Vancouver Fraser Port Authority

Consolidated Financial Statements
December 31, 2018
(expressed in thousands of dollars)

Independent auditor's report

To the Directors of Vancouver Fraser Port Authority and the Minister of Transport, Government of Canada

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Vancouver Fraser Port Authority and its subsidiaries (together, the VFPA) as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The VFPA's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the VFPA in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Comparative information

The financial statements for the year ended December 31, 2017 (prior to the adjustments that were applied to restate certain comparative information explained in Note 2) were audited by another auditor who expressed an unmodified opinion on those financial statements on March 21, 2018.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the VFPA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the VFPA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the VFPA's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 VFPA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the VFPA’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the VFPA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the VFPA to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 2, 2019

Vancouver Fraser Port Authority

Consolidated Statement of Financial Position

As at December 31, 2018

(expressed in thousands of dollars)

	Notes	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents		276,285	243,234
Investments in securities	6	-	406
Accounts receivable and other assets	7	41,214	40,825
		317,499	284,465
Long-term receivables	8	37,978	33,537
Accrued benefit asset	14	664	600
Deferred charges		1,674	1,795
Intangible assets – net	9	89,644	81,155
Property and equipment – net	10	1,466,697	1,375,156
		1,914,156	1,776,708
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	56,129	46,690
Provisions	12	2,762	3,156
Short-term borrowings	13	1,101	1,337
Deferred revenue		10,960	12,638
		70,952	63,821
Other employee benefits		1,384	1,078
Accrued benefit liability	14	4,147	8,971
Deferred revenue		34,010	30,757
Provisions	12	11,455	9,310
Other long-term liabilities		3,902	3,811
Long-term obligations	13	99,866	99,768
		225,716	217,516
Shareholders' Equity			
Contributed capital		150,259	150,259
Retained earnings		1,538,181	1,408,933
		1,688,440	1,559,192
		1,914,156	1,776,708
Commitments and contingent liabilities	15, 16		

Approved by the Board of Directors

Joanne McLeod, Director

Robin Silvester, President and Chief Executive Officer

The accompanying notes are an integral part of these consolidated financial statements.

Vancouver Fraser Port Authority

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2018

(expressed in thousands of dollars)

	Notes	2018 $	2017 $ (restated)
Revenue			
Port income	21	88,122	82,307
Rental income		162,236	152,596
Other income		24,095	18,575
		274,453	253,478
Expenses			
Wages, salaries and benefits	14, 17	44,375	43,364
Depreciation and amortization	9, 10	35,735	32,892
Other operating and administrative expenses		23,069	24,604
Professional fees and consulting services		9,983	8,173
Dredging		9,509	9,944
Maintenance and repairs		7,836	5,675
Payments in lieu of taxes		5,944	5,871
		136,451	130,523
Income from operations		138,002	122,955
Other expense (income)			
Federal stipend	20	7,477	6,931
Finance costs		5,194	5,281
Loss (gain) on disposal of assets	10	470	(38,371)
Investment income		(215)	(107)
Other income		(29)	(31)
		12,897	(26,297)
Net income for the year		125,105	149,252
Other comprehensive income (loss)			
Items that will not be reclassified to net income			-
Actuarial gains (losses) in defined pension plans	14	4,143	(3,199)
Total comprehensive income for the year		129,248	146,053

The accompanying notes are an integral part of these consolidated financial statements.

Vancouver Fraser Port Authority

Consolidated Statement of Changes in Equity

For the year ended December 31, 2018

(expressed in thousands of dollars)

	Contributed capital $	Retained earnings $	Total $
Balance – December 31, 2016	150,259	1,262,880	1,413,139
Net income for the year	-	149,252	149,252
Other comprehensive loss			
Actuarial losses in defined benefit pension plans	-	(3,199)	(3,199)
Balance – December 31, 2017	150,259	1,408,933	1,559,192
Net income for the year	-	125,105	125,105
Other comprehensive income			
Actuarial gains in defined benefit pension plans	-	4,143	4,143
Balance – December 31, 2018	150,259	1,538,181	1,688,440

The accompanying notes are an integral part of these consolidated financial statements.

