



PORT OF  
PRINCE RUPERT

LINKING A WORLD OF OPPORTUNITY



# ANNUAL REPORT 2014

**Facts & Figures**

Prince Rupert Port Authority

[2014.rupertport.com](http://2014.rupertport.com)

# VIGOROUS TRADE. THRIVING COMMUNITIES. SUSTAINABLE GROWTH.

These are the conditions we are fighting to create as we steward the incredible natural resource that is the Port of Prince Rupert. This requires innovation in our operations and commitment to our pursuit of excellence, and in 2014 we saw both flourish.

Thank you to our local communities, shippers, supply chain partners, terminal operators, service contractors, and everyone that contributes to our continued success. A special thank you to the women and men on the water, in the terminals, and on the trains and trucks that are moving Canada's trade through the Port of Prince Rupert. Together, we are fulfilling the natural promise that Prince Rupert has long offered to Canada and its global trade partners.



[2014.rupertport.com](http://2014.rupertport.com)

# Message from the Chair & CEO

The ultimate goal of the Port of Prince Rupert is to mature into a fully diversified gateway for Canadian trade.

We're not there yet, but we continued to take confident steps toward it in 2014.

The benefits of a more diversified cargo base were evident this past year when we saw the coal industry impacted by low global commodity prices, the closure of mines in BC's northeast, and coal volumes through Prince Rupert decline drastically. In the face of that decline, record years in grain and containers, and the introduction of new cargoes like wood pellets softened the impact on the Port and its communities.

Going forward, it emphasizes how critical it is for Prince Rupert Port Authority (PRPA) to stay committed to our long term sustainable growth strategy, and our associated portfolio of diversified development opportunities and infrastructure improvements. Their successful execution will have significant impacts on the economic sustainability of the Port, the Gateway, and its communities.

But to be clear, our commitment to diversification doesn't stop with just cargo. 2014 saw the continued implementation of our economic benefit agreements with local First Nations, and their ongoing participation in the development of the Port. A prime example this year was the contract work delivered by First Nations for the Road Rail Utility Corridor project on Ridley Island, one of the largest contracts of its kind in Canada.

Our First Nations partners are sharing a vision, and the benefits, of the growing Prince Rupert Gateway. Through financial participation, training and capacity building, employment, development work and business opportunities, PRPA is demonstrating our commitment to ensuring that broad-based participation of First Nations is a top priority.

Similarly, our broad engagement and investment in our communities seeks to ensure that the women and men that are making the port move (and those that will make it move in the years to come) are sharing in our vision and success.

Our continued focus on competitiveness and diversification, as well as safe, sustainable, responsible growth will provide us with the path we need to ensure we continue to have a bright future. A future that benefits not just a few, but benefits all.

Please visit [2014.rupertport.com](http://2014.rupertport.com) to learn more about our vision and the impact of the Port of Prince Rupert.



*Bud Smith*



*Don Krusel*

## 2014 Board of Directors

Bud Smith (Chair)

Elmer Derrick

Bruce Hallsor

John Farrell

Jennifer Clarke

Ken Clayton

# 2014 Highlights

**15%**

increase in containerized cargo (TEUs) through Fairview Container Terminal

**6 million**

tonnes of agri-food, a record for Prince Rupert Grain Terminal

**500,000**

tonnes of biofuel shipped during first year of operations at Westview Wood Pellet Terminal

**900**

new jobs created since 2011, totaling 3,220 direct jobs in British Columbia's North

**\$1.5 million**

contributed to our Community Investment Fund, bringing total to \$4.3 million since 2010

**4**

new tide and current monitors established to improve navigational safety in the Prince Rupert Harbour

**148**

commercial vessels qualified for discounted harbour dues under Green Wave environmental incentive program

**0**

days outside provincial air quality objectives at our waterfront monitoring station

**59%**

increase in net income over 2013

**\$64.3 million**

in capital expenditures related to port infrastructure

## 2014 CARGO

	TONNES	% CHG*
Containers	6,181,680	+15.24%
Wheat	4,472,817	+32.5%
Metallurgical Coal	4,459,063	-42.8%
Canola	1,759,595	+25.56%
Thermal Coal	1,496,033	-46.25%
Petroleum Coke	1,156,586	-21.85%
Wood Pellets	511,741	N/A
Logs	351,861	-15.62%
Barley	214,605	-37.28%
Grain Screen	9,290	-41.94%
Miscellaneous	78,263	+22.24%
<b>TOTAL VOLUME</b>	<b>20,691,536</b>	<b>-10.27%</b>

