



BELLEDUNE...*Unlimited!*

2009 **ANNUAL REPORT**



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BELLEDUNE PORT AUTHORITY

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HUMAN RESOURCES & COMPENSATION

Chair: Léo Cormier
Nancy McKay
Claude Doucet
Barry Kyle

AUDIT

Chair: Albert Doucet
Léo Cormier
Claude Doucet

FINANCE

Chair: Nancy McKay
Albert Doucet
Basile Chiasson
Barry Kyle

BUSINESS DEVELOPMENT

Chair: Claude Doucet
Nancy McKay
Léo Cormier
Albert Doucet
Basile Chiasson
Barry Kyle
Harry H. Williamson

LAW & GOVERNANCE

Chair: Basile Chiasson
Claude Doucet
Harry H. Williamson

DONATION

Board: Claude Doucet



*From left to right – standing: Léo Cormier, Albert Doucet, Barry Kyle and Basile Chiasson
From left to right – sitting: Rayburn Doucett, Harry H. Williamson, Claude Doucet and Nancy McKay*



MESSAGE FROM THE **CHAIRMAN** OF THE **BOARD OF DIRECTORS**



At the Port of Belledune we are committed to excellence and this commitment permeates our every action and the entire decision-making process. Through hard work, careful planning, attention to the needs of our customers and to those of the wider community we strive to demonstrate our commitment to excellent facilities, excellent service and excellent stakeholder relations. It is this commitment that saw us successfully navigate a global recession and one that has allowed us to begin this new decade from a position of strength and optimism.

It is with great pride that I am able to report that the Port is celebrating another milestone achievement, its 5th consecutive year of record profits. This strong performance in the face of global recession is a testament not only to the Port's vibrant operations, efficient marshalling of resources and excellent service, but also to the vitality and appeal of the wider region.

While we are extremely happy with last year's performance, we strive for continuous progress and innovation. Currently, the Port is inaugurating a new era of economic development – with support from the municipal, provincial and federal governments, a critical mass of projects are set for completion in the coming years which will see sweeping improvements to existing facilities and a diversification of our operations.

It has only been through a collaborative effort that we have been able to achieve past successes and it is only through this creative collaboration that future successes shall be realized. To this end, I would like to thank the executive, staff and the Board as well as our business partners for making this another groundbreaking year. Through their tireless endeavours, the Port continues to consolidate its operations, sharpen its vision, and increase its profitability as it strives to enhance the prosperity of the region.

We are confident that through unrelenting hard work and determination, our facilities will continue to figure prominently in the economic future of the north shore and we look forward with enthusiasm to the challenges and opportunities that the 2010 is sure to bring.

Claude Doucet
Chairman of the Board



MESSAGE FROM THE **PRESIDENT & CEO**

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As President & CEO of the Port of Belledune, I am extremely pleased to report on our activities and accomplishments for 2009. Once again, the Port has met and exceeded its financial targets with net profits in excess of \$3M, and with the Port's vitals all remaining robust we saw an 8.2% increase in tonnage handled and a 9.7% increase in vessels calling at the Port. This is due in no small part to the combined and focused cooperation of our clients, all levels of government, our employees, our Board of Directors, our terminal operators Xstrata, NB Power and Eastern Canada Stevedoring, in their unrelenting support of our customers and clients.

The year 2009 marks a very important milestone for the Port of Belledune. As we continued our efforts to retain and expand our business while seeking out new clients; our focus for improvements to the Port's infrastructure were significant. Infrastructure projects of \$61.2 million dollars were announced through a partnership between the Belledune Port Authority and the Governments of Canada and New Brunswick.

This project is an excellent example of what can be accomplished with the municipality and the provincial and federal governments all working together to achieve a common goal of stimulating our economy and keeping people working during these tough economic times.

