



BELLEDUNE...*Unlimited!*

2014 ANNUAL REPORT



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BELLEDUNE PORT AUTHORITY

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HUMAN RESOURCES & COMPENSATION COMMITTEE

Chair: Léo Cormier
Barry Kyle
Jean Guy Dubé
Greg Riordon

AUDIT COMMITTEE

Chair: Alberta Buttimer
Paul Shannon
Danika Keeley

FINANCE COMMITTEE

Chair: Alberta Buttimer
Jean Guy Dubé
Danika Keeley

LAW & GOVERNANCE COMMITTEE

Chair: Greg Riordon
Paul Shannon
Danika Keeley

DONATION COMMITTEE

Chair: Léo Cormier
Barry Kyle
Paul Shannon



*From left to right – standing: Paul Shannon, Danika Keeley, Alberta Buttimer, Greg Riordon
From left to right – sitting: Rayburn Doucett, Barry Kyle, Léo Cormier, Jean Guy Dubé*

Picture taken January 2014



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



As Chairman of the Belledune Port Authority (BPA) Board of Directors, I am extremely pleased to report that the Port of Belledune has once again delivered a strong financial performance in 2014 and continues to build on its consistent and well-executed strategy.

In 2014, we adopted a business plan that maps out the future course of action for the port. We believe this plan will ensure continued growth of volume and traffic that will attract new business ventures, which will provide a measure of prosperity and employment to northern New Brunswick.

Our role in the region is very important to us and we continuously seek to meet the highest levels of sound business ethics. Corporate responsibility is embedded in the daily business activities of our employees. We also strive to make important progress in social and environmental areas.

In August, the Port of Belledune showcased our beautiful region by hosting the 56th Annual Association of Canadian Port Authorities' AGM & Conference. The conference was a huge success and I take this opportunity to congratulate our small team of employees who have demonstrated why there really is *"No Shore Like the North Shore, that's for Sure!"* Furthermore, I wish to extend a heartfelt thanks to all of the past and present Members of the Board for their efforts on behalf of the Port throughout the years and also to our President & CEO, Rayburn Doucett whose experience, perseverance and total dedication to the Port of Belledune has without a doubt been the fundamental ingredient to our success.

Our great liaison with both the federal and provincial government authorities over the years have allowed the BPA to significantly improve its infrastructure resulting in a major step forward in developing its strengths and capabilities. Therefore, I would like to also extend my sincere appreciation to the federal, provincial and local governments for their ongoing support and trust.

I am confident that with our proactive team, dynamic support network and strategic vision, we are well positioned to continue to build on our success in the coming years and 2015 is sure to be an exciting and productive year for the Port of Belledune and the wider region as we continue to steer a course that will be most beneficial to the port, our clients, our customers and the people of Northern New Brunswick.

Barry Kyle
Chairman of the Board of Directors



MESSAGE FROM THE **PRESIDENT & CEO**

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The year 2014 closed on an exceptionally positive note confirming the excellent state of our operations and growth potential. Not only was the Belledune Port Authority (BPA) able to see a growth in its revenue, but it was also able to attain a net profit of \$1.8M for the fiscal year ending December 31st, 2014. This year's impressive result is due to a combination of factors that included dedicated staff, skilled managers and clear direction from the Board of Directors. Other changes such as marketing initiatives, cost management and corporate direction are clearly preparing the BPA for an even more optimistic future.

As President & CEO, I am extremely pleased to report that once again, the Port has met and exceeded its financial targets with net profits in excess of \$1.8M and with the Port's vitals all remaining robust we did see a 2.25% decrease in tonnage handled and a 29% decrease in vessels calling on the Port due to customers' and current global trends to use larger ships.

The year 2014 was very positive for the Port of Belledune on many facets: during the year, we have successfully finalized a lease agreement with our Terminal 1 Operator, Glencore Canada Corporation-Brunswick Smelter; we welcomed several new business partners; and we proudly hosted the 56th Annual Association of Canadian Port Authorities (ACPA) AGM & Conference which welcomed over 160 delegates to our beautiful area to experience true northern hospitality.

