



PORT 
OF THUNDER BAY
THE SUPERIOR WAY WEST

THUNDER BAY PORT AUTHORITY
2018 ANNUAL REPORT

Canada




GREEN MARINE
ALLIANCE VERTE

MESSAGE FROM THE CHAIR

By the end of the 2018 shipping season, port tonnage totalled 8.7 million metric tonnes compared to the 5-year average of 8.5 million. Grain shipments reached 7.4 million tonnes. Project and general cargo shipments handled at Keefer Terminal continued to grow, led by repeat structural steel shipments from Europe destined for Western Canada.

The most notable achievement of the year was the successful application to the National Trade Corridors Fund for a contribution of \$7.5 million towards our Terminal reconfiguration project. Thunder Bay was one of 39 projects funded out of a total of 350 applications and was the first port in Ontario to receive funding. This funding is in addition to \$1 million committed by the Northern Ontario Heritage Fund. The remainder of the \$15 million cost of the project will come from Port Authority Funds.

The project includes the creation of 8 new railcar loading spots, new cargo laydown area, and the construction of a new 50,000 sq. ft. heated warehouse building at the Terminal. The project was well underway by year end with the laydown area completed as well as site preparation work for the new building.

We are encouraged by the increased activity at the port and will continue our efforts to attract cargo and new business to Thunder Bay and reinforce our ties to Western Canada. We look forward to the completion of the reconfiguration project at Keefer Terminal to increase cargo handling efficiency and capacity.

We are pleased with the recent announcement of proposed legislation to modernize Canada's pilotage system for commercial ships. Regulatory reform is key to improving the competitiveness of the Seaway corridor and unlocking the potential of the world's largest inland waterway.

It is our firm belief that the Port of Thunder Bay and the Seaway route provide a sustainable, safe and efficient transportation gateway with the available capacity to handle much of the projected growth in Western Canadian exports. The port is a key driver of the economy of Northwestern Ontario and a major employer in our municipality.

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 for key issues and investing in port infrastructure.

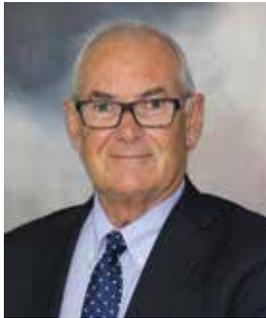
MANAGEMENT

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



Charla Robinson



Bonny Skene

FEDERAL DIRECTOR



Dianne Miller

PROVINCIAL DIRECTOR



John Aiken

MUNICIPAL DIRECTOR



Pritam Lamba
Concluded service in 2018



Patrick Bushby
Commenced service in 2018

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 15 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 cargoes 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 \$160,000 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.

TERMINAL RECONFIGURATION

TBPA is reconfiguring its Project Cargo Terminal to accommodate growing demand, improve cargo handling efficiency, and expand storage and staging options for shippers. Thunder Bay is a supply chain hub for dimensional cargo destined for Western Canada. The port regularly handles wind turbines, mining equipment, structural steel, and electrical infrastructure, among other diverse cargoes.

Greenlit in 2018, the Terminal Reconfiguration Project includes the construction of an additional 50,000 sq. ft. of heated storage space, expansion of granular laydown, upgrades to rail track, and reconfiguration of the heavy-lift dockside. Laydown expansion was completed in summer 2018. Building construction will commence 2019 with an expected completion date in 2020.

TBPA is proud to partner on this \$15 million dollar project with the National Trade Corridors Fund and the Northern Ontario Heritage Fund Corporation. The project complements previous investments in the terminal including a Liebherr Mobile Harbour Crane and adjacent intermodal yard and top-lifter.

Accessed by both CN and CP, Thunder Bay has superior rail clearance to other Western ports and is the furthest inland port in Canada.



