

# Management Discussion & Analysis

FY 2024/25

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## Executive Summary

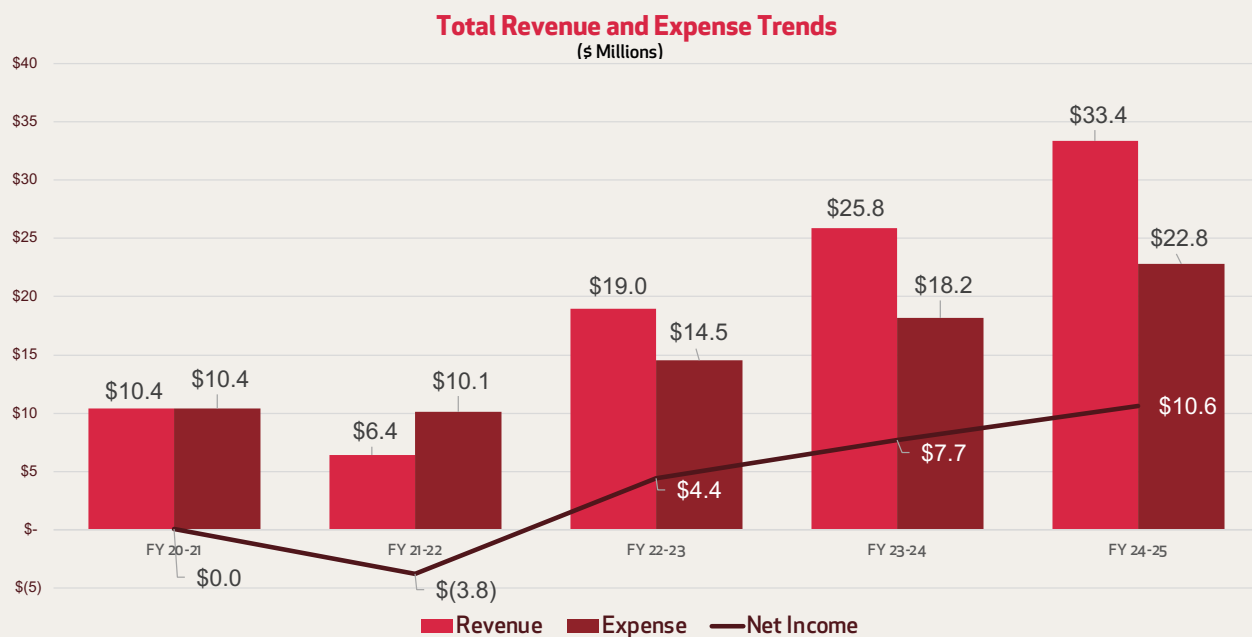
The following Management Discussion and Analysis (MD&A) addresses the activities and financial performance of the Greater Victoria Harbour Authority (GVHA) for the fiscal year ending March 31, 2025. The MD&A reports to interest and rights holders how financial resources are being utilized to deliver GVHA's vision, mission and business plan. The document summarizes GVHA's 2024/25 financial performance, highlights revenue streams, assets and liabilities, and includes future considerations to address financial risk, financial sustainability and resiliency. The information contained in this MD&A has been prepared by management and should be read in conjunction with the March 31, 2025, audited financial statements.

# Financial Overview

## Revenue & Expense Trends

The organization demonstrated consistent financial growth over the five-year period from FY20/21 to FY24/25, culminating in a strong net income of \$10.6 million in the most recent fiscal year. Management remains focused on sustaining this positive trend by supporting key initiatives and closely monitoring operating costs.

The chart below outlines the five-year revenue and expense trends:



## Revenue Trends

FY24-25 revenue reached \$33.4 million, an increase of 29% from FY23-24. This growth reflects the organization's ability to scale its operations and strengthen its revenue base with the addition of the Inner Harbour fuel dock to our operations.

## Expense Trends

Operating expenses have also increased over the five-year period. Expenses rose by 25% to \$22.8 million in FY24/25, up from \$18.2 million in FY23/24. The increases in expenses have supported the organization's expanding activities and service levels including supporting the fuel dock. While expenses have grown year-over-year, the increase has remained proportional to operational expansion.

