

GVHA Management Discussion & Analysis

FY 2025/26

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Introduction

This Management Discussion and Analysis (MD&A) document describes the annual financial performance of the Greater Victoria Harbour Authority (GVHA) for the fiscal year that ended March 31, 2026.

It summarizes GVHA's operating results, revenue and expense trends, capital investment, financial position, and outlook. This report should be read in conjunction with GVHA's audited financial statements for the 2025/26 fiscal year.

Executive Summary

In 2025/26, GVHA generated \$34.6 million in revenue and other income, representing a 3.6% increase from \$33.4 million in 2024/25. This measure, which is presented consistently with prior years, includes total revenue reported in the audited financial statements, deferred contributions recognized as revenue, the net financial impact of the shore power project and net investment income.

Total revenue reported in the audited financial statements was \$31.7 million, an increase of \$1.2 million, or 3.9%, from \$30.5 million in 2024/25. Revenue from GVHA's principal operating activities — shipping, marinas and attractions, and commercial real property—increased by \$1.9 million, or 7.6%, to \$26.8 million.

Shipping revenue, which is primarily generated by cruise activity, increased by \$1.3 million, or 9.4%. Real property revenue increased by \$440,000, or 11.5%, reflecting higher commercial licensing, leasing, and parking revenue.

These increases were partially offset by a \$789,000 decrease in capital improvement fee revenue, primarily because the prior year included \$876,350 in environmental sustainability fees collected from cruise passengers for the shore power project. These funds remain reserved for an alternative environmental capital project consistent with the purpose for which the fee was originally collected.

GVHA's expenses increased by 6.6%, from \$22.8 million to \$24.3 million, driven primarily by increases in repairs and maintenance costs, which rose by \$695,000, or 19.3%, and property taxes, which increased by \$232,000, or 13.5%.

GVHA recorded an annual surplus of \$10.1 million, a decrease of 4.7%, from \$10.6 million in 2024/25. The 2025/26 result reflects a net \$222,000 reduction related to the decision not to proceed with the shore power project and an \$83,000 decrease in net investment income.

Key Financial Results

\$ Millions	2025-26	2024-25	Change
Revenues	\$31.7	\$30.5	3.9%
Expenses	\$24.3	\$22.8	6.6%
Excess before contributions and investment income	\$7.5	\$7.7	-2.6%
Net investment income	\$2.1	\$2.2	-4.5%
Other income	\$0.5	\$0.7	-28.6%
Net income	\$10.1	\$10.6	-4.7%
Capital asset purchases	5.2	2.5	108.0%
Cash generated from operating activities	10.7	12.1	-11.6%
Cash from financing activities	-0.06	-0.28	78.6%
Cash from investing activities	-7.3	-5.0	46.0%

Financial Position

GVHA maintained a strong financial position as of March 31, 2026. Cash and guaranteed investment certificates totalled \$31.3 million, compared with \$26.4 million in the prior year. Cash generated from operating activities was \$10.7 million, supporting \$5.2 million in capital asset purchases and \$649,000 in loan principal repayments. Net assets increased by \$10.1 million to \$81.1 million. Current liabilities increased primarily because GVHA recognized an obligation to return \$7.5 million in unspent shore power funding to the Province of British Columbia. A corresponding amount was held in restricted cash and related receivables at year-end.

Cash Flow

Operating activities generated \$10.7 million in cash, compared with \$12.1 million in the prior year. GVHA used \$5.2 million to purchase capital assets, invested a net \$1.5 million in guaranteed investment certificates and purchased a net \$566,000 in investments. Loan principal repayments totalled \$649,000. Cash and cash equivalents increased by \$3.3 million to \$11.4 million at year-end.

