



PORT OF
PRINCE RUPERT

LINKING A WORLD OF OPPORTUNITY

2016

A N N U A L R E P O R T

FACTS & FIGURES / PORT OF PRINCE RUPERT



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SUSTAINABLE GROWTH.

THRIVING COMMUNITIES.

VIGOROUS TRADE.

IN AN INDUSTRY THAT'S ALWAYS ON THE MOVE, OUR PRIORITIES STAY THE SAME. THROUGHOUT 2016, THE PORT OF PRINCE RUPERT'S ACTIVITIES GENERATED BENEFITS FOR WORKERS, COMMUNITIES AND GOVERNMENTS. BUT STRIVING TO AUGMENT AND DIVERSIFY CARGOES WHILE BUILDING NEW PARTNERSHIPS IS ONLY PART OF PRINCE RUPERT'S STRATEGY FOR SUCCESS. WE ACKNOWLEDGE THAT GATEWAY GROWTH DEPENDS ON LOCAL COMMUNITIES, SHIPPERS, SUPPLY CHAIN PARTNERS, TERMINAL OPERATORS AND SERVICE CONTRACTORS. IT RELIES ON THE WOMEN AND MEN ON THE WATER, IN THE TERMINALS, AND ON THE TRAINS AND TRUCKS THAT ARE MOVING CANADIAN TRADE THROUGH THE PORT OF PRINCE RUPERT. THESE STALWART WORKERS AND TEAMS KEEP THE WORLD'S GOODS FLOWING SAFELY THROUGH THESE WATERS.

2016.rupertport.com

MESSAGE FROM THE CHAIR & CEO

2016 was another year of success for the Port of Prince Rupert, as measured by our financial results, operational achievements, and status of our many relationships. As we enter 2017, and the tenth Anniversary of the 2007 opening of the Fairview Container Terminal, it's a natural time to reflect on the past decade.

"Linking a World of Opportunity" is a very appropriate description of the Port of Prince Rupert's journey over the past 10 years. The Port has played a vital enabling role in many successful initiatives.

The Port of Prince Rupert's growth as a gateway for Canadian trade has been remarkable, and we have firmly established ourselves as a leading North American port. The Port's strategic location, and partnerships with high performance supply chain partners, has provided significant value to Canadian businesses throughout the country as they find new opportunities in world markets.

The integral connection between the Port's physical development over the past decade, and the complex and rich environment in which we operate, has required new ways to facilitate sustainable growth. We've grown our capacity for innovative infrastructure planning, robust assessment of proposals, and ongoing monitoring of our operations in order to minimize our footprint on BC's North Coast.

Volume and traffic growth that result from opportunity have required the ongoing development of an uncompromising marine safety regime. The teamwork of marine organizations and agencies is critical, and we are proud to have some of the best partners available working closely with us. We've continued to invest in navigational technology that enhances that teamwork and makes a safe port even safer.

Last, and certainly not least, has been our long lasting commitment to sharing the benefits of trade with our communities. The Port has built a strong track record of investment, donations, and volunteer time that have gone back into the critical priorities of our communities. The women and men that power the Gateway have grown in numbers, and their productivity and support continue to be critical to our success. In particular, neighbouring First Nations communities have become an integral part of the port's business through unique commercial partnerships, regular dialogue, and alignment of future interests.

We are proud of our success, and the foundation built in the last decade, but will ensure we keep our focus squarely on the future.



Bud Smith

BUD SMITH
CHAIR



Don Krusel

DON KRUSEL
PRESIDENT & CEO

2016
BOARD OF
DIRECTORS

BUD SMITH (CHAIR)
JOHN FARRELL
ELMER DERRICK

JENNIFER CLARKE
BRUCE HALLSOR
KEN CLAYTON

2016 HIGHLIGHTS

8% GROWTH IN CONTAINERIZED CARGO FOR EXPORT THROUGH FAIRVIEW CONTAINER TERMINAL

22% GROWTH IN BIOFUEL SHIPPED THROUGH WESTVIEW WOOD PELLET TERMINAL

10% DECLINE IN ANNUAL COAL VOLUMES THROUGH RIDLEY TERMINALS INC.

3rd LARGEST ANNUAL THROUGHPUT ON RECORD FOR PRINCE RUPERT GRAIN TERMINAL

106% GROWTH IN CRUISE PASSENGERS THROUGH NORTHLAND CRUISE TERMINAL

461 VESSEL VISITS BY 293 UNIQUE SHIPS, REPRESENTING 1170 PILOTED VESSEL MOVEMENTS

140+ SQUARE KILOMETRES OF NAVIGABLE WATERS COVERED BY NEW RADAR SYSTEM

13% DECREASE IN PORT-WIDE EMISSIONS OF GREENHOUSE GASES

\$1m CONTRIBUTED TO EIGHT COMMUNITY IMPROVEMENT PROJECTS

\$49.2m IN NET INCOME

2016 CARGO

	TONNES	% CHG*
Containers	7,366,663	-5%
Wheat	3,742,047	0%
Canola	2,160,056	-2%
Thermal Coal	2,205,234	+12%
Petroleum Coke	971,953	+18%
Wood Pellets	896,257	+22%
Metallurgical Coal	815,120	-50%
Logs	454,461	+4%
Oats	104,806	+235%
Barley	65,553	-74%
Soya Beans	65,061	+100%
Miscellaneous	76,087	+1%
TOTAL	18,923,265	-4%