## Net Income

Net income has improved significantly over the past five-year period. The organization saw net losses in FY20/21 and FY21/22 due to COVID and recovered starting in FY22/23. FY24/25 ended with a net income of \$10.6 million, an increase of 25% compared to FY23/24. This marks the third consecutive year of profitability, highlighting a positive financial trajectory.

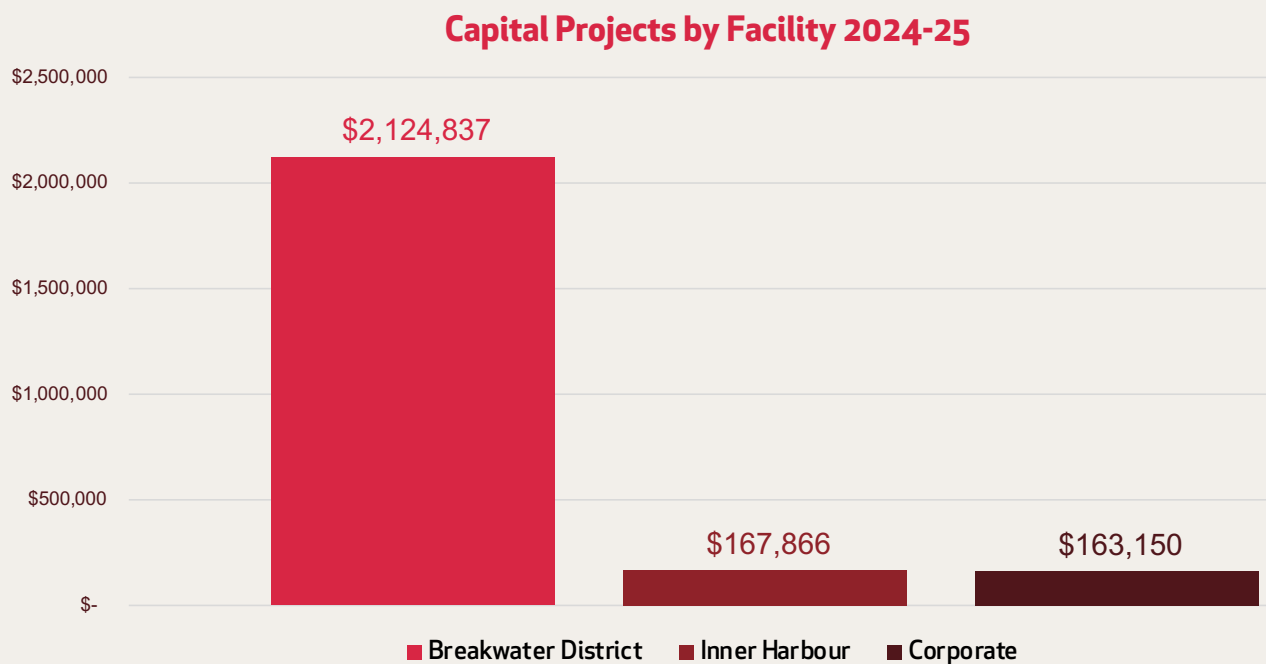
## Restricted Reserve Fund Performance

The restricted reserve fund closed the fiscal year with a balance of \$9.6 million, reflecting continued positive investment performance throughout 2024/2025. Over the year, the fund achieved an annual investment gain of \$760,000 through Q1 to Q4 for the fiscal year. A five-year annualized rate of return of 11.1%, significantly exceeding the target return of 6%.

## Capital Investment

All GVHA's net income is invested back into its capital infrastructure. For the fiscal year ending March 31, 2025, total capital spending amounted to \$2.4 million against an approved budget of \$3.9 million, reflecting approximately 62% budget utilization. Strategic prioritization of key infrastructure projects continued, with a focus on enhancing operational efficiency, and safety.

The chart below outlines **Capital Projects by Facility 2024-25**:



## Key Project Highlights

### Safety and Access Upgrades

**Ladder Repairs (\$264,000):** Completed at the Breakwater District to address tug-related damage and respond to safety concerns raised by key partners. A partner contributed 60% towards the design and redesign efforts.

**Security Camera Enhancements (\$74,000):** Substantially completed across all GVHA properties to strengthen property safety amid increasing incidents of theft and vandalism, align with modern safety standards, and help alleviate pressure from rising insurance premiums.

### New and Ongoing Infrastructure Projects

**Breasting Dolphin Project (\$94,000):** Environmental assessments have commenced, and the Pier B South Breasting Dolphin initiative has formally launched, supported by 33.33% federal funding.