Financial Performance

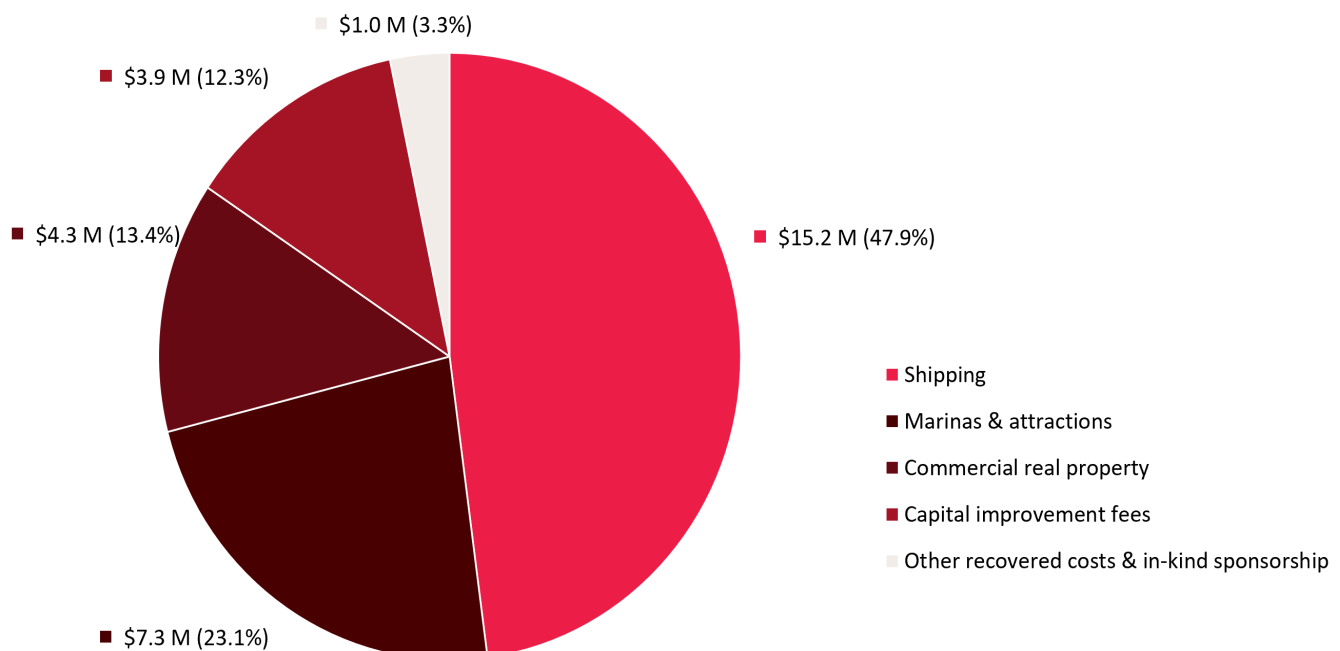
Revenue

Total revenue increased by \$1.2 million, or 3.9%, to \$31.7 million. The three main operating revenue streams — shipping, marinas and attractions, and commercial real property — generated \$26.8 million, an increase of \$1.9 million, or 7.5%.

Shipping revenue increased by \$1.3 million, or 9.4%, and accounted for the largest share of the year-over-year revenue growth. Commercial real property revenue, including licensing, leasing and parking, increased by \$440,000, or 11.5%, while marinas and attractions revenue increased by \$119,000, or 1.7%.

Capital improvement fee revenue declined by \$789,000, or 16.8%. The prior-year balance included revenue from an environmental sustainability fee introduced in April 2024 and discontinued in June 2024. Excluding the \$876,350 collected through that fee, capital improvement fee revenue increased modestly year over year.

2025/26 Revenue Distribution (\$ Millions)



