

VANCOUVER FRASER  
PORT AUTHORITY:

# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

# leading generational change



PORT METRO  
**vancouver**

# 2009 Annual Report

WELCOME

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20



PORT METRO  
**vancouver**



Port Metro Vancouver is Canada's largest and busiest port, a dynamic gateway for domestic and international trade and tourism, and a major economic force that strengthens the Canadian economy. We're also a port with a history of commitment to the environment, to our operating communities, and to innovation.

## Our report

We are taking a more sustainable approach to reporting this year by offering our annual report online only. This report covers the period January 1, 2009 through December 31, 2009. We invite you explore the report and let us know what you think.

# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

Reflecting back on 2009 for Port Metro Vancouver, we saw both challenges and successes. In a year of worldwide economic difficulties, which had a significant effect on global trade, our Port maintained its leadership position as Canada's gateway to the world's most dynamic economies.

We focused on our broader mandate to build for the future with sustainable growth initiatives, in cooperation with all levels of government, and with the commitment of our industry partners. Planned capital investments by Port Metro Vancouver and our tenants over the next several years will continue to strengthen our economy and serve the trade and industry requirements of our region and nation.

We also helped to connect the Games to the world in 2009 as we prepared for the 2010 Olympic and Paralympic Winter Games. As an Official Supplier, Port Metro Vancouver provided facilities and support to welcome the world for a successful Winter Games in 2010. Our critical role in the Games is a reminder of the even larger role the Port plays in the economy of British Columbia and Canada. Port Metro Vancouver is Canada's largest and North America's most diversified port, generating \$22 billion in economic output annually.

I extend my appreciation to my fellow board members for their time and business expertise to lead the Port through a challenging year. On behalf of the Board of Directors, I would like to acknowledge and thank Port Metro Vancouver's executive and staff for their hard work. I would also like to congratulate Robin Silvester, in his first year as the Port Authority's President and Chief Executive Officer. Mr. Silvester's knowledge and experience have proven valuable in a difficult year to continue leadership of a generational change in our industry.



Sarah Morgan-Silvester  
*Chair*



# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

At the end of a challenging year, I'm pleased to report that Port Metro Vancouver demonstrated continued resiliency. In spite of the economic constraints of 2009, we met significant milestones, including delivering on planned infrastructure investments, strengthening our community partnerships, and finalizing plans to successfully welcome the world for the 2010 Winter Games.

In the Metro Vancouver Gateway, we have experienced unprecedented public and private investment. Industry stakeholders and government partners have committed to spending nearly \$9 billion over the next several years to develop the Gateway. Together we will deliver the transportation infrastructure our commercial user's need, while securing jobs and providing economic value for communities.

I would like to thank the Board of Directors for their vision, guidance and support during my first year as CEO, and our many customers, tenants and stakeholders for the value they bring to our relationships. Especially, I would like to thank the staff at Port Metro Vancouver for their dedication, enthusiasm and commitment. Our people continue to be our number one asset, and I am privileged to work alongside them as we lead change in our Gateway.

By enabling sustainable growth, delivering a generational change in infrastructure development, and redefining our role, we can inspire the confidence to believe in and deliver the full potential of the Asia Pacific Gateway as one of Canada's most precious national assets.



Robin Silvester  
*President and Chief Executive Officer*



# 2009

## Annual Report

<b>Welcome</b>	<b>2</b>
<b>Message from Chair</b>	<b>3</b>
<b>Message from CEO</b>	<b>4</b>
<b>Leading change</b>	<b>7</b>
<b>Business results</b>	<b>12</b>
<b>Financial statements</b>	<b>18</b>
<b>Contact us</b>	<b>20</b>

The Vancouver Fraser Port Authority is a non-shareholder, financially self-sufficient corporation, established by the Government of Canada, pursuant to the *Canada Marine Act*, and accountable to the federal Minister of Transport, Infrastructure and Communities.