This project will improve berthing safety for large vessels and enhance the long-term durability and operational resilience of marine infrastructure.

### ləkʷəŋən Placemaking Project (\$125,000)

Progress continues within the Inner Harbour as planned. The project includes the installation of culturally significant marina gates decorated with ləkʷəŋən artwork, symbolizing reconciliation efforts and re-establishing Indigenous presence in the harbour area.

### Shore Power Project

In FY 2024/25, \$519,000 was spent on consulting and engineering work to support a feasibility study.

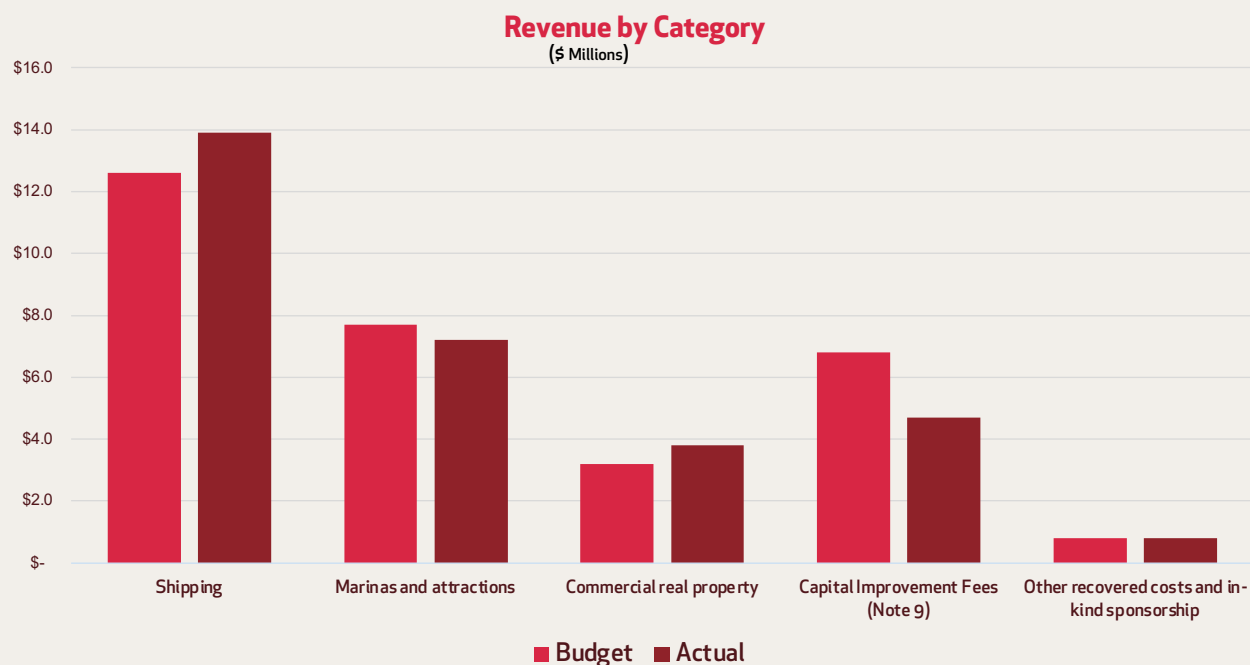
# Highlights of Key Variances to Budget

## Statement of Operations 2024-25

### Operating Revenue

Overall, total revenue for the year increased over budget by \$1.3 million, representing a 2% variance.

