PORT METRO
vancouver

WE ARE COMMITTED TO LEADING THE CONTINUED GROWTH OF CANADA'S PACIFIC GATEWAY

We plan and invest to support sustainable growth for future generations while ensuring that our financial targets are met today. The Port is Canada's largest and North America's most diversified, trading $184 billion in goods with more than 160 trading economies annually. As a port authority, we are committed to leading the continued growth of Canada's Pacific Gateway. Our stable financial position and forward-looking business strategy allow us to seize opportunities as they arise and reinvest in port facilities, infrastructure and services for our customers and communities.

CRAIG NEESER, CHAIR, BOARD OF DIRECTORS

"Our cargo diversity, stable revenue and cost consciousness will enable Port Metro Vancouver to maintain and invest in the infrastructure required to continue to facilitate growth."

Canada is a trading nation rich in resources, products and goods that are needed by more than 160 economies around the world. Global trade supports the quality of life of Canadians by providing goods from other markets, enabling job creation and supporting national, regional and local businesses. Port Metro Vancouver is Canada's largest port and North America's most diversified and largest export port. As established by the Canada Marine Act, Port Metro Vancouver exists to provide Canada with the marine infrastructure it needs to support national, regional and local objectives that will promote and safeguard Canada's competitiveness and trade objectives.

We expect the global economy to strengthen over the next several years. The economic stability of our major trading partners is expected to be sound as regions in Asia benefit from expanding global trade. In 2013, Port Metro Vancouver achieved another record cargo year and we anticipate that trade through the Gateway will continue to increase as demand for Canadian resources remains strong.

I am pleased to present Port Metro Vancouver's Financial Report for 2013 which combines our Management Discussion and Analysis (MD&A) and our audited financial results. This report, along with our re-affirmed Standard and Poor's AA credit rating, demonstrates the continuing stability of our financial performance. Our cargo diversity, stable revenue and cost conscious processes will enable Port Metro Vancouver to maintain and invest in the infrastructure required to continue to facilitate growth.

I would like to thank our Board of Directors for their leadership and valuable insights. I would also like to extend my thanks to the Executive Leadership Team, led by Robin Silvester, and the dedicated staff at Port Metro Vancouver. Collectively they ensure that organization is able to successfully meet the daily challenges of operating a Port while planning for the future of Canada's Pacific Gateway.

Craig Neeser Chair, Board of Directors

Port Metro Vancouver intends to lead the growth of the Vancouver Gateway for generations to come by investing in our shared future through prudent financial management and long term planning. Investing in growth and remaining competitive to meet the demands of trade requires infrastructure development which can present significant challenges for the Port, local governments, and residents. The Port continues to engage in constructive conversation with First Nations, communities and stakeholders to ensure we are responding to feedback and protecting the environment while fostering trade for the well being of all Canadians.

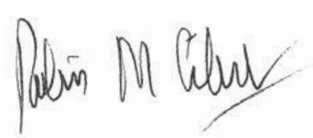
I am pleased to report that the 2013 financial results show Port Metro Vancouver continues to have the financial capability and strength required to ensure Vancouver's port can support the growing trade seen in our region.

Port Metro Vancouver's 2013 cargo volumes reached 135 million tonnes, resulting in another record year and a 9% increase over 2012. The container and bulk sectors led the growth increase with our import and export numbers remaining balanced. This translated into growth in our consolidated revenues from $189 million in 2012 to $211 million in 2013.

I am pleased to report on a number of highlights for Port Metro Vancouver in 2013:

- 18% increase in earnings before interest, taxes, depreciation and amortization
- Purchase of the former Fraser Wharves auto terminal for $56 million
- Completion of South Shore Elevated Road Structure on time and on budget. This structure was part of the Gateway Infrastructure Program
- Re-affirmation of our AA credit rating by Standard & Poor's

I would like to extend my sincere thanks to our customers and stakeholders for their continued investments, demonstrated commitment, and collaboration with Port Metro Vancouver and other partners in the Vancouver Gateway. I also want to thank Port Metro Vancouver's Board, Executive Leadership Team and staff for all their hard work and commitment to our organization. I look forward to continuing to work with them as we build upon our successes, strengthen our competitiveness, and lead the ongoing growth of Canada's Pacific Gateway.



Robin Silvester President and Chief Executive Officer

ROBIN SILVESTER, PRESIDENT AND CHIEF EXECUTIVE OFFICER

"Port Metro Vancouver's cargo volumes in 2013 reached 135 million tonnes, resulting in another record year and a 9% increase over 2012."

OUR APPROACH TO REPORTING

The Vancouver Fraser Port Authority (VFPA) conducts business as Port Metro Vancouver. The “Port” is used to refer to the greater port area. The Port is responsible for managing federal real property and related port activities in the Burrard Inlet, the lower Fraser River, and at Roberts Bank, all located in the Metro Vancouver area of British Columbia.

The analysis throughout this report uses Canadian dollars and was prepared in accordance with International Financial Reporting Standards. The Management Discussion and Analysis (MD&A) was performed on a consolidated basis and thus financial information presented is for both Port Metro Vancouver and its subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The MD&A contains certain statements about Port Metro Vancouver’s future expectations. These statements are generally identified by terms such as “anticipate”, “believe”, “expect”, “estimate”, “intend” and so forth. Forward-looking statements are based on information available at the time and/or management’s good faith belief with respect to future events. Because forward-looking statements involve future risks and uncertainties, actual results may be quite different from those expressed or implied in these statements. These risks and uncertainties include, but are not limited to, those described under the “Risks” section of this report. Port Metro Vancouver disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or other reasons.

2013 FINANCIAL HIGHLIGHTS

12% increase in Total Consolidated Revenues

$211 million up from $189 million in 2012

18% increase in EBITDA

$126 million up from $107 million in 2012 Consolidated EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

27% increase in overall Consolidated Net Income

from $75 million in 2012 to $94 million in 2013 (excluding one-time gain on the sale of assets of $21 million in 2012)

$56 million purchase

of the Fraser Wharves property was completed

South Shore Elevated Road Structure

part of the South Shore Corridor Project, opened for vehicle use in December 2013, completed on time and on budget

$151 million in capital expenditures

up from $67 million in 2012, which includes spending on major capital projects to meet future demands for increased container, bulk and breakbulk capacity and improve existing infrastructure, including the Deltaport Terminal, Road and Rail Improvement Project, Roberts Bank Terminal 2 as well as the South and North Shore Trade area projects

2013 OPERATIONAL HIGHLIGHTS

135 million tonnes of cargo handled
A new record year for volumes and an overall increase of 9% over 2012

2.83 million TEUs* moved
A record year for container volumes and a 4% increase over 2012

9% increase in both inbound and outbound tonnage

500+ events
Port Metro Vancouver staff led, attended and participated in more than 500 community engagement events

Bulk sector record volumes of 92.7 million tonnes
An 11% increase over 2012, buoyed by increases in coal (17%), wheat (26%) and specialty crops (58%)

$1.2 million in harbour dues discounts
Provided to vessels participating in Port Metro Vancouver's EcoAction program to reduce emissions

*Twenty-foot Equivalent Units

WHO WE ARE AND WHAT WE DO

Port Metro Vancouver manages land that borders on 16 municipalities and intersects with one treaty First Nation. Port Metro Vancouver also builds and manages infrastructure to meet changing demands in marine trade.

19%

of Canada's total trade (by value) is handled through Port Metro Vancouver, providing $9.7 billion in direct gross domestic product (GDP) to Canada

98,800

direct and indirect jobs generated in Canada

Over $700 million

being spent by Port Metro Vancouver on infrastructure improvements in the next five years. Collectively with other Gateway partner investments, 50 percent more is being invested in the Pacific Gateway than in the Panama Canal

PORT METRO VANCOUVER INFRASTRUCTURE PROJECTS

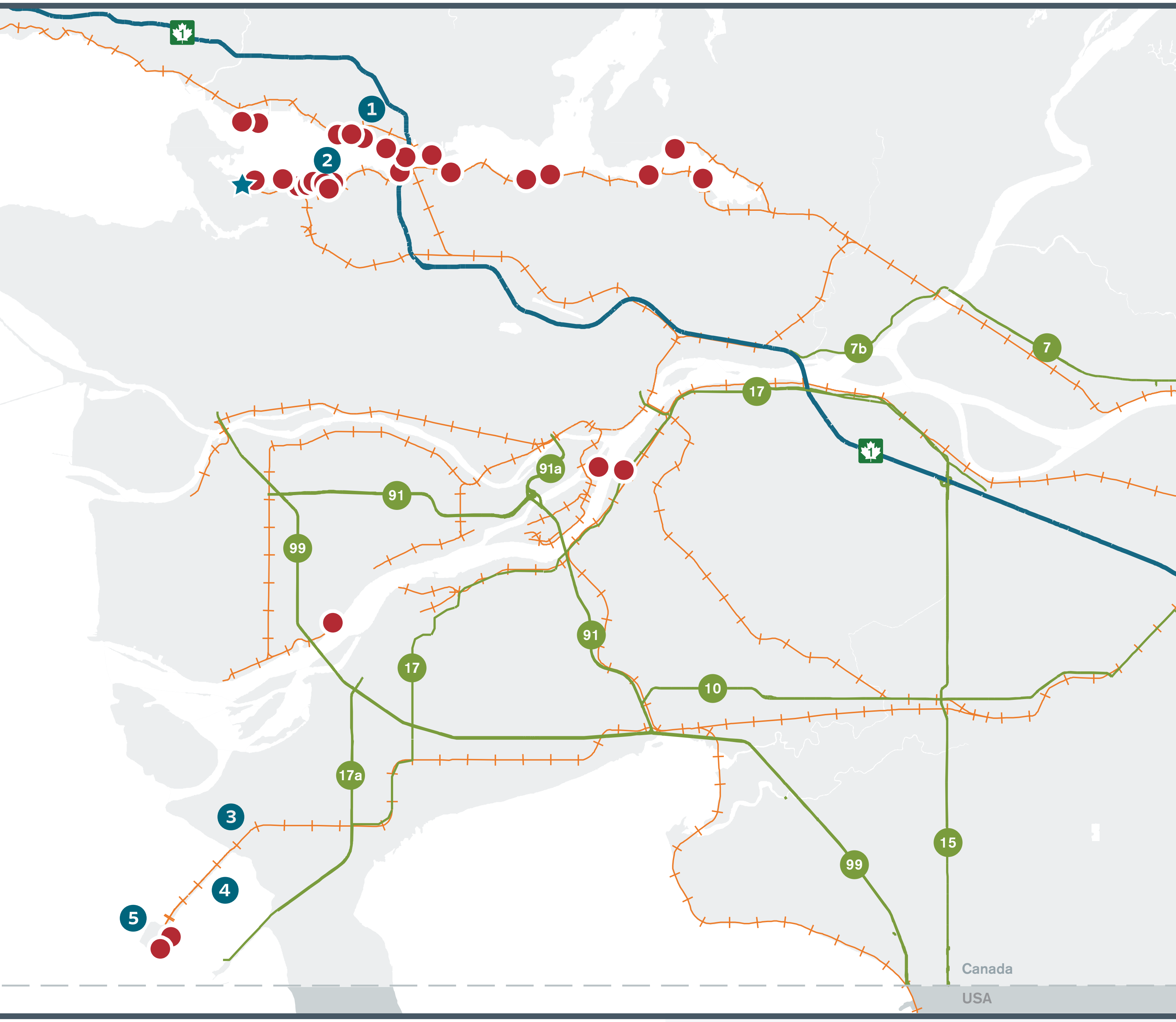
1. **NORTH SHORE TRADE AREA**
Infrastructure improvements covering port terminals and industrial activities along the north shore of Burrard Inlet, a critical export Gateway to the Asia-Pacific region.

2. **SOUTH SHORE TRADE AREA**
Capital investment to enhance access and traffic flows to one of the major import/export Gateways in the lower Fraser Valley, covering port activities along the south shore of Burrard Inlet.

3. **ROBERTS BANK RAIL CORRIDOR**
A comprehensive package of infrastructure investments to improve safety and efficiency of both the rail and road network in the communities surrounding Port Metro Vancouver's terminals at Roberts Bank in Delta.

4. **DELTAPORT TERMINAL, ROAD AND RAIL IMPROVEMENT PROJECT**
A series of rail, road and terminal improvements to the existing Deltaport Terminal at Roberts Bank in Delta, B.C. to increase container handling capacity and efficiency.

5. **ROBERTS BANK TERMINAL 2**
A proposed new three-berth terminal in Delta, B.C. that would provide 2.4 million TEUs of container capacity.



- Port Metro Vancouver's head office
- Marine terminals
- Rail network
- Major roads
- Trans Canada highway

ABOUT PORT METRO VANCOUVER

THE PORT

Port Metro Vancouver administers the largest and busiest port in Canada and the most diversified in North America. Port Metro Vancouver handles 19% of Canada's total trade in goods. The Port's terminals handled 135 million tonnes of cargo in 2013, supporting trade with more than 160 economies. The Port includes 28 terminals servicing deep-sea vessels: 19 bulk, 3 container, 1 breakbulk, 2 cruise, 2 auto carrier and 1 multi-purpose (container, bulk and breakbulk). Most of these terminals are privately owned and operated on land and/or water lots leased from Port Metro Vancouver. In addition, the Port has a number of smaller facilities capable of handling domestic and regional cargo.

Port Metro Vancouver provides services and facilities to a broad range of companies and organizations. Major customer groups include marine carriers, major shippers, terminal operators, and tenants.

Port Metro Vancouver competes with other major ports on the West Coast, each of which caters to similar sectors and markets to varying degrees. East coast ports, including Montreal and Halifax, also compete with the Port, but to a lesser extent. To the north, the Port of Prince Rupert competes with the Port primarily in the coal, grain and container sectors, though for bulk products the hinterland catchment areas of each port are somewhat different. Port Metro Vancouver has a number of significant factors that reinforce its competitive position. These factors include significant land and water assets, well-established facilities and a full range of marine services, including shipyards, chandlers, freight forwarders and shipping agents. The Port benefits from its deep harbours, supporting infrastructure and strategic location close to markets in Asia and Japan. It is also the closest homeport serving the Alaska cruise market.

The Port provides $9.7 billion in direct GDP. Economic activity supported by the Port generates more than 57,000 direct and indirect jobs in the Lower Mainland and an estimated 100,000 jobs across Canada.

ABOUT

Port Metro Vancouver is a non-shareholder, financially self-sufficient corporation. It was established by the Government of Canada in January 2008, pursuant to the *Canada Marine Act* (CMA). Port Metro Vancouver is accountable to the federal Minister of Transport (the Minister).

PURPOSE

The CMA legislation is "an Act for making the system of Canadian ports competitive, efficient and commercially oriented". CMA objectives include ensuring Canada has the marine infrastructure that it needs to support the achievement of national, regional and local social and economic objectives and will promote and safeguard Canada's competitiveness and trade objectives. It promotes the success and competitiveness of its ports for the growth and prosperity of the Canadian economy.

It is Port Metro Vancouver's statutory mandate to ensure these objectives are accomplished within its jurisdiction.

Port Metro Vancouver is able to make independent and timely commercial-oriented decisions on business plans and capital spending, clearly focused on the operational needs of port users, and is guided by a vision for long-term efficient growth and competitiveness.

GOVERNANCE AND CORPORATE STRUCTURE

Port Metro Vancouver is governed by an eleven-member Board of Directors, recommended and appointed using a robust process involving five appointing bodies as follows:

- One federal, one B.C. provincial, one municipal and one prairie province appointee
- Seven federal appointees recommended by a Nominating Committee and appointed by the Minister

The Nominating Committee consists of representatives of Port Users as defined in Port Metro Vancouver's Letters Patent. Their recommendations are provided to the Minister.

As outlined in the CMA, Directors who are appointed by the Governor-In-Council, with the Minister consulting the Nominating Committee, shall have generally acknowledged and accepted stature within the transportation industry or the business community, and relevant knowledge and extensive experience related to the management of a business, to the operation of a port, or to maritime trade.

To assist with its work, the Board has established several standing committees that Management reports to on a regular basis.

Approximately 310 employees with a broad and diverse set of skills work at Port Metro Vancouver. Employees are organized into six divisions, as shown in the chart below:

MANAGEMENT STRUCTURE

PRESIDENT AND CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER	VICE PRESIDENT	VICE PRESIDENT	VICE PRESIDENT	VICE PRESIDENT	VICE PRESIDENT
	Corporate Social Responsibility	Human Resources	Infrastructure Delivery	Planning & Operations	Real Estate

SUBSIDIARIES

In addition, Port Metro Vancouver has six subsidiaries that were formed for different purposes as outlined in the table below.