The pre-load for a new 50,000 sq. ft. heated transit shed nears completion in November 2018. Construction on the building will commence in summer 2019



New laydown pads, constructed in 2018 as part of the terminal reconfiguration, were being used for cargo staging in September 2018

THE GREAT LAKES – ST. LAWRENCE SEAWAY SYSTEM

The Great Lakes – St. Lawrence Seaway, the largest waterway in the world, will celebrate its 60th anniversary in 2019. The construction of the series of canals and locks that enable navigation through this 3,700 km water highway remains one of the world's extraordinary feats of engineering. The beginnings of the Seaway date back hundreds of years to when the route was first utilized by canoe brigades in the North American fur trade.

The current iteration, completed in 1959, permits ocean and lake carriers to transport millions of tonnes of Canadian goods to market annually and serves as a critical import route. Thunder Bay remains the largest export port on the Seaway; Western Canadian grain, coal and potash find access to global customers by way of Highway H2O.

The Seaway has undergone a significant modernization in recent years, with billions of dollars invested in lock infrastructure and fleet renewal.

HANDS-FREE MOORING

In 2015, the Seaway was the first entity worldwide to install a hands-free mooring system to secure ships' passage through a set of locks. Since then, all 14 Canadian and two United States locks on the Seaway have been modernized with hands-free mooring systems. Less costly to operate, the technology also enables faster lock transit for ships, making the route more efficient and reducing fuel consumption and emissions. The system-wide integration of the technology has increased the number of vessels capable of transiting the Seaway tenfold, eliminating the requirement of vessels to have special securement fittings.

FLEET RENEWAL

Over the past decade Canadian shipping companies have demonstrated their commitment to delivering value on the Seaway, investing in state-of-the-art ocean and lake carriers. During this time, the lake fleet has taken delivery of 16 new, highly fuel-efficient vessels designed to maximize loading capacity and minimize transit time. Ocean carriers have received dozens of new vessels fitted specifically to Seaway dimensions.





Transport Canada recently conducted a formal review of the St. Lawrence Seaway. TBPA presented the following recommendations to enable the Seaway to reach its potential as an essential transportation gateway for Canadian exports and imports:

1. Overhaul pilotage on the Seaway
2. Grant the Seaway status as a Trade Gateway
3. Enhance and expand communications to generate awareness and understanding of the Seaway
4. Enhance the waiver system for cabotage

For more information on the Seaway Review go to <https://letstalktransportation.ca/seaway>.

PORT FACTS



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** Shipyard with Dry Dock

SERVICE OFFERINGS

- CN & CP Railways
- Trucking Companies
- Tug Operators
- Vessel Agents
- Stevedoring
- Grain Inspection
- Fabrication
- Ship Repair
- Diving Services
- ...and more

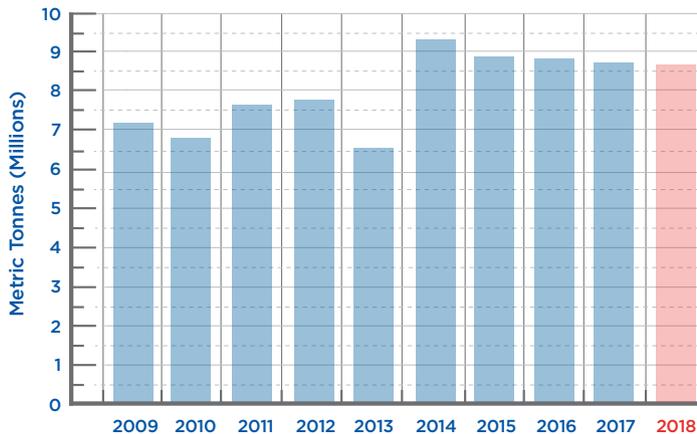
Largest Industrial Tax Base in Thunder Bay

2018 YEAR IN REVIEW

The port's overall cargo total for 2018 was 8.7 million metric tonnes, nearly matching the 2017 season tally. This marks the fifth consecutive season of above-average cargo volumes, thanks to strong grain shipments as well as solid potash, coal and project cargo shipments.