The Port Authority is responsible for the operation and development of the assets and jurisdiction of Port Metro Vancouver - more than 1,000 acres of land, 16,000 hectares of water, and assets along more than 600 kilometres of shoreline, bordering on 16 separate municipalities.

Governed by a diverse Board of Directors appointed by government and industry, the Port Authority is able to make independent and timely decisions on business plans and capital spending, clearly focused on the operational needs of customers and stakeholders, and guided by a vision for long-term sustainability and competitiveness.

### Learn more

- Corporate overview
- Governance model

### Board of Directors and Executive



**Back row (standing) left to right:** Tom Corsie, Vice President, Real Estate; Robert James (Bob) Carwell, Board Member; Helen Sparkes, Board Member; T. Richard Turner, Board Member; Christine Dioszeghy, Vice President, Human Resources; Robin Silvester, President & Chief Executive Officer; Pat Jacobsen, Board Member; Andrew Johnston, Board Member; Allan Baydala, Chief Financial Officer; Peter Kotta, Vice President, Planning & Development.

**Front row (seated) left to right:** Tom Longworth, Board Member; Craig Neeser, Board Member; Sarah Morgan-Silvester, Chair; Chris Badger, Chief Operating Officer; John Willcox, Vice Chair; Anne Bancroft-Jones, Board Member; R.V. (Bob) Wilds, Board Member.

**Also served in 2009:** Doug Butterworth, Board Member; Gordon Houston, President & CEO; Graham Kee, Vice President, Operations and Security; Trevor Klassen, Board Member; Jack Matthews, Board Member; Lori Lindahl, Vice President, Human Resources; Tom Winkler, Chief Strategic Development Officer.

# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

SUBSIDIARIES

## Subsidiaries

**Canada Place Corporation**, financially self-sufficient Crown agent responsible for the stewardship of Canada Place in Vancouver.

**Port Vancouver Ventures Ltd.**, incorporated to provide a vehicle to invest in business ventures necessary to support port operations.

**North Fraser Terminals Inc., Port Vancouver Enterprises Ltd., and Port Vancouver Holdings Ltd.**, property holding companies.

## Learn more

- Subsidiaries

# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

LEADING CHANGE

change



PORt METRO  
vancouver



*By enabling sustainable growth, delivering a generational change in infrastructure development, and redefining our role, we can inspire the confidence to believe in and deliver the full potential of the Asia Pacific Gateway as one of Canada's most precious national assets.*

In 2009, Port Metro Vancouver became the first port in Canada to install shore power for cruise ships – and only the third in the world to do so – part of a \$9-million cooperative initiative with government and industry. Shore power is an example of our promise of marine industry leadership in all aspects of port operations, as we work to support industry, communities and the environment for our mutual prosperity.

# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20



PORT METRO  
vancouver

We are working to identify and contribute to strategic infrastructure investments and transportation planning initiatives for the benefit of all Canadians.

Infrastructure announcements made in 2009, including public and private investments, comprising of terminal development, road and rail grade separations, route extensions, and other landside enhancements will smooth regional traffic flow, improve access to port facilities, and boost Gateway competitiveness.

We received matching funds of nearly \$21 million for 14 infrastructure projects under the Government of Canada's Infrastructure Stimulus Fund, ranging from the installation of waterlines to service the Richmond Logistics Hub, upgrades on the seismic capacity of three buildings at the Lynnterm Terminal, upgrades to water and storm sewer systems on the South Shore, to the creation of an integrated centre to manage port operations.

Additional investments by the Port, government and industry partners, including the \$307 million Roberts Bank Rail Corridor Initiative, \$262 million North Shore Trade Area, and \$127 million South Shore Trade Area, will enhance rail, port and trucking operations, mitigate impacts from port-related activities on neighbouring communities, and ease traffic and cargo flow in Metro Vancouver.

# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

*We are working with our terminal operators, transportation service providers and government agencies to ensure commercial competitiveness, service consistency, reliability and choice for our customers.*

Service commitments with supply chain partners embodying reciprocal accountability for performance improvement, and the labour-management relations environment, were both a key focus for 2009, which can impact the Port's reputation for reliability and the Gateway's ability to leverage the full value of infrastructure investments.

We extended efforts to improve service for port customers to preparations for the Vancouver 2010 Olympic and Paralympic Winter Games, where the Port's operational and security expertise and resources played an important role. We engaged customers to identify and address concerns, and ensure port operations continued secure and substantially uninterrupted during the Games.

To support economic development throughout the region and contribute to the success of the Asia-Pacific Gateway, we engaged customers and stakeholders to define the North Shore, South Shore, and Roberts Bank Trade Areas.

We developed and planned for appropriate capacity expansion to meet the needs of the nation today and future generations tomorrow. The Deltaport Third Berth for example, opened in January 2010, along with its three new quad cranes, will increase cargo handling capacity at Deltaport by around 40 percent. The expansion represents the type of leading technology that will allow the terminal to continue to operate efficiently and provide service to some of the world's largest ships.

# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20



*We are strengthening partnerships and encouraging innovation to improve the Port's performance in a sustainable way.*

The Port began construction on the East Causeway Habitat Compensation Project, part of a \$25 million comprehensive environmental program for the Deltaport Third Berth project at Roberts Bank to protect local marine and other wildlife.

We implemented a local channel contribution program, the first of its kind in Canada, and part of the Port's \$7 million commitment to provide funds to local communities whose waterways fall outside of the main domestic and international shipping channels.

We also dedicated one per cent of net income to benefit initiatives like the Pacific Salmon Foundation's conservation efforts, part of the Port's five-year commitment worth \$250,000.



PORT METRO  
vancouver

# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

Port Metro Vancouver continued to engage the community in discussions about port issues, operations and development.

We facilitated dialogue with community liaison groups throughout the Port's jurisdiction, including liaison committees in Vancouver, Delta and on the North Shore.

We signed protocol and other agreements formalizing relationships with the Tsawwassen and Tsleil-Waututh Nations.

We continued our education outreach efforts and support of local grass-roots initiatives like the Carnegie Centre's Heart of the City Festival, benefiting Vancouver's Downtown Eastside.



PORT METRO  
vancouver

# 2009

## Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

### BUSINESS RESULTS

Ports around the world faced enormous challenges in 2009 and Port Metro Vancouver was no exception. During a period of worldwide economic difficulty, overall tonnage reached nearly 102 million metric tonnes, down 11% from 2008. The Port's high degree of diversification and solid overseas demand for high quality Canadian commodities reinforced Port Metro Vancouver's value as Canada's most important gateway to international trade.

#### Learn more

- See more Port Metro Vancouver facts & stats
- Download the full 2009 statistics overview report

#### 2009 Total Tonnage

('000 metric tonnes)	2009	2008	2007	2006	2005
Total Port	101,889	114,561	127,844	128,904	131,708

#### 2009 Trading Economies

(Inbound and Outbound)

Total ('000 metric tonnes)	2009	2008
1 China	21,624	15,540
2 Japan	14,919	18,568
3 South Korea	9,831	8,800
4 United States	7,322	6,855
5 India	2,082	1,899
6 Taiwan	1,945	2,757
7 Mexico	1,753	2,096
8 Brazil	1,236	3,140
9 Thailand	1,109	1,130
10 Germany	1,041	1,733

#### 2009 Total Containerized Tonnage

(Inbound and Outbound)

Total ('000 metric tonnes)	2009	2008
1 China	9,218	9,424
2 Japan	2,481	2,897
3 South Korea	1,395	1,548
4 Taiwan	995	1,264
5 Hong Kong	888	1,064
6 Thailand	592	592
7 India	570	446
8 Indonesia	474	525
9 Malaysia	336	362
10 Philippines	291	286

# 2009

## Annual

# Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

### Automobiles

Port Metro Vancouver handles 100% of Asian overseas imports to Canada. Vehicles shipped through the Port decreased by 15% in 2009 to 387,230 units, reflective of a declining trend in the North American market for automobiles.