SUBSIDIARY	OVERVIEW
Canada Place Corporation (CPC)	Owner and landlord of Canada Place in Vancouver.
Marine Safety Holdings Ltd. (MSHL)	Incorporated to participate in and facilitate the study of safety and best practices in the marine transportation of oil and Liquefied Natural Gas (LNG) commodities.
Port Metro Vancouver Ventures Inc. (PMVV)	Incorporated to provide a vehicle to invest in business ventures necessary to support Port Metro Vancouver's operations.
Port Metro Vancouver Enterprises Inc. (PMVE)	These are property holding companies that undertake strategic real property acquisitions.
Port Metro Vancouver Holdings Inc. (PMVH)	
North Fraser Terminals Inc. (NFTI)	

Port Metro Vancouver's board, management and employees are guided by a Mission, a Vision and a set of Values.

Canada Place Corporation integrated with Port Metro Vancouver in December 2012. As a result of the integration, Port Metro Vancouver developed new mission and vision statements in 2013 to capture the spirit of both organizations.

OUR MISSION

To lead the growth of Canada's Pacific Gateway in a manner that enhances the well-being of Canadians and inspires national pride.

OUR VISION

To be recognized as a world-class Gateway by efficiently and sustainably connecting Canada with the global economy, inspiring support from our customers and from communities locally and across the nation.

VALUES

Collaboration and Teamwork

We work together to achieve our greatest potential. We communicate openly and treat each other with trust and respect.

Customer Responsiveness

We strive to understand our customers' needs and to proactively provide them with distinctive value.

Innovation

We seek new ideas and creative solutions.

Leadership and Accountability

We lead by example, act with integrity, and are accountable for our actions.

Our People

We are committed to continuous learning, diversity and balance.

Sustainability

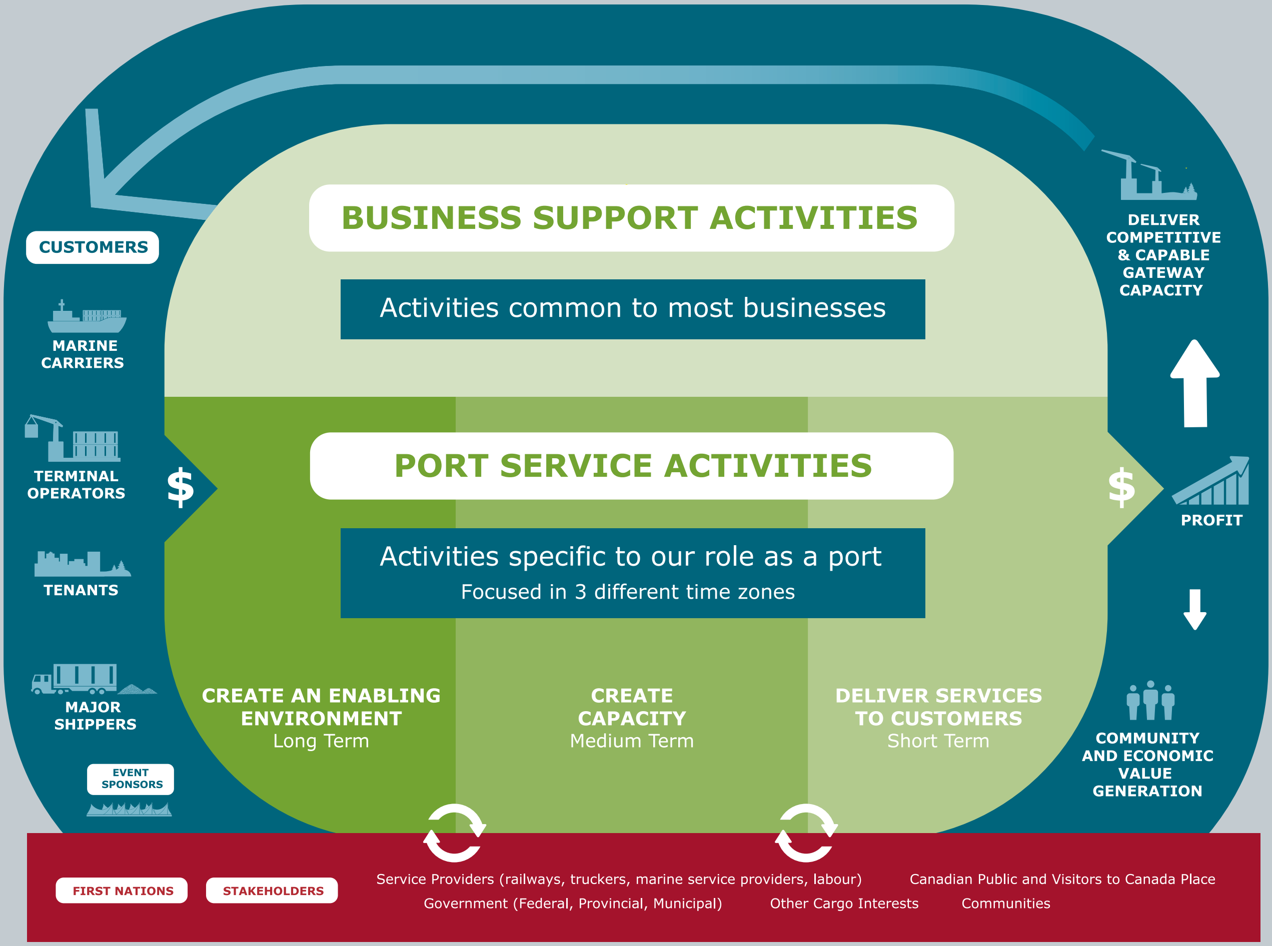
We think long term, considering social, environmental and financial matters.

DELIVERING VALUE TO THE GATEWAY

In 2013, Port Metro Vancouver also updated its Value Map. The Value Map is a visual representation of the organization as a system of value adding activities and valued outputs that are meant to guide the growth and development of the organization. It illustrates how Port Metro Vancouver serves its customers through Business Support and Gateway Service activities that deliver the outputs of the organization. Profit generated is reinvested into the Gateway and the community to ensure the long term sustainability of the Gateway.

The Port's stakeholders are involved in, and affected by, the overall system.

More detailed information on Port Metro Vancouver and port operations can be found at portmetrovancouver.com as well as in Port Metro Vancouver's 2013 Sustainability Report at portmetrovancouver.com/accountability



CAPABILITY TO DELIVER RESULTS

Port Metro Vancouver operates in a dynamic environment with a wide variety of stakeholders. The Port has a strategic business planning process to help identify where management and the Board of Directors believe the organization should be focusing its attention and resources going forward.

Port Metro Vancouver's Mission, Vision and Values help to guide the organization's annual strategic planning process. At the beginning of each strategic planning process, Port Metro Vancouver considers and reaffirms the organization's Critical Business Issues and how they must be addressed in order to achieve Port Metro Vancouver's long term vision. Strategic Priorities are then developed to address each Critical Business Issue. Based on the Strategic Priorities, divisions and departments develop short term Strategic Initiatives that guide the organization's programs and projects and allocate resources during the upcoming year. Key results of the Strategic Initiatives are measured and incorporated into Port Metro Vancouver's individual incentive plans as well as its Corporate Scorecards. Throughout this process, Port Metro Vancouver's Enterprise Risk Management (ERM) processes help identify risks to the achievement of the organization's Mission, Vision and Strategic Priorities and highlight mitigating initiatives that increase the likelihood that organizational goals are achieved.

STRATEGIC PLANNING PROCESS

GUIDING COMPONENTS
Mission, Vision and Values

↓

CRITICAL BUSINESS ISSUES
The most important matters for the organization to focus on

↓

STRATEGIC PRIORITIES
Medium-term goals that state what an organization can do or influence to achieve its vision

↓

STRATEGIC INITIATIVES
Short-term projects that directly support the achievement of a Strategic Priority

↓

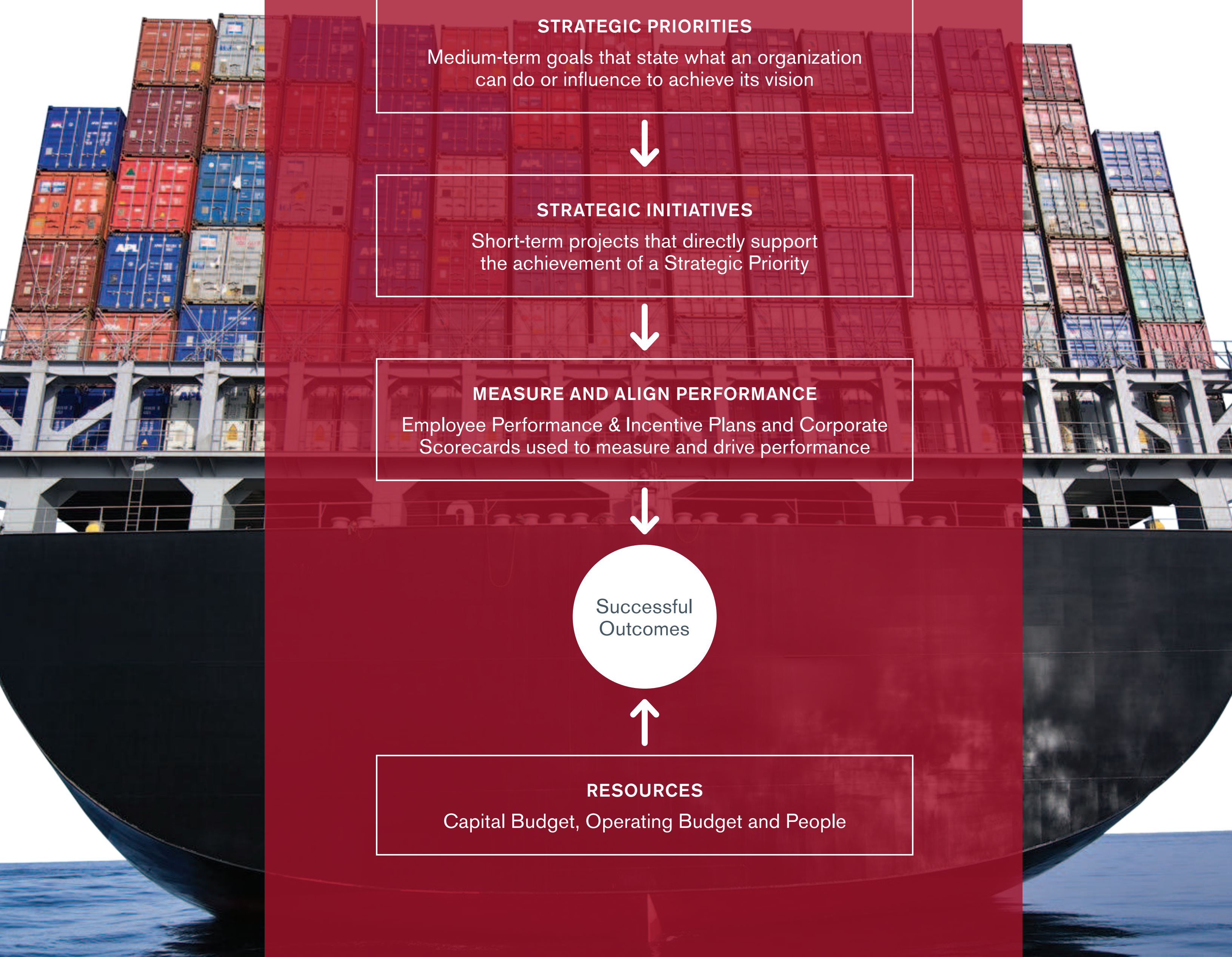
MEASURE AND ALIGN PERFORMANCE
Employee Performance & Incentive Plans and Corporate Scorecards used to measure and drive performance

↓

Successful Outcomes

↑

RESOURCES
Capital Budget, Operating Budget and People



STRATEGY

The table below presents Port Metro Vancouver's 2013 Critical Business Issues and their corresponding Strategic Priority. Port Metro Vancouver updates this information annually to reflect the changes affecting its overall business environment.

CRITICAL BUSINESS ISSUES	STRATEGIC PRIORITIES
Overall constrained Port capacity Port Metro Vancouver is experiencing an increasing demand for new bulk terminal development and expansion of existing terminals. Limited service life of cruise assets is reducing port capacity in that sector. Potential opportunity for growth in the energy sector can be reviewed.	**Plan and facilitate bulk capacity expansion, and address cruise capacity** Planning and facilitating bulk capacity expansions as well as developing cruise capacity strategies will ensure capacity is available to address the Port's diverse bulk commodity and cruise demands.
Container capacity constraint Port Metro Vancouver's container volumes are projected to grow at about 4% per annum for the next few decades. The Port's existing container capacity is expected to meet demand for the next few years but, beyond that, new facilities will be required.	**Expand container terminal capacity** Expanding terminal capacity in this sector will help Port Metro Vancouver enhance port and Gateway competitiveness, meet long term market demand, grow with its customers, and facilitate Canada's economic growth.
Being proactive in evolving a competitive and efficient, low emission multi-modal logistics chain A core value proposition for Port Metro Vancouver is the timely delivery of capable capacity to serve the growth of the Gateway, reflecting the long-term financial, social and environmental views and needs of users and other constituents. Port Metro Vancouver needs to demonstrate leadership in researching, assessing and implementing commercially viable supply chain solutions.	**Accelerate operational and energy efficiency to deliver increasing and adaptive capacity and customer value enhancement** Port Metro Vancouver will continue to develop capacity plans that reflect the needs of its business sectors, and the different leadership role Port Metro Vancouver has within each. A key strategic focus is to provide ongoing leadership in both sustainable capacity delivery and end-to-end supply chain performance through investments in infrastructure, analytics to provide visibility, and adaptability to respond to changing and increasing Port and customer requirements.
Changing government priorities at three levels and their increasing expectation for engagement and transparency While the Gateway has received tremendous support from the federal, provincial and municipal governments, attention is often distracted by the need to address more immediate or near-term issues and some government mandates can conflict with the objectives of the Gateway.	**Achieving government and political support for growth in port capacity, with enhanced focus on local government** Focus on the Gateway can be maintained through regular and persistent engagement to ensure government stakeholders remain up-to-date on emerging issues and to ensure effective ongoing government support of the Gateway.

CRITICAL BUSINESS ISSUES	STRATEGIC PRIORITIES
The need for socially and environmentally sustainable behaviour, and a growing gap between stakeholder and Port Metro Vancouver understanding of Gateway social and environmental performance in the face of increasing and sophisticated opposition Community support is essential for the ongoing success of the Gateway, while community expectations in terms of corporate social responsibility continue to rise. Port Metro Vancouver needs to demonstrate that it is taking meaningful steps to address its social and environmental impacts, to manage risks of increased opposition and loss of support.	**Build and sustain broad support for Gateway growth through Corporate Social Responsibility programs and enhanced communication and leadership** Port Metro Vancouver will continuously monitor and understand the impacts Port operations have on communities and the environment and will reduce these impacts and be transparent about the impacts its corporate social responsibility initiatives are making. The above actions will help ensure the long term future viability of the Port.
Projected shortage of industrial land that can effectively support critical port activities: marine terminal, transportation infrastructure, trade support The availability of industrial lands is vital to the economy. Many of Port Metro Vancouver's growth strategies are predicated on a need to increase the Port's industrial land base, including lands for supply chain related uses. However, the Lower Mainland industrial land base continues to shrink.	**Expand and optimize land inventory to sustainably support the growing and evolving Gateway supply chain** The Port will dramatically increase the economic benefits it brings to Canadians if it can increase the amount of industrial land in the region devoted to transportation and logistics. This expansion will enable the Port to expand and capitalize on the continued growth of Asian economies.
Gap in the necessary internal and customer facing capabilities (people, process, technology) to drive customer and stakeholder value Port Metro Vancouver needs to thoroughly understand its customers' needs in order to enhance responsiveness across the organization. It needs to continue to seek new ideas and creative solutions to ensure that processes and technologies effectively support its people in providing distinct value to its customers. Fostering a highly engaged organization strengthens Port Metro Vancouver's ability to recruit and retain top talent whose values are aligned with those of Port Metro Vancouver.	**Deliver high customer service and stakeholder value by creating organizational excellence through the alignment of people, processes, and technology** Port Metro Vancouver can enhance its ability to assist its customers to achieve long-term success by developing and engaging employees who are dedicated to doing the very best job possible and willing to exert their discretionary effort to contribute to the organization's success. Port Metro Vancouver can also become more efficient by deploying processes and technologies that enhance employee effectiveness.
Potential for significant economic, energy, social transition Increasing economic, environmental and social risks threaten the global economic systems that support international trade and port operations. New business models may emerge that move towards balanced economic, environmental and social well-being. Port Metro Vancouver needs to understand what this future may look like and to develop and strengthen relationships to ensure Port Metro Vancouver continues to thrive in this new future.	**Understand, anticipate and prepare the Gateway for social, economic, and environmental transition** Port Metro Vancouver will develop and deliver a planning process that successfully engages stakeholders and creates a strategy and long term plan for the Port. This plan will be used as a guide for decision making in the short, medium and longer term. Knowledge gained through the long term planning process will provide Port Metro Vancouver with a thorough understanding of significant transitions occurring across the global social and economic environments within which it operates.

