business. The Authority accounts for its actions to the community in a number of ways. It is the responsibility of the Governance Committee of the Board to ensure that management is observing these accountability mechanisms, which include:

- publication on line of an Annual and Sustainability report, which will include information set out using a sustainability framework, including sections on governance and the Authority's environmental, social and economic performance. The annual reporting also will include the Authority's non-consolidated and consolidated financial statements. A printed summary brochure will include highlights from the Annual and Sustainability Report and direct readers to the website for additional information.
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- holding an Annual Public Meeting;
- holding of an annual meeting with the Nominating Entities and additional meetings as may be required;
- holding of an annual meeting with the Province (Joint Planning and Coordination Committee);
- maintaining a corporate communications policy; the substance of which will be reviewed annually by the Governance Committee and approved by the Board;
- establishment of the following standing consultation committees:
 - Aeronautical Noise Management Committee;
 - Airline Consultative Committee;
 - Airline Operators Committee; and
 - Environmental Advisory Committee;and meeting with these committees a minimum of twice annually;
- the Richmond Accord;
- meetings/consultation with local city councils;
- publication of an annual noise report on the website;
- extensive public consultations on the periodic renewal of the airport MasterPlan and Land Use Plan, the latter of which is also subject to approval by the Minister of Transport;

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- consultations with the relevant stakeholders on other airport plans and policies, including but not limited to the 10 Year Capital Plan, the schedule of airline fees and charges, the noise management plan, the environmental management plan, the schedule of airport maintenance charges, and airport operation procedures; and
- maintaining the corporate website and other appropriate communications media.

2.3 Measuring Performance

The Authority's performance will be measured in a number of ways which are visible to the public. The Authority will:

- conduct quarterly in-terminal surveys and provide a summary of the annual survey results to the Nominating Entities and to the public upon request;
- conduct a Metro Vancouver survey at least once annually and provide a summary to the Nominating Entities and to the public upon request;
- continue to participate in the ACI Survey program on airport service quality and provide an annual summary of the Authority's rankings to the Nominating Entities;
- engage a qualified independent consulting firm via a competitive public process to conduct the 5-Year Performance Review that will include an assessment of the extent to which and how well the Authority has fulfilled its objects during the period covered by the Review. As mandated in the corporate by-laws, the Authority will prepare the list of qualified independent consultants in consultation with the Nominating Entities. Once the Review is completed, the Authority will provide copies to the Nominating Entities and publish it on the Authority website.

In addition to the above "macro" performance measures, the Authority will set measurable targets, where feasible, in its business and strategic plans. As required in the corporate by-laws, summaries of the current business plan and of the five most recent business plans will be available to the public for examination upon request. The Authority will provide an explanation of any substantial variance from the performance targets in its business plan in the Annual Report.

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3. TRANSPARENCY

3.1 Financial Reporting

The annual report is the primary vehicle for reporting on the financial performance of the Vancouver Airport Authority. In response to community feedback that it wished to see more transparent reporting on how the Vancouver Airport performed, the annual report document contains the unconsolidated annual financial statements for the Vancouver Airport Authority. The audited consolidated financial statements, which include financial information on the Vancouver Airport and the Authority's subsidiaries, is also made public via publication on the Authority website with hard copies made available upon request. The Authority's significant accounting policies are set out in the notes to the financial statements.

3.2 Purchasing

The Authority will be transparent in its purchasing practices. The Authority's Purchasing policy will be public. As a general practice, all contracts for the procurement of goods, service and construction services with a value in excess of \$100,000 (in 2000 dollars) will be awarded through a competitive public process. The Authority will provide an indication of the evaluation criteria that will be used to assess offers. The Authority will publish a list in its Annual Report of any contract in excess of \$100,000 (in 2000 dollars) which was not awarded through a competitive public process along with the reason or reasons why.

3.3 Fees and Charges

The Authority will be transparent in the establishment of fees and charges. For example, when negotiating with the airlines on aeronautical and terminal charges, it will provide an explanation of how the fees were set and calculated. It will also explain how other fee schedules, for example Facility Permit Fees, are set.

With regard to the Airport Improvement Fee or any future passenger facility charge, the Authority will continue to make public the reason for imposing the fee or making a change to an existing fee.

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3.4 Process for Consultative Committees and Public Meetings

The Authority will maintain Terms of Reference for the four standing consultative committees; the Terms of Reference will be developed with input from the committee members. Each committee will have procedures for raising issues and calling an extraordinary meeting. The minutes of these meetings will be provided to all members, including those not at a meeting. With the concurrence of the committee members, minutes of the meeting or a summary will be made available to the public.

There is an annual public meeting. In addition, public consultations will be held when the Authority periodically revisits the airport's MasterPlan and Land Use Plan. These public consultations will be advertised in a timely manner both in the local media and on the Authority's website and held in a venue that is sufficient for the anticipated audience. Appropriate documents will be available in advance.

3.5 Contacting the Authority

The Authority maintains a number of methods for the general public to contact the Authority. These include:

- submitting questions through the website;
- providing comments or submitting questions via social media tools, e.g. the Authority's Twitter feed, @yvrairport;
- filling in customer comment cards available throughout the airport;
- contacting the citizen representatives on the Noise Management and Environmental Advisory Committees;
- calling the general inquiries, noise information or employment information lines; and,
- calling or writing to individual Authority Departments.

The public is also welcome to contact the Office of the President and CEO. In addition, the Authority maintains a speakers bureau and welcomes opportunities to speak to community groups and organizations.