Vancouver Fraser Port Authority

Consolidated Statement of Cash Flows

For the year ended December 31, 2018

(expressed in thousands of dollars)

	Notes	2018 $	2017 $ (restated)
Cash flows from operating activities			
Net income for the year		125,105	149,252
Adjustments to reconcile to net cash from operations			
Depreciation and amortization	9, 10	35,735	32,892
Loss (gain) on disposal of assets		470	(38,371)
Long-term lease receivable and lease payable		(3,626)	(4,045)
Provisions		(209)	1,828
Accrued employee benefits		(439)	(2,621)
Other		329	610
		157,365	139,545
Changes in non-cash working capital balances			
Accounts receivable and other assets		(1,620)	(8,053)
Accounts payable and accrued liabilities		286	5,927
Deferred revenue		1,576	(551)
		157,607	136,868
Cash flows from investing activities			
Purchase of property and equipment		(126,291)	(172,381)
Purchase of intangible assets		(3,890)	(6,107)
Government funding for property and equipment, and intangible assets		4,976	5,031
Other third-party funding for property and equipment, and intangible assets		127	2,843
Proceeds from sale of investments in securities		406	410
Net change in long-term receivables		125	100
Principal repayment on lease financing assets		18	17
Proceeds from disposal of property and equipment		3	4,017
Other		206	193
		(124,320)	(165,877)
Cash flows from financing activities			
Proceeds from short-term borrowings		-	1,201
Repayments of short-term borrowings		(236)	(49)
Repayments of long-term obligations		-	(1,300)
		(236)	(148)
Net increase (decrease) in cash and cash equivalents		33,051	(29,157)
Cash and cash equivalents, beginning of year		243,234	272,391
Cash and cash equivalents, end of year		276,285	243,234
Supplemental cash flow information			
Interest paid		4,952	5,003
Investment interest		493	24

The accompanying notes are an integral part of these consolidated financial statements.

(figures in tables are expressed in thousands of dollars)

1 General information

Vancouver Fraser Port Authority (VFPA) is a non-share capital, financially self-sufficient authority established on January 1, 2008 by the Government of Canada pursuant to the Canada Marine Act (CMA). The address of the VFPA's registered office is 100 – 999 Canada Place, Vancouver, BC. The VFPA's mission is to enable Canada's trade objectives, ensuring safety, environmental protection and consideration for local communities. The VFPA's jurisdiction and principal place of business 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, and 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 of Vancouver Ventures Ltd. (PoVV), Port of Vancouver Holdings Ltd. (PoVH), Port of Vancouver Enterprises Ltd. (PoVE), Port of Vancouver Terminals Ltd. (PoVT), and 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.

2 Basis of presentation and significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and are presented in Canadian dollars, with all monetary amounts rounded to the nearest thousand ($000) except when otherwise indicated.

The consolidated financial statements have been prepared on a historical cost basis except for those items measured at fair value as explained below. These accounting policies have been consistently applied to all periods presented, unless otherwise stated.

These consolidated financial statements were approved for issue by the VFPA Board of Directors on April 2, 2019.

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 control. For accounting purposes, control is defined as (i) the power to govern the financial and operating policies of the subsidiary; (ii) exposure, or rights, to variable returns from involvement with the subsidiary; and (iii) the ability to use its power over the subsidiary to affect its returns.

(figures in tables are expressed in thousands of dollars)

New standards adopted

The VFPA has applied the following new standards for the first time for its annual reporting period commencing January 1, 2018:

IFRS 15, Revenue from Contracts with Customers, has been adopted January 1, 2018, using the full retrospective method without the use of practical expedients.

The timing of the recognition of revenue has not changed as a result of adopting the new guidance. The adoption of this standard has changed the reporting of certain cost recoveries received from tenants. These cost recoveries were previously reported on a net basis in the consolidated statement of comprehensive income. Under the new standard, cost recoveries from tenants are reported on a gross basis, as the VFPA identifies the services to be provided and also controls the services before those services are transferred to the customer.

