



THUNDER BAY PORT AUTHORITY 2016 ANNUAL REPORT



Canada



MESSAGE FROM THE CHAIR

The 2016 season continued a three-year trend of higher port shipments driven by consistently larger harvests combined with the removal of the Canadian Wheat Board monopoly in 2012.

Grain ended the year at 7.5 million tonnes and Canola shipments reached a record 1.8 million tonnes or 24% of total grain shipped. Grain shipments combined with higher coal, potash, liquid bulk and general cargo tonnage to produce total port shipments of 8.8 million tonnes, almost identical to the prior year.

The year's most significant individual milestones include the successful attraction of Heddle Marine to the port and their acquisition of the former Port Arthur Shipyard property. We look forward to the return of the ship repair business to the port and the promise of new jobs for the community. Hosting the ACPA Conference in Thunder Bay for the first time in over 25 years was a major effort and produced an excellent result. Coming from coast to coast, 145 delegates attended and over 40 local vendors were utilized bringing in over \$200,000 in spending from outside the community.

The Port Authority's efforts to increase and diversify cargo at its Keefer Terminal facility continue to gain momentum with project and general cargo tonnage reaching a nineteen year high in 2016. Structural steel shipments from Europe to Western Canada have grown over the past year and have now become a regular occurrence at the Terminal; the variety of shipments continues to increase.

We are encouraged by the increased activity at the port as we continue our efforts to attract cargo and new business to Thunder Bay, reinforcing our ties to Western Canada. Over 900 direct jobs are provided by the various port facilities and support services; the port remains a vital part of the local and regional economy.

On behalf of the Board I would like to express our appreciation to the staff for their dedication and hard work throughout the year.



Greg S. Arason
Chair of the Board

BOARD OF DIRECTORS

The ongoing success of the Port of Thunder Bay benefits Thunder Bay and the region. Industry leaders bring decades of experience to the Thunder Bay Port Authority Board of Directors. Each level of government—federal, provincial and municipal—names a director for a term of three years. The federal Transport Minister, on the recommendation of port users, names the remaining four directors.

The port plays a strategic role as Western Canada's second largest grain port. Thunder Bay Port Authority provides harbour administration and supports economic development through promotion of the port and its capabilities, advocating on key issues and investing in port infrastructure.

MANAGEMENT

Timothy V. Heney
Chief Executive Officer

Melvin H. Parker
Comptroller & Corporate Secretary

Guy P. Jarvis
Director of Engineering & Harbour Master

PORT USER DIRECTORS



Greg Arason
Chair



Tracy Buckler



Emilio Rigato
Concluded service in 2016



Charla Robinson
Commenced service in 2016



Bonny Skene

FEDERAL DIRECTOR



Murray Walberg

PROVINCIAL DIRECTORS



John Aiken
Commenced service in 2016



David O'Brien
Concluded service in 2016

MUNICIPAL DIRECTOR



Pritam Lamba

STRATEGY

MISSION STATEMENT

To promote and invest in the efficient integration of marine, rail, and road transportation systems to support economic development.

VISION STATEMENT

The Port of Thunder Bay and the Seaway is the preferred gateway for European trade with Western Canada. Thunder Bay Port Authority is an important facilitator of commerce in the region.



The Port of Thunder Bay is the Western Canadian terminus of the St. Lawrence Seaway System, the largest inland waterway in the world. The opportunities and challenges are largely determined by the port's strategic role as it relates to the Seaway corridor. The port was built to provide access to European markets for Western Canadian grain producers through the longest grain supply chain in the world.

For the past 10 years, an integral part of Thunder Bay Port Authority's (TBPA) strategy has been expanding the number of general and project cargo ships that come through the port. Each shipment results in significant economic impact to the region. TBPA coordinates the activities of stevedores, trucking companies, equipment operators, railways and fabricators to ensure that general and project cargos are handled efficiently and to provide value to the shipper. TBPA significantly increased its marketing budget in recent years to promote the port and the general and project cargo corridor to Western Canada.

The current annual advertising budget of \$166,000 is indicative of TBPA's efforts to market the port and expand its profile locally, nationally and internationally.

TBPA'S STRATEGY IS BROADLY DEFINED BY THREE OBJECTIVES:

- Diversify and increase marine cargo
- Promote partnerships and public engagement
- Invest in strategic infrastructure

The mission and vision of TBPA will be realized through the strategic objectives, which form a framework for decision-making. TBPA strives to diversify cargoes to reduce dependency on select commodities. Fostering partnerships and community engagement is critical to its success in a dynamic global market. TBPA has prepared a significant 5-Year Capital Plan in strategic investments to facilitate future growth and diversification for the port.