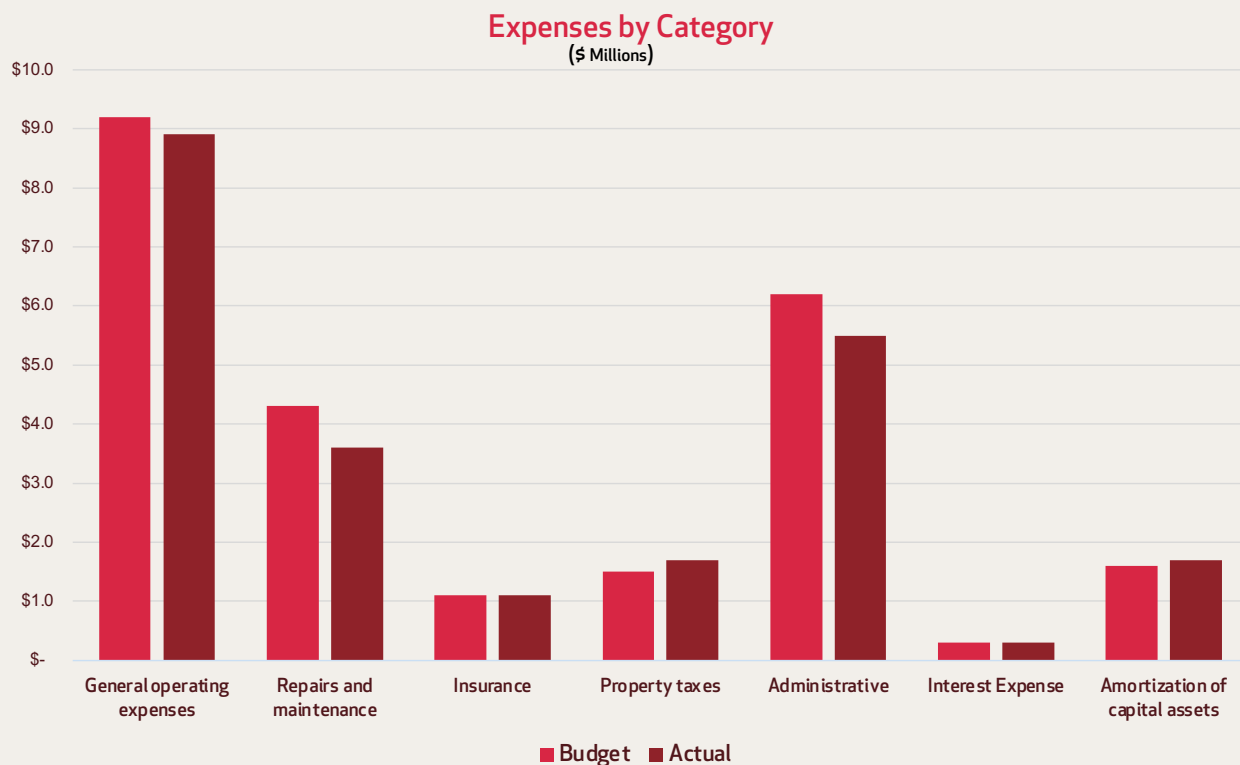
- Cruise Ship revenue exceeded budget by 9.6%. We welcomed 317 ships that carried 970,000 passengers into Victoria; we had budgeted for 940,000.
- Commercial revenue increased by 13%, largely driven by strong sales from business clients at Inner Harbour and Fisherman's Wharf.
- Marina and attractions revenue includes the fuel dock revenue for the first time as we took the operations over this fiscal, however the fuel dock performed under our budget expectations.





## Operating Expenses

- Our general operating expenses were close to budget even with increased revenue pressures.
- Property taxes increased by 12% over budget and by 17% over last fiscal year due to increases in our property values and the City of Victoria mill rate.
- We managed our expenses closely and realized 6% savings on expenses overall.



# Priorities & Progress Strategic

For this fiscal year we had four strategic priorities:

1. Clear organizational vision and governance model

2. Genuine partnerships with first nations

3. Defined, developed and profitable assets

4. Community leaders

## Clear organizational vision and governance model

During the 2024/25 fiscal year, GVHA approved a new vision and mission to help shape the organization's strategic direction. The updated vision and mission were formally approved by the Board in June 2024.

### **Vision:**

Canada's Most *ĆwamĆwəm* (Vibrant) and *xʷčičtəs* (Harmonious) Harbour.

### **Mission:**

- Ensure the long-term stewardship of *ləkwəŋən* territory by creating Canada's first co-managed port.
- Galvanize support and investment in land, sea and people.
- Ensure a productive and inclusive working harbour leading in regional sustainability.

GVHA is now reviewing its governance model to ensure it continues to operate with both efficiency and effectiveness in support of these renewed strategic priorities.

## Genuine partnerships with First Nations

GVHA has established two Indigenous procurement targets as part of our commitment to supporting Indigenous businesses: 6% of capital spending and 3% of operational spending.

In 2024/25, GVHA exceeded its capital target with 29% of capital procurement directed to Indigenous businesses, largely through our strong partnership with Salish Sea Industrial Services (SSIS). Operational Indigenous procurement for the same period was 1.3%, with spending allocated to a range of Indigenous vendors in areas such as website development and catering.