The cumulative effect of the changes made to the consolidated statement of comprehensive income for the year ended December 31, 2017 related to the adoption of IFRS 15 was as follows:

	As previously reported $	Adjustment $	Restated $
Revenue			
Other income	11,549	7,026	18,575
Expenses			
Wages, salaries and benefits	40,637	2,727	43,364
Other operating and administrative expenses	22,450	2,154	24,604
Maintenance and repairs	3,530	2,145	5,675

IFRS 9, Financial Instruments, has been adopted effective January 1, 2018, retrospectively without restatement of comparatives. The new standard replaces International Accounting Standards (IAS) 39 Financial Instruments: Recognition and Measurement. Under IFRS 9, the VFPA assesses on a forward looking basis the expected credit losses associated with financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the VFPA applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The adoption of this standard had no impact on the consolidated financial statements and no adjustments to opening retained earnings as at January 1, 2018 were necessary.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit with banks and short-term deposits with maturities of 90 days or less when acquired.

(figures in tables are expressed in thousands of dollars)

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.

Financial assets and liabilities (until December 31, 2017)

Classification

The VFPA's classification of financial assets and liabilities depends on the purpose for which they were acquired. Management determines the classification of its financial assets and liabilities 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 investments in securities are classified as held-to-maturity investments.

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 those with maturities greater than 12 months from the reporting date, which are classified as non-current assets.

The VFPA's accounts receivable and other assets, and certain long-term receivables are classified as loans and receivables. Loans and receivables are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

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

c) Other financial liabilities at amortized cost

Other financial liabilities at amortized cost are non-derivative financial liabilities with fixed or determinable payments. They are included in current liabilities if payment is due within one year or less from the reporting date. If not, they are presented as non-current liabilities.

Accounts payable and accrued liabilities, and other long-term liabilities are classified as other financial liabilities at amortized cost. They are recognized initially at fair value and subsequently measured at amortized costs using the effective interest method.

(figures in tables are expressed in thousands of dollars)

Short-term borrowings and long-term obligations are classified as financial liabilities at amortized cost. They are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured 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.

Impairment of financial assets at amortized cost

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. 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. 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, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of comprehensive income.

Financial instruments (adopted January 1, 2018)

A financial instrument is any contract that gives rise to a financial asset, or a financial liability.

a) Financial assets

Initial recognition and measurement

When first recognized, financial assets are classified as either amortized cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The classification when first recognized depends on the financial asset's contractual cash flow characteristics and the VFPA's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the VFPA initially measures a financial asset at its fair value.

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)". This assessment is referred to as the SPPI test and is performed at an instrument level. The VFPA's business model refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(figures in tables are expressed in thousands of dollars)

Subsequent measurement

The VFPA's financial assets are subsequently measured at amortized cost as both of the following conditions are met:

- The financial asset is held intending to collect contractual cash flows, and
- The contractual terms of the financial asset have specified dates for cash flows that are solely payments of principal and interest.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized or impaired. The VFPA's financial assets at amortized cost include cash and cash equivalents, accounts receivable and other assets, and long-term receivables. The VFPA does not have any financial assets classified as fair value through OCI or fair value through profit or loss.

Impairment of financial assets

The VFPA assesses at year end whether a financial asset or a group of financial assets is impaired. The VFPA recognizes an allowance for expected credit losses (ECLs) for all financial assets held at amortized cost. ECLs are based on the difference between the contractual cash flows due according to the contract and cash flows that the VFPA expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining period of exposure (a lifetime ECL).

For trade receivables, the VFPA applies a simplified approach in calculating ECLs. Therefore, the VFPA does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The VFPA has established a provision based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. 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, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of comprehensive income.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value, net of directly attributable transaction costs.

(figures in tables are expressed in thousands of dollars)

Subsequent measurement

The VFPA's financial liabilities are subsequently measured as follows:

Accounts payable and accrued liabilities, other long-term liabilities and provisions at amortized cost using the effective interest method.

Short-term borrowings and long-term obligations at amortized cost. Differences 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.