CAPITAL PLANNING

To achieve Port Metro Vancouver's Strategic Priorities, capital investments are required to address Port capacity constraints and optimize operational efficiency and effectiveness. In 2013, capital spending increased to $151 million from $67 million in 2012. Approximately $56 million of that spending was for the purchase of Fraser Wharves property. In addition, progression on major capital projects in the container sector such as the Deltaport Terminal Rail and Road Improvement Project (DTRRIP) and the Roberts Bank Terminal 2 project accounted for approximately $30 million. Capital expenditures on the Gateway Infrastructure Program (GIP) projects totaled approximately $60 million in 2013 and consisted of 17 projects in 3 areas: the North Shore Trade Area, the South Shore Trade Area, and the Roberts Banks Rail Corridor. The GIP was developed to invest in supply chain improvements beyond traditional port activities and lands in consultation with Port stakeholders. Related capital expenditures are estimated to total approximately $700 million and to be completed by the end of 2014, with funding coming from a combination of government and industry sources. Port Metro Vancouver has agreed to pre-fund $167 million of costs on behalf of industry, with 90% of the pre-funded project costs being recovered over 30 years via the Gateway Infrastructure Fee (GIF), which was implemented in 2010 to support the investment in supply chain improvements. In 2013 Port Metro Vancouver collected over $7 million in fees related to these projects.

For more information on the GIF please visit portmetrovancouver.com/gatewayinfrastructure

Port Metro Vancouver continually revises its planned capital spending to better align with the needs of stakeholders and the Gateway. As a result, some projects are delayed, while others are given greater priority.

Port Metro Vancouver's 2014-2018 Capital Plan identifies $778 million in total spending and allocates funds to the following areas:

- Increasing port capacity
- Optimizing Port Metro Vancouver's land inventory
- Accelerating internal operational efficiency
- Delivering supply chain efficiencies and increasing stakeholder value
- Providing capital maintenance and replacement of existing assets

By seizing opportunities to improve the reliability of the supply chain through investments in the Gateway, and expanding throughput capacity by investing in terminal expansions, the capital plan and budget continues to strongly support the strategic priorities of the organization.

BORROWING AND LIQUIDITY PLAN

Port Metro Vancouver's Letters Patent restricts its ability to raise more than $510 million of debt financing but the CMA does allow Port Metro Vancouver to access federal contribution funding for projects related to the implementation of security measures, environmental sustainability, infrastructure, or for responding to emergencies.

In 2010, Port Metro Vancouver issued a private placement bond, the first of its kind for a Canada Port Authority. The bond was supported by an AA credit rating by Standard & Poor's. Every year since then, including 2013, Port Metro Vancouver's rating has been reaffirmed at AA on robust Operating Performance with Outlook Stable.

With the majority of planned capital spending to be funded with operating surpluses and the remainder with debt, current projections show that Port Metro Vancouver has the ability to comfortably service planned levels of debt.

EXISTING CREDIT FACILITIES

- **Private placement bond:** On April 19, 2010, Port Metro Vancouver successfully issued a $100 million private placement bond. The bond was issued as senior unsecured Debentures for a 10 year term at 4.63%, incorporating a 0.85% spread over Government of Canada bonds. This bond is non-amortizing and requires interest to be paid semi-annually with principal repaid in full at maturity in 2020.
- **Royal Bank of Canada:** A five-year $150 million financing agreement was signed with Royal Bank of Canada (RBC) in December 2012. This credit facility expires December 2017.

NEW FINANCING REQUIREMENTS

Port Metro Vancouver will need new credit facilities to fund future capital requirements. The organization's current financing strategy is to raise funds using a combination of rated private placement bond issues and floating rate bank debt. This approach will reduce refinancing risk in the future, minimize interest rate and renewal risk, and diversify Port Metro Vancouver's funding sources. This strategy will also ensure that Port Metro Vancouver maintains sufficient liquidity as outlined in its Liquidity Management Policy.

According to Port Metro Vancouver's five-year Capital Plan, borrowing is expected to peak around $350 million in 2016 should all projects receive Board approval and occur when anticipated. This debt level is well below Port Metro Vancouver's borrowing limit of $510 million as specified in its Letters Patent.

Given Port Metro Vancouver's strong cash flow position, approximately 65% of total capital spending over the planning period is expected to be funded with operating surpluses and 35% with debt. Interest charges on the forecast debt are expected to grow to roughly $5.8 million in 2014. Given these carrying costs and current EBITDA projections, Port Metro Vancouver expects to maintain a strong credit profile. Based on its current capital and financing plan, Port Metro Vancouver's Debt Service Coverage Ratio is not expected to fall below 9:1 and the Debt/EBITDA ratio is not expected to exceed 2.8 times over its five-year plan horizon.

EXECUTIVE COMPENSATION

Port Metro Vancouver's compensation philosophy seeks to maintain an executive compensation program that aligns with the Port's business strategy and attracts, motivates and retains executives with the skills and experience necessary to achieve the goals in Port Metro Vancouver's Business Plan and corporate scorecard. This executive compensation philosophy has been designed, with intention, to provide a clear link between Port Metro Vancouver's long term business strategy, annual Business Plan and corporate scorecard with each executive's compensation to drive overall exceptional performance.

Each executive's compensation is based on a combination of his or her personal performance coupled with Port Metro Vancouver's corporate performance, determined through the results of the corporate scorecard, and is informed by relevant market compensation information. 2013 executive compensation for key management personnel is disclosed in Note 22 of the Audited Financial Statements found in this report.

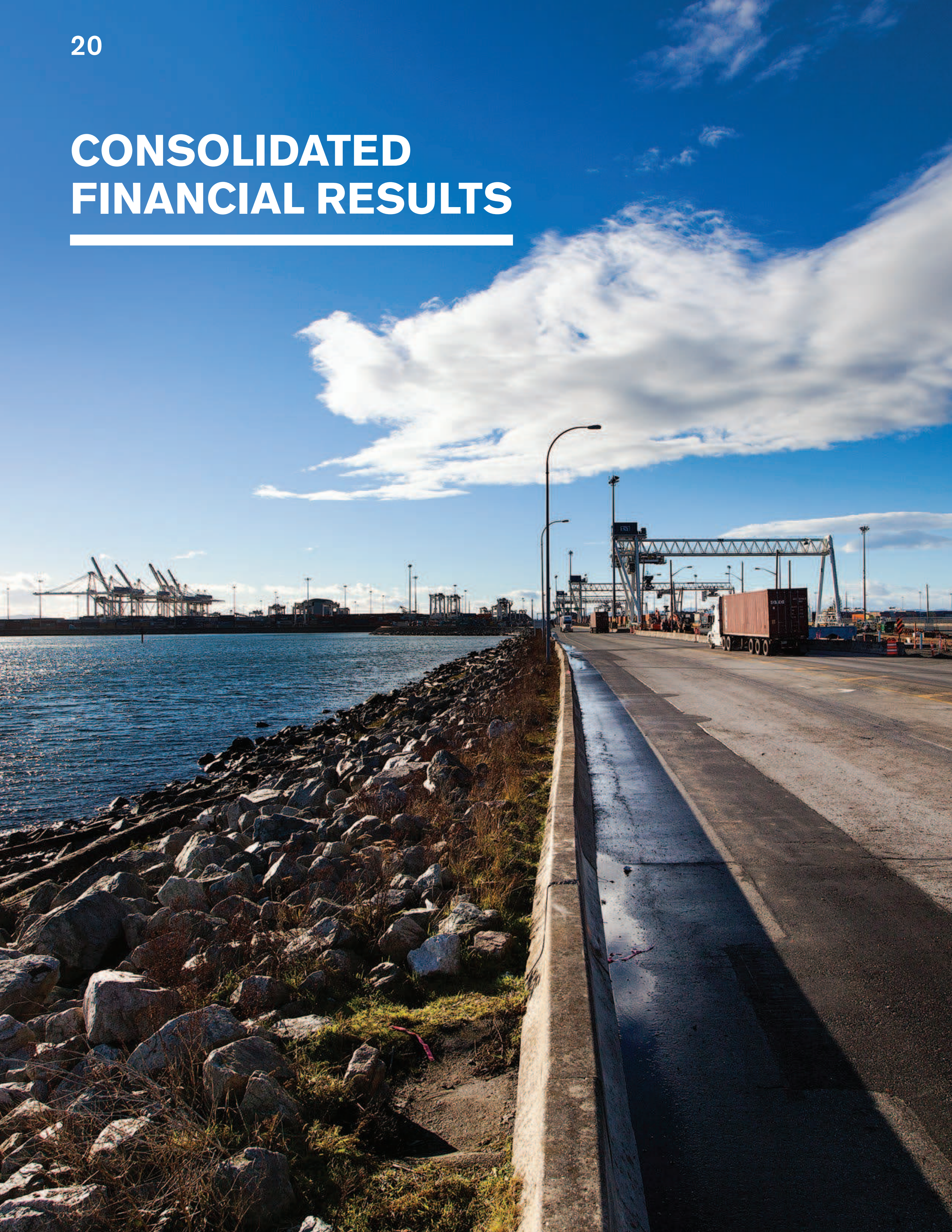
The Human Resources and Compensation Committee (HRCC) is responsible for reviewing and recommending to the Board of Directors for approval: the executive compensation philosophy, the overall compensation provisions for the senior leadership team and the specific compensation plans for the President & Chief Executive Officer (CEO).

The HRCC regularly reviews Port Metro Vancouver's executive compensation philosophy and the specific executive compensation terms. To ensure this review is robust, external compensation consultants are retained to ensure the executive compensation philosophy continues to be appropriate and to benchmark Port Metro Vancouver's executive compensation to the market based on appropriate comparator organizations. The comparator organizations are comprised of organizations that are similar to Port Metro Vancouver and/or with which the Port competes for executives in the market. Port Metro Vancouver targets its salary range midpoints and salary range maximums for the entire organization to be equal to the 50th and 60th percentile of the comparator group, respectively. Targets for executive perquisites and executive benefits are to be equal to the 60th percentile. Actual salaries are determined in reference to Port Metro Vancouver's desired market position and commensurate to the executive's skills, experience and overall individual performance. Executives at Port Metro Vancouver are also provided with the same structure of group benefits coverage available to all employees at Port Metro Vancouver, as well as additional perquisites consistent with what is offered at comparator organizations.

An executive's individual incentive plan is directly linked with Port Metro Vancouver's business strategy, the annual Business Plan and corporate scorecard performance to ensure individual performance is maximized. The annual incentive awards are then determined through a combined score based individual and corporate performance. The annual incentive plan has the potential to provide an executive with total compensation of up to the 75th percentile of that earned by the comparator group.

More detailed information on Port Metro Vancouver's executive compensation structure can be found at portmetrovancouver.com/accountability

CONSOLIDATED FINANCIAL RESULTS



SUMMARY

At a consolidated level, Port Metro Vancouver revenues and expenses represent approximately 98% of the consolidated total. The results of the consolidated entity therefore are very closely tied to Port Metro Vancouver's performance.

Excluding a one-time gain on the sale of assets of $21 million by PMVV in 2012, overall consolidated net income increased to $94 million in 2013 from $75 million in 2012.

PORT METRO VANCOUVER CONSOLIDATED RESULTS

REVENUES

The following table is an excerpt from Port Metro Vancouver's Consolidated Statement of Comprehensive Income which is prepared under IFRS:

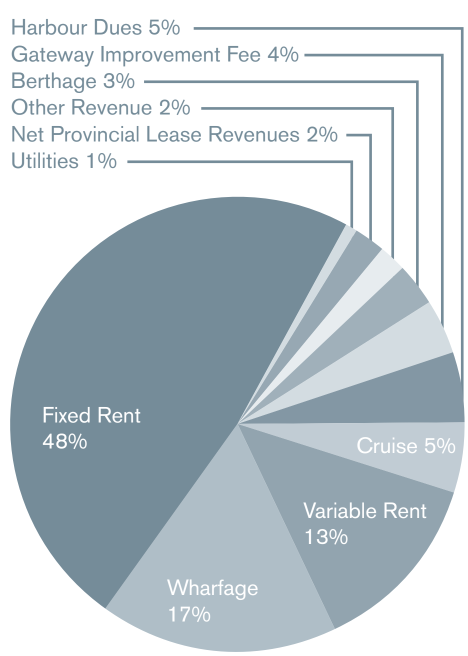
IN CAD$	DEC 31, 2013	DEC 31, 2012	VARIANCE $	VARIANCE %
OPERATING REVENUE				
Fixed Rent	101,578,534	91,304,446	10,274,088	11%
Wharfage	35,765,205	33,055,634	2,709,571	8%
Variable Rent	28,142,605	25,960,421	2,182,184	8%
Cruise	10,726,195	8,542,207	2,183,988	26%
Harbour dues	10,121,824	9,601,507	520,317	5%
Gateway Improvment Fee	7,598,038	3,574,119	4,023,919	113%
Berthage	7,155,859	6,790,345	365,514	5%
Net provincial lease revenues	4,929,680	2,161,276	2,768,404	128%
Other revenue	3,472,000	6,244,497	(2,772,497)	(44%)
Utilities	1,410,439	1,363,076	47,363	3%
Total Revenues	**210,900,379**	**188,597,528**	**22,302,851**	**12%**

OPERATING REVENUE COMPOSITION

The pie chart (right) depicts Port Metro Vancouver's operating revenue for 2013. Fixed rent accounts for approximately half of total revenues, which means that a sizable proportion of revenue is protected against fluctuations in commodity volumes.

Rental revenue increased by approximately 11% between 2012 and 2013, primarily due to rent reviews and planned rent increases during the year. The overall split of rental revenue between fixed and variable was consistent with the prior year.

Several fees are collected by Port Metro Vancouver to recover investments and costs made to support the Port in a variety of ways. Primary fees collected include Wharfage, Harbour Dues, Cruise, Berthage, the GIF and the Truck Licensing System (TLS) fee. The following table summarizes the key drivers for each of these fees, how the fees are calculated as well as the value that Port Metro Vancouver adds by reinvesting these fees.

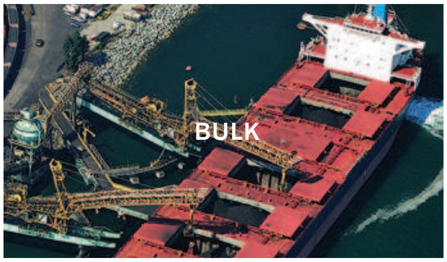
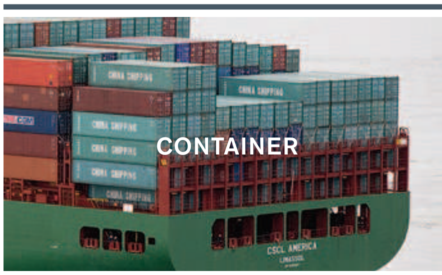
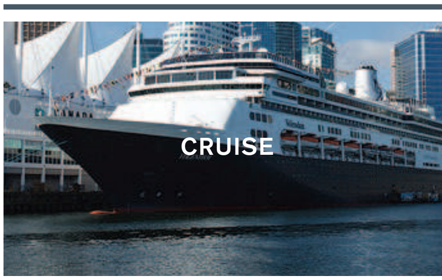


REVENUE TYPE	CALCULATION KEY DRIVER	DETAILS OF CALCULATION	PURPOSE OF FEE
Wharfage	Rate * Unit	Unit rate applied is per Thousand Foot Board Measure (MFBM), Tonne or Twenty Foot Equivalent unit (TEU)	To recover investments and costs associated with the provision of port infrastructure and services to handle cargo.
Harbour Dues	Rate * Gross Registered Tonne (GRT)	Charged on first 5 calls Discounts for air emission standards achieved	To recover investments and costs associated with harbour operations, as well as harbour safety, security, and cleanliness.
Cruise	Passenger fee = Rate * # Passengers Service & Facilities Fee = Rate * Overall Ship Length * Time at Berth	Rates vary for days of the week and time of stay. Passenger fee rebates based on tiered system	To recover investments and costs associated with provision of cruise terminal facilities, berths and infrastructure.
Berthage	Rate * Overall Ship Length * Time at Berth	Unit rate applied is based on location and time of stay	To help recover investments and costs associated with the wharf apron, berth dredging and maintenance.
GIF	Rate * Unit	Unit rate applied is per MFBM, Tonne or TEU	To recover investments and costs related to trade area infrastructure improvements in three trade areas.
TLS Fee	$300/Truck	Annual fee of $300 per TLS Truck	To recover investments and costs related to operation of the Truck Licensing System.