2016 CONTAINERIZED CARGO

	TEUs	% CHG*
Auto Parts	125,061	+72.3%
Textiles & Accesories	57,045	-21.8%
Furniture	52,081	-5.8%
Household Goods	46,903	-11.3%
Other Import	156,034	N/A
TOTAL LOADED IMPORT CONTAINERS	437,124	+0.3%
Agriculture	56,539	+8.3%
Lumber & Wood Products Export	47,393	-18%
Pulp & Paper	16,629	-14.7%
TOTAL LOADED EXPORT CONTAINERS	166,291	+8%
Total Empty Containers	133,249	-29%
TOTAL	736,663	-5%

* % CHG compared to 2015 totals

2016 SIGNIFICANT ACHIEVEMENTS

TRADE—BUILDING ECONOMIC PROSPERITY

Cargo. Total cargo volumes at the Port of Prince Rupert measured 18.9 million tonnes in 2016, a decrease of 4% from the total throughput in the previous year. With the exception of Westview Wood Pellet Terminal, which continued to grow volumes of biofuel, port terminals saw modest drops in total volumes between 2-10% from 2015. Despite this decline in overall cargo, the port saw an 8% increase in cargo-loaded export containers, improving the economics for shippers moving goods through the Fairview Container Terminal. The recovery of metallurgical coal prices saw the reopening of mines in northeastern British Columbia and improved volumes through Ridley Terminals Inc. in the latter-half of 2016, while shipments of thermal coal and petroleum coke were up 12% and 18% over 2015, respectively. Prince Rupert Grain experienced its third-best year on record by volume, with growth in oats and soya bean volumes over 2015.

COMMUNITY—INVESTING LOCALLY

Community Investment. Each year the Port of Prince Rupert earmarks a share of its income for local projects that contribute to the region's quality of life and create long-lasting benefits. We contributed \$1 million this year to the Community Investment Fund, bringing the total contributions over \$4 million since 2010. The fund facilitated the development of eight local projects in 2016.

Community Engagement. We strive to maintain our relationship with the community by being a trusted and respected partner that is committed to dialogue, collaboration and engagement. We expanded our activities at the Port Interpretive Centre. The Community Information Forum continued meeting to further our dialogue with the community.

VESSEL SAFETY AND SECURITY—FOCUSING ON A SAFE HARBOUR

Navigational Safety. In an effort to increase the safety of commercial vessels transiting the harbour, the Port began a program to provide local fishing vessels and ferries with AIS transponders at no cost. The devices allow Canadian Coast Guard staff and BC Coast Pilots to see the position of local vessels regardless of weather or time of day, and contributes to the safety of marine operations.

Emergency Response. In the course of their regular duties, the crew of the Charles Hays patrol vessel assisted a vessel in distress, rescuing two local mariners from the water after their vessel capsized. In recognition of their service, Captains Hailey McIntyre and Randy Knockwood were honoured with the Lifesaving Society of BC's Silver Medal of Merit.

SUSTAINABLE GROWTH—DELIVERING RESPONSIBLE OPERATIONS AND DEVELOPMENT

Planning for the Future. As global commodity prices and demand fluctuate, it is increasingly important for the Port of Prince Rupert to ensure its portfolio includes a diverse array of cargoes. This includes working with project proponents to identify the need for export capacities, as well as existing terminals to explore movement of new cargoes through their operation. In 2016, the Port worked with Ridley Terminals Inc. and AltaGas to secure a new facility that will see propane exported through RTI's existing marine berth when the project is completed in 2019.

Environmental Monitoring. Our operations demonstrate respect for the environment, our neighbours and future generations. By introducing new programs like underwater monitoring that collects real-time information about the local marine environment, the Port is actively finding ways to reduce our current footprint. By following through on our benchmarking and monitoring initiatives, like our noise, water quality and air quality programs, we are making sure that we are identifying and addressing concerns early.

Reducing our Impact. Through our Green Wave environmental incentive program, ships are rewarded for implementing emissions reduction system. 56% of the vessels visiting Prince Rupert in 2016 qualified to receive savings for reducing their impact.

GROWTH & DIVERSIFICATION

- The Phase II North expansion project at Fairview Container Terminal continued to progress, reaching the milestone of 75% completion before the end of 2016. The project will boost annual capacity of the terminal by over 40% to 1.34 million TEUs when complete in September 2017.

- Pacific NorthWest LNG completed its environmental assessment, and received approval from the Canadian Environmental Assessment Agency and Government of Canada. The proponent is conducting a full project and capital cost review, expected to continue throughout 2017.

- AltaGas completed an environmental assessment for the Ridley Island Propane Export Terminal, and announced it would proceed with construction of the \$500 million project. The terminal will have an export capacity of over 1 million tonnes of Liquefied Petroleum Gas (LPG) when operational in 2019, employing 40 full time staff.