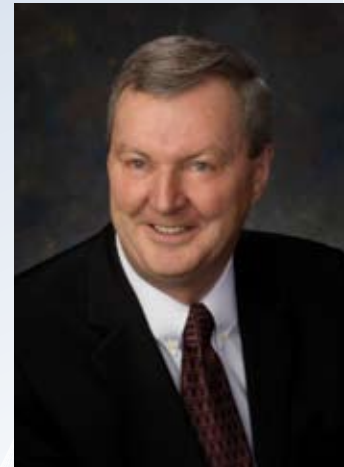
We expect continued success in 2010 as we persist with our efforts to increase shipping while keeping costs down. We are, for example, actively pursuing new markets for aggregates that are plentiful in this region and are of superior quality.

In keeping with our support of environmentally friendly business activities we are looking forward to more opportunities to participate in local green initiatives such as wind power. The future for such ventures is unlimited.

We are very fortunate to live and work in a supportive, business-friendly community. In return, we recognize worthy endeavors in the region by donating to groups and charitable events such as The Relay for Life, Canadian Cancer Society, Junior Achievement, Salmon enhancement programs, theatre, and assorted fun and fitness activities. The Port donated more than \$100,000 to these endeavors in 2009.

The future looks promising for the Port of Belledune. We have the right team, the right facilities and the right plan in place to attain our goals. We are *Belledune...Unlimited!*

Rayburn Doucett
President & CEO





THE WINDS OF

Change

INFRASTRUCTURE PROJECTS

A partnership between the Belledune Port Authority, the governments of Canada and New Brunswick will see the Port expanded and improved through a major Infrastructure Investment Funding Initiative; an estimated investment of \$61.2M. The Honourable Keith Ashfield, Minister of State for Atlantic Canada Opportunities Agency, Ms. Tilly O'Neill-Gordon, Member of Parliament for Miramichi, and the Honourable Shawn Graham, Premier of New Brunswick, with the Honourable Roland Haché, Minister responsible for the Northern New Brunswick Infrastructure Initiative, announced in June 2009 that Canada and New Brunswick would contribute almost \$47 million toward this project. This funding will support terminal improvements, modifications and expansion. Upgrades such as these will enhance the Port of Belledune's operating and long-term competitiveness capabilities and will further stimulate the province's economy.



The projects begin with construction of containment cells followed by harbour deepening to create additional depth adding to the Port's flexibility and capacity to handle large vessels fully laden. The sediment from the harbour deepening will be pumped into the containment cells which will function like a water filtration plant trapping sediment and allowing clean water to flow out. This environmentally-responsible method will be carefully monitored.

A Roll-on Roll-off (RO-RO)/barge terminal will be built to accommodate the movement and shipping of RO-RO cargo as well as large components.

The investment facilitates new business opportunities further establishing the Port of Belledune as an anchor in the economy in north-eastern New Brunswick.



WIND ENERGY

The mighty winds of New Brunswick can be harnessed and turned into green energy; four vessels docked at the Port of Belledune in 2009 to deliver wind turbine components.

The construction of a 90-megawatt wind farm off Highway 180 meant hundreds of parts and components would be shipped through the Port of Belledune. Tasked with handling everything from propeller-like blades to towers and generators, Eastern Canada Stevedoring rose to the challenge.

Eastern Canada Stevedoring is committed to training its people on the use of specialized equipment as the need arises so that techniques and strategies are based on current knowledge.

The wind turbine components, owned by GDF Suez Energy North America, are sourced from different suppliers around the globe. Transera International Logistics Ltd., an expert company of the specific logistics for windmills among things, handled the logistics management of the components ensuring their scheduled safe arrival at the Port of Belledune.

Expertise was required when Mammoet starting delivering components from the Port of Belledune by truck. Eighty-tire transports pulled by tractors are used for the haul. The loads vary from the tower sections at 30-55 tonnes to the nacelle at about 88 tonnes. The blades are the longest at 45m but they are also the lightest at 38,000 lbs.



THE WINDS OF
Change

SUMMARIZED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009



AUDIT COMMITTEE REPORT

The primary task of the Belledune Port Authority's (BPA) Audit Committee is to oversee the financial reporting process on behalf of the Board of Directors. In order to carry out this responsibility, the Committee reviews the BPA's financial statements and gives its recommendations to the Board of Directors.