Automobiles ('000 units)	2009	2008	2007	2006	2005
Total	387	456	457	424	453



# 2009

## Annual

# Report

Welcome 2

Message from Chair 3

Message from CEO 4

Leading change 7

Business results 12

Financial statements 18

Contact us 20

### Breakbulk

Breakbulk, sometimes referred to as general cargo, made up 14% of the Port's total tonnage in 2009, down 28% from 2008. The reduction was attributable to a variety of factors connected to the economic downturn, lead by challenges in the forestry market for products such as logs, lumber, paper and woodchips. The general trend toward shipping cargo in containers continues to affect breakbulk volumes.

Breakbulk ('000 metric tonnes)	2009	2008	2007	2006	2005
Total	14,550	20,561	27,389	38,305	40,911



# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

## Bulk

In 2009, bulk cargo represented 66% of total port tonnage, the largest of the Port's sectors. Results were mixed, depending on commodity, but overall volumes declined 8% over 2008. Coal exports finished the year down 6%, at 24.3 million metric tonnes, accounting for nearly one quarter of total port tonnage. Grain, specialty crops and feed volumes increased 33% and set a throughput record for grains at 18.1 million tonnes. Demand also remained strong for crude petroleum, which recorded a 77% surge over 2008, as oil sand activity continued to direct outbound crude shipments through the Port to northern U.S. refineries. Potash and sulphur volumes declined, 65% and 14% respectively, due to a variety of factors including a stalemate in pricing and low global demand.

Bulk ('000 metric tonnes)	2009	2008	2007	2006	2005
Total	67,672	73,332	78,947	71,674	72,891

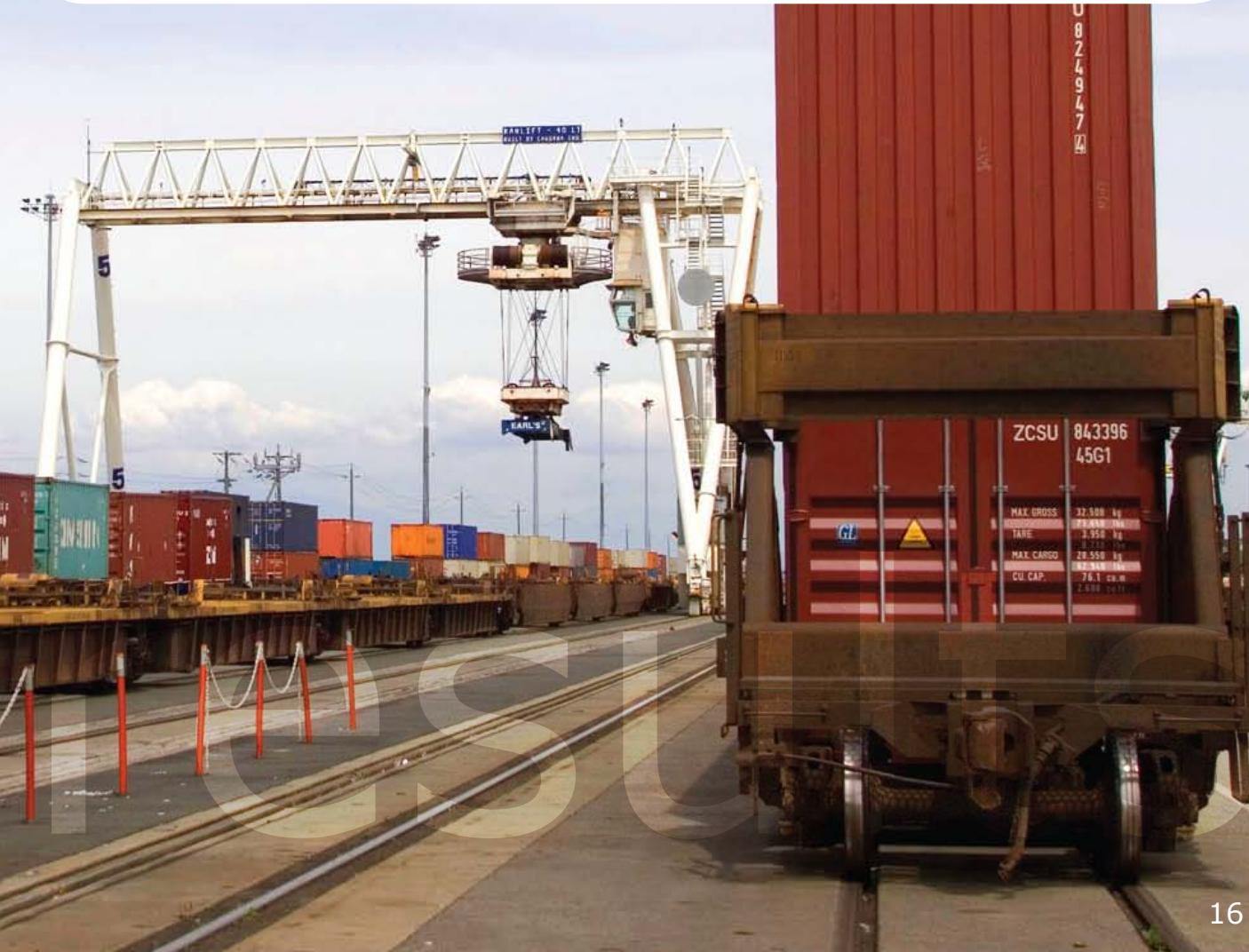
# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