Other than Consumer Price Index increases of 2.9% to wharfage and berthage and a 3% increase in passenger fees, no other rate changes were made in 2013. Overall revenue collected in 2013 for harbour dues, berthage and wharfage was $53 million, compared with $49.4 million in 2012, representing a 7% increase overall.

When analyzing Port Metro Vancouver's revenues, it is also important to note revenue contributions by sector. The table on the following page outlines the 2013 revenues generated by Port Metro Vancouver's five primary sectors.

REVENUE BY CARGO SECTOR

SECTOR	DESCRIPTION / COMMODITY TYPE	2013 REVENUE CONTRIBUTION %	2013 REVENUE CONTRIBUTION $ ($000s)
 BULK	Principal cargo includes coal, grain, sulphur and potash	20%	42,351
 BREAKBULK	Principal cargo includes steel, pulp and lumber	10%	19,795
 CONTAINER	Commodities include household goods, produce, machinery, wood pulp, lumber and metals	45%	95,242
 AUTOS	Port receives 100% of all Asian imports destined for Canada	3%	5,749
 CRUISE	Homeport for the Vancouver-Alaska cruise	5%	11,233

* In addition, Other Revenues account for 17%, or $36˙ million, including marina, yacht club, ship repair, interest income and other miscellaneous revenue items.

The revenue contributions for each of the sectors highlighted in the table above are consistent with the contributions made by each sector in 2012. The container sector continues to generate almost half of Port Metro Vancouver's commodity-based revenues, followed by bulk, breakbulk, cruise and autos.

EXPENSES

Port Metro Vancouver's significant expense items are noted in the following table.

MAJOR EXPENSE ITEMS	DEC 31, 2013	DEC 31, 2012	VARIANCE $	VARIANCE %
Salaries and employee benefits	34,109,621	30,631,470	3,478,151	11%
Depreciation	26,671,359	26,739,507	(68,148)	–
Other operating and admin expenses	16,860,213	17,879,387	(1,019,174)	(6%)
Net dredging expenses	12,435,593	11,207,356	1,228,237	11%
Professional fees and consulting services	7,479,670	7,253,810	225,860	3%
Federal Stipend	6,208,414	5,771,871	436,543	8%
Finance Costs	5,232,278	5,155,282	76,996	1%
Payments in lieu of taxes	4,441,530	5,994,290	(1,552,760)	(26%)
Maintenance and Repairs	3,097,136	3,123,275	(26,139)	(1%)

Salaries and employee benefits and Depreciation accounted for just over half of Port Metro Vancouver's total operating expenses in 2013. Professional fees and consulting services, dredging, and other operating and administrative expenses account for the majority of Port Metro Vancouver's remaining operating expenses. Other expenses include expenditures on utilities, insurance, advertising, contributions, grants and other administrative and office expenditures. Port Metro Vancouver's operating expenses increased by 2% between 2012 and 2013, mainly due to increases in salaries and benefits and net dredging expenses, offset partly by decreases in other operating expenses and payments in lieu of taxes (PILT). The increase in salaries was due mainly to growth in the organization. Extra dredging expenses were incurred to help re-establish the Fraser River deep-sea shipping channel design depth. Other expenses decreased from prior year, as in 2012 Port Metro Vancouver contributed $2.75M to a project to dredge secondary channels in the Fraser River.

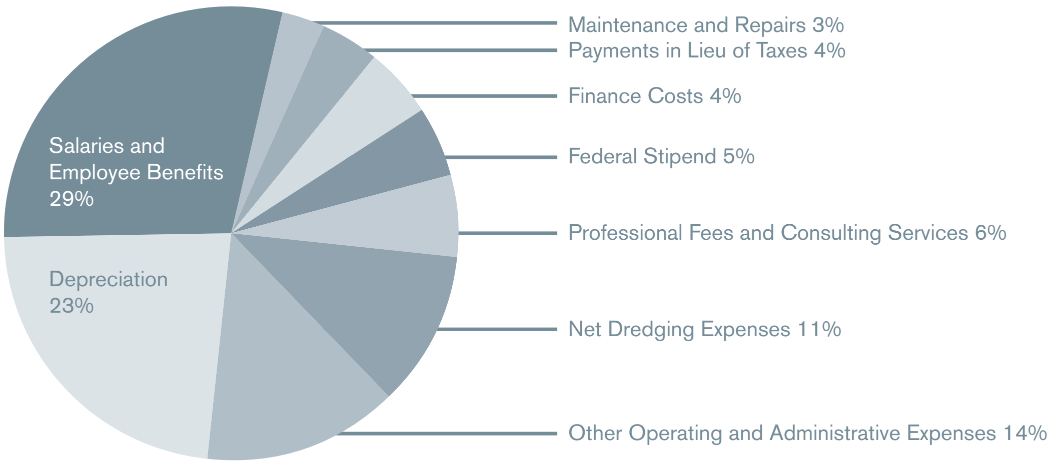
Providing safe and unimpeded access to terminals for vessels is a cornerstone of Port Metro Vancouver's mandate. Each year, when the snowpack melts, millions of tonnes of sand and silt drain into the lower Fraser River in a process called freshet, depositing material in the navigation channel. To deal with this natural infilling, Port Metro Vancouver carries out an annual maintenance dredging program. The recovered sand is sold and used for preloading in local construction projects. Risk continues to exist with the net cost of dredging, as the volume of sand to remove can vary and volume of offsetting dredge sand sales can vary year to year.

Interest is payable semi-annually at 4.63% for a total annual payment of $4.63 million. These payments make up the majority of total financing costs. The full year payment made in 2013 remained consistent with what was paid in 2012.

Port Metro Vancouver pays PILT to local port cities on unoccupied lands while tenants pay property taxes on properties leased from Port Metro Vancouver. The decrease of 26%, or $1.6 million, in PILT in 2013 compared to 2012 was driven mainly by the settlement of an outstanding PILT payment dispute. In 2010, a number of local port cities disputed PILT payments received from Port Metro Vancouver in 2009 and a hearing was scheduled in front of the federal Dispute Advisory Panel (DAP) in 2013. Prior to the hearing, Port Metro Vancouver and local port cities settled disputed PILT for the years 2009 to 2012 and the request for a DAP review of the 2009 PILT payments has been dismissed. The dispute led PMV to accrue estimated settlement costs in prior years. An accrual adjustment based on the actual settlement amount is accounted for in 2013.

Port Metro Vancouver is exempt from income taxes. However, under the CMA, it is obligated to pay an annual Federal Stipend to the Minister to keep its Letters Patent in good standing. The charge is calculated by reference to gross revenues at rates varying between 2% and 6%, depending on the gross amount determined. Federal Stipend Payments grew between 2012 and 2013 rising from $5.8 million in 2012 to $6.2 million in 2013.

OPERATING EXPENSE COMPOSITION



SUBSIDIARIES

The CMA and Port Metro Vancouver's Letters Patent allow the use of subsidiaries to undertake certain indirect activities that are deemed necessary to support Port operations or strategic priorities. Port Metro Vancouver is unable to enter directly into joint ventures with third parties but can do so by utilizing wholly-owned subsidiary corporations. The following table summarizes the 2013 results for each of Port Metro Vancouver's subsidiaries.

2013 SUBSIDIARY RESULTS ($000s)

SUBSIDIARIES	OPERATING REVENUE	OPERATING EXPENSE	OTHER INCOME (EXPENSES)	NET INCOME
Canada Place Corporation	3,260	(2,549)	(38)	673
Port Metro Vancouver Ventures Inc.	274	(11)	(70)	193
Port Metro Vancouver Enterprises Inc.	24	(31)	(56)	(63)
North Fraser Terminals Inc.	35	(45)	(43)	(53)
Port Metro Vancouver Holdings Inc.	150	(95)	(121)	(66)
Marine Safety Holdings Ltd.	0	0	0	0

OUTLOOK

MARKET OUTLOOK

The global economy is expected to strengthen gradually over the next five years, starting with 3.7% growth in 2014, per the International Monetary Fund's economic outlook. The economic fundamentals of Asia are forecasted to be sound going forward as the region benefits from expanding global trade. The region's two largest economies, China and India, have seen industrial production and retail sales pick up over 2012 as the business cycle turns, and as recent stimulus measures drove growth through 2013. In the US, recoveries in the labour and housing markets were better established in 2013. Canada's growth prospects, although weighed down in 2013 by tightening US fiscal policy, are predicted to improve in 2014 and remain stable during the five-year planning period. Overseas demand for Canadian commodities is forecast to grow steadily, as seen in 2013. As a result, Port Metro Vancouver expects stable growth for cargo volumes.

Port Metro Vancouver's foreign trade, which accounts for 80% of its total cargo volume, remains in the positive upward trend seen since 2009, with future growth expected to be led by coal, containers, potash and agri-products.

The Port trades with over 160 economies throughout the world, while at the same time serving local communities along the Pacific coast. The majority of trade at the Port continues to be with Asian trading partners, driven by the economic growth in China. Trading partners from Europe and the United States contribute approximately 13% of the Port's volume. However, any further dips in those regions' domestic outlook are expected to be offset by the growth in Asian, Latin American and South American economies.

In 2013, 135 million tonnes of cargo moved through the Port, a 9% increase over 2012 and a record for the Port. Tonnage is forecast to increase an average of 6% per annum, from 135 to 170 million tonnes, over the next five years. Forecasts for each of the Port's business sectors are summarized below.

- **Container:** The long-term prospects for container growth remain positive and stable based on the projected GDP growth for Canada, especially Western Canada, and for the Port's major trading partners. This economic growth will provide opportunities for the Port's import and export container customers.

- **Bulk:** Coal provided to the steel industry and overseas utilities is Port Metro Vancouver's largest bulk commodity by volume. Driving growth of Port Metro Vancouver coal exports over the forecast period is continued strong demand from the steelmaking and electric power sectors in Asia. Additionally, global demand for Canadian grains is expected to increase, driven by rising populations and personal incomes as well as increased Canadian crops. Capacity expansion and proximity to primary markets will allow Port Metro Vancouver to continue to gain export market share.

- **Cruise:** In 2013, the number of cruise passengers increased by 22% from 2012, mainly due to the return of the Disney *Wonder* and the addition of the *Amsterdam* to Holland America's roster of scheduled vessels. In 2014, passenger levels are expected to remain flat and then increase at around 2.5% annually thereafter.

- **Breakbulk:** Logs are the largest breakbulk commodity handled at Port Metro Vancouver, accounting for 50% of total breakbulk volume. Log demand is expected to be flat over the forecast period. Volume growth is also projected to be limited on other breakbulk commodities, including lumber, wood pulp and metals.

- **Auto:** Inbound auto volumes are expected to decrease in 2014 and then remain flat throughout the rest of the planning period as foreign car manufacturers increasingly manufacture vehicles in North America as opposed to overseas.

FINANCIAL OUTLOOK

OPERATING REVENUES

Operating revenues are expected to grow slightly in 2014, due to modest volume increases and small rate increases to Wharfage, Berthage and Passenger Fees.

OPERATING EXPENSES

Salaries, wages and employee benefits represent around 29% of Port Metro Vancouver's operating expense budget and are expected to remain at approximately $34 million in 2014. Salary expenses are expected to increase in line with general inflation levels for the next few years.

Net dredging expenses are projected to remain consistent with 2013 levels. Risk exists with this cost item for several reasons. Government actions with regard to ocean sand dumping could significantly increase costs. In addition, costs can increase in years with higher freshet water flows, as seen in past years. There is also risk over the level of sand sales in any year, which normally offsets much of the gross dredging costs.

Overall, depreciation as a percentage of Port Metro Vancouver's expense budget is projected to increase going forward as various capital projects are completed and enter operational phases. Depreciation increases will also be driven by terminal, corridor and trade area expansions.

PILT expenses are projected to increase back to normal levels in 2014, as 2013 expenses were lower due to the DAP settlement with municipalities. They are then expected to increase with general inflation levels beyond 2014. This projection assumes that the lands acquired for Port Metro Vancouver's habitat enhancement strategy will mostly be tenanted.

Purchased services, energy and utilities, and other operating & administrative expenses are also expected to increase at the rate of inflation over the next five years. Interest expenses are expected to increase in line with new debt levels expected near the end of 2014, as Port Metro Vancouver raises additional financing to support its Capital Plan.

Driven by the above factors, net income is predicted to remain flat in 2014. While maintaining its strong financial position, Port Metro Vancouver will strategically position itself to take advantage of emerging opportunities as trade volumes surpass pre-recessionary levels.

RISK

OVERVIEW OF RISK MANAGEMENT

Port Metro Vancouver believes that regular monitoring and mitigation of enterprise risks supports its ability to achieve its mission, vision and strategic priorities. It also ensures that the long-term economic, social and environmental sustainability of Port Metro Vancouver's business is maintained and that the Port remains safe and competitive in the global marketplace. Port Metro Vancouver assesses enterprise risks and associated controls internally on a regular basis throughout the year. This assessment is led by the Port's Enterprise Risk Management (ERM) Committee. Sponsored by the Chief Financial Officer, the Committee is composed of representatives from across the organization and meets on a monthly basis. At these meetings, the committee reviews the top corporate risks, reviews any events or activities arising since the prior meeting that could impact the risk register or mitigation strategies, and discusses the status of, and plans next steps for, any ERM Committee projects or activities in progress.

In 2013, Port Metro Vancouver underwent an external Risk Assessment pursuant to the Port Authorities' Management Regulations of the *Canada Marine Act*. The Assessment, performed every five years, examines Port Metro Vancouver's risk, risk management and insurance management. Marsh Canada conducted the review and found Port Metro Vancouver's current risk management, strategies, and insurance program to be generally appropriate and to effectively safeguard the assets and exposures of the Port.

TOP RISKS FOR PORT METRO VANCOUVER

Port Metro Vancouver's active risks are documented in a corporate risk register. As of December 31, 2013, Management had identified 10 of these risks as the most important ones facing the organization. All 10 have an inherent rating of "Severe" but after mitigation are estimated to be High, Moderate or Low risks. As set out in the Port Metro Vancouver Risk Management Policy, risks are assessed on their expected likelihood and consequences to determine an overall risk rating. The following describes the 10 risks identified as the most important risks facing Port Metro Vancouver at this time, along with each of their respective mitigation plans.

TOP RISKS	MITIGATION FACTORS
Supply Chain Capacity Imbalances	• Port Metro Vancouver's Monitor and Measure program that tracks productivity of stakeholders across the supply chain • Stakeholder advocacy to encourage parties to act in the interest of the overall Gateway • Rail, traffic and market studies • Stakeholder conflict mediation as required
Inadequate Project Cost Estimates	• Major Capital Projects Committee of the Board • Project management framework that requires detailed planning, review and reporting for large projects • Use of third party budget and cost estimators as well as consultants for larger projects
Loss of Community Acceptance	• Consultation and communication practices • Investments in local community initiatives • Community Liaison Committees
Environmental Impact on Neighbours	• Leases with environmental requirements • Shore power at Canada Place • Collaboration with Metro Vancouver, tenants and regional partners
Land not Available to Purchase	• Land acquisition strategy • Plans for land reclamation projects
Environmental Spill in Harbour or River	• Developed and tested emergency plans • Coordination with external parties and stakeholders • 24/7 Operations Centre • Best practices for transportation of liquid bulk
Public Liability – Death/Injury to Members of the Public	• Safety and security assessments • Signage and security devices • 24/7 Operations Centre • Insurance
Ineffective Business Planning	• Business Planning and budgeting processes • Project Management Directive • Submission process for approval of spending
Social Media negatively impacts Port Metro Vancouver by damaging Port Metro Vancouver's reputation and preventing Port Metro Vancouver from achieving its mandate	• Port Metro Vancouver social media and internet presence • Project websites for information sharing and communication • Media monitoring • Community engagement
Project Delays due to 3rd Parties	• Stakeholder engagement • Project communications and ongoing outreach

2013 AUDITED FINANCIAL STATEMENTS

Port Metro Vancouver is a non-shareholder, financially self-sufficient corporation. Guided by a long-term vision for growth and competitiveness, we are able to make independent and timely financial decisions to the operational benefit of port users.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INDEPENDENT AUDITORS' REPORT

To the Honourable Lisa Raitt, M.P.
Minister of Transport

We have audited the accompanying consolidated financial statements of the Vancouver Fraser Port Authority, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Vancouver Fraser Port Authority as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The financial statements of the Vancouver Fraser Port Authority for the year ended December 31, 2012 were audited by another auditor who expressed an unqualified opinion on those financial statements on March 26, 2013.