The Port Authority's motto is to be a good neighbor and friend to the surrounding communities. Our good neighbor activities are profiled in our CargoFlex News publication called "Anchored in our Community".

We also strive to be a good employer. We are very fortunate to live and work in a supportive, business-friendly community. In return, we support worthy endeavors in the region donating to groups and charitable events such as Heart & Stroke Foundation, Chaleur Regional Hospital Foundation; Canadian Cancer Society; local SPCAs, Chaleur Palliative Community Services, Junior Achievement, Belledune Regional Environmental Association, local food banks, theatre; fun and fitness activities to name a few. The Port donated over \$80,000 to these endeavors in 2014.

Our most important asset is our people; I would therefore like to thank all of the staff at the Belledune Port Authority who are focused on delivering results in a safe and responsible manner every day as well as our terminal operators Glencore Canada Corporation-Brunswick Smelter, NB Power and our expert stevedoring services as provided by Eastern Canada Stevedoring who support us and share our vision for growth and with their unrelenting efforts to support customers and clients. And finally, I would like to thank our past and present Board of Directors lead by Mr. Barry Kyle, who for the 5th consecutive year was named one of the TOP 50 CEOs in Atlantic Canada by Atlantic Business Magazine for his dedication, vision and inspiration and for the support he continuously provides.

We are excited about the Belledune Port Authority's future, and will continue to strive and believe in "*Belledune... Unlimited!*".

Rayburn Doucett
President & CEO





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Anchors Away!

The Belledune Port Authority was host to the 56th Association of Canadian Port Authorities (ACPA) AGM & Conference from August 17th through August 20th, held at Danny's Inn & Conference Center in Beresford, NB. An average of approximately 160 people attended the various events including the Welcome Reception held at the Gowan Brae Golf & Country Club, the fabulous Seafood Carnival held at the Bathurst Marina, as well as the elegant Gala Dinner held at Danny's, all aimed at showcasing true maritime hospitality.

ACPA 2014 was the shipping industry's opportunity to network with key executive management from ports across Canada in addition to other key stakeholders such as government, suppliers and others within the transportation sector.





Anchors Away!



The 2014 theme, “Anchors Away”, delivered a comprehensive and informative business program that addressed global shipping trends and shipping markets with a local feel.

The communities along the Bay of Chaleur are known as “chaleureux”, a French word meaning “warm” and is often used in expressions to describe the region’s hospitality. Belledune in particular is one of these small, friendly communities that offer distinct maritime cultural, seafood and sandy beaches. The Belledune Port Authority was pleased to welcome all delegates and families to northern New Brunswick for 4 days of business and excursion programming that sparked curiosity and generated enthusiasm in all.



BELLEDUNE PORT AUTHORITY CONDENSED FINANCIAL STATEMENTS

DECEMBER 31, 2014



MANAGEMENT'S REPORT

The financial statements from which the accompanying condensed financial statements were summarized have been prepared in accordance with International Financial Reporting Standards by management, who is responsible for their integrity, objectivity and reliability. Management has exercised its judgement in selecting principles or methods which are most appropriate to Belledune Port Authority (the "Authority") and in making estimates where such judgement is required to determine the amount reported.

The Authority maintains systems of internal accounting and administrative controls that provide management with reasonable assurance that assets are safeguarded and reliable financial records are maintained. These systems include written policies and procedures and an organizational structure that segregates duties.

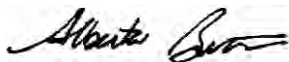
The Board of Directors are responsible for overseeing management in its financial reporting responsibilities and for approving the financial information included in the financial statements.

To assist the Board of Directors in meeting its responsibility, it has appointed an Audit Committee to oversee the financial reporting process on behalf of the Board of Directors. In order to carry out this responsibility, the Committee reviews the Authority's financial statements and gives its recommendations to the Board of Directors.