GVHA remains committed to strengthening relationships with South Island Indigenous businesses and aims to increase Indigenous operational spending year over year.

In addition, GVHA contributes 1% of its budgeted operating revenue annually to the ləkʷəŋən people to support economic development. For 2024/25, this contribution was \$292,000, a figure that has continued to grow alongside our improved revenues.

GVHA also provides in-kind support by allocating dock space and designating a portion of the Lower Causeway for Indigenous artists to exhibit and sell their work. These sponsorships represent an annual value of approximately \$10,000.

## **Defined, developed and profitable assets**

Over the past decade, GVHA has completed comprehensive facility condition assessments across all assets, providing a clear understanding of current asset conditions and identifying key challenges. Building on this foundation, GVHA initiated an Integrated Planning process in 2024/25. This approach enables a holistic evaluation of all assets to determine the optimal long-term uses and outcomes for our properties.

Guided by a commitment to long-term financial self-sustainability, GVHA is focused on ensuring the responsible stewardship of harbour assets for generations to come.

## Community Stewardship

GVHA is committed to serving the community and upholding a stewardship role in guiding the best use and development of the harbour and its marine assets. GVHA owns and operates five non (or limited) revenue generating yet high-profile community assets. This year we spent \$341,000 on maintaining and providing services to the following community assets:



**Ogden Point Breakwater** – a barrier free walkway that is home to the Na'Tsa'Maht-The Unity Wall mural, which depicts art of local First Nations.



**Inner Harbour Lower Causeway** – a walkway in front of the provincial legislature that is home to Artists on the Causeway and the iconic “Welcome to Victoria,” flower garden.



**Customs Dock at Raymur Point** – occupied by the Canada Border Services Agency.



**Public Boat Launch at The Breakwater District** – located at the north end of the Breakwater District property.



**Ship Point Pier** – located in Victoria’s city centre and used for public events and celebrations throughout the year.

Our commitment to environmental sustainability continues to guide our operations and investments. We advanced research on the electrification of the Breakwater District at Ogden Point, maintained active participation in the Green Marine program with successful re-certification, and remained actively engaged in the Pacific Northwest to Alaska Green Corridor coalition, where the first feasibility study on green methanol is underway. We also added our first electric vehicle to support property maintenance and continued to collect the Ground Transportation Sustainability Fee from cruise lines, which directly enables the terminal bus transportation provider to invest in cleaner, more efficient equipment.

In addition to these initiatives, GVHA also supported community partners and non-profit organizations through in-kind sponsorships, providing access to land and marine-based facilities at reduced or no cost. In the current fiscal year, this contribution totaled approximately \$549,000 in in-kind support.

**Organizations and events supported through this initiative in 2024/25 include:**

- World Ocean Day
- Swiftsure International Yacht Race
- Race to Alaska
- Classic Boat Festival
- Dragon Boat Festival
- Festival Mexicano
- Ska Fest
- Harbour Roots & Blues
- CFAX Santas Anonymous
- Centre for Whale Research
- Explore Songhees Tours
- Victoria Fire Department
- Lighthouse Ministry
- Pacific Northwest Transportation Services
- Island Equipment Owners Association Truck Parade & Food Drive
- Maritime Museum of BC
- South Island Powwow

## Path Forward

GVHA's current 10-year strategic plan concludes in 2025/26. In preparation for the next chapter, we have begun developing a new strategic plan that will guide the organization through to 2030. For the 2025/26 fiscal year, GVHA has allocated a capital budget of \$7.4 million. Major projects within this budget include:

- **Breasting Dolphin Project** – Finalizing this project will accommodate larger vessels, enhance port capacity and reinforce safety standards.
- **Helijet Shoreline Stabilization Project** – This initiative will strengthen shoreline stability, improve erosion control, and promote environmental sustainability within our marine operations.
- **“Safety Light Up” at The Breakwater District at Ogden Point** – Installation of upgraded lighting will improve nighttime visibility and safety for both marine traffic and pedestrians, aligning with GVHA's broader security objectives.
- **Pier B Sinkhole Remediation** – Repairing the sinkhole on Pier B in The Breakwater District at Ogden Point will prevent further infrastructure degradation, ensure operational continuity, and mitigate health and safety risks for port users.