- Ray-Mont Logistics announced it would invest \$5 million in a transload facility on the south end of Ridley Island, receiving agricultural products by rail and loading them into containers for export via the Fairview Container Terminal.

2016 FINANCIALS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2016 with comparative figures for 2015 (expressed in \$000's)

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,268	\$ 11,312
Term deposits	24,300	9,037
Accounts receivable (Note 4)	13,659	9,991
Prepaid expenses	437	454
Total current assets	51,664	30,794
Non-current assets:		
Term deposits	19,273	17,147
Property and equipment (Note 5)	165,825	157,974
Intangible assets (Note 6)	650	771
Employee benefits (Note 10)	356	-
Total non-current assets	186,104	175,892
Total assets	\$ 237,768	\$ 206,686
LIABILITIES AND EQUITY OF CANADA		
Current liabilities:		
Accounts payable and accrued liabilities (Note 7)	\$ 16,871	\$ 12,143
Current portion of deferred revenue	5,021	7,407
Current portion of deferred contributions	-	1,375
Current portion of long-term debt (Note 8)	1,980	2,630
Total current liabilities	23,872	23,555
Non-current liabilities:		
Employee benefits (Note 10)	-	1,390
Deferred revenue	1,534	3,567
Deferred contributions	30,000	44,340
Long-term debt (Note 8)	-	1,910
Total non-current liabilities	31,534	51,207
Total liabilities	55,406	74,762
EQUITY OF CANADA		
Contributed capital	36,213	36,213
Surplus	146,149	95,711
Total equity of Canada	182,362	131,924
Total liabilities and equity of Canada	\$ 237,768	\$ 206,686

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

December 31, 2016 with comparative figures for 2015 (expressed in \$000's)

	2016	2015
REVENUE	\$ 67,289	\$ 53,117
EXPENSES		
Amortization	3,514	3,024
Operating and administrative	8,227	6,095
Federal stipend	3,319	2,606
Payments in lieu of municipal taxes	2,374	1,891
Professional and consulting fees	3,696	4,206
Repairs and maintenance	1,999	1,344
Salaries and benefits	11,175	9,685
Total expenses	34,304	28,851
INCOME FROM OPERATIONS	32,985	24,266
Interest income	685	311
Interest on long-term debt	(47)	(88)
NET FINANCE INCOME (COSTS)	638	223
Amortization of deferred contributions	15,715	1,285
Gain on sale of property and equipment	10	4
Gain (loss) on foreign exchange	(104)	18
OTHER INCOME	15,621	1,307
NET INCOME	49,244	25,796
OTHER COMPREHENSIVE INCOME (LOSS)		
Defined benefit plan actuarial gains (losses)	1,194	346
Total comprehensive income for the year	50,438	26,142

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF CANADA

December 31, 2016 with comparative figures for 2015 (expressed in \$000's)

	Contributed capital	Surplus	Total
BALANCE - DECEMBER 31, 2014	\$ 36,213	69,569	105,782
Net income for the year	-	25,796	25,796
Other comprehensive income			
Defined benefit plan actuarial losses	-	346	346
Total other comprehensive gain	-	26,142	26,142
BALANCE - DECEMBER 31, 2015	36,213	95,711	131,924
Net income for the year	-	49,244	49,244
Other comprehensive income			
Defined benefit plan actuarial gains	-	1,194	1,194
Total other comprehensive gain	-	50,438	50,438
BALANCE - DECEMBER 31, 2016	\$ 36,213	146,149	182,362

CONSOLIDATED STATEMENT OF CASH FLOWS

December 31, 2016 with comparative figures for 2015 (expressed in \$000's)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	\$ 49,244	\$ 25,796
Adjustments for:		
Amortization expense	3,514	3,024
Amortization of deferred contributions	(15,715)	(1,285)
Gain on disposal of property, plant and equipment	(10)	(4)
Net finance costs	(638)	(223)
	36,395	27,308
Change in working capital items		
Accounts receivable	(3,668)	3,357
Prepaid expenses	17	(80)
Employee benefits	(552)	(549)
Accounts payable and accrued liabilities	4,728	(6,243)
Deferred revenue	(4,419)	6,008
Total change in working capital	(3,894)	2,493
Net cash from operating activities	32,501	29,801
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	399	150
Proceeds from sale of property and equipment	10	6
Acquisition of property and equipment	(12,244)	(11,500)
Acquisition of intangible assets	-	(863)
Sale of term deposits	9,000	2,000
Purchase of term deposits	(26,103)	(26,022)
Net cash used in investing activities	(28,938)	(36,229)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(2,560)	(3,088)
Contributions received from non-government contributors and government entities	1,000	2,000
Interest paid	(47)	(88)
Net cash (used in) from financing activities	(1,607)	(1,176)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	1,956	(7,604)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	11,312	18,916
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 13,268	\$ 11,312

*To see our full audited financial statements please visit:
www.rupertport.com/2016-audited-financial-statements



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