The Audit Committee also reviews any reports prepared by the Authority's Auditor regarding the Authority'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 Authority's Auditor, who is appointed annually by the Board of Directors.

March 5, 2015



Alberta Buttimer, CPA, CA
Chairperson, Audit Committee



Rayburn Doucett
President & CEO

TO THE DIRECTORS OF BELLEDUNE PORT AUTHORITY

The accompanying condensed statement of financial position and condensed statement of operations and comprehensive income are derived from the complete audited financial statements of Belledune Port Authority as at December 31, 2014 and for the year then ended on which we expressed an opinion without reservation dated March 5, 2015.

The condensed financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited financial statements of Belledune Port Authority. Reading the condensed financial statements, therefore, is not a substitute for reading the financial statements of Belledune Port Authority.

Management's responsibility for the financial statements

Management is responsible for the preparation of the condensed financial statements for the purpose of providing an overview of the financial affairs and resources of Belledune Port Authority.

Auditor's responsibility

Our responsibility is to express an opinion on the condensed financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS 810) "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the condensed financial statements derived from the audited financial statements of Belledune Port Authority for the year ended December 31, 2014 are a fair summary of those financial statements on the basis described above.



Chartered Accountants

Moncton, New Brunswick

March 5, 2015

CONDENSED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

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For the Year ended December 31

	2014	2013
Revenues		
Harbour services	\$ 1,749,167	\$ 1,652,030
Rentals	5,855,845	6,393,685
Shipping and other services	<u>1,483</u>	<u>17,072</u>
	<u>7,606,495</u>	<u>8,062,787</u>
Operating expenses		
Salaries and employee benefits	934,605	909,459
Maintenance and repairs	421,494	688,654
Professional fees and fees for consulting services	712,812	801,709
Depreciation	1,761,854	1,677,440
Gross revenue charge	160,023	158,231
Other operating expenses	<u>838,262</u>	<u>852,370</u>
	<u>4,829,050</u>	<u>5,087,863</u>
Earnings before interest expense and investment income	<u>2,777,445</u>	<u>2,974,924</u>
Interest expense and investment income		
Interest expense	(1,043,400)	(1,091,903)
Investment income	<u>127,467</u>	<u>122,983</u>
	<u>(915,933)</u>	<u>(968,920)</u>
Net income for the year before comprehensive income	1,861,512	2,006,004
Other comprehensive income		
Actuarial (loss) gain on defined benefit plan	<u>(6,000)</u>	<u>87,000</u>
Total net income and comprehensive income for the year	<u>\$ 1,855,512</u>	<u>\$ 2,093,004</u>

See accompanying notes to the condensed financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

As at December 31	2014	2013
Assets		
Current assets		
Cash and term deposits	\$ 6,795,600	\$ 7,599,306
Accounts receivable	427,306	456,044
Prepaid expenses	94,908	91,884
Current portion of note receivable	31,952	23,141
	7,349,766	8,170,375
Non-current assets		
Note receivable	76,733	108,686
Accrued pension benefit asset	46,000	41,000
Guaranteed income certificate investments	1,200,000	1,000,000
Property and equipment (Note 3)	58,307,968	58,153,765
Other asset	307,135	251,612
Total assets	\$ 67,287,602	\$ 67,725,438
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,147,506	\$ 2,643,877
Long-term debt due within one year (Note 6)	1,032,893	898,720
	2,180,399	3,542,597
Non-current liabilities		
Accrued employee benefits	181,937	182,505
Long-term debt (Note 6)	19,507,891	20,428,329
Deferred revenue	-	10,144
Total liabilities	21,870,227	24,163,575
Equity		
Contributed surplus	22,278,564	22,278,564
Other comprehensive income	12,000	18,000
Surplus	23,126,811	21,265,299
Total equity	45,417,375	43,561,863
Total liabilities & equity	\$ 67,287,602	\$ 67,725,438

Commitments (Note 5)

On behalf of the Board of Directors



Chairman of the Board



President & CEO



Chairperson of the Audit Committee

See accompanying notes to the condensed financial statements

1. NATURE OF OPERATIONS

The Belledune Port Authority (the "Authority") was established under the Canada Marine Act to administer, manage and control Belledune harbour, as well as the Federal property and equipment transferred by the Governor in Council. The Authority is named in Part 2 of the Schedule within the Canada Marine Act. The Authority operates on a commercial basis and is mandated to be financially self-sufficient.