Other financial liabilities at amortized cost. They are non-derivative financial liabilities with fixed or determinable payments. They are included in current liabilities if payment is due within one year or less from the reporting date. If not, they are presented as non-current liabilities.

Deferred charges

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

Intangible assets

Gateway infrastructure

The VFPA incurs costs associated with the development of gateway infrastructure assets that it does not control. Costs include construction, engineering, project management, and other direct project costs less any third party contributions.

While infrastructure assets are subsequently controlled and maintained by other entities, the VFPA will recover its costs incurred through gateway infrastructure fees. As the fee is controlled by VFPA, the gateway investment costs are recognized as intangible assets when capitalization criteria are met.

The gateway infrastructure investment costs recognized as intangible assets are amortized over the term of the gateway infrastructure fee.

Computer software

Costs associated with maintaining computer software programs are recognized as an expense when 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 capitalization criteria are met.

Directly attributable costs capitalized include software development employee costs.

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

(figures in tables are expressed in thousands of dollars)

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

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of property and equipment includes expenditures that are 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 financing the construction of qualifying assets are capitalized to all major capital projects. 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 maintenance and repair expenses are charged to the consolidated statement of comprehensive income when incurred.

Depreciation is recognized in the consolidated statement of comprehensive income 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 and habitat bank assets are not depreciated.

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

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.

(figures in tables are expressed in thousands of dollars)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

Impairment of non-financial assets

The VFPA performs impairment tests on property and equipment when events or circumstances occur that 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 unit's 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.

Provisions

Provisions for environmental restoration, leased site restoration, 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 the passage of time is recognized as finance costs.

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, if any, 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.

Employee future benefits

The VFPA has three benefit plans (Legacy Vancouver Port Authority (LVPA), Legacy Fraser River Port Authority (LFRPA), Legacy North Fraser Port Authority (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.

(figures in tables are expressed in thousands of dollars)

The asset or 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 other comprehensive income (loss) 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 charged to accumulated other comprehensive income and amortized to the consolidated statement of comprehensive income on a straight-line basis over the vesting period.

The VFPA also maintains other non-funded benefits for eligible employees. The VFPA 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.

Revenue recognition

Port income

The VFPA provides port services to customers, primarily access to the harbour, and shipping terminals. Revenue for services is recognized either at a single point in time, based on a vessels arrival or departure, or over the duration of time a vessel is at a shipping terminal.

Rental income

The VFPA leases property to customers, primarily for shipping terminals or other supply chain support services. Fixed lease revenue is recognized on a straight-line basis over the term of the lease. Contingent based lease revenue is recognized periodically, based on lessee cargo volumes, or other revenues as stipulated in the respective agreements.

Other income

The VFPA provides various other customer services, and earns interest on cash held in banks. These revenues are recognized in the period the services are provided, or period in which interest is earned.

Deferred revenue represents cash received in advance of the revenue recognition criteria being met.

(figures in tables are expressed in thousands of dollars)

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 recognized as an expense on a straight-line basis over the lease term in the consolidated statement of comprehensive income.

River dredgeate and dredging

Costs of removing river dredgeate that is in the nature of maintenance of navigable waterways to 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 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.

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 revenue at rates on a sliding scale varying between 2% and 6% depending on the gross amount.

Government grants and non-government contributions

Government grants and non-government contributions, 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 and non-government contributions 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.

(figures in tables are expressed in thousands of dollars)

Non-monetary transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received, whichever can be more reliably measured, 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 because 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.

3 Accounting standards not yet adopted

IFRS 16, Leases (IFRS 16)

In January 2016, the IASB issued IFRS 16 which requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17, Leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted, provided the new revenue standard, IFRS 15, Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16. The VFPA is currently assessing the impact of IFRS 16 on its financial statements and plans to adopt the standard on the effective date. As the VFPA is primarily a lessor, and currently has few agreements as lessee, this standard is not expected to have a material impact on the VFPA's consolidated financial statements.

4 Financial 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.

Fair value

The carrying values of accounts receivable and other assets, and accounts payable and accrued liabilities, 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.