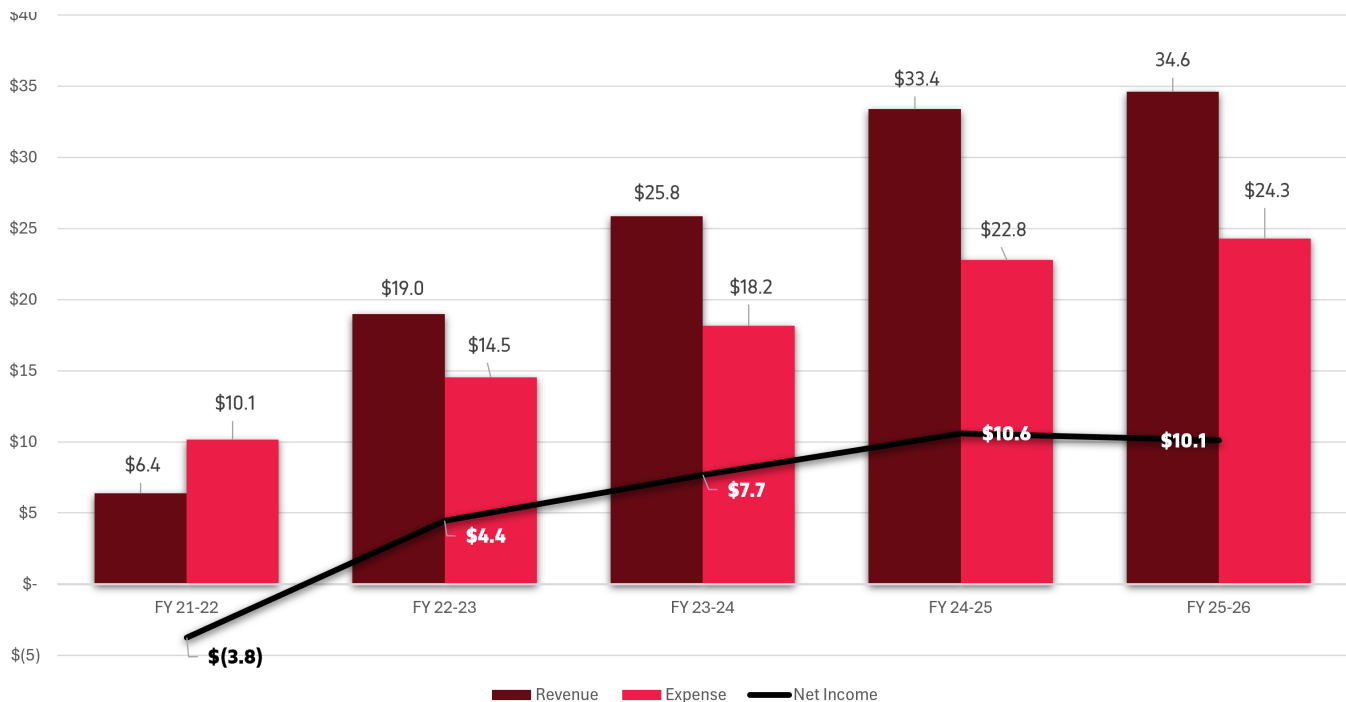
Expenses

Total expenses were \$24.28 million, which was \$1.79 million or 6.9% below budget. Administrative expenses accounted for a significant portion of the favourable variance, with actual spending of \$5.71 million compared with a budget of \$6.79 million, primarily due to several vacant positions.

This underspending was partially offset by higher property taxes. GVHA incurred \$1.95 million in property taxes, approximately \$162,000 or 9.1% above budget, due to a higher-than-anticipated municipal tax rate (mill rate) set by the City of Victoria.

Five-Year Trend

Total Revenue & Expense Trends (\$ Millions)



Restricted Reserve Fund Performance

GVHA's restricted reserve supports financial resilience through funding for a future earthquake insurance deductible, business interruption, material revenue loss and one year of debt-service costs. The reserve ended 2025/26 with a balance of \$10.5 million, an increase of \$862,000 or 8.9%, from the previous year.

Community Investment

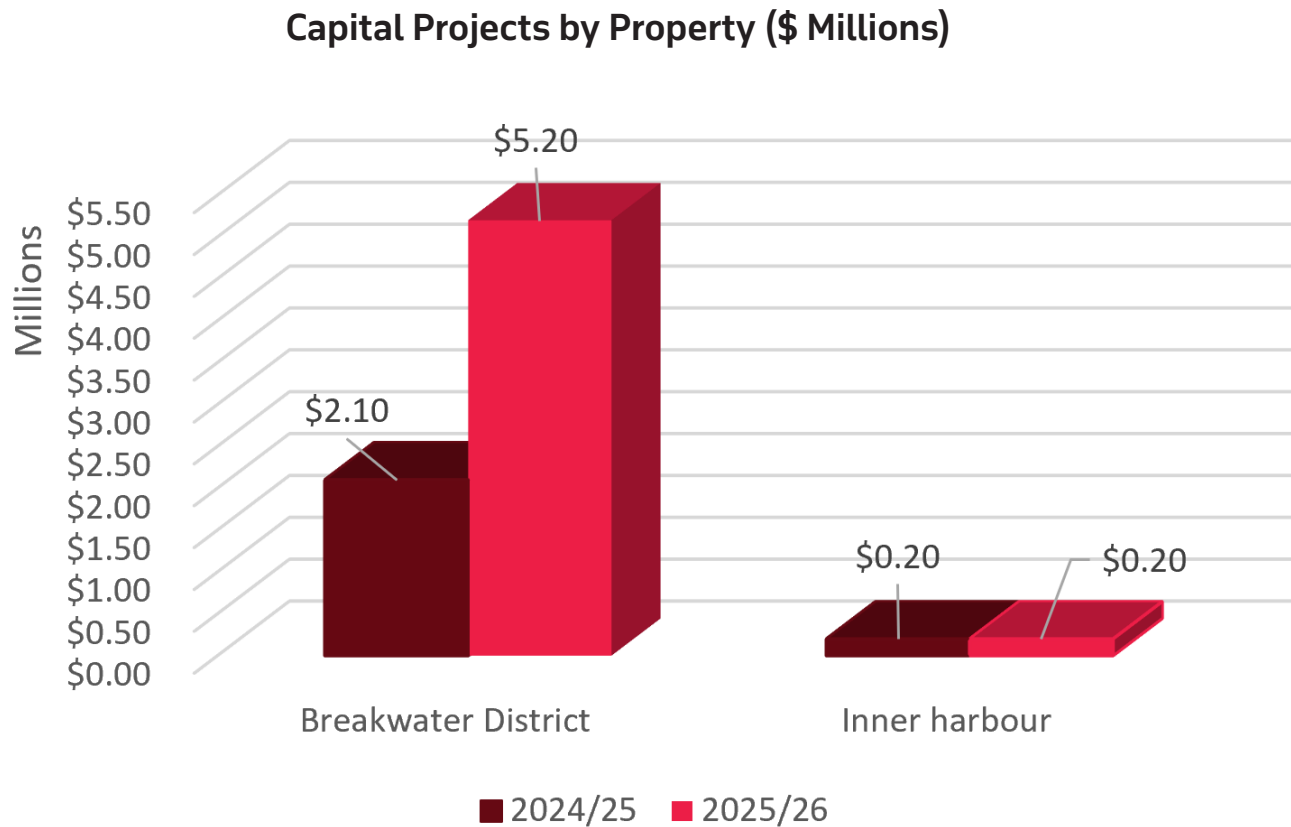
GVHA supports not-for-profit organizations, First Nations, community partners and public event organizers by providing access to its land- and marine-based facilities at reduced or no cost. This in-kind support includes parking, moorage, storage and facility-use discounts.