The Audit Committee also reviews any reports prepared by the BPA's Auditor regarding the BPA's accounting policies and procedures, as well as its internal controls. The Audit Committee meets independently with management and the Auditor to review the involvement of each in the financial reporting process and to review the independence of the Auditor. These meetings also

facilitate any private communication with the Audit Committee that is desired by either party.

This Committee also has the responsibility of recommending the appointment of the BPA's Auditor, who is appointed annually by the Board of Directors.



Albert Doucet
Chairman, Audit Committee

AUDITORS' MESSAGE

To the Board of Directors of Belledune Port Authority

The accompanying summarized balance sheet and statements of earnings and surplus are derived from the complete financial statements of Belledune Port Authority as at December 31, 2009 and for the year then ended on which we expressed an opinion without reservation in our report dated February 12th, 2010. The preparation of summarized financial statements form the complete financial statements is the responsibility of management.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these

statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.



ALLEN, PAQUET & ARSENEAU LLP

*Bathurst, New Brunswick
February 12, 2010*

SUMMARIZED STATEMENT OF INCOME | BELLEDUNE PORT AUTHORITY

Year Ended December 31	2009	2008
INCOME		
Harbour Services	\$ 1,914,308	\$ 1,760,420
Rentals	6,182,156	5,917,109
Shipping and Other Services	1,835	41,720
	<u>8,098,299</u>	<u>7,719,249</u>
EXPENSES		
Salaries and Employee Benefits	513,190	485,980
Maintenance and Repairs	455,223	696,180
Professional Fees and Fees for Consulting Services	1,065,325	1,004,005
Amortization	1,420,648	1,368,600
Gross Revenue Charge	165,381	160,517
Other Operating Expenses	834,852	687,091
	<u>4,454,619</u>	<u>4,402,373</u>
EARNINGS FROM OPERATIONS BEFORE INTEREST EXPENSE AND INVESTMENT INCOME	<u>3,643,680</u>	<u>3,316,876</u>
INTEREST EXPENSE AND INVESTMENT INCOME		
Interest Expense	(805,718)	(1,168,288)
Investment Income	163,535	306,173
	<u>(642,183)</u>	<u>(862,115)</u>
NET INCOME FOR THE YEAR	<u>\$ 3,001,497</u>	<u>\$ 2,454,761</u>

See accompanying notes to the financial statements.

SUMMARIZED BALANCE SHEET | BELLEDUNE PORT AUTHORITY

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December 31	2009	2008
ASSETS		
<u>CURRENT ASSETS</u>		
Cash and Term Deposits	\$ 7,269,255	\$ 5,857,744
Account Receivables	1,119,794	725,845
Prepaid Expenses	190,542	57,103
	<hr/> 8,579,591	<hr/> 6,640,692
Restricted Cash	-	1,428,433
Deferred Financing Cost	1,271,967	219,461
Property and Equipment (Notes 3)	40,645,820	37,514,135
	<hr/> \$ 50,497,378	<hr/> \$ 45,802,721
Total Assets		
LIABILITIES		
<u>CURRENT LIABILITIES</u>		
Bank Advances	\$ 3,823,891	\$ 1,569,307
Accounts Payable and Accrued Liabilities	2,784,055	618,738
Current Portion of Long Term Debt	3,142,857	2,708,318
	<hr/> 9,750,803	<hr/> 4,896,363
Accrued Employee Benefits	125,030	119,745
Long Term Debt (Note 4)	7,071,429	10,237,994
	<hr/> 16,947,262	<hr/> 15,254,102
Total Liabilities		
EQUITY		
Contributed Surplus	22,278,564	22,278,564
Surplus, End of Year	11,271,552	8,270,055
	<hr/> 33,550,116	<hr/> 30,548,619
Total Equity		
Total Liabilities & Equity	<hr/> \$ 50,497,378	<hr/> \$ 45,802,721

1. Nature of operations

The Belledune Port Authority was established under the Canada Marine Act to administer, manage and control Belledune harbour, as well as the property of Canada transferred by the Governor in Council. The Authority is named in Part 2 of the Schedule Canada Marine Act and is exempt from income tax.