The Authorities registered and principal office is located at 112 Shannon Drive, Belledune, New Brunswick, Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment are recorded at historical cost less accumulated amortization and any impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition or construction of the assets, including borrowing costs relating to the acquisition or construction of the assets, including borrowing costs relating to the acquisition or construction.

Amortization is calculated on the straight-line basis for the full year, commencing with the year the asset becomes available for use, 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 fixtures	3 and 5 years

Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains or losses arising on the disposal of property and equipment are

determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in earnings within other income or other expenses.

Projects under construction are transferred to property and equipment when the asset is available for use and amortization commences at that time.

Payment in lieu of taxes

Payments are estimated by the Authority in accordance with the Payments in Lieu of Taxes Act. Accruals are re-evaluated each year and charges, if any, are made in the current period's financial statements based on the best available information.

Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable. Revenue is recognized when it is probable that the economic benefits will flow to the Authority, delivery has occurred, the amount is fixed or determinable and when collectability is reasonably assured. The Authority recognizes rental income using a straight-line method over the term of the lease.

Pension benefits

The Authority provides post-employment benefits through a defined contribution plan for all employees, except one employee who is included in the Public Service Superannuation Plan which is a Federally registered defined benefit final average salary pension plan.

The cost of pension benefits for defined contribution pension plans are expensed at the time active employees are compensated.

The defined benefit plan sponsored by the Authority determines the amount of pension benefits the employee will receive on retirement by reference to length of service and salary levels. Obligations associated with the defined benefit plan reside with the Authority, even if plan assets for funding the plan are set aside.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

December 31, 2014

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The liability recognized in the statement of financial position for the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date, less the fair value of plan assets. The assets do not include the Authority's own financial instruments or any property occupied or used by the entity.

Management estimates the defined benefit obligation annually with assistance from an independent actuary using the projected benefit method prorated on service. The defined benefit obligation uses estimates for inflation, mortality and anticipates salary levels. The discount factor used to present value estimated

future cash flows is determined with reference to high quality Canadian corporate fixed income investments. The expected rate of return on assets is based on the expected rate of return on each asset class category using a stochastic projection tool that generates multiple expected return scenarios over long periods of time for different asset classes. Expected fees payable by the plan are not deducted from this expected return.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to other comprehensive income in the period in which they arise. Past service costs are recognized immediately into earnings.

3. PROPERTY AND EQUIPMENT

			2014	2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Lands	\$ 16,863,875	\$ -	\$ 16,863,875	\$ 16,863,875
Dredging	10,351,052	4,034,381	6,316,671	6,575,447
Berthing Structures	33,495,868	14,509,541	18,986,327	19,564,704
Buildings	14,596,544	2,804,346	11,792,198	9,454,919
Utilities	6,716,898	4,281,298	2,435,600	2,636,512
Roads & Surfaces	3,462,129	2,938,209	523,920	593,253
Machinery & Equipment	679,738	494,789	184,949	240,360
Furniture & Fixtures	200,557	168,011	32,546	14,792
Projects under Construction	1,171,883	-	1,171,883	2,209,904
	<u>\$ 87,538,544</u>	<u>\$ 29,230,576</u>	<u>\$ 58,307,968</u>	<u>\$ 58,153,765</u>

4. ECONOMIC DEPENDENCE

Approximately 52% (2013 - 57%) of the Authority's rental revenue is derived from NB Power Corporation. The contract with NB Power Corporation for rental revenue ends on March

31, 2023, with an additional renewal term of 10 years ending on March 31, 2033

5. COMMITMENTS

Gross revenue charge

In order to maintain the Letters Patent in good standing, the Authority shall pay annually to the Minister of Transport a charge calculated on gross revenue.