Ernst & Young LLP

Vancouver, Canada
March 25, 2014

Vancouver Fraser Port Authority

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in thousands of dollars)

As at December 31

	2013	2012
Assets		
Current		
Cash and cash equivalents (notes 8 and 11)	**$ 121,783**	$ 160,042
Short-term investments (note 9)	**501**	600
Accounts receivable and other assets (notes 8 and 10)	**79,102**	40,932
Total current assets	**201,386**	201,574
Investments in securities (note 9)	**2,523**	1,997
Investment in joint venture (note 7)	**7**	–
Long-term receivables (note 10)	**6,399**	5,237
Deferred charges	**1,541**	1,247
Intangible assets (note 15)	**2,771**	2,521
Property and equipment (note 6)	**1,146,996**	1,023,199
	$ 1,361,623	$ 1,235,775
Liabilities and Equity of Canada		
Current		
Accounts payable and accrued liabilities (note 12)	**$ 76,394**	$ 40,270
Provisions (note 19)	**12,932**	13,006
Provision for investments in joint venture held for sale (note 7)	**–**	69
Short-term borrowing (note 13)	**1,600**	1,700
Payments in lieu of taxes	**400**	2,422
Deferred revenue	**13,468**	11,876
Current portion of long-term obligations (note 13)	**45**	43
Total current liabilities	**104,839**	69,386
Other employee benefits	**1,280**	1,483
Accrued benefit liability (note 14)	**11,754**	13,205
Deferred revenue	**27,598**	28,312
Provisions (note 19)	**3,836**	4,020
Other deferred amounts	**3,267**	3,214
Long-term obligations (note 13)	**99,699**	99,667
Total liabilities	**252,273**	219,287
Commitments and contingent liabilities (notes 17 and 18)		
Equity of Canada		
Contributed capital	**150,259**	150,259
Retained earnings	**959,091**	866,229
Total equity of Canada	**1,109,350**	1,016,488
	$ 1,361,623	$ 1,235,775

See accompanying notes

Approved on behalf of the Board:

Robin Silvester, Chief Executive Officer
March 25, 2014

Tim Chapman, Director
March 25, 2014

Vancouver Fraser Port Authority

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in thousands of dollars)

Year ended December 31

	2013	2012
Operating revenue		
Port income	**$ 71,478**	$ 61,658
Rental income	**134,007**	121,345
Other income	**5,416**	5,595
	210,901	188,598
Expenses		
Wages, salaries and benefits (notes 14 and 22)	**34,110**	30,631
Depreciation	**26,671**	26,740
Other operating and administrative expenses	**16,860**	17,880
Dredging	**12,435**	11,207
Professional fees and consulting services	**7,480**	7,254
Payments in lieu of taxes	**4,442**	5,994
Maintenance and repairs	**3,097**	3,123
	105,095	102,829
Income from operations	**105,806**	85,769
Other expense (income)		
Federal stipend	**6,208**	5,772
Finance costs (note 20)	**5,232**	5,155
Impairment of property and equipment (note 6)	**99**	415
Investment income	**(105)**	(115)
Gain on asset disposal by joint venture (note 7)	**–**	(20,661)
Loss (gain) from investment in joint venture (note 7)	**4**	(63)
Other expense (income)	**(25)**	139
Net income for the year	**94,393**	95,127
Other comprehensive income (loss)		
Actuarial losses in defined pension plans (note 14)	**(1,531)**	(5,472)
Total comprehensive income	**$ 92,862**	$ 89,655

See accompanying notes

Vancouver Fraser Port Authority

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in thousands of dollars)

	Contributed capital	Retained earnings	Total
Balance, December 31, 2011	$ 150,259	$ 776,574	$ 926,833
Net income for the year	–	95,127	95,127
Other comprehensive income			
Actuarial losses in defined benefit pension plans	–	(5,472)	(5,472)
Balance, December 31, 2012	150,259	866,229	1,016,488
Net income for the year	–	94,393	94,393
Other comprehensive income			
Actuarial losses in defined benefit pension plans	–	(1,531)	(1,531)
Balance, December 31, 2013	$ 150,259	$ 959,091	$ 1,109,350

See accompanying notes

Vancouver Fraser Port Authority

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of dollars)

Year ended December 31

	2013	2012
Operating activities		
Net income for the year	$ 94,393	$ 95,127
Add (deduct) items not affecting cash		
Depreciation	26,671	26,740
Gain on asset disposal by joint venture	–	(20,661)
Bond issue expense amortization	77	74
Loss (gain) from investment in joint venture	4	(63)
Impairment of property and equipment (note 6)	99	415
Impairment of works under construction (note 6)	491	248
Other	4	171
	121,739	102,051
Changes in non-cash working capital balances		
Accounts receivable and other assets	(38,592)	(6,778)
Long-term lease receivable	(1,267)	1,289
Accounts payables and accrued liabilities	36,124	693
Provisions	(258)	2,542
Payment in lieu of taxes	(2,021)	539
Accrued employee benefits	(3,185)	(2,447)
Deferred revenue	878	2,377
Cash provided by operating activities	113,418	100,266
Investing activities		
Purchase of property and equipment	(215,413)	(79,492)
Partner funding for property and equipment	63,986	12,045
Dividends from joint venture	–	18,475
Proceeds on disposal of property and equipment	119	–
Other	54	157
Cash used in investing activities	(151,254)	(48,815)
Financing activities		
Net change in short-term borrowing	(100)	(100)
Net change in short-term investments	600	750
Proceeds of investments in long-term securities	–	911
Purchases of investments in long-term securities	(1,027)	(400)
Principal payments on long-term obligations	(68)	(42)
Long-term receivables	115	94
Purchases of lease financing assets	–	(170)
Principal repayment on lease financing assets	57	4
Cash provided by (used in) financing activities	(423)	1,047
Net increase (decrease) in cash and cash equivalents	(38,259)	52,498
Cash and cash equivalents, beginning of year	160,042	107,544
Cash and cash equivalents, end of year	$ 121,783	$ 160,042
Supplemental cash flow information		
Interest paid	4,727	4,960
Interest received	105	75

See accompanying notes

Vancouver Fraser Port Authority

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts expressed in thousands of dollars)

December 31, 2013

1. General information

Effective January 1, 2008, the three ports: the Vancouver Port Authority, the Fraser River Port Authority, and the North Fraser Port Authority here after referred to as the Legacy Vancouver Port Authority ("LVPA"), Legacy Fraser River Port Authority ("LFRPA"), and the Legacy North Fraser Port Authority ("LNFPA") amalgamated to continue as one port authority, Vancouver Fraser Port Authority ("VFPA").

VFPA is a non-share capital, financially self-sufficient authority established by the Government of Canada pursuant to the Canada Marine Act ("CMA"). The VFPA's mission is to lead the growth of Canada's Pacific Gateway in a manner that enhances the well-being of Canadians and inspires national pride. The VFPA's jurisdiction covers nearly 600 kilometres of shoreline and extends from Point Roberts at the Canada / US border through Burrard Inlet to Port Moody and Indian Arm, and from the mouth of the Fraser River, eastward to the Fraser Valley, north along the Pitt River to Pitt Lake, and includes the north and middle arms of the Fraser River.

The VFPA and its wholly owned subsidiaries; Canada Place Corporation ("CPC"), Port Metro Vancouver Ventures Ltd. ("PMVV"), Port Metro Vancouver Holdings Ltd. ("PMVH"), Port Metro Vancouver Enterprises Ltd. ("PMVE"), North Fraser Terminals Inc. ("NFTI"), and as of October 2013, Marine Safety Holdings Ltd. ("MSH") are exempt from income taxes as the VFPA, on a consolidated basis, pays a gross revenue charge (federal stipend) as required per the Letters Patent under the authority of the CMA. PMVV has a 50% interest in a joint venture which is subject to income tax. As of November 2013, MSH is a member of a Canadian not-for-profit incorporated society.

2. Basis of presentation and significant accounting policies

(a) Basis of presentation

These consolidated financial statements have been prepared in accordance with and using accounting policies in compliance with International Financial Reporting Standards ["IFRS"] issued by the International Accounting Standards Board. These consolidated financial statements were approved by the Board on March 25, 2014.

(b) Consolidation

These consolidated financial statements consolidate the accounts of the VFPA and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are all entities over which the VFPA has the power to govern the financial and operating policies.

(c) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of property and equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes land survey costs, materials and internal labour costs as well as contractor expenses, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Costs are capitalized until such time as the asset is ready for use in the manner intended by management.

Borrowing costs directly attributable to qualifying assets are capitalized to all major capital projects during construction. A qualifying asset is one that necessarily takes at least one year to construct.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the VFPA and the cost of the item can be reliably measured. The carrying amount of a replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

2. Basis of presentation and significant accounting policies (continued)

(c) Property and equipment (continued)

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the VFPA will obtain ownership by the end of the lease term. Land is not depreciated.

The useful lives for each class of property and equipment are as follows:

Asset	Term
Dredging	4 – 40 years
Berthing structures, buildings, roads and surfaces	10 – 75 years
Utilities	10 – 50 years
Machinery and equipment	3 – 25 years
Office furniture and equipment	3 – 10 years
Leasehold improvements	Term of lease

Depreciation commences as and when the asset is available for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other expense (income) in the consolidated statement of comprehensive income.

(d) Impairment of non-financial assets

The VFPA performs impairment tests on property and equipment when events or circumstances occur which indicate the asset(s) may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

When impairment indicators are identified, the recoverable amount of the cash-generating unit is determined. The recoverable amount is the higher of the cash-generating units fair value less costs to sell and value in use. An impairment loss is recognized for the amount by which the cash-generating unit carrying value exceeds its recoverable amount. Non-financial assets that suffered an impairment are reviewed for possible reversals of the impairment at each reporting date.

(e) Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the VFPA are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, not exceeding five years.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on deposit with banks and short-term deposits with maturities of ninety days or less when acquired.

(g) Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the VFPA will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the consolidated statement of comprehensive income.

(h) Trade payables

Accounts payable and accrued liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(i) Borrowings

Borrowings are classified as other financial liabilities and are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest rate method.

(j) Payments in lieu of taxes ("PILT")

Payments are estimated by the VFPA in accordance with the Payments in Lieu of Taxes Act. Accruals are re-evaluated each year and changes, if any, are made in the current period's consolidated financial statements based on the best available information, including the results of appraisals by an independent consulting firm. PILT is paid on all unoccupied (dry) land and all submerged lands in the Burrard Inlet, Fraser River, and Roberts Bank except for Indian Arm and the navigation channels.

(k) Financial assets

(i) Classification

The VFPA's classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(A) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intention and ability to hold to maturity. The VFPA's held to maturity financial assets comprise its short-term investments and investments in securities (GICs).

(B) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

The VFPA's accounts receivable and other assets, and long-term receivables are classified as loans and receivables. Loans and receivables are carried at amortized cost.

The VFPA assesses as at each consolidated statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(ii) Impairment of financial assets at amortized cost (excluding accounts receivable)

The VFPA assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

2. Basis of presentation and significant accounting policies (continued)

(k) Financial assets (continued)

(ii) Impairment of financial assets at amortized cost (excluding accounts receivable) (continued)

The criteria that the VFPA uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (A) Adverse changes in the payment status of borrowers in the portfolio; and
  - (B) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the VFPA may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of comprehensive income.

(l) Revenue recognition

The VFPA recognizes lease revenue on a straight-line basis over the term of the lease where collection is reasonably assured. Revenue from wharfage and berthage are recognized when services are rendered and collection is reasonably assured. Deferred revenue represents cash received in advance of the due date.

(m) Employee future benefits

The VFPA has three benefit plans (LVPA, LFRPA, LNFPA), where employees from the legacy ports have remained in their respective benefit plans upon amalgamation. Employees hired after January 1, 2008 are eligible for the LVPA plan. The three benefit plans are described in detail in note 14.

The VFPA has both defined benefit and defined contribution plans. Under the defined contribution plan, employees may contribute certain amounts annually with the VFPA providing matching contributions.

A defined benefit plan is a pension plan where retirement benefits are based on the employees' year of credited service and remuneration.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The measurement date for the defined benefit plans is December 31.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

All employees who retire from the VFPA and who receive a Public Service Superannuation pension are eligible for extended health care coverage. This coverage is provided at no additional cost to the VFPA.

The Authority also maintains other non-funded benefits for eligible employees. The Authority accrues in its accounts annually the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years.

Impact upon adoption of Amendments to IAS 19 – Employee Benefits:

The VFPA had early adopted the section of the standard, recognizing actuarial gains and losses immediately in other comprehensive income. The rest of the standard amendments were adopted effective January 1, 2013. These amendments included the annual expense for a defined benefit plan be computed based on the calculation of both interest cost on liabilities and expected return on plan assets using the discount rate used to measure the pension obligation, and the recognition of non-investment expenses as benefit expense as opposed to a deduction from the return on plan assets.

The VFPA adopted these amendments retrospectively to 2012 and the adjusted consolidated financial statement items are presented below.

Adjustments to consolidated statement of financial position

		2012
Increase in accrued benefit liability	$	14
Decrease in equity		(14)

Adjustments to consolidated statement of comprehensive income

		2012
Increase to wages, salaries and benefits	$	907
Decrease in net income		(907)
Decrease in other comprehensive income		
Actuarial losses in defined benefits plan		893
Change in total comprehensive income		(14)

The amended standard did not have a net impact on the consolidated statement of cash flows.

(n) Provisions

Provisions for environmental restoration, restructuring costs, local channel dredging contributions and legal claims are recognized when the VFPA has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money. The increase in the provision due to passage of time is recognized as interest expense.

(o) Leases

A lease is an arrangement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time. Leases in which a significant portion of the risks and rewards of ownership are retained by the VFPA are classified as operating leases.

The VFPA leases certain property and equipment. Leases of property and equipment are classified as operating leases where the VFPA does not have substantially all the risks and rewards of ownership. Operating lease rentals are recognized on a straight-line basis over the period of the lease.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2. Basis of presentation and significant accounting policies (continued)

(p) Non-monetary transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received, whichever is more reliable, unless the transaction lacks commercial substance or the fair value cannot be reliably established. The commercial substance requirement is met when the future cash flows are expected to change significantly as a result of the transaction. When the fair value of a non-monetary transaction cannot be accurately measured or the transaction lacks commercial substance, it is recorded at the carrying value of the asset given up adjusted by the fair value of any monetary consideration received or given.

(q) River dredgeate and dredging

Costs of removing river dredgeate that is in the nature of maintenance of navigable waterways into a standard of depth are expensed. However, costs of river dredgeate removed from the waterway for maintenance, placed on the VFPA property and which betters that property are capitalized.

Dredging costs that deepen navigable waterways to establish a new standard of depth for future economic benefit are capitalized. Proceeds from the sale of river dredgeate derived from maintenance, and government funding for maintenance of the navigable waterway, are recorded as a reduction of the expense. If proceeds are derived from dredgeate originally placed on the VFPA property as a betterment, the proceeds are recorded as a reduction of property and equipment.

(r) Deferred charges

Deferred charges relate to lease transaction costs which are amortized over the term of the agreement.

(s) Joint ventures

A joint venture is a joint arrangement that is jointly controlled by the venturers whereby the venturers do not have rights to individual assets or obligations for expenses of the venture. Rather, each venturer is entitled to a share of the outcome (e.g. profit or loss) of the activities of the joint venture.

Investments in joint ventures are accounted for using the equity method of accounting and are initially recognized at cost. The VFPA's share of its joint ventures' post-acquisition profits or losses are recognized in the consolidated statement of comprehensive income and its share of post-acquisition movements in equity is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the VFPA's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the VFPA does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealized gains on transactions between the VFPA and its joint ventures are eliminated to the extent of the VFPA's interest in the joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the VFPA.

(t) Federal stipend

Under the CMA, the VFPA is obligated to pay annually to the Minister of Transport a charge to maintain its Letters Patent in good standing. The charge is calculated by reference to gross revenues at rates on a sliding scale varying between 2% and 6% depending on the gross amount.

(u) Income taxes

The VFPA, through PMVV, its wholly owned subsidiary, has an interest in a taxable joint venture. The joint venture uses the asset and liability method of accounting for income taxes.

(v) Government grants

Government grants, including non-monetary grants at fair value, are not recognized until there is reasonable assurance that the VFPA will comply with the conditions attaching to them and the grants will be received. Government grants related to assets are presented in the consolidated statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and lower depreciation in the consolidated statement of comprehensive income.