As at December 31, 2018, the fair value of the Series A Debentures was $103.5 million (2017 – $105.8 million) based on a two-year Government of Canada bond and a market interest rate of 2.56% (2017 – 2.43%) as outlined in note 13. The fair value was calculated using Level 2 inputs under a discounted cash flow approach.

(figures in tables are expressed in thousands of dollars)

Market risk

The VFPA's interest-bearing financial assets consist of loans, note and lease financing receivables, which bear interest at fixed rates. The VFPA's debt portfolio comprises both fixed (Series A Debentures) and variable rate (demand loan) debt instruments. The VFPA minimizes its interest rate risk by monitoring the movements of the interest rate and cash flows.

The VFPA has arranged a $200 million credit facility, which is undrawn as outlined in note 13. The funds are available to the VFPA by way of adjusted prime rate-based loans or by way of Banker's Acceptances.

The Series A Debentures of $100 million has a fixed interest rate of 4.63% as outlined in note 13. 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, 2018, 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.

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 the 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 creditworthiness of customers and debtors. The VFPA believes it has adequately provided for any exposure to potential credit loss.

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 that 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.

(figures in tables are expressed in thousands of dollars)

The VFPA has short-term borrowings and long-term obligations that are unsecured. The following table provides a summary of the contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2018. This table details payments due in each of the next five years and thereafter for the VFPA's long-term obligations and short-term borrowings.

	2019 $	2020 $	2021 $	2022 $	2023 $	2024 and thereafter $	Total $
Long-term obligations	4,630	102,315	-	-	-	-	106,945
Short-term borrowings	1,101	-	-	-	-	-	1,101
Total	5,731	102,315	-	-	-	-	108,046
Percentage of total	5.3%	94.7%	0.0%	0.0%	0.0%	0.0%	100.0%

Capital risk management

The 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, the 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 and the VFPA's cash position is monitored on a daily basis and rebalanced as necessary. The 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.

5 Critical accounting judgments and estimates

The VFPA makes judgments, estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will 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.

Capitalization of costs and impairment

The VFPA makes judgments as to whether certain costs are directly attributable to property and equipment to warrant capitalization. The VFPA also makes judgments in terms of assessing the likelihood and probability that capital projects will proceed.

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

(figures in tables are expressed in thousands of dollars)

Employee future 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 discount rate, inflation rate, salary growth rate, mortality rate and medical cost trend 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.

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, with input from third-party specialists, where applicable. 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. The provision does not include restoration costs on leased properties where tenants are obligated to incur the costs and have sufficient financial capacity to fulfill their lease obligations. Uncertainty exists over actual environmental restoration costs to be incurred due to the estimates involved in performing the assessment.

6 Investments in securities

	2018 $	2017 $
As at January 1	406	816
Disposals	(406)	(410)
As at December 31	-	406
Less: Non-current portion	-	-
	-	406

(figures in tables are expressed in thousands of dollars)

7 Accounts receivable and other assets

	2018 $	2017 $
Trade receivables	9,084	7,200
Provision for impairment	(2,901)	(2,863)
Accrued rental income	11,314	11,667
Accrued port income	11,403	12,313
Restricted funds[1]	5,445	5,021
Other project partners accrued recoveries	666	666
Federal Government accrued grants	322	2,090
Other	5,881	4,731
	41,214	40,825

[1] As at December 31, 2018, accounts receivable and other assets include $5,444,714 in restricted funds (2017 – $5,020,560). Restricted funds are project related deposits, foreshore property owner, truck licence, and tenant security deposits, including accrued interest. Once information has been submitted to the VFPA's satisfaction, project related deposits are refunded in full plus interest. 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 $808,279 held for the replacement of a pile wall and a protection system at a terminal (2017 – $794,692).

