

Belledune Port Authority Annual Report 2019



portofbelledune.ca



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Board Committees

HUMAN RESOURCES & COMPENSATION COMMITTEE

Chair: Paul Shannon

Danika Keeley, Iris Auclair-Bernard, Lorio Roy

AUDIT COMMITTEE

Chair: Alberta Buttimer

Lucien Sonier, Lorio Roy, Iris Auclair-Bernard

FINANCE COMMITTEE

Chair: Alberta Buttimer

Paul Shannon, Danika Keeley, Lucien Sonier

LAW & GOVERNANCE COMMITTEE

Chair: Luc Roy

Iris Auclair-Bernard, Lucien Sonier

DONATION COMMITTEE

Chair: Paul Shannon

Lorio Roy, Luc Roy, Danika Keeley

AD HOC INFRASTRUCTURE COMMITTEE

(In place from September 20, 2018 to October 1, 2019 - Extended to October 1, 2020)

Chair: Iris Auclair-Bernard

Lucien Sonier, Danika Keeley, Lorio Roy

*Due to the current COVID-19 health pandemic, an in-person photo was not possible. However, as we continue to work remotely, technology has helped us stay connected and productive through these challenging times.



Danika Keeley
Chairperson



Iris Auclair-Bernard
Director



Alberta Buttimer
Director



Luc Roy
Director



Denis Caron
President & CEO



Lorio Roy
Director



Lucien Sonier
Director



Paul Shannon
Director

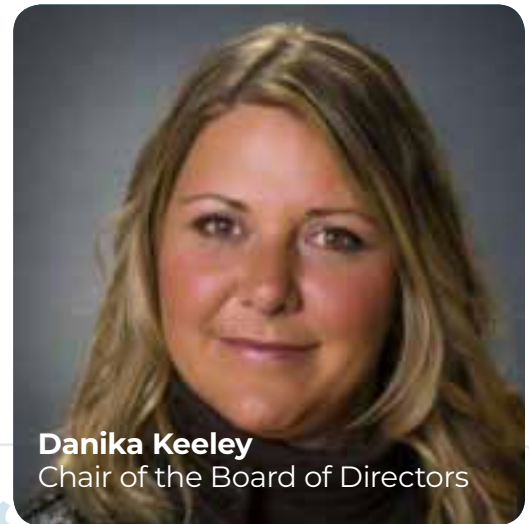
Message from the Chair of the Board of Directors

I want to take this opportunity to thank my fellow Board members and the staff for embracing change and navigating through these strange times with focus, determination, and resiliency, which is a good way to describe this past year. No matter what, we always seem to find a way to diversify and thrive.

Through our planning and long-term preparation, I am positive we will lead the region in economic recovery over the next few years. In times like these we really see who and what is poised to take on the challenges that lie ahead and I know the Belledune Port Authority is poised to lead.

Having clear direction and thoughtful stewardship is crucial. The initiatives we have undertaken, the investments we have been making for some time, allow us to carry the burden of regional economic development. We are poised to contribute to the success of this industry now and for the future.

I am proud to be the Chair of the Belledune Port Authority at such a dynamic time in the Port's history. We are in a position to lead change in our region – and change for the better. The Belledune Port Authority is a vital part of our community and I am excited for what lies ahead. We are ready to take on new challenges, new opportunities, and new ways of doing business!



Danika Keeley
Chair of the Board of Directors

**We are ready
to take on new
challenges, new
opportunities,
and new ways of
doing business.**



Danika Keeley
Chair of the Board of Directors

Message from the President & CEO

We approached 2019 with an overall theme of Planning for the Future, and that is certainly reflective of the past year. As we cultivate working relationships with partners and embark upon new projects, we embrace the First Nations belief that good decision-making considers outcomes for now and for seven generations to come. The projects and initiatives that have been undertaken at the Port show the dedication and commitment to our vision and mission, and how we strive to remain an economic driver and a responsible member of this community.

As President & CEO, I have worked to enhance strength in our financial position and in our team. I truly believe that we have the fortitude and flexibility to weather any storm we may face. The region has recently been dealt several blows: the closure of the smelter, the suspension of Trevali's operations, and the COVID-19 pandemic. Opportunely, the Port is poised to be a leader in economic recovery for northern New Brunswick. We are currently in a period of growth and investment thanks to strategic planning from our Board and excellent execution by our staff. We conduct regular reviews of our product mix and monitor the market closely to ensure we can mitigate any potential adverse impacts from outside influences.