(w) Accounting standards adopted on January 1, 2013

The impact of the adoption of the accounting standard changes for IAS 19, *Employee Benefits*, is described above in note 'Employee future benefits'. In addition, there have been amendments to other standards: IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IFRS 13, *Fair Value Measurement*. IFRS 10 replaces the guidance in IAS 27, *Consolidated and Separate Financial Statements* and provides a single model to be applied in the control analysis for all investee, including entities that currently are Special Purpose Entities in the scope of SIC-12. IFRS 12 establishes disclosure requirements for interest in other entities and introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. The Authority has adopted these amendments effective January 1, 2013 and concluded there was no impact to the Authority's financial statements upon adoption of these standards. Any additional disclosures to address the adopted standards' requirements are included within the 2013 notes to the consolidated financial statements.

3. Adoption of new accounting policies

IFRS 9, *Financial Instruments* ("IFRS 9") was issued in November 2009 and replaced the guidance in IAS 39, *Financial Instruments: Recognition and Measurement*, on the classification and measurement of financial assets. Under IFRS 9, financial assets are measured at amortized cost or fair value which will replace the multiple rules under IAS 39. In December 2011, IFRS 9 was amended to defer the mandatory effective date to annual periods beginning on or after January 1, 2015. VFPA intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2015. The extent of the impact of adoption of IFRS 9 has not yet been determined.

IAS 32 *Financial Instruments: Presentation* ("IAS 32") was amended to address inconsistencies when offsetting financial assets and financial liabilities and is effective for annual periods beginning on or after January 1, 2014. VFPA intends to adopt IAS 32 in its financial statements and does not expect the amendments to have a significant impact on the financial statements.

IFRIC Interpretation 21 *Levies* ("IFRIC 21") was issued in May 2013 to provide guidance on when to recognize a liability for a levy imposed by government legislation and is effective for annual periods beginning on or after January 1, 2014. VFPA intends to adopt IFRIC 21 in its financial statements and does not expect the interpretation to have a significant impact on the financial statements.

4. Financial risk management

Financial risk factors

The VFPA utilizes financial instruments in the normal course of business and takes action to mitigate the associated risks. The use of financial instruments exposes the VFPA to market risk, credit risk and liquidity risk. Management reviews these risks on an ongoing basis to ensure that the risks are appropriately managed. Other than as described below, management does not consider any other risks to be significant to the VFPA.

(a) Fair value

The carrying values of accounts receivable and other assets, accounts payable and accrued liabilities, short-term investments, investments in securities, and payments in lieu of tax approximate their fair values due to the short term to maturity of these instruments.

The carrying values of drawings on available credit facilities approximate their fair values, as they bear floating interest rates that approximate market rates and have short term maturity.

The long-term receivables and the mortgages included in long-term obligations are recorded at amortized cost which approximates their fair values.

As of December 31, 2013, the fair value of the Series A Debentures was $105.6 million (2012 – $112.3 million) based on a ten year Government of Canada bond and a market interest rate of 3.8% (2012 – 2.9%).

4. Financial risk management (continued)

(b) Interest risk

The VFPA's interest bearing financial assets are comprised of term deposits, bonds, debentures, Bankers' Acceptance and long-term receivables which bear interest at fixed rates. The VFPA's debt portfolio comprises both fixed (mortgages) and variable rate (Bankers' Acceptance) debt instruments. The VFPA minimizes its interest rate risk by monitoring the movements of the interest rate, the credit worthiness of its customers and the cash flows.

The VFPA has arranged a $150 million credit facility. The funds are available to the VFPA by way of adjusted prime rate-based loans. The VFPA normally enters into Bankers' Acceptance for periods ranging from one to six months and could therefore be exposed to fluctuations in interest rates at the Bankers' Acceptance expiration.

The Series A Debentures of $100 million has a fixed interest rate of 4.63%. With the fixed rate these interest payments are known with certainty for the 10 year bond period and are incorporated into the VFPA's monthly cash flow forecasts.

For the year ended December 31, 2013, with other variables unchanged, there is no material effect on the net cash flows for an interest rate change of 1% per annum related to credit facilities.

(c) Market risk

Leasing activities encompass market risk for lease cost escalation and possible business failures and leasing disruptions of tenants due to specific and general economic conditions, business interruption and other operating and financial conditions related to tenants.

The VFPA's participation rental revenue (approximately 13% of total operating revenue) can be indirectly affected by fluctuations in demands for various commodities and finished products, as a portion of the revenue is based on volume throughput.

(d) Credit risk

Credit risk is the risk of financial loss to the VFPA if a customer or counterparty defaults on their contractual obligations. Credit risk is managed by VFPA through counterparty financial statement analysis and obtaining guarantees or financial security when appropriate. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. The VFPA limits its exposure to credit loss by regularly monitoring the credit worthiness of customers and debtors. The VFPA believes it has adequately provided for any exposure to potential credit loss.

(e) Liquidity risk

Liquidity risk is the risk that the VFPA will not be able to meet its financial obligations as they fall due. The VFPA's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flow to fund its operations and to meet its liabilities when due. The VFPA also maintains certain credit facilities which can be drawn upon as needed. As per its liquidity policy, the VFPA will maintain an operating liquidity level equivalent to the greater of at least 10% of its debt level or the past six months of expenses.

The VFPA has short-term borrowings and long-term obligations which are largely unsecured. The following table provides a summary of the contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2013. This table details payments due in each of the next five years and thereafter for the VFPA's long-term obligations and short-term debt.

(in thousands of dollars)	2014	2015	2016	2017	2018	2019 and thereafter	Total
Long-term borrowings	$ 4,684	$ 4,684	$ 4,684	$ 4,684	$ 4,684	$ 107,035	$ 130,455
Short-term borrowings	1,600	–	–	–	–	–	1,600
Total	$ 6,284	$ 4,684	$ 4,684	$ 4,684	$ 4,684	$ 107,035	$ 132,055
Percentage of total	5.0%	3.5%	3.5%	3.5%	3.5%	81.0%	100%

Capital risk management

The VFPA's capital consists of its contributed capital and retained earnings. The VFPA's objective when managing capital is to safeguard its assets as regulated by the CMA and Letters Patent and to ensure that adequate capital is managed for future requirements.

5. Critical accounting estimates and judgments

The VFPA makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment

The VFPA tests annually whether there are any indicators that items of property and equipment may be impaired. The recoverable amounts of cash-generating units have been determined to be the higher of the fair value less costs to sell and value-in-use. These value-in-use calculations require the use of estimates, including but not limited to, discount rates and future cash flows.

(b) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The VFPA determines the appropriate discount rate at the end of each year. In determining the appropriate discount rate, the VFPA considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 14.

(c) Environmental liabilities

The VFPA has contingent liabilities and provisions for environmental restoration requirements at a number of its properties. The nature, extent, timing and cost of cleanup of these properties are based on management's best estimates. Provisions recognized in the VFPA's consolidated statement of financial position are discounted using an appropriate risk-free rate.

VFPA's environmental staff keeps track of contaminated or possibly contaminated properties during the year, and are part of the team conducting due diligence on all property acquisitions. At year end, each property is assessed for possible environmental provisions in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets.* Uncertainty exists over actual environmental restoration costs to be incurred due to the estimates involved in performing the assessment.

6. Property and equipment

Other property:

(in thousands of dollars)	Land, building, and berthing structures	Dredging roads and surfaces	Machinery and equipment	Construction-in-progress	Utilities	Office, furniture, equipment and leasehold improvements	Total
December 31, 2011							
Cost	$ 154,453	$ 22,990	$ 49,238	$ 7,670	$ 573	$ 19,252	$ 254,176
Accumulated depreciation and impairment	(6,526)	(8,186)	(34,065)	–	(201)	(16,013)	(64,991)
Net book value	147,927	14,804	15,173	7,670	372	3,239	189,185
Year ended December 31, 2012							
Additions	3,570	7,793	464	12,307	–	1,787	25,921
Transferred to intangible assets	–	–	–	(2,047)	–	–	(2,047)
Disposals							
Cost	–	–	–	–	–	(17)	(17)
Accumulated depreciation	–	–	–	–	–	17	17
Impairment	–	–	(79)	–	–	(302)	(381)
Depreciation	(344)	(1,682)	(2,566)	–	(17)	(963)	(5,572)
	3,226	6,111	(2,181)	10,260	(17)	522	17,921
Closing net book value	$ 151,153	$ 20,915	$ 12,992	$ 17,930	$ 355	$ 3,761	$ 207,106
December 31, 2012							
Cost	$ 158,023	$ 30,783	$ 49,702	$ 17,930	$ 573	$ 21,022	$ 278,033
Accumulated depreciation and impairment	(6,870)	(9,868)	(36,710)	0	(218)	(17,261)	(70,927)
Net book value	$ 151,153	$ 20,915	$ 12,992	$ 17,930	$ 355	$ 3,761	$ 207,106
Year ended December 31, 2013							
Additions	53,677	5,368	1,492	(3,125)	–	515	57,927
Transferred to intangible assets	–	–	–	(1,200)	–	–	(1,200)
Disposals							
Cost	(118)	–	(49)	(340)	–	–	(507)
Accumulated depreciation	–	–	49	–	–	–	49
Impairment	–	–	(43)	–	–	(56)	(99)
Depreciation	(801)	(1,946)	(1,831)	–	(17)	(1,029)	(5,624)
	52,758	3,422	(382)	(4,665)	(17)	(570)	50,546
Closing net book value	$ 203,911	$ 24,337	$ 12,610	$ 13,265	$ 338	$ 3,191	$ 257,652
December 31, 2013							
Cost	$ 211,582	$ 36,151	$ 51,145	$ 13,265	$ 573	$ 21,537	$ 334,253
Accumulated depreciation and impairment	(7,671)	(11,814)	(38,535)	–	(235)	(18,346)	(76,601)
Net book value	$ 203,911	$ 24,337	$ 12,610	$ 13,265	$ 338	$ 3,191	$ 257,652

Federal property:

(in thousands of dollars)	Land, building, and berthing structures	Dredging roads and surfaces	Machinery and equipment	Construction-in-progress	Utilities	Office, furniture, equipment and leasehold improvements	Total
December 31, 2011							
Cost	$ 841,600	$ 198,981	$ –	$ 43,820	$ 101,183	$ 1,261	$1,186,845
Accumulated depreciation and impairment	(222,686)	(115,549)	–	–	(52,853)	(589)	(391,677)
Net book value	618,914	83,432	–	43,820	48,330	672	795,168
Year ended December 31, 2012							
Additions	4,489	5,090	–	31,869	78	–	41,526
Disposals							
Cost	(1,908)	–	–	(248)	(87)	–	(2,243)
Accumulated depreciation	1,908	–	–	–	87	–	1,995
Impairment	(33)	–	–	–	–	–	(33)
Depreciation	(10,722)	(6,196)	–	–	(3,349)	(53)	(20,320)
	(6,266)	(1,106)	–	31,621	(3,271)	(53)	20,925
Closing net book value	$ 612,648	$ 82,326	$ –	$ 75,441	$ 45,059	$ 619	$ 816,093
December 31, 2012							
Cost	$ 844,181	$ 204,071	$ –	$ 75,441	$ 101,174	$ 1,261	$1,226,128
Accumulated depreciation and impairment	(231,533)	(121,745)	–	–	(56,115)	(642)	(410,035)
Net book value	$ 612,648	$ 82,326	$ –	$ 75,441	$ 45,059	$ 619	$ 816,093
Year ended December 31, 2013							
Additions	7,173	15,103	–	66,498	4,725	–	93,499
Disposals							
Cost	–	(444)	–	(151)	–	–	(595)
Accumulated depreciation	–	444	–	–	–	–	444
Impairment	–	–	–	–	–	–	–
Depreciation	(10,497)	(6,078)	–	–	(3,467)	(55)	(20,097)
	(3,324)	9,025	–	66,347	1,258	(55)	73,251
Closing net book value	$ 609,324	$ 91,351	$ –	$ 141,788	$ 46,317	$ 564	$ 889,344
December 31, 2013							
Cost	$ 851,354	$ 218,730	$ –	$ 141,788	$105,899	$ 1,261	$1,319,032
Accumulated depreciation and impairment	(242,030)	(127,379)	–	–	(59,582)	(697)	(429,688)
Net book value	$ 609,324	$ 91,351	$ –	$ 141,788	$ 46,317	$ 564	$ 889,344

Federal property and other property belong to Canada. Federal property is registered to Her Majesty The Queen while other property is registered to the VFPA. The properties are managed by the VFPA as an agent of the Crown. The VFPA is responsible for performing necessary maintenance, restoration and replacement of federal property it manages. Federal property cannot be pledged as collateral while other property can be pledged as collateral.

6. Property and equipment (continued)

The VFPA receives funding from the Government of Canada, Transport Canada and the Province of B.C. to be used to reimburse the VFPA for the purchase and construction of infrastructure, shore power and I.T. assets. During 2013, the VFPA received $63,985,973 in funding (2012 – $12,045,419).

Interest capitalized in the year amounted to nil (2012 – nil).

Completion of an asset impairment analysis performed in 2013 indicated certain assets were impaired. Accordingly, $99,000 was recognized as an impairment expense during 2013 (2012 – $415,000).

It is VFPA's policy to review work under construction annually to assess the potential of the capital expenditures to provide future benefits. In 2013, several studies totalling $491,000 (2012 – $248,000) relating to potential capital projects were written off.

Leased property and equipment

The category of land, buildings, and berthing structures includes property leased by the VFPA to third parties under operating leases with the following carrying amounts:

	2013	2012
Cost	**$1,142,526**	$ 988,147
Accumulated depreciation	**(345,146)**	(303,824)
	$ 797,380	$ 684,323

The VFPA's leases were entered into as combined leases of land, berthing structures and infrastructure. When the VFPA adopted IFRS effective January 1, 2010, it was not possible to obtain a reliable estimate of the split of the fair values of certain of the leases between land, berthing structures and infrastructure at the inception of the leases. Therefore, in determining lease classification, the VFPA evaluated whether both parts were clearly operating leases or finance leases. As the passing of land title has no bearing on the classification of the land leases, the VFPA reviewed other factors including:

- the economic life of the land; and
- the present value of minimum lease payments.

Because the rent paid to the VFPA for the buildings is increased to market rent at regular intervals, it was judged that substantially all the risks and rewards of the buildings are with the VFPA. Based on these qualitative factors, it was considered that the leases are operating leases.

7. Investment in joint venture

PMVV, a wholly owned subsidiary of the VFPA, participates in a joint venture that conducted business in support of port operations. PMVV has a 50% interest in the joint venture at December 31, 2013.

In late 2011, the shareholders agreed to sell the joint venture or its assets. The result was a purchase/sale agreement in February 2012 in which the joint venture sold its property and equipment, and lease financing assets, along with assigning the related head lease and sub-leases to the purchaser, and the purchaser would assume the joint venture's mortgage. The sale closed on February 23, 2012 with a gain on sale (before taxes) of $46.6 million.

	2013	2012
At January 1	**$ (69)**	$ (2,318)
Contributed capital	**80**	–
Share of net income (loss) (including gain on asset disposal)	**(4)**	20,724
Shareholder loans and/or dividends paid to shareholder	**–**	(18,475)
At December 31	**$ 7**	$ (69)

The VFPA's 50% share of the results of its joint venture, Modalink Vancouver Gateway Distribution Hub Ltd., and its aggregated assets and liabilities, are as follows:

	2013	2012
Assets		
Current assets	**$ 7**	$ 2,158
Non-current assets	**–**	–
	$ 7	$ 2,158
Liabilities		
Current liabilities	**$ –**	$ 2,227
Non-current liabilities	**–**	–
	$ –	$ 2,227
Net assets (liabilities)	**$ 7**	$ (69)
Revenue	**$ 4**	$ 584
Gain on asset disposal	**–**	20,661
Expenses	**(8)**	(521)
Net income (loss)	**(4)**	20,724

The joint venture, of which the VFPA owns 50%, entered into the following transactions in the normal course of business with related parties:

(a) The joint venture received contributed capital totaling $160,000 from the corporate shareholders of the joint venture (2012 – nil).

(b) The joint venture incurred management fees of nil (2012 – $200,000) to one of its two corporate shareholders for services rendered in respect of the corporate asset disposal.

(c) The joint venture incurred management fees of nil (2012 – $12,000) and tenant finder's fees of nil (2012 – $2,963) to a real estate project management company with a common director.

(d) The joint venture received referral commission of nil (2012 – $117,480) from a real estate project management company with a common director.

(e) The joint venture earned property leasing revenue of nil (2012 – $534,885) from Coast 2000 Terminals Ltd., a company related through a common director.

(f) The joint venture incurred land lease costs for the site land lease of nil (2012 – $296,879) to VFPA, a 50% shareholders of the joint venture.