## Container

Overall container volume for Port Metro Vancouver decreased nearly 14%, for 2.2 million TEUs (twenty-foot-equivalent unit) on the year. The downturn in the economy and erosion of consumer confidence in 2009 led to an almost 19% decline in laden container imports, while stable demand for containerized exports of forest products and specialty crops helped laden outbound units advance by 1%. Overall the Port's laden container business finished the year down 10%, which represented a marked improvement by comparison with the 17% decline reported at mid-year.

Containers '000 TEU	2009	2008	2007	2006	2005
Total	2,152	2,492	2,496	2,302	2,140



# 2009

## Annual

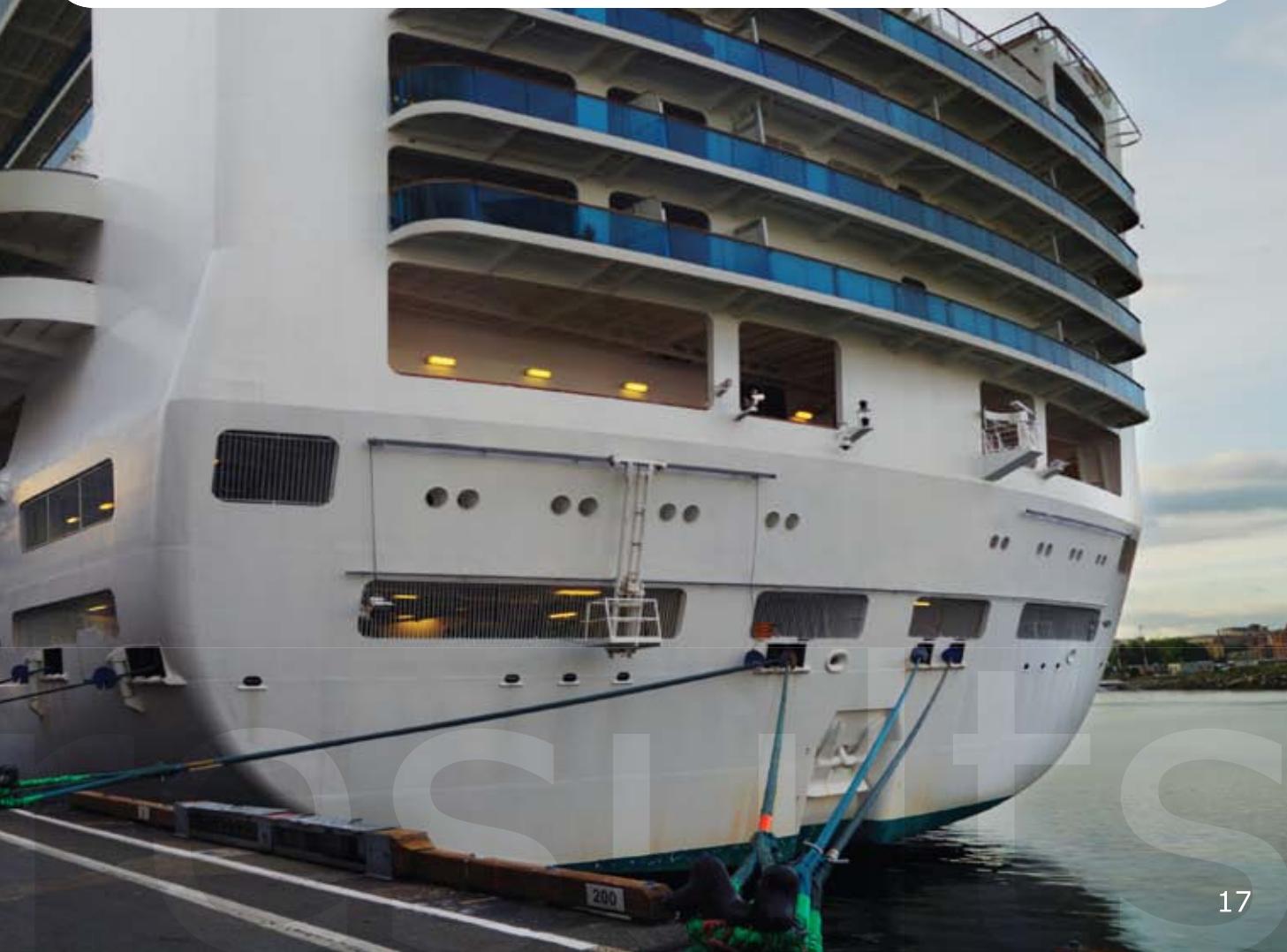
## Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

### Cruise

Vancouver welcomed 37 cruise ships in 2009, making a total of 257 calls at the Port's Canada Place and Ballantyne cruise terminals. Cruise passenger volumes increased 5% in 2009 to 898,473 revenue passengers, contrary to the downturn experienced in other areas of the tourism industry. The cruise industry creates significant employment and economic benefit within the region, with each cruise ship that docks in Vancouver contributes approximately \$2 million to the local economy.

Cruise Revenue Passengers	2009	2008	2007	2006	2005
Total	898,473	854,493	960,554	837,823	910,172



# 2009 Annual Report

<b>Welcome</b>	<b>2</b>
<b>Message from Chair</b>	<b>3</b>
<b>Message from CEO</b>	<b>4</b>
<b>Leading change</b>	<b>7</b>
<b>Business results</b>	<b>12</b>
<b>Financial statements</b>	<b>18</b>
<b>Contact us</b>	<b>20</b>

## FINANCIAL STATEMENTS

Port Metro Vancouver is committed to self-sufficiency and the reinvestment of profits to continuously improve facilities, infrastructure and services for users, to benefit communities, and to enhance our environmental programs. Financial results are affected by the success of our trading partners and the growth of trade across the country. We plan and invest to support sustainable growth for future generations while we meet our financial targets today.

Contact us for the full audited consolidated financial statements of the Vancouver Fraser Port Authority.

### CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of dollars)

#### BALANCE SHEET

Year Ended December 31	2009	2008
<b>Assets:</b>		
Current assets	33,891	34,117
Investments in securities	2,692	4,415
Long-term receivables	2,956	3,449
Accrued benefit asset	4,753	3,446
Deferred charges	1,616	1,757
Future income taxes	228	-
Property, structures and equipment	972,824	840,230
	<b>1,018,960</b>	<b>887,414</b>
<b>Liabilities:</b>		
Current liabilities	171,056	82,379
Other employee benefits	1,758	1,800
Accrued benefit liability	2,139	1,759
Deferred revenue	11,172	9,514
Other deferred amounts	3,073	1,169
Long-term obligations	20,655	21,151
	209,853	117,772
<b>Equity of Canada:</b>		
Contributed capital	150,259	150,259
Retained earnings	658,848	619,383
	809,107	769,642
	<b>1,018,960</b>	<b>887,414</b>

# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

## FINANCIAL STATEMENTS

### CONSOLIDATED FINANCIAL STATEMENTS (Expressed in thousands of dollars)

#### STATEMENT OF OPERATIONS

Year Ended December 31	2009	2008
Operating Revenue	146,959	139,877
Expenses:		
Amortization	28,060	28,199
Wages, salaries and benefits	28,942	27,928
Other operating and administrative expenses	15,436	15,326
Payments in lieu of taxes	4,940	5,149
Professional fees and consulting services	8,344	6,296
Dredging	9,645	6,472
Maintenance and repairs	1,980	2,882
	97,347	92,252
Income from operations	49,612	47,625
Other expenses (income):		
Federal stipend	4,910	4,822
Interest expense	1,899	2,022
Written down of fixed assets	4,375	1,390
Gain on disposal of structures and equipment	(429)	28
Investment income	(431)	(1,005)
Income tax expense (recovery)	(177)	-
	10,147	7,257
<b>Net Income</b>	<b>39,465</b>	<b>40,368</b>

#### STATEMENT OF CASH FLOWS

Year Ended December 31	2009	2008
Operating activities:		
Net income	39,465	40,368
Items not involving cash:		
Amortization	28,060	28,199
Write down of fixed assets due to impairment	4,375	1,390
Write down of works under construction	2,080	-
Loss on disposal of structures and equipment	36	28
Other	1,017	(774)
	75,033	69,211
Changes in non-cash operating working capital	(15,934)	9,422
	59,099	78,633
Financing activities:		
Net change in investments in short-term securities	1,106	4,062
Net change in short-term borrowing	97,757	16,762
Purchases of investments in long-term securities	-	(600)
Proceeds from investments in long-term securities	1,723	1,816
Principal payments on long-term obligations	(468)	(12,701)
Proceeds from long-term obligations	-	2,500
Long-term receivables	165	184
Principal repayment on lease financing assets	217	159
	100,500	12,182
Investing activities:		
Purchase of property, structures and equipment	(167,176)	(102,147)
Additions to lease financing assets	(164)	(192)
Return of funds held in escrow	-	700
Proceeds on disposal of equipment	330	171
Long term liability related to equipment purchase	1,962	-
	(165,048)	(101,468)
Decrease in cash	(5,449)	(10,653)
Cash, beginning of year	15,318	25,971
Cash, end of year	9,869	15,318

VANCOUVER FRAZER  
PORT AUTHORITY:

# 2009 Annual Report

Welcome	2
Message from Chair	3
Message from CEO	4
Leading change	7
Business results	12
Financial statements	18
Contact us	20

CONTACT US

100 The Pointe, 999 Canada Place  
Vancouver, BC Canada V6C 3T4

Telephone: 604-665-9000  
Fax toll-free in North America:  
1-866-284-4271

[info@portmetrovancouver.com](mailto:info@portmetrovancouver.com)  
[portmetrovancouver.com](http://portmetrovancouver.com)



PORT METRO  
vancouver