The Authority has entered into an operating lease agreement for office equipment requiring future lease payments totalling \$3,088 (2013 - \$9,264) over the next 2 years.

6. LONG-TERM DEBT

Bank Loan, \$14,344,107 bearing interest at 5.29% and \$5,062,935 bearing interest at 4.58%, repayable in equal quarterly instalments of \$305,584 and \$101,084 principal and interest, maturing in April 2016 and July 2016.

	2014	2013
	\$ 18,085,638	18,763,143

ACOA Provisionally Repayable Contribution, non-interest bearing, repayable based on average occupancy level. The amounts due to the Agency will be calculated as follows:
Occupancy level less than 30% – the annual payment is \$Nil.

Occupancy level 30% to 50% – the annual payment is \$100,000.

Occupancy level greater than 50% - the annual payment is \$320,000.

Any unpaid balance is forgiven after 15 years.

2,940,000	3,100,000
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Imputed interest adjustment for non-market rate loan, imputed interest calculation is based on the assumption that the Authority will have an occupancy level greater than 50% each year using a discount rate of 4%.

(484,854)	(536,094)
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20,540,784	21,327,049
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Less: amount due within one year

1,032,893	898,720
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19,507,891	\$ 20,428,329
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Principal repayments of long-term debt are in the next five years:

2015	\$ 1,032,893
2016	1,060,068
2017	1,102,389
2018	1,139,268
2019	1,193,573



MEDALLION OF MERIT PRESENTED TO **Rayburn Doucett**

The Village of Belledune, represented by Mayor Ronald Bourque, took the opportunity to award Rayburn Doucett, President & CEO of the Belledune Port Authority (BPA), with the Medallion of Merit on behalf of the community at the ACPA Gala. The purpose of the medallion is for the Council of the Village of Belledune to recognize publicly the contributions made by an individual who is a resident of the community. Only five medals may be awarded at any time. Mayor Bourque stated, *“The Village of Belledune recognizes Rayburn’s contribution to his community. The footprint that he has developed will be appreciated for many years and his actions have always been with the best interest of his community at heart... As Mayor, it was a privilege for me to extend this honour to Rayburn on behalf of a grateful community.”*





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2014 HIGHLIGHTS

2014 Highlights



The Association of Canadian Port Authorities honoured Mr. Alphonse Bélanger, Executive Vice-President, **Quebec Stevedoring Ltd.**, with the *Medal of Merit* award at the 56th AGM & Conference. It was presented in recognition of outstanding work or service of national impact, by an individual, institution or organization in the port, shipping and maritime transportation fields. **Eastern Canada Stevedoring Inc.**, operators of Terminal 3 at the Port of Belledune, is the subsidiary company of **Quebec Stevedoring Ltd.**

The Belledune Port Authority continued its support with long-standing terminal operators **Glencore Canada Inc.** at Terminal 1 when they opted to start importing bulk product to the Belledune facility. Their first year of importing to Belledune saw \approx 200,000MT of cargo imported.



Through the popular social medias, Twitter and Instagram, the Belledune Port Authority launched their #SEAtheWorld campaign, encouraging communities from near and far to grab a pair of Port of Belledune sunglasses and show us their world by posting a "selfie" wearing the sunglasses. Three of the contestants were lucky winners of iPad's. The contest attracted entries from all over Canada, the United States, and into Europe!

In 2014, the Belledune Port Authority (BPA) donated over \$80,000 to groups and charitable events, such as the Canadian Cancer Society Relay for Life, Canadian Mental Health Association, Chaleur Palliative Care, and the Friends of Healthcare Foundation, as well as local festivals and sports events. The BPA not only contributes financially to these endeavors, but also makes an effort to raise funds and contribute as a team at an event each year. In 2014, the BPA and its employees donated over \$4,500 to the Heart and Stroke Foundation Skate for Heart event in Bathurst, NB.