The BPA will continue to lead the way to economic prosperity and growth in the region because we work tirelessly to be better every day. We continue to make the investments where it matters most. Through our master planning, we are gearing up to meet demand and encourage even more sustainable growth. We are looking at greener projects and technology and have a goal to become a leader in the clean marine industry.



Denis Caron
President & CEO

The BPA will continue to lead the way to economic prosperity and growth in the region because we work tirelessly to be better every day.

To ensure we can meet these goals head-on, the BPA has focused on hiring some of the best and brightest in our region. We've always had great people serving the Port and now I am proud to say that we have become even more robust. I thank all of the staff and our Board of Directors for their effort and for believing in the plan – I must say amazing things can happen when we come together and row the boat forward!

Denis Caron, President & CEO



Belledune Port Authority Condensed Financial Statements

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 is 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 26, 2020



Alberta Buttimer, CPA, CA
Chairperson, Audit Committee



Denis Caron
President & CEO

Independent Auditor's Report

To the Board of Directors of Belledune Port Authority

Opinion

The condensed financial statements, which comprise the condensed statement of financial position as at December 31, 2019, the condensed statement of operations and comprehensive income for the year then ended, and related notes, are derived from the audited financial statements of Belledune Port Authority for the year ended December 31, 2019.

In our opinion, the accompanying condensed financial statements are a fair summary of the audited financial statements on the basis described in Note 2.

Condensed Financial Statements

The condensed financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the condensed financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The condensed financial statements and the audited financial statements do not reflect the effects of

events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 26, 2020.

Management's Responsibility for the Condensed Financial Statements

Management is responsible for the preparation of the condensed financial statements on the basis described in Note 2.

Auditor's Responsibility

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

Bathurst, New Brunswick
March 26, 2020



Chartered Professional Accountants

Condensed Statement of Operations & Comprehensive Income

For the year ended December 31

2019

2018

Revenues

Harbour services	\$ 2,173,912	\$ 2,602,829
Rentals	<u>6,492,347</u>	<u>6,333,004</u>
	<u>8,666,259</u>	<u>8,935,833</u>

Operating expenses

Salaries and employee benefits	1,401,528	1,014,405
Maintenance and repairs	819,172	641,050
Professional fees and fees for consulting services	1,023,353	1,241,058
Depreciation	2,029,681	1,904,149
Gross revenue charge (Note 8)	179,330	184,340
Other operating expenses	<u>962,647</u>	<u>863,706</u>
	<u>6,415,711</u>	<u>5,848,708</u>

Earnings before interest expense
and investment income

2,250,548 3,087,125

Interest expense and investment income

Interest expense	(361,012)	(420,511)
Investment income	<u>301,558</u>	<u>281,167</u>
	<u>(59,454)</u>	<u>(139,344)</u>

Net income for the year before
comprehensive income

2,191,094 2,947,781

Other comprehensive income

Actuarial gain (loss) on defined benefit plan	<u>58,000</u>	<u>(42,000)</u>
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**Total net income and comprehensive
income for the year**

\$ 2,249,094 \$ 2,905,781

See accompanying notes to the condensed financial statements

Condensed Statement of Financial Position

As at December 31	2019	2018
Current assets		
Cash and term deposits	\$ 9,998,650	\$ 14,347,960
Accounts receivable	554,989	303,666
Prepaid Expenses	<u>130,336</u>	<u>183,852</u>
	10,683,975	14,835,478
Non-current assets		
Accrued pension benefit asset	163,000	102,000
Deposit (Note 4)	3,860,000	3,860,000
Guaranteed income certificate investments	5,000,000	2,500,000
Property and equipment (Note 5)	58,662,427	55,531,613
Other assets	<u>34,265</u>	<u>-</u>
	67,719,692	61,993,613
	\$ 78,403,667	\$ 76,829,091
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,888,042	\$ 983,471
Long-term debt due within one year (Note 7)	1,147,528	1,345,807
Deferred revenue	<u>20,000</u>	<u>310,849</u>
	3,055,570	2,640,127
Non-current liabilities		
Accrued employee benefits	152,550	153,832
Long-term debt (Note 7)	14,211,980	15,300,659
Deferred revenue (Note 4)	<u>3,860,000</u>	<u>3,860,000</u>
	21,280,100	21,954,618
Equity		
Contributed surplus	22,278,564	22,278,564
Other comprehensive income	144,000	86,000
Surplus	<u>34,701,003</u>	<u>32,509,909</u>
	57,123,567	54,874,473
Total liabilities & equity	\$ 78,403,667	\$ 76,829,091

Economic dependence (Note 6)

Commitments (Note 8)

On behalf of the Board of Directors

Subsequent event (Note 9)



Danika Keeley
Chair of the Board of Directors



Alberta Buttimer, CPA, CA
Chairperson, Audit Committee



Denis Caron
President & CEO

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. Basis of presentation

The financial statements from which the condensed financial statements were summarized have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) that are in effect at the end of the reporting period. The Authority's significant accounting policies conform, in all material respects, to the recommendations of the IASB.