CARGO STATISTICS

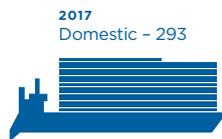
THUNDER BAY CARGO SHIPMENTS, 2009–2018



YEAR	METRIC TONNAGE
2009	7,285,899
2010	6,882,277
2011	7,608,692
2012	7,842,625
2013	6,530,204
2014	9,341,250
2015	8,909,499
2016	8,830,414
2017	8,817,884
2018	8,733,330



VESSEL VISITS



CARGO BREAKDOWN

CARGO	2017	2018
Grain	7,275,107	7,401,611
Coal	720,750	704,630
Potash	526,895	425,859
Other	295,132	201,230
Total:	8,817,884	8,733,330

CARGO VARIANCES (VS. 5-YEAR AVERAGE):

Grain ↑2% | Coal ↑18% | Potash ↑22% | Project/General Cargo ↑66%

SEASON TIMELINE

Opening of Navigation, Domestic:

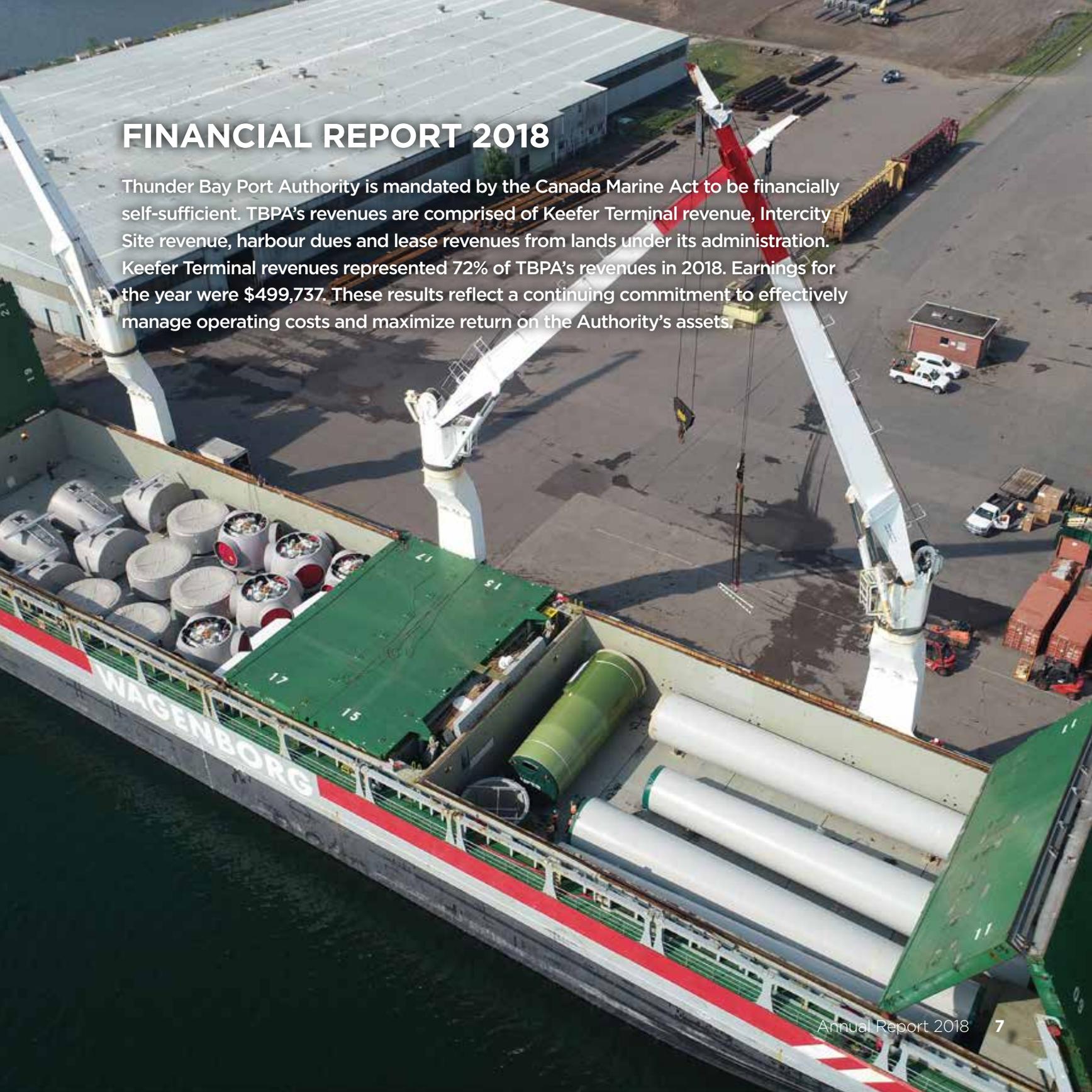
M.V. CSL Welland
March 27, 2018

Opening of Navigation, Foreign:

M.V. Federal Bering
April 22, 2018

Closing of Navigation:

M.V. Kaministiquia
January 13, 2019



FINANCIAL REPORT 2018

Thunder Bay Port Authority is mandated by the Canada Marine Act to be financially self-sufficient. TBPA's revenues are comprised of Keefe Terminal revenue, Intercity Site revenue, harbour dues and lease revenues from lands under its administration. Keefe Terminal revenues represented 72% of TBPA's revenues in 2018. Earnings for the year were \$499,737. 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 \$)	2018	2017
ASSETS		
Current		
Cash	\$ 485,633	\$ 632,889
Accounts receivable	656,581	451,066
Prepaid expenses	44,602	51,336
	<u>1,186,816</u>	<u>1,135,291</u>
Non-current		
Long term investments	18,338,406	19,098,715
Property, plant and equipment	24,310,607	23,156,718
	<u>\$ 43,835,829</u>	<u>\$ 43,390,724</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 767,693	\$ 710,832