In 2025/26, GVHA provided in-kind sponsorship valued at approximately \$658,000, an increase of \$108,000 or 19.7%, from \$550,000 in 2024/25. The higher reported value primarily reflects increases in the market rates used to value parking, moorage and facility rentals, as well as more consistent recognition of in-kind support that was previously provided through reduced not-for-profit rates.

GVHA recognizes the value of in-kind sponsorship as both revenue and a corresponding expense. As a result, it increases reported revenue and expenses by equal amounts but has no net effect on the annual surplus.

Capital Investment

During 2025/26, GVHA invested \$5.2 million in capital assets compared to an approved capital budget of \$7.5 million, representing 69% budget utilization.



Completed Projects:

- **Camel Point Shoreline Restoration (\$1.60 million):** Emergency work was completed to restore the eroded shoreline at Camel Point.
- **Critical Pier Structural Repairs (\$1.17 million):** Structural repairs to Piers A and B were completed in 2025/26. Further repairs are planned for 2026/27 and 2027/28.
- **Hyack Terminal Upgrades (\$210,000):** Facility upgrades were completed to accommodate Seair operations at the Hyack Terminal.
- **Cruise Terminal Lighting Improvements (\$190,000):** The first phase of the lighting improvement program was completed. Further investments are planned for 2026/27 and 2027/28.

Projects Underway:

- **Pier B Breasting Dolphin (\$1.50 million):** Work progressed on a second breasting dolphin at Pier B to accommodate larger vessels. Completion is scheduled for March 2027.
- **Pier A Fender Replacement (\$500,000):** Work progressed on the Pier A fender system replacement. Completion is scheduled for March 2027.

Cruise Sustainability Fee Reserve

The Cruise Sustainability Fee Reserve holds fees collected through cruise operations and related funding that is restricted for repairs, maintenance, and capital improvements to cruise infrastructure at the Breakwater District's deep-water terminal.

The reserve ended 2025/26 with a balance of \$4.46 million, a decrease of approximately \$256,000 from \$4.71 million in the prior year.

Included within the reserve is \$876,350 collected from cruise passengers through the environmental sustainability fee introduced in April 2024 and discontinued in June 2024. GVHA has reserved these funds for a future environmental capital project at the Breakwater District that is consistent with the purpose for which the fee was originally collected. Potential projects are currently being evaluated.

Shore Power Project and Provincial Funding

On June 17, 2025, GVHA's Board of Directors decided not to proceed with implementation of the shore power project at the Breakwater District.

As a result, GVHA recognized an impairment expense of \$1.86 million for project costs determined to have no future benefit. Related deferred capital contributions of \$1.64 million were recognized as revenue, resulting in a net reduction of approximately \$222,000 in the 2025/26 annual surplus.

As at March 31, 2026, GVHA held \$7.49 million in unspent provincial funding as restricted cash and related receivables and recognized an equivalent repayment obligation. GVHA will return these funds to the Province of British Columbia and is awaiting confirmation of the repayment process.

The provincial funding is separate from the \$876,350 collected from cruise passengers through the environmental sustainability fee, currently held within the Cruise Sustainability Fee Reserve.

Financial Priorities and Outlook

GVHA enters 2026/27 with strong liquidity, positive operating cash flow, and internally restricted reserves that support financial resilience and infrastructure investment. Financial priorities will continue to focus on maintaining existing assets, advancing required capital work, managing debt and other obligations, and protecting long-term financial sustainability.

GVHA's activities over the next five years will be guided by its 2026-31 Strategic Framework, organized around four pillars: financial prosperity, governance alignment, property enhancement and workforce engagement. The financial prosperity pillar focuses on increasing cruise and tourism-related revenue, diversifying revenue and advancing business development, advancing economic development with the Lək'wəḡən People, and enhancing financial self-sustainability and operational effectiveness.