3. 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.

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.

Wharf, dredging, berthing	
Structures	32, 38 and 40 years
Buildings	10, 37 and 40 years
Utilities, roads and surfaces	10, 19, 20, 29 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 real property taxes

Payments are estimated by the Province of New Brunswick in accordance with the Payment in Lieu of Taxes Act, and are paid for by the Authority each year by the due date specified. Charges are expensed in the current year's financial statements based on the amounts billed to the Authority.

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

Notes to the Condensed Financial Statements

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.

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 rate of 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.

4. Deposit

The Authority received deposits related to a potential future transaction which the Authority anticipates completing beyond fiscal 2020. As a result of the deposit, deferred revenue of the same amount has been recognized.

5. Property and Equipment (in thousands)

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Lands	\$ 16,881	-	\$ 16,881	\$ 16,881
Wharf, Berthing Structures and Dredging	45,456	23,922	21,534	22,613
Buildings	15,733	4,800	10,933	10,300
Utilities, Roads and Surfaces	11,854	8,889	2,965	3,387
Machinery & Equipment	1,316	1,061	255	316
Projects under Construction	6,094	-	\$	2,035
			6,094	
	<u>\$ 97,334</u>	<u>\$ 38,672</u>	<u>\$ 58,662</u>	<u>\$ 55,532</u>

Notes to the Condensed Financial Statements

6. Economic dependence

Approximately 48.5% (2018 - 48%) of the Authority's revenue is derived from N.B. 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.

7. Long-term debt

Bank loans, bearing interest at 2.18%, repayable in equal monthly instalments of \$81,957 and \$28,750 principal and interest, maturing in April 2021.

	2019	2018
	\$ 13,339,101	\$ 14,365,729

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.

2,460,000	2,780,000
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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% after 2019, using a discount rate of 3%.

(439,593)	(499,263)
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15,359,508	16,646,466
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Less: amount due within one year

1,147,528	1,345,807
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\$ 14,211,980	\$ 15,300,659
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Principal repayments of long-term debt in the next five years will be as follows:

2020	\$ 1,147,528
2021	1,170,689
2022	1,195,013
2023	1,439,092
2024	1,463,199

Notes to the Condensed Financial Statements

8. 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.

9. Subsequent event

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies round the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. The Authority has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of COVID-19, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Authority for future periods.

HIGHLIGHTS

2019

Federal Funding **\$17 million** Terminals 3 and 4 infrastructure

A Government of Canada announcement was held in July to share that the federal government has committed \$17 million towards an important infrastructure project taking place on Terminals 3 and 4 at the Port. The project is expected to improve efficiencies, increase the Port's capacity, and aid the Port overall in meeting the continually growing customer demand. Acadie—Bathurst MP Serge Cormier and QSL Canada Inc. President & CEO Robert Bellisle joined BPA leadership for the groundbreaking event.



Provincial Funding **\$7 million** Infrastructure Expansion Project

The Premier of New Brunswick, the Honorable Blaine Higgs, paid a visit to the Port of Belledune on October 24th, 2019. After it was announced that the government would be investing \$7 million into an infrastructure expansion project to increase capacity at the Port, Premier Higgs came to view the construction and hear about the Port's future plans.

The project includes filling in the water gap between Terminals 3 & 4 which will enlarge the berth by 15,000 square metres. This will greatly enhance the efficiencies of the cargo handling operations and aid in increasing the current capacity.

Flag raising ceremony with Mi'gmaq communities

HIGHLIGHTS
2019

"On June 4th, the Port hosted the Chiefs from the First Nation communities around the region for an official flag raising ceremony of the Mi'gmaq Grand Council Flag. The flag is now hoisted in front of the administration building at the Port of Belledune, where it will fly permanently in honor of the Mi'gmaq people and their land.

Even more, May 31st marked the one year anniversary of the signing of the Relationship, Engagement & Consultation

Protocol between the Port and the First Nation communities from around the region. Over the course of the first year, more meaningful consultation practices have been established, relationships have been built on, and learning opportunities have been presented.