## 2014 CONTAINERIZED CARGO

	TEUs	% CHG*
Textiles & Accessories Import	54,948	+13%
Furniture Import	50,390	-4%
Other Import	253,564	+26.5%
<b>TOTAL LOADED IMPORT CONTAINERS</b>	<b>358,902</b>	<b>+18.9%</b>
Lumber & Wood Products Export	64,777	+12.5%
Agriculture Export	39,909	+1%
Other Export	52,312	-3%
<b>TOTAL LOADED EXPORT CONTAINERS</b>	<b>156,998</b>	<b>+3.54%</b>
Total Empty Containers	102,267	+23.2%
<b>GRAND TOTAL CONTAINERS</b>	<b>618,167</b>	<b>+15.24%</b>

\* % CHG compared to 2013 totals

# 2014 Significant Achievements

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## TRADE—BUILDING ECONOMIC PROSPERITY

**Cargo Volumes.** Total cargo volumes at the Port of Prince Rupert measured 20.7 million tonnes in 2014, a decrease of 10% from the record 22.9 million tonnes shipped in 2013. In spite of a decline of nearly 5 million tonnes in annual coal volumes at Ridley Terminals Inc., several other terminals posted record volumes. Intermodal container volumes saw significant increases in both imports and exports, and posted a total annual increase of 15%. Bulk export volumes were bolstered by a record volume year in grain, and the introduction of wood pellets through Westview Terminal.

**Future Terminal Developments.** Continued advancement of three large projects continued through 2014. Canpotex signed a lease agreement with PRPA for their development site on Ridley Island, and Pacific Northwest LNG and Prince Rupert LNG continued the environmental assessment of their respective projects. In addition, PRPA developed a \$10 million project cargo offloading facility on Ridley Island.

## COMMUNITY—INVESTING LOCALLY

**Community Investment.** Each year the Prince Rupert Port Authority 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 \$1.5 million this year to the PRPA Community Investment Fund, bringing total contributions over \$4.3 Million since 2010. The fund facilitated the development of 6 local projects in 2014.

**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 broadened our activities at the Port Interpretive Centre and established a Community Information Forum to further our conversations with community.

## VESSEL SAFETY AND SECURITY— FOCUSING ON A SAFE HARBOUR

**Navigational Safety.** The foundation of our prosperity lies in practices and procedures designed to keep vessels moving safely – and goods flowing securely. This year's installation of two new aids to navigation and four new 'real-time' tide and current monitoring sites make a safe harbour even safer.

**Emergency Planning.** The July grounding of the Amakusa Island tested the Port's Emergency Management Plan and its response procedures. Together with our Port partners, we conduct frequent emergency exercises and continually improve our approaches.

## SUSTAINABLE GROWTH—DELIVERING RESPONSIBLE OPERATIONS AND DEVELOPMENT

**Planning for the Future.** Our Gateway 2020 vision outlines a growth strategy that balances the needs of existing port operations, future trade opportunities and the health of marine and foreshore environments within our jurisdiction. Local First Nations' contractors continued development of the Ridley Island Road Rail Utility Corridor, providing the foundation for future port development that minimizes its future footprint and impact.

**Environmental Monitoring.** Our operations demonstrate respect – for the environment, our neighbours and future generations. By introducing new programs like Green Wave, PRPA 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're identifying and addressing concerns early.