Deferred rental income	9,861	4,051
	<u>777,554</u>	<u>714,883</u>
Equity		
Contributed surplus	27,711,964	27,711,964
Retained earnings	15,346,311	14,846,574
Accumulated other comprehensive income	-	117,303
	<u>43,058,275</u>	<u>42,675,841</u>
	<u>\$ 43,835,829</u>	<u>\$ 43,390,724</u>

STATEMENT OF COMPREHENSIVE INCOME

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

	2018	2017
Revenue		
Terminal	\$ 2,353,548	\$ 2,326,831
Harbour and Harbour Park	838,706	875,578
Intercity	74,604	118,966
	<u>3,266,858</u>	<u>3,321,375</u>
Expenses		
Terminal	828,904	735,811
Harbour and Harbour Park	105,238	118,284
Intercity	32,343	28,665
Administrative and Marketing	1,380,986	1,248,713
	<u>2,347,471</u>	<u>2,131,473</u>
Earnings from operations before the following	919,387	1,189,902
Gain on sale of equipment	-	487
Payments in lieu of municipal taxes	(282,156)	(226,818)
Gross revenue charge	(75,706)	(77,608)
Depreciation	(580,238)	(547,511)
	<u>(18,713)</u>	<u>338,452</u>
Earnings (loss) from operations	(18,713)	338,452
Investment income	518,450	558,544
Earnings for the year	499,737	896,996
Other comprehensive income		
Unrealized losses on available-for-sale financial assets arising during the year	-	(382,458)
Comprehensive income for the year	\$ 499,737	\$ 514,538

Warehouse

100m 

Breakbulk/General Cargo

Clear Span
Breakbulk/
General Cargo

 Buildings
 Cargo Laydown Area

1

2

3

4

KEEFER TERMINAL

Clear Span
Cargo Handling
Facility



Administration
Building

Island Drive

HARBOUR PARK

Main Street

Intermodal Yard

Rail Yard
(200 Car Capacity)