(g) The joint venture paid dividends of nil (2012 – $36,950,000) to the corporate shareholders of the joint venture.

(h) Directors fees, included in consulting fees, of nil (2012 – $500) were paid to one director of the joint venture.

8. Financial instruments

(a) Financial instruments by category

Assets as per balance sheet

	Loans and receivables	Held to maturity	Total
December 31, 2013			
Short-term investments	**$ –**	**$ 501**	**$ 501**
Investments in securities	**–**	**2,523**	**2,523**
Accounts receivable and other assets	**79,102**	**–**	**79,102**
Long-term receivables	**6,399**	**–**	**6,399**
	$ 85,501	**$ 3,024**	**$ 88,525**
December 31, 2012			
Short-term investments	$ –	$ 600	$ 600
Investments in securities	–	1,997	1,997
Accounts receivable and other assets	40,932	–	40,932
Long-term receivables	5,232	–	5,232
	$ 46,164	$ 2,597	$ 48,761

Liabilities as per consolidated statement of financial position

	Other financial liabilities at amortized cost	Total
December 31, 2013		
Payment in lieu of taxes	$ 400	$ 400
Accounts payable and accrued liabilities	76,384	76,384
Long-term obligations (including current portion)	99,770	99,770
Short-term borrowing	1,600	1,600
	$ 178,154	$ 178,154
December 31, 2012		
Payment in lieu of taxes	$ 2,422	$ 2,422
Accounts payable and accrued liabilities	40,270	40,270
Long-term obligations (including current portion)	99,710	99,710
Short-term borrowing	1,700	1,700
	$ 144,102	$ 144,102

(b) Credit quality and financial assets

Cash and cash equivalents, and investments

VFPA has the objective of ensuring the safety of its cash and cash equivalents and maintaining the liquidity necessary to pay obligations as they become due. In order to do so, VFPA holds its cash balances in conservative, highly liquid facilities. The cash portfolio is diversified to minimize the risk of loss resulting from overconcentration of holdings in any one specific financial institution. Cash balances are only invested in top tier financial institutions in Canada. Cash position is monitored on a daily basis and rebalanced as necessary. VFPA's cash management and investment activities are constrained by the CMA and the Categories of Investments Schedule of the Port Authorities Management Regulations which stipulates the types of investments permitted and minimum rating requirements.

9. Investments in securities

	2013	2012
At January 1	$ 2,597	$ 3,858
Additions	1,027	1,000
Disposals	(600)	(2,261)
At December 31	3,024	2,597
Less non-current portion	2,523	1,997
Current portion	$ 501	$ 600

Held to maturity assets includes the following:

	2013	2012
GIC	$ 3,024	$ 2,597

10. Accounts receivable and other assets

(a) Accounts receivable and other assets

	2013	2012
Trade receivables	$ 12,995	$ 5,734
Provision for impairment	(3,326)	(3,113)
Restricted funds	7,698	3,125
Federal Government accrued grants	24,795	6,713
Other project partners accrued recoveries	9,270	2,615
Property rent related accrued revenues	12,906	11,861
Port related accrued revenues	6,279	7,090
Other	8,485	6,907
	$ 79,102	$ 40,932

At December 31, 2013, accounts receivable and other assets includes $7,697,585 in restricted funds (2012 – $3,124,409). Restricted funds are project related deposits, provincial share of lease revenue, and foreshore property owner deposits. Once information has been submitted to the VFPA's satisfaction, project related deposits are refunded in full plus interest. Provincial share of lease revenue is paid semi-annually. The foreshore property owner deposits are held to guarantee that the dykes on such properties will be maintained by the owners.

The single largest amount of the restricted funds is $3,724,766 of government funding to promote best practices for marine transportation of liquid bulk commodities (2012 – $757,498 was held for the replacement of a pile wall and a protection system at a terminal).

As of December 31, 2013, accounts receivables of $7,901,639 (2012 – $1,073,631) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2013	2012
Up to 90 days	$ 7,461	$ 691
91 to 120 days	88	68
Over 120 days	353	315
	$ 7,902	$ 1,074

10. Accounts receivable and other assets (continued)

(a) Accounts receivable and other assets (continued)

As of December 31, 2013, trade receivables of $3,656,190 (2012 – $3,533,837) were provided for. The amount of the provision was $3,325,932 as of December 31, 2013 (2012 – $3,112,631). The individually impaired receivables mainly relate to customers disputing lease terms and conditions. The ageing of these receivables is as follows:

	2013	2012
Up to 90 days	**$ 171**	$ 227
91 to 120 days	**2**	52
Over 120 days	**3,483**	3,255
	$ 3,656	$ 3,534

Movements on the provision for impairment of accounts receivables are as follows:

	2013	2012
Balance, January 1	**$ 3,113**	$ 3,358
Provision for receivables impairment	**232**	238
Receivable written off during the year as uncollectable	**(19)**	(36)
Unused amounts reversed	**–**	(447)
Balance, December 31	**$ 3,326**	$ 3,113

(b) Long-term receivables

	2013	2012
Long-term lease receivable	**$ 5,988**	$ 4,509
Notes receivable from tenants	**351**	384
Lease financing	**150**	206
	6,489	5,099
Current portion	**90**	157
Net long-term receivables	**$ 6,399**	$ 4,942

The long-term lease receivable is the difference between rental income earned on a straight-line basis and payments received to terms of the lease.

The notes receivable from tenants are due from various tenants in respect of contributions to building renovations and recoverable costs from capital replacement projects. All of the notes are unsecured and bear interest at 6.25% ($347,000 note matures in 2022 and $4,000 note matures in 2014). The lease financing contracts are for an access road ($8,000 matures in 2015, imputed interest at 7.25%), and rail trackage ($142,000 matures in 2021, imputed interest at 5.18%).

11. Cash and cash equivalents

	2013	2012
Cash at bank and on hand	**$ 121,783**	$ 160,042

12. Accounts payable and accrued liabilities

	2013	2012
Accounts payable	**$ 25,495**	$ 6,711
Accrued expense	**50,899**	33,559
	$ 76,394	$ 40,270

13. Borrowings

(a) Long-term obligations

	2013	2012
Series A debentures with interest at 4.63% semi-annually, maturing April 20, 2020	**$ 99,420**	$ 99,343
Secured non-revolving demand loan bearing interest at prime plus 0.125% interest, payable monthly, amortized over 20 years	**324**	367
	99,744	99,710
Current portion	**45**	43
	$ 99,699	$ 99,667

The demand loan is secured by specific and general security agreements covering all assets of the subsidiary holding the mortgage, a first charge on properties and facilities, an assignment of insurance proceeds, subordination of amounts due to related parties and letters of credit from the VFPA and another related party.

Series A Senior Unsecured Debentures bear interest payable of 4.63% semi-annually and will come due April 20, 2020. Interest is payable in arrears on April 20 and October 20 of each year.

VFPA has available a 5-year, $150 million loan facility with Royal Bank of Canada. The facility is unsecured and bears interest at the Canadian prime rate of the bank plus 0.175% per annum. The VFPA pays an acceptance fee of 0.175% per annum on the Bankers' Acceptance issued and standby fees at an annual rate of 0.035% calculated on the unused, authorized portion of the facility. Amounts outstanding may be repaid at any time without penalty and must be repaid by December 12, 2017.

Principal repayment requirements are as follows:

2014	$ 45
2015	46
2016	47
2017	49
2018	50
2019 and thereafter	99,462
	$ 99,699

(b) Short-term borrowing

	2013	2012
NFTI (subsidiary) – Bankers' Acceptance	**$ 1,600**	$ 1,700

As of December 31, 2013, the VFPA has a total of $8.24 million in letter of credit facilities (2012 – $9.16 million). Two irrevocable standby letters of credit were issued to two separate Federal Government agencies for a total of $6.4 million.

The fair value of the short-term borrowings approximates their carrying amounts.

As of December 31, 2013, NFTI had $1.6 million in short-term borrowings outstanding through its loan arrangement with CIBC. The Bankers' Acceptance is due on March 24, 2014 and the stamping fee paid by NFTI is 1.2% per annum.

14. Employee future benefits

The VFPA has three benefit plans (LVPA, LFRPA, LNFPA), where employees from the legacy ports have remained in their respective benefit plans upon amalgamation. Employees hired after January 1, 2008 are eligible for the LVPA plan. The VFPA has a defined benefit pension plan, a supplemental pension plan, the VFPA RRSP and other post-employment benefit plans. The three benefit plans are described as follows:

(a) LVPA Plans

The VFPA maintains defined benefit pension plans for eligible employees. Employees hired before March 1, 1999 had the option of remaining with the Government of Canada Public Service Superannuation Plan or transferring their past service credits into the new defined benefit plan of the VFPA. By the end of 2004, all transfers of service credits and assets were made for employees who elected to transfer their Superannuation Pension into the LVPA pension plan.

Employees hired after March 1, 1999 are eligible for the VFPA RRSP. Under the VFPA RRSP, employees may contribute certain amounts annually, with the VFPA providing matching contributions.

The VFPA also maintains other non-funded benefits for eligible employees. All employees who retire from the VFPA and who receive a defined benefit pension are eligible for an extended health care plan. Coverage is optional and is partly paid by the VFPA. In addition, a very limited number of senior management employees who retire from the VFPA are eligible for a grandfathered post-retirement life insurance plan. This benefit is fully paid by the VFPA.

The following tables present, in aggregate, information on a calendar year basis concerning the LVPA employee future benefit plans:

	Registered Pension Plan		Supplemental Pension Plan		Other Plans	
	2013	2012	**2013**	2012	**2013**	2012
Change in fair value of plan assets						
Balance, beginning of year	**$ 49,638**	$ 42,774	**$ 7,335**	$ 6,601	**$ –**	$ –
Employee contributions	**258**	295	**35**	56	**–**	–
Employer contributions	**4,474**	4,143	**697**	804	**24**	24
Expected return on plan assets	**2,468**	3,679	**550**	130	**–**	–
Non-investment expenses	**(203)**	(206)	**–**	–	**–**	–
Benefits paid	**(1,332)**	(1,047)	**(310)**	(256)	**(24)**	(24)
Balance, end of year	**$ 55,303**	$ 49,638	**$ 8,307**	$ 7,335	**$ –**	$ –
Change in accrued benefit obligation						
Balance, beginning of year	**$ 55,224**	$ 47,643	**$ 11,016**	$ 8,575	**$ 1,303**	$ 1,229
Current service cost						
Employer	**1,349**	1,283	**229**	149	**9**	11
Employee	**258**	295	**35**	56	**–**	–
Interest cost on benefit obligation	**2,527**	2,435	**500**	433	**59**	61
Benefits paid	**(1,332)**	(1,047)	**(310)**	(256)	**(24)**	(24)
Actuarial loss (gain)	**1,142**	4,615	**744**	2,059	**62**	26
Balance, end of year	**$ 59,168**	$ 55,224	**$ 12,214**	$ 11,016	**$ 1,409**	$ 1,303
Accrued benefit asset (liability) at December 31	**$ (3,865)**	$ (5,586)	**$ (3,907)**	$ (3,681)	**$ (1,409)**	$ (1,303)

Change in other comprehensive income ("OCI") gain (loss) balances:

	Registered Pension Plan		Supplemental Pension Plan		Other Plans	
	2013	2012	**2013**	2012	**2013**	2012
Balance, beginning of year	**$ (8,231)**	$ (4,199)	**$ (4,573)**	$ (2,420)	**$ (250)**	$ (224)
Gains (losses) recognized in year	**(985)**	(3,159)	**(533)**	(2,153)	**(62)**	(26)
Balance, end of year	**$ (9,216)**	$ (7,358)	**$ (5,106)**	$ (4,573)	**$ (312)**	$ (250)

Pension and other post-retirement expense is included in salaries and benefits and is as follows:

	Registered Pension Plan		Supplemental Pension Plan		Other Plans	
	2013	2012	**2013**	2012	**2013**	2012
Plan expense						
Current service cost	**$ 1,349**	$ 1,283	**$ 229**	$ 149	**$ 9**	$ 11
Non-investment expenses	**203**	206	**–**	–	**–**	–
Interest cost on benefit obligation	**2,527**	2,435	**501**	433	**59**	61
Expected return on plan assets	**(2,310)**	(2,223)	**(340)**	(224)	**–**	–
Expense for the year ended December 31	**$ 1,769**	$ 1,701	**$ 390**	$ 358	**$ 68**	$ 72

The actual return on plan assets was $3,018,900 (2012 – $3,808,800).

The VFPA RRSP employer contribution:

	2013	2012
Employer contributions	**$ 1,367**	$ 987

The invested assets of the pension plan and the supplemental pension plan are held in pooled funds. The following is a distribution of the invested assets by fund type:

	2013		2012	
	Registered Pension Plan	Supplemental Pension Plan	Registered Pension Plan	Supplemental Pension Plan
Equity funds	**39.3%**	**20.4%**	38.7%	20.2%
Fixed income funds	**49.5%**	**25.8%**	49.0%	25.4%
Real estate funds	**11.2%**	**6.2%**	12.3%	6.2%
Refundable tax account	**–**	**47.6%**	–	48.2%
	100.0%	**100.0%**	100.0%	100.0%

(b) LFRPA Plans

The VFPA has a defined contribution registered pension plan for the LFRPA employees where employees contribute certain amounts annually and the VFPA providing matching contributions, with the exception of three employees where the VFPA'S match is higher than the employees' contribution up to a maximum percentage. There are also two unfunded supplemental defined benefit pension plans for designated employees that are in addition to the retirement income provided for under the registered defined contribution plan. The two supplemental plans are: the Executive Individual Supplemental Pension Benefit ("EISPB") and the Supplemental Pension Arrangement for Selected Employees ("SPASE").

The following tables present, in aggregate, information on a calendar year basis concerning the LFRPA employee future benefit plans:

	EISPB		SPASE	
	2013	2012	**2013**	2012
Change in fair value of plan assets				
Balance, beginning of year	**$ –**	$ –	**$ –**	$ –
Employer contributions	**56**	56	**74**	76
Benefits paid	**(56)**	(56)	**(74)**	(76)
Balance, end of year	**$ –**	$ –	**$ –**	$ –

14. Employee future benefits (continued)

(b) LFRPA Plans (continued)

	EISPB		SPASE	
	2013	2012	**2013**	2012
Change in accrued benefit obligation				
Balance, beginning of year	**$ 898**	$ 887	**$ 1,565**	$ 1,527
Current service cost				
Employer	**–**	–	**11**	10
Interest cost on benefit obligation	**39**	43	**69**	75
Benefit paid	**(56)**	(56)	**(74)**	(76)
Actuarial loss (gain)	**13**	24	**(66)**	29
Balance, end of year	**894**	898	**1,505**	1,565
Accrued benefit (liability) at December 31	**$ (894)**	$ (898)	**$ (1,505)**	$ (1,565)

Change in OCI gain (loss) balances:

	EISPB		SPASE	
	2013	2012	**2013**	2012
Balance, beginning of year	**$ (142)**	$ (118)	**$ (710)**	$ (681)
Gaines (Losses) recognized in year	**(13)**	(24)	**66**	(29)
Balance, end of year	**$ (155)**	$ (142)	**$ (644)**	$ (710)

Pension and other post-retirement expense is included in salaries and benefits, is as follows:

	EISPB		SPASE	
	2013	2012	**2013**	2012
Plan expense				
Current service cost	**$ –**	$ –	**$ 11**	$ 10
Interest cost on benefit obligation	**41**	43	**69**	75
Expense for the year ended December 31	**$ 41**	$ 43	**$ 80**	$ 85

(c) LNFPA Plans

The VNFPA has a defined benefit plan for the LNFPA employees. The Plan provides pension benefits based on 2% of the final average earnings for each year of pensionable service to a maximum of 35 years.