# 2014 Financial Statements\*

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2014 with comparative figures for 2013 (expressed in \$000's)

	2014	2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 18,916	\$ 28,004
Term deposits	–	2,571
Accounts receivable	13,348	13,729
Prepaid expenses	374	371
Total current assets	32,638	44,675
Non-current assets:		
Term deposits	2,002	–
Property, plant and equipment	151,407	88,771
Total non-current assets	153,409	88,771
Total assets	\$ 186,047	\$ 133,446
<b>LIABILITIES AND EQUITY OF CANADA</b>		
Current liabilities:		
Accounts payable & accrued liabilities	\$ 18,386	\$ 13,642
Current portion of deferred revenue	3,366	3,642
Current portion of deferred contributions	–	6,791
Current portion of long-term debt	2,460	2,380
Total current liabilities	24,212	26,455
Non-current liabilities:		
Employee benefits	2,285	1,070
Deferred revenue	1,600	1,634
Deferred contributions	47,000	15,232
Long-term debt	5,168	7,633
Total non-current liabilities	56,053	25,569
Total liabilities	80,265	52,024
<b>EQUITY OF CANADA:</b>		
Contributed capital	36,213	36,213
Surplus	69,569	45,209
Total equity of Canada	105,782	81,422
Total liabilities and equity of Canada	\$ 186,047	\$ 133,446

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2014 with comparative figures for 2013 (expressed in \$000's)

	2014	2013
<b>REVENUE</b>		
	\$ 51,902	\$ 39,303
<b>EXPENSES</b>		
Amortization	1,727	1,130
Operating and administrative	7,767	8,514
Payments in lieu of municipal taxes	2,757	1,999
Professional and consulting fees	3,686	4,568
Repairs and maintenance	1,162	780
Salaries and benefits	8,672	7,793
Total expenses	25,771	24,784
<b>INCOME FROM OPERATIONS</b>	<b>26,131</b>	<b>14,519</b>
Interest income	260	534
Interest on long-term debt	(157)	(187)
<b>NET FINANCE INCOME (COSTS)</b>	<b>103</b>	<b>347</b>
Gain on sale of property and equipment	38	1,619
<b>NET INCOME</b>	<b>26,272</b>	<b>16,485</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Defined benefit plan actuarial (losses) gains	(1,912)	1,250
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>\$ 24,360</b>	<b>\$ 17,735</b>

\* To see our full audited financial statements please visit [rupertport.com/documents/2014-audited-financial-statements](http://rupertport.com/documents/2014-audited-financial-statements)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF CANADA

Year ended December 31, 2014 with comparative figures for 2013 (expressed in \$000's)

	Contributed capital	Surplus	Total
<b>BALANCE – DECEMBER 31, 2012</b>	\$ 36,213	27,474	63,687
Net income for the year	–	16,485	16,485
Other comprehensive income			
Defined benefit plan actuarial gain	–	1,250	1,250
Total other comprehensive gain	–	17,735	17,735
<b>BALANCE – DECEMBER 31, 2013</b>	36,213	45,209	81,422
Net income for the year	–	26,272	26,272
Other comprehensive loss			
Defined benefit plan actuarial losses	–	(1,912)	(1,912)
Total other comprehensive loss		24,360	24,360
<b>BALANCE – DECEMBER 31, 2014</b>	\$ 36,213	69,569	105,782

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2014 with comparative figures for 2013 (expressed in \$000's)

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income for the year	\$ 26,272	\$ 16,485
Adjustments for:		
Amortization of property, plant and equipment	1,727	1,130
Gain on disposal of property, plant and equipment	(38)	(1,619)
Net finance costs	(103)	(347)
	<b>27,858</b>	15,649
Change in working capital items		
Accounts receivable	381	(7,382)
Prepaid expenses	(3)	(109)
Defined benefit liabilities	(697)	(402)
Accounts payable and accrued liabilities	4,744	6,304
Deferred revenue	(310)	(308)
Total change working capital	4,115	(1,897)
Net cash from operating activities	<b>31,973</b>	13,752
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	239	491
Proceeds from sale of property, plant and equipment	46	1,687
Acquisition of property, plant and equipment	(64,371)	(52,908)
Sale of term deposits	2,055	5,020
Purchase of term deposits	(1,465)	(1,000)
Net cash used in investing activities	<b>(63,496)</b>	(46,710)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(2,385)	(2,297)
Contributions received from customers & government entities	24,977	41,666
Interest paid	(157)	(187)
Net cash used in financing activities	<b>22,435</b>	39,182
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(9,088)</b>	6,224
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	<b>28,004</b>	21,780
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>\$ 18,916</b>	<b>\$ 28,004</b>

## Prince Rupert Port Authority

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