All of this and more is expected to continue and grow throughout the second year of the established protocol!"



SHORELINE CLEANUP

The Port is consistently searching for ways to be more environmentally friendly. One of the ways to remain progressive and accountable is our membership to the organization Green Marine. Green Marine is a voluntary program for participants that addresses key environmental issues through performance indicators relevant to marine industry operations. Participants benchmark their annual performance, and have their results verified by an accredited external verifier.

This year, the Port established the goal of increasing the level of one of the certifications, and part of the required tasks to move up included participating in a shoreline cleanup effort.

The Port decided to host their own team shoreline cleanup on November 4th, 2019. Employees joined together and spent the afternoon collecting trash and debris from along the Harbourview shoreline in the city of Bathurst.

All together, employees collected approximately over 125 lbs of trash, as well as a few items of interest, included the lining of a truck bed and a medium-sized suitcase!"



NB Public Libraries Foundation: Port of Belledune "Borrow the Internet" program

As part of this service, library patrons will be able to "Borrow the Internet" at the 11 public libraries of the Chaleur Library Region. The Wi-Fi Hotspot Lending Service is intended to help bridge the digital divide between those who have Internet access at home and those who do not. We are proud to support this innovative service, which is the first of its kind to be offered in Atlantic Canada.



HIGHLIGHTS 2019



Contributions & participation with the North Shore Regiment

**Changing of the regiment colours + ANSD trip to Europe to
trace path of North Shore Regiment
(75th anniversary of D-Day Landings in Normandy)**

June 6th marks the 75th anniversary of the allied landing in Normandy, France. The North Shore Regiment – deeply rooted in the North Shore and the Acadian communities around New Brunswick – played a vital role that day, seizing a foothold on the beaches of Normandy and thus set in motion the liberation of Europe. Recently in May, the Regiment received its new Regimental Colour that honours the Regiment's sacrifice in all the battles since its beginnings. The Port was proud to contribute to the Heritage Fund to help make this happen.

The Heritage fund also aims to pass on knowledge and works to help tell the story to the younger generations, and keep the history of the North Shore Regiment alive. This year, the Anglophone North School District sent students to Europe to trace the path of the North Shore Regiment. They had the chance to see and learn the history for themselves, in the exact same location it all took place 75 years ago. The Port was able to contribute to this moment by helping to purchase crosses and wreaths for students to lay at the historic site. It is an amazing opportunity for the students and the Port, along with everyone else in the community, is really looking forward to hearing all about their adventures.



2019 Golf tournament 28 teams - Most people ever registered. Funds collected allocated to bursary

On September 17th, 2019, the Port of Belledune hosted their annual golf tournament at the Gowan Brae Golf & Country Club with players from all over New Brunswick.

This year, we had the most people ever registered with a total of 28 teams of four players each. They had a beautiful, sunny day and in the end, a team from Eel River Bar took home the top prize!

Even more, the Port once again thanks all of their sponsors of the tournament. The funds collected from the sponsorships will continue to be allocated to the BPA CCNB/NBCC Bursary Program, which distributes four bursaries annually to students enrolled in designated trade programs at the schools.

2019
Contributuons to over

100

different events
and organizations

The Port remains committed to being anchored in the community! In 2019, the Port reinvested funds back into the community through donations and sponsorships to over 100 different events and organizations throughout the region! These included festivals, non-profits, clubs, volunteer organizations, and more.

HIGHLIGHTS
2019

CCGS Captain Molly Kool visits the Port of Belledune

"The Port of Belledune was excited to welcome the most recent addition to the Canadian Coast Guard icebreaker fleet, CGCS Captain Molly Kool, to the harbor at the Port. Although her home port is St. John's, N.L., she made the trip last month through the icy waters of the Bay of Chaleur.

Being the first new icebreaker floated in 25 years, she is named after an incredible female figure in marine history. Born in Alma, N.B. in 1916, Captain Myrtle (Molly) Kool was the first woman in North America to become a licensed ship captain. However, just as there are still obstacles for women to overcome in the present workforce, Captain Molly was at first denied the chance

to be a licensed captain, as shipping legislation referred to a captain as "he". After continuing to fight and going through an unusually rigorous testing, she earned coastal master's certificate in 1939. She helped clear the path for women who wished to pursue careers in predominately masculine fields.

With March 8th being International Women's Day, along with the theme for the event being #InnovateForChange to bring attention to career fields where women are underrepresented, Captain Molly Kool is a great local symbol of achievement. She will forever be known as a fearless mariner who transported cargo on the Bay of Fundy."





Belledune Port Authority

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