**THUNDER BAY PORT AUTHORITY
2016 COMMUNITY REPORT**

Furthest Inland Port in Canada



Thunder Bay Port Authority



CN Railway



CP Railway



Great Lakes - St. Lawrence Seaway



An aerial photograph of a port area. In the foreground, a large cargo ship is docked at a pier. Behind it, there are several large, rectangular industrial buildings or warehouses. The port is situated along a body of water, and a city is visible in the background across the water.

STRATEGIC OBJECTIVES

Increase and diversify marine cargo

Promote partnerships and public engagement

Invest in strategic infrastructure

PORT FACTS



900

DIRECT JOBS



\$370 MILLION

ANNUAL ECONOMIC
CONTRIBUTION

#1

EXPORT PORT
ON THE SEAWAY

#1

GRAIN STORAGE
CAPACITY IN CANADA

#2

CANADIAN PORT
ON THE SEAWAY

FACILITIES

8

Grain
Elevators

3

Dry Bulk Terminals
(coal, potash, stone, salt, etc.)

2

Liquid Bulk Terminals
(petroleum, liquid chemicals)

1

General Cargo
Terminal

1

Shipyards with
Dry Dock

SERVICE OFFERINGS

CN & CP Railways

Trucking Companies

Tug Operators

Vessel Agents

Stevedoring

Grain Inspection

Fabrication

Ship Repair

Diving Services

...and more

Largest Industrial
Tax Base in
Thunder Bay



THUNDER BAY PORT AUTHORITY

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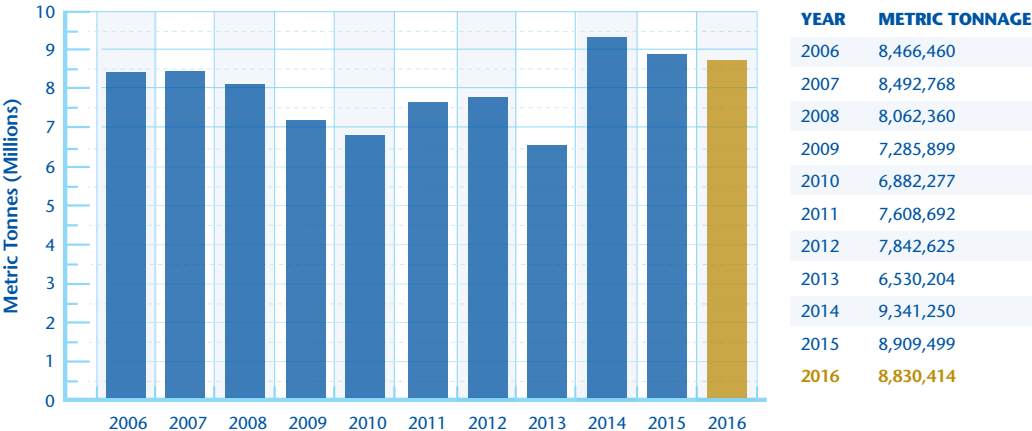


2016 YEAR IN REVIEW

The port's overall cargo total for 2016 was 8.8 million metric tonnes, nearly matching the 2015 season tally. This marks the third consecutive season of above-average cargo volumes, thanks to strong grain shipments as well as increases in coal and project cargo shipments.

CARGO STATISTICS

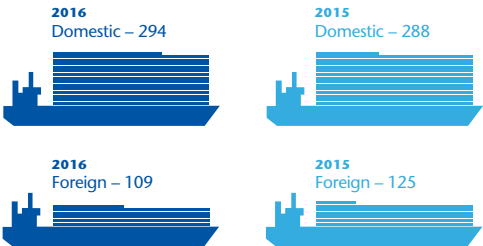
THUNDER BAY CARGO SHIPMENTS, 2006-2016



CARGO BREAKDOWN

CARGO	2016	2015
Grain	7,464,799	8,018,638
Coal	778,419	406,563
Potash	331,909	273,790
Other	255,287	210,508
Total:	8,830,414	8,909,499

VESSEL VISITS



CARGO VARIANCES (VS. 5-YEAR AVERAGE):

Grain ⬆8% | Coal ⬆27% | Potash ⬆14% | Project/General Cargo ⬆118%

SEASON TIMELINE

Opening of Navigation, Domestic:

M.V. Tecumseh – March 26, 2016

Opening of Navigation, Foreign:

M.V. Tundra

March 31, 2016 M.V.

Federal Barents is only the second foreign-flagged vessel ever to cross through the port's breakwall earlier than April 1. M.V. Federal Kushiro previously did so on March 30, 2006.