2. Summary of significant accounting policies**Deferred financing cost**

Deferred financing cost consists of various professional fees incurred to obtain long term financing. These costs are amortized over 152 months on the straight-line basis.

Property and equipment

Grants, including forgivable loans, towards capital projects received from Canada and from third parties are deducted from the cost of the related assets.

Amortization is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

Dredging	40 years
Berthing structures	32, 38 and 40 years
Buildings	10, 37 and 40 years
Utilities	10, 19, 20, 29 and 30 years
Roads and surfaces	10, 20 and 30 years
Machinery and equipment	3, 5 and 10 years
Furniture and fixture	3 and 5 years

Revenue recognition

Revenue is recognized as the related services are provided.

Pension costs

All permanent employees of the Authority are covered by the Canadian Airports Council and Harbour Board pension plan. The funds are held in trust by AON in two (2) different plans (Defined Benefits and Defined Contribution).

One (1) employee is a member of the Defined Benefits plan and the remaining employees are members of the Defined Contributions plan. The annual contributions for pensions are recognized in the accounts on a current basis.

Employee benefits

The Authority accrues in its accounts, annually, the estimated liabilities for severance pay and annual leave, which are payable to its employees in subsequent years in accordance with its policy.

NOTES TO THE SUMMARIZED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

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3. PROPERTY AND EQUIPMENT

			2009	2008
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Lands	\$ 7,941,134	\$ -	\$ 7,941,134	\$ 7,941,134
Dredging	7,107,308	2,872,011	4,235,297	4,412,982
Berthing Structures	25,608,969	10,925,585	14,683,383	15,266,136
Buildings	7,295,848	1,451,699	5,844,149	6,022,373
Utilities	5,884,687	3,187,478	2,697,209	2,901,805
Roads & Surfaces	2,914,006	2,431,535	482,471	575,993
Machinery & Equipment	494,269	222,271	271,998	302,868
Furniture & Fixtures	226,702	190,702	36,000	16,834
Projects under Construction	4,454,179	-	4,454,179	74,009
	\$ 61,927,102	\$ 21,281,282	\$ 40,645,820	\$ 37,514,135

4. LONG TERM DEBT

	2009	2008
Trust notes were repaid in 2009.	\$ -	\$ 11,955,717
Loan from the Caisse populaire des Fondateurs was repaid in 2009	-	990,595
Bank Loan, bearing interest at prime plus 0.25%, repayable in equal quarterly instalments of \$785,714 principal and interest, maturing in March 2013.	10,214,286	-
	10,214,286	12,946,312
Less: current portion of long term debt	3,142,857	2,708,318
	\$ 7,071,429	\$ 10,237,994

Principal repayments in each of the next five years are due as follows:

2010	\$ 3,142,857
2011	\$ 3,142,857
2012	\$ 3,142,857
2013	\$ 785,715
	\$ 10,214,286



ANCHORED IN OUR COMMUNITY

TOP CEO

Mr. Rayburn Doucett, President & CEO received the award for excellence in corporate leadership at an awards ceremony in May 2009. Mr. Doucett credited the award to the very competent Board of Directors and to his team (staff). "As the coach I was blessed with a team of star players and top performers leading us to success."



OLYMPIC TORCH BEARER

The Olympic Torch's 45,000 kilometer journey would not be complete without a stop in New Brunswick's Chaleur Region; the BPA is proud to be a part of the Vancouver 2010 Olympic Torch Relay!

OUR COMMUNITY

The BPA is proud to be part of such a vibrant community. In 2009 to BPA donated to and participated in many charitable events. It is these worthwhile community-based initiatives that support the development of Belledune; the Chaleur and Restigouche regional community.