The following tables present, in aggregate, information on a calendar year basis concerning the LNFPA employee future benefit plans:

	2013	2012
Change in fair value of plan assets		
Balance, beginning of year	**$ 752**	$ 665
Expected return on plan assets	**36**	61
Employer contributions	**81**	54
Employee contributions	**19**	18
Non-investment expenses	**(23)**	(23)
Benefits paid	**(23)**	(23)
Balance, end of year	**842**	752
Change in accrued benefit obligations		
Balance, beginning of year	**922**	744
Current service cost	**47**	51
Interest cost on benefit obligation	**44**	40
Employee contributions	**19**	18
Benefits paid	**(23)**	(23)
Actuarial gain	**6**	92
Balance, end of year	**1,015**	922
Accrued benefit liability	**$ (173)**	$ (170)

Change in OCI gain (loss) balances:

	2013	2012
Balance, beginning of year	**$ (167)**	$ (102)
Losses recognized in year	**(5)**	(65)
Balance, end of year	**$ (172)**	$ (167)

Pension and other post-retirement expense is included in the salaries and benefits, is as follows:

	2013	2012
Plan expense		
Current service cost	**$ 47**	$ 51
Non-investment expense	**23**	23
Interest cost on benefit obligation	**44**	40
Expected return on plan assets	**(36)**	(35)
Expense for the year ended December 31	**$ 78**	$ 79

The weighted average asset allocation by asset category of the LNFPA's defined benefit pension plan is as follows:

	2013	2012
Equity	**39.0%**	38.8%
Fixed income securities	**49.7%**	49.2%
Real estate funds	**11.3%**	12.0%
Total assets	**100.0%**	100.0%

14. Employee future benefits (continued)

(d) Actual assumptions

The significant actuarial assumptions adopted in measuring the pension plans' accrued benefit obligation are as follows:

	Registered Pension Plan		Supplemental Pension Plan		Other Plans	
	2013	2012	**2013**	2012	**2013**	2012
Discount rate at beginning of year	**4.5%**	5.0%	**4.5%**	5.0%	**4.5%**	5.0%
Discount rate at end of year	**4.75%**	4.5%	**4.75%**	4.5%	**4.75%**	4.5%
Expected long-term rate of return of Plan assets	**4.75%**	4.5%	**4.75%**	4.5%	**–**	–
Inflation rate (future salary increases)	**2.25%**	2.25%	**2.25%**	2.25%	**2.25%**	2.25%

(e) The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Change in assumption	Impact on overall liability
Discount rate	Increase/decrease by 1%	Decrease/increase by 14.7%/18.8%
Inflation rate	Increase/decrease by 1%	Increase/decrease by 15.1%/12.3%
Salary growth rate	Increase/decrease by 1%	Increase/decrease by 1.8%/1.7%
Rate of mortality	Increase decrease all mortality rates by 10%	Decrease/increase by 1.5%/1.6%

The effect of a 1% movement in the assumed medical cost trend rate is as follows:

	Current	1% Increase	1% Decrease
Accrued benefit obligation	1,249	1,543	1,013
Current service cost	9	12	7
Interest cost	57	70	46

15. Intangible assets

Intangible assets are comprised solely of internally generated software development costs. They are depreciated straight-line over 5 years.

	2013	2012
Opening		
Cost	**$ 9,480**	$ 7,433
Accumulated depreciation	**(6,959)**	(6,111)
Net book value	**2,521**	1,322
Movements in the year		
Additions	**1,200**	2,047
Depreciation	**(950)**	(848)
Closing net book value	**$ 2,771**	$ 2,521

16. Leases

The VFPA leases various properties, offices, equipment and vehicles under non-cancellable operating lease agreements. The leases have varying terms escalation clauses and renewal rights. The leases typically run for one to ten years.

The lease expenditure charged and sublease payments received that are recognized in the consolidated statement of comprehensive income during the year are ($957,114) and $372,262, respectively.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2013	2012
Within one year	**$ 715**	$ 947
After one year but not more than five years	**1,008**	1,623
More than five years	**270**	239
	$ 1,993	$ 2,809

One of the leased properties has been sublet by the VFPA. The lease and sublease expire in 2016. Sublease payments of $1,082,348 are expected to be received during the future sublease years.

The VFPA currently leases land, berthing structures and buildings to terminal operators under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights.

The future minimum lease rentals under non-cancellable operating leases in the aggregate and for each of the following periods are as follows:

	2013	2012
Within one year	**$ 113,422**	$ 101,572
After one year but not more than five years	**389,113**	360,614
More than five years	**2,264,804**	2,074,919
	$2,767,339	$2,537,105

Contingent-based rents recognized in the consolidated statement of income were $18,627,511 (2012 – $16,258,904).

17. Commitments

Capital projects for which the combined capital expenditures are estimated to exceed $1.0 million as at December 31, 2013 are as follows:

	Spending to date	Commitments at year end	Total authorized cost
Container expansion	$ 279,739	$ 19,051	$ 384,293
Other infrastructure improvement	117,591	92,856	289,530
Land acquisition and development	65,390	65	104,352
Machinery and equipment	1,086	517	1,650
	$ 463,806	$ 112,489	$ 779,825

The VFPA is committed under a lease agreement with Fraser Surrey Docks to use reasonable commercial efforts to maintain the main channel of the Fraser River, within its jurisdiction, to a specific navigable depth.

Under two 30-year lease agreements expiring on December 31, 2014, the VFPA administers the provincial Crown lands within its jurisdiction, consisting of foreshore and land covered by water. Gross lease rentals and sand royalties derived from that agreement are shared between the province of British Columbia and the VFPA with all costs of administration borne by the VFPA.

The VFPA has entered into a contract with Fraser River Pile & Dredge (GP) Inc. ("FRPD") for dredging to maintain the navigation channels of the Fraser River. Under the 11-year contract expiring on December 31, 2022, the VFPA pays FRPD service fees totalling $3,024,684 per annum regardless of the amount of dredging required in any dredging season.

18. Contingent liabilities

(a) Roberts Bank expansion

In November 2004, LVPA entered into agreements with the Tsawwassen First Nation ("TFN") and other parties. These agreements are referred to in these consolidated financial statements as the Expansion Agreements.

By the end of December, 2007, LVPA has expensed a total of $2,000,000 to TFN as payments to settle litigation and compensation for infringements of TFN aboriginal interests.

Under the terms of the Expansion Agreements, the VFPA is obligated to advance the TFN up to $5,000,000 on an interest free basis for its 50% participation in a joint venture with the VFPA. The VFPA will contribute an additional, matching amount of up to $5,000,000 on its own account. The joint venture is to be controlled by both venturers. It is intended that the joint venture will search for and identify port related activities in which to invest. Such investments will be approved only after due diligence has established a reasonable expectation of generating profits in accordance with industry standards, with a minimum target rate of return of 10% a year. If all or part of the monies are not invested, interest is to be paid by the VFPA to the TFN at prescribed rates. In 2013, the VFPA and TFN continued working towards establishing the joint venture.

Starting in November 2008, the VFPA is obligated to pay interest at a rate equivalent to the yield earned on a 10 year Government of Canada bond effective on the first anniversary of the settlement date plus 1.5% per annum on the portion of the funds not yet advanced to the JV on behalf of TFN. For the fiscal year of 2013, $263,000 interest expense was incurred.

The Expansion Agreements obligate the VFPA to provide construction contracts, construction employment and operations employment to TFN enterprises and its members in connection with the anticipated Roberts Bank Expansion. Should the VFPA fail to meet this obligation, liquidated damages will be required. The obligation amount is $2,584,592 and if the obligation is not met, liquidated damages up to $956,573 would be required.

(b) Payments in lieu of taxes

The PILT Act prescribes how the Federal Government and its agents should determine what PILT to pay, based on the value of unoccupied federal lands, if the federal entity decides to pay PILT. The PILT Act also provides that any Taxing Authority may make a request for review to the PILT Dispute Advisory Panel if they are in disagreement with the PILT they have received. The Dispute Advisory Panel has a mandate to provide advice to the Minister of Public Works and Government Services Canada ("PWGSC") with respect to the resolution of disputes concerning PILT between the Federal Government and Canadian taxing authorities.

In 2013, VFPA and local port cities settled disputed PILT payments for years 2009 to 2012 and the request for review of 2009 PILT payments by the Dispute Advisory Panel has been dismissed. 2013 PILT payments have been made and local port cities have until March 25, 2014 to make a request for review to the Dispute Advisory Panel, unless an extension of this timeframe is agreed to by the Chair of the Dispute Advisory Panel for extenuating circumstances beyond the control of the Taxing Authority.

19. Provisions

Provisions	Environmental restoration	Sand royalties	Onerous contracts	Claims	Local channel and other contributions	Total
Balance, January 1 2013	$ 7,148	$ 6,088	$ 314	$ 400	$ 3,076	$ 17,026
Provisions made during the year	412	–	–	50	106	568
Provision used during the year	(309)	–	(89)	(25)	(328)	(751)
Provisions reversed during the year	(151)	–	–	–	–	(151)
Unwinding of discount	76	–	–	–	–	76
Balance, December 31, 2013	$ 7,176	$ 6,088	$ 225	$ 425	$ 2,854	$ 16,768
Less current	$ 3,481	$ 6,088	$ 84	$ 425	$ 2,854	$ 12,932
	3,695	–	141	–	–	3,836

(a) Environmental restoration

The VFPA incurs various environmental liabilities relating to its activities. A provision is recognized for the present value of costs to be incurred for the restoration thereof.

(b) Sand royalties

Pursuant to a lease with the Government of British Columbia (the "Province") for a portion of the Fraser River that is under Provincial jurisdiction, LFRPA agreed to pay the Province a royalty for sand dredged from that area of the riverbed. As no agreement has been reached with the Province on any settlement, the VFPA recognizes a provision for the royalties.

(c) Onerous contracts

The VFPA has a lease and sub-lease arrangement for office space previously used by the VFPA. A provision is recognized for the net expenses to be incurred over the remainder of this lease.

(d) Claims

The amount represents a provision for certain claims brought against the VFPA. The provision charge is recognized in the consolidated statement of comprehensive income within other operating and administrative expenses. The outcome of these claims is not expected to give rise to any significant loss beyond the amounts provided for.

(e) Local channel and other contributions

The amount represents a provision where the VFPA has committed to contribute to a number of community projects, including local channel dredging contribution.

20. Finance costs

	2013	2012
Interest expense		
Series A debentures	**$ 4,630**	$ 4,630
TFN agreement	**263**	263
Secured mortgage	**11**	12
Loan facility	**42**	44
Total interest	**4,946**	4,949
Finance cost		
Series A debentures	**77**	74
RBC credit facility	**133**	–
Unwinding discount on provision	**76**	132
Total interest and finance cost	**$ 5,232**	$ 5,155

21. Gateway infrastructure program

The VFPA and its partners are leveraging Provincial and Federal Government funding for a generational investment in supply-chain infrastructure improvements. The Gateway Infrastructure Program ("GIP") is a $717 million investment in supply chain improvements beyond traditional port activities and lands. The industry funded portion of the GIP is $167 million, under a series of improvements in three locations:

	Total industry contribution	Industry funded portion (90%)	VFPA portion (10%)
North shore trade area	$ 59,000	$ 53,100	$ 5,900
South shore trade area	58,000	52,200	5,800
Roberts Bank rail corridor	50,000	45,000	5,000
	$ 167,000	$ 150,300	$ 16,700

In order to recover the 90% industry funded portion, the Gateway Infrastructure Fee was instituted effective January 1, 2011. Below are the fees collected and expenditures made in 2013 and to date.

	Current year				Total to date			
	North Shore trade area	South Shore trade area	Roberts Bank rail corridor	Total	North Shore trade area	South Shore trade area	Roberts Bank rail corridor	Total
Gateway infrastructure fee (revenue)	$ 2,955	$ 2,024	$ 2,619	$ 7,598	$ 5,641	$ 3,880	$ 5,077	$14,598
Gateway infrastructure program (expenditures)	18,073	29,408	12,218	59,699	26,097	37,010	29,392	92,499
Industry funded portion (90%)	16,266	26,467	10,996	53,729	23,487	33,309	26,453	83,249
VFPA portion (10%)	1,807	2,941	1,222	5,970	2,610	3,701	2,939	9,250

22. Key management personnel

Compensation in respect of key management personnel is disclosed below. In addition, the total remuneration is disclosed for all Board of Directors, the Chief Executive Officer and the four top earning officers or employees in terms of the Port Authority Management Regulators.

		2013 Salaries and fees	2013 Total
Board of Directors			
Bancroft-Jones, Anne	Director, VFPA, Chair, CPC (from June 4, 2013)	$ 51	$ 51
Carwell, Robert	Director, VFPA (to Sept. 15, 2013)	33	33
Chapman, Tim	Director, VFPA	43	43
Dhir, Robin	Director, CPC (to June 4, 2013)	11	11
Johal, Satnam	Director, VFPA (from Mar 1, 2013)	29	29
Kwan, Eugene	Director, VFPA	41	41
Landry, Paul	Director, VFPA	36	36
Loberg, Carmen	Director, VFPA (from Sept 16, 2013)	7	7
Longworth, Tom	Director, VFPA	41	41
McNair, Jonathan	Director, CPC (to June 4, 2013)	14	14
Neeser, Craig	Director, VFPA, Chair	109	109
Priddy, Penny	Director, VFPA	38	38
Readman, Dean	Director, CPC	–	–
Szel, Marcella	Director, VFPA, Vice Chair	43	43
Turner, Rick	Director, VFPA	44	44
		$ 540	$ 540

2013 total salaries and fees for Board of Directors is $540,000 (2012 total $576,000).

		Salaries and fees	Other benefits	Post-employment benefits	Total
Key management personnel					
Baydala, Allan	Officer, Chief Financial Officer, VFPA, Director & Officer, PMVV, PMVH, PMVE, NFTI and CPC	$ 345	$ 25	$ 35	$ 405
Corsie, Tom	VP, Real Estate, VFPA; CEO, CPC & Director, MSH	257	22	18	297
Dioszeghy, Christine	VP, Human Resources & Business Optimization	248	19	53	320
Plewes, Sheri	VP, Infrastructure Delivery	–	28	24	52
Silvester, Robin	Officer, President & CEO, VFPA; President & CEO and Director & Officer of PMVV, PMVH, PMVE and NFTI	771	26	60	857
Stewart, Cliff	A/VP, Infrastructure Delivery	303	4	17	324
Wilson, Duncan	VP, Corporate Social Responsibility, VFPA	251	21	17	289
Xotta, Peter	VP, Planning & Operations, Director, MSH	318	24	51	393
		$ 2,493	$ 169	$ 275	$ 2,937

Included in the salaries and fees are $940,716 due and payable to the key management personnel group in 2013.

2013 total remunerations and benefits for key management personnel is $2,937,000 (2012 total $3,946,000).

23. Related party transactions

VFPA remits a gross revenue charge (federal stipend) to the Government of Canada ("Federal Government") in accordance with the CMA. The total stipend due to the Federal Government for the year ended December 31, 2013 was $6.2 million. As at December 31, 2013, this amount was included in accounts payable and accrued liabilities.

In 2009, VFPA and the Federal Government reached an agreement for a contribution of up to $20.9 million by the Federal Government under the Infrastructure Stimulus Fund ("ISF"). The ISF contributes toward the construction of VFPA's infrastructure projects. To date, VFPA has submitted claims for eligible expenses of $17.2 million in relation to the ISF to the Federal Government. As at December 31, 2013, this amount has been fully received.

In 2010, VFPA and the Federal Government also reached an agreement for a contribution of up to $60.5 million by the Federal Government under the Asia-Pacific Gateway and Corridor Transportation Infrastructure Fund ("APGCTIF"). The APGCTIF contributes toward the construction of 3 specific projects: Neptune/Cargill Grade Separation, Brooksbank Avenue Underpass, and Stewart Street Elevated Structure.

In 2012, VFPA and the Federal Government signed 3 amendments to the contribution agreement to increase funding and add new projects. Under the amended agreement, the APGCTIF contributes up to $97.1 million toward the construction of 4 specific projects: Low Level Road, Brooksbank Avenue Underpass, South Shore Corridor, and the 232nd Street Overpass.

In late 2012, VFPA and the Federal Government reached another agreement for a contribution of up to $19.9 million by the Federal Government under the APGCTIF. This APGCTIF contributes toward the Deltaport Causeway Overpass Project.

To date, VFPA has submitted claims for eligible expenses of $54.3 million in relation to the APGCTIF to the Federal Government. As at December 31, 2013 $24.5 million remains outstanding as a receivable from the Federal Government.

Total capital grant claims submitted to the Federal Government for the year ended December 31, 2013 for all projects totalled $38.8 million.

24. Events after the reporting period

No significant event has occurred subsequent to December 31, 2013.

Our Mission

To lead the growth of Canada's Pacific Gateway in a manner that enhances the well-being of Canadians and inspires national pride.

Our Vision

To be recognized as a world class Gateway by efficiently and sustainably connecting Canada with the global economy, inspiring support from our customers and from communities locally and across the nation.

Our Values

COLLABORATION AND TEAMWORK
We work together to achieve our greatest potential. We communicate openly and treat each other with trust and respect.

CUSTOMER RESPONSIVENESS
We strive to understand our customers' needs and to proactively provide them with distinctive value.

INNOVATION
We seek new ideas and creative solutions.

LEADERSHIP AND ACCOUNTABILITY
We lead by example, act with integrity and are accountable for our actions.

OUR PEOPLE
We are committed to continuous learning, diversity and balance.

SUSTAINABILITY
We think long term, considering social, environmental and financial matters.

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