Good afternoon.

This is my first AGM as Chief Financial Officer at the port authority and I am excited to meet with you all today.

It is my role to officially present our 2016 Financial Report. The report combines our audited financial statements with our Management Discussion and Analysis of those results.

The report also provides an overview of the port authority and our strategic planning framework.

Further to Craig’s reference to our mandate, I’m going to give some examples of how, through our financials, we are meeting the requirement to support Canada’s trade objectives in a sustainable way.

Supporting Canada’s growing trade means, among other things, making sure the related infrastructure is in place to accommodate that growth.

Our financial report and capital plan demonstrate our intention to do just that – and to ensure future generations continue to enjoy the benefits of trade, a healthy environment and thriving communities.

Before I share the results, I would like to give some general context on how the port authority generates revenues and reinvests the profits.

Unlike many ports around the world, Canadian port authorities do not collect taxes or receive any tax dollars.

Canadian port authorities manage terminal and tenant leases, collect rents, and charge ship and cargo owners various fees, such as harbour dues, berthing and wharfage.

Our fee structure includes various incentives to drive environmental sustainability.

For example, we provide financial incentives to terminals to reduce their use of older diesel equipment and upgrade to newer, lower emission equipment and vehicles.

We also offer shipping lines rebates for the use of lower-emission fuels, and, as of January 1 of this year, we expanded the program to encourage the use of technology to reduce vessel noise. Last year, we rebated a total of $1.3 million in harbour dues to vessels going beyond regulatory requirements to reduce emissions.

To achieve our vision to be the world’s most sustainable port, we need to make investments.
Over the last decade, the port authority has reinvested about 90% of our profits back into the gateway in capital expenditure.

This includes investments in infrastructure and other improvements in the gateway, such as security and safety, reliability and efficiency initiatives, maintenance dredging, environmental reviews, community engagement and consultation and many other activities carried out to fulfill our mandate.

Investments in overpasses and road improvements reduce congestion and air emissions in our host communities.

Investments in our ECHO program are helping us learn more about the relationship between our industry and marine mammals.

The long-term goal of the program is to reduce the impacts of commercial shipping on marine mammals and develop solutions that will address some of the key threats to whales.

Investments in shore power, using clean hydro power, have been successfully used at our Canada Place cruise terminal since 2009 and we are in the process of installing this same technology at two of our container terminals, Centerm and Deltaport.

This will allow shore-power-enabled vessels at berth to plug into the hydro-electric network instead of using fuel, which will reduce both emissions and noise, and provide cost benefits to ship operators.

And investments in noise monitoring stations around the Lower Mainland are helping us better understand the impact so we can work with terminals and rail companies to mitigate noise where possible.

Each year, we also dedicate up to 1% of our net income to initiatives that matter to local communities.

In 2016 alone, we invested more than a million dollars through our community investment and local dredging programs.

These are just a few of the ways we are working towards achieving our sustainability vision.

Now, turning to our financial results.

One of our biggest strengths has been, and continues to be, the port’s ability to accommodate the most diversified range of cargo of any port in North America.

In 2016, the port of Vancouver has experienced its fourth consecutive year of traffic volumes over 135 million tonnes, despite global economic downturn.

Despite a challenging year for the Canadian economy, 2016 was a record-breaking year in the grain sectors, driven by strong growth in canola and specialty crop exports.

Canola volumes were up by almost 19% and specialty crop volumes increase by 18%.

The continued growth in grain volumes through the Port of Vancouver demonstrates the strong reputation of Canadian grain and reflects the expansion plans we are seeing for this commodity.
In 2016, the Vancouver Fraser Port Authority generated $235 million in revenues.

Operating revenue declined 2% vs the prior year, but this is because the prior year’s figures benefited from a $10 million one-time accounting adjustment to rental revenue.

Excluding this unusual item, 2016 revenue actually increased 3% over the prior year.

Operating expenses in 2016 was $121 million, an increase of two per cent which is slightly lower than the increase in revenue.

EBITDA, or earnings before interest, taxes, depreciation and amortization was $140 million in 2016, a decline of $6 million from the prior year. However, adjusting for the $10 million accounting adjustment I just mentioned, EBITDA has increased $4 million, representing a growth of 3%.

Overall, we are very pleased with our robust and stable financial results.

We are proud to report that the credit rating agency Standard & Poor’s has reaffirmed our AA credit rating. This is a testament to the strength of the gateway, and the terminal operators and tenants that form the port.

A full overview of our financials is available in the Management Discussion and Analysis portion of our 2016 Financial Report – available on our website.

The consolidated financial statements in our report were audited externally by Ernst & Young for 2017.

The auditors are of the opinion that the consolidated financial statements present fairly, in all material respects, the financial position of the port authority as at December 31, 2016 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Earlier today our board of directors reappointed Ernst & Young as auditors for the port authority.

I would like to take this opportunity to thank our customers and stakeholders for their continued support, our board of directors for their guidance, and our employees who work hard to deliver solid results and ensure the port authority maintains its strong financial position.

We look forward to achieving many more milestones in 2017, in all areas of our mandate, and continuing to invest in support of sustainable growth for future generations.

Now before we move on to the question and answer period, I’d like to leave you with a video that highlights the role the port plays in facilitating trade and also bringing delicious foods and flavours together from around the world.

This video highlights the journey chickpeas make on their way to the Port of Vancouver, before they eventually make it to tables across the globe.

Canada is the world’s largest producer of dry peas and lentils, and in 2016, nearly 6.5 million metric tonnes of pulses were exported through the Port of Vancouver.
Last year, we partnered with the local food truck “Chickpea”, to surprise our friends at the Ray-Mont Logistics transloading facility in Richmond with a tasty lunch.

Not only does the video feature some enticing chickpea meals, it also features the transloading activity that takes place in our region, a vital part of the supply chain that is keeping goods moving.

If this leaves you hungry, please join us in the foyer after the meeting to enjoy some chickpea hummus.