Closing of Navigation:

M.V. Manitoulin – January 9, 2017

PORT RECORDS SET DURING 2016

LARGEST SINGLE COAL SHIPMENT LOADED:

August 16, 2016: M.V. CSL Assiniboine

32,801_{MT}

LARGEST SINGLE GRAIN SHIPMENT LOADED:

August 16, 2016: M.V. CSL Welland

31,064_{MT}

ACPA 2016

Thunder Bay Port Authority hosted the 58th installment of the Annual Conference of the Association of Canadian Port Authorities (ACPA) from September 6 to 9, 2016.

The conference brought over 150 stakeholders of Canadian marine industry together in Thunder Bay for a packed agenda of thought-provoking presentations, important discussions and networking opportunities.



COMMUNITY

TBPA is proud of its support and involvement in local activities and initiatives that make Thunder Bay a better place to live. TBPA strives to enrich the community by supporting organizations that:

- Promote or increase access to marine-based activities and programs
- Relate to the port or port-user community
- Improve mariners' well-being and experiences while in Thunder Bay

A sample of groups supported by TBPA:



EVENTS



FIRST LAKER
Top Hat Ceremony

 For port updates, news, photos, videos and more, follow us on Twitter: @ThunderBayPort



PROSPERITY
NORTHWEST
Business Forum



OPENING OF
NAVIGATION
Luncheon



CANADIAN
TRANSPORTATION
AGENCY Visit



NOHFC FUNDING
ANNOUNCEMENT
for Terminal Expansion and Reconfiguration

KEEFER: PROJECT & GENERAL CARGO HUB

The 2016 season was the most successful to date for this initiative; shipments of project and general cargo brought the terminal's cargo volumes to a 19-year high. This business has grown from a single shipment in 2004 to over 31,000 metric tonnes of diverse cargo in 2016.

The project and general cargo business is highly valuable for the local economy; each shipment provides an economic injection into Thunder Bay of approximately \$180,000.



FINANCIAL REPORT 2016

Thunder Bay Port Authority is mandated by the Canada Marine Act to be financially self-sufficient. TBPA's revenues are comprised of Keefer Terminal revenue, Intercity Site revenue, harbour dues and lease revenues from lands under its administration. Keefer Terminal revenues represented 69% of TBPA's revenues in 2016. Earnings for the year were \$803,440. These results reflect a continuing commitment to effectively manage operating costs and maximize return on the Authority's assets.

STATEMENT OF FINANCIAL POSITION

As at December 31 (expressed in CAD \$)

2016

2015

ASSETS

Current

Cash	\$ 124,775	\$ 513,335
Accounts receivable	651,197	637,356
Prepaid expenses	46,594	48,343
	<u>822,566</u>	<u>1,199,034</u>

Non-current

Long term investments	19,527,842	19,081,738
Property, plant and equipment (Net)	<u>22,721,990</u>	<u>22,352,411</u>

	<u>\$ 43,072,398</u>	<u>\$ 42,633,183</u>
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LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities	\$ 784,247	\$ 860,592
Provisions	32,639	31,492
Deferred rental income	94,209	92,489
	<u>911,095</u>	<u>984,573</u>

Equity

Contributed surplus	27,711,964	27,711,964
Retained earnings	14,026,314	13,222,874
Accumulated other comprehensive income	423,025	713,772
	<u>42,161,303</u>	<u>41,648,610</u>
	<u>\$ 43,072,398</u>	<u>42,633,183</u>

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31
(expressed in CAD \$)

	2016	2015
Revenue		
Terminal	\$ 2,161,139	\$ 2,014,394
Harbour and Harbour Park	854,089	902,743
Intercity	120,182	64,016
	<u>3,135,410</u>	<u>2,981,153</u>
Expenses		
Terminal	779,500	674,563
Harbour and Harbour Park	126,988	110,735
Intercity	42,100	38,523
Administrative and Marketing	1,153,607	1,164,584
	<u>2,102,195</u>	<u>1,988,405</u>
Earnings from operations before the following	1,033,215	992,748
Gain on sale of property, plant and equipment	-	15,833
Payments in lieu of municipal taxes	(265,286)	(257,750)
Gross revenue charge	(74,985)	(72,473)
Depreciation	(503,355)	(499,682)
	<u>189,589</u>	<u>178,676</u>
Earnings from operations	189,589	178,676
Investment income	613,851	630,084
Earnings for the year	803,440	808,760
Other comprehensive income		
Unrealized losses on available-for-sale financial assets arising during the year	(290,747)	(29,077)
Comprehensive income for the year	\$ 512,693	\$ 779,683



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