The VFPA applies the simplified approach to providing for expected credit losses which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision is determined as follows:

December 31, 2018 – Days past due

	Current	31 to 60 days	61 to 120 days	121 to 180 days	Over 180 days	Total
Expected loss rate	0.22%	2.66%	9.26%	5.88%	94.32%	
Gross carrying amount	4,946	996	111	6	3,025	9,084
Loss allowance	11	27	10	-	2,853	2,901

(figures in tables are expressed in thousands of dollars)

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

	2018 $	2017 $
Balance – January 1	2,863	4,115
Provision for impairment	53	3
Receivables written off during the year as uncollectable	(15)	(1,255)
	2,901	2,863

8 Long-term receivables

	2018 $	2017 $
Long-term lease receivable	31,724	28,185
Loans receivable from tenants	5,503	4,454
Restricted funds	1,504	1,298
Lease financing	89	120
	38,820	34,057
Less: Current portion	842	520
	37,978	33,537

The long-term lease receivable is the difference between rental revenue recorded on a straight-line basis and payments received to date.

The loans receivable from tenants include a deferred rent agreement to be paid by 2021, and an unsecured loan up to $11 million for site development costs that bears interest at 10% on progress draws. Once development work is complete, the loan will bear interest at 10%, maturing in 10 years.

The restricted funds are reserves that tenants contribute to in order to finance long-term capital replacement and repair to certain equipment.

(figures in tables are expressed in thousands of dollars)

9 Intangible assets

	Gateway infrastructure $	Software $	Construction-in-progress	Total $
January 1, 2017				
Cost	76,562	12,421	5,332	94,315
Accumulated amortization	(5,874)	(7,759)	-	(13,633)
Net book value	70,688	4,662	5,332	80,682
Year ended December 31, 2017				
Opening net book value	70,688	4,662	5,332	80,682
Additions	1,992	2,008	807	4,807
Disposals				
Cost	-	(174)		(174)
Accumulated amortization	-	174	-	174
Amortization	(2,451)	(1,883)	-	(4,334)
Closing net book value	70,229	4,787	6,139	81,155
December 31, 2017				
Cost	78,554	14,255	6,139	98,948
Accumulated amortization	(8,325)	(9,468)	-	(17,793)
Net book value	70,229	4,787	6,139	81,155
Year ended December 31, 2018				
Opening net book value	70,229	4,787	6,139	81,155
Additions	-	2,823	10,860	13,683
Disposals				
Cost	-	-	(373)	(373)
Accumulated amortization	-	-	-	-
Amortization	(2,650)	(2,171)	-	(4,821)
Closing net book value	67,579	5,439	16,626	89,644
December 31, 2018				
Cost	78,554	17,078	16,626	112,258
Accumulated amortization	(10,975)	(11,639)	-	(22,614)
Net book value	67,579	5,439	16,626	89,644

The VFPA receives funding from the Government of Canada, and Transport Canada to be used to reimburse the VFPA for the purchase and development of information technology assets. During 2018, the VFPA received $662,371 in funding (2017 – $nil). The funding is recognized as a reduction to amortization over the expected useful life of the related asset.

It is VFPA's policy to review construction-in-progress annually to assess the potential of the capital expenditures to provide future benefits. In 2018, $372,938 (2017 – $nil) relating to potential capital projects was written off.

(figures in tables are expressed in thousands of dollars)

10 Property and equipment

	Land, buildings and berthing structures $	Dredging roads and surfaces $	Machinery and equipment $	Construction-in-progress $	Utilities $	Office, furniture, equipment and leasehold improvements $	Total $
January 1, 2017							
Cost	1,113,284	302,508	50,703	162,661	119,891	21,514	1,770,561
Accumulated depreciation and impairment	(276,472)	(160,601)	(38,617)	-	(71,760)	(16,677)	(564,127)
Net book value	836,812	141,907	12,086	162,661	48,131	4,837	1,206,434
Year ended December 31, 2017							
Opening net book value	836,812	141,907	12,086	162,661	48,131	4,837	1,206,434
Additions	151,318	6,045	1,420	38,938	1,519	1,363	200,603
Disposals							
Cost	(3,028)	(474)	(1,351)	-	(818)	(787)	(6,458)
Accumulated depreciation	219	474	1,347	-	738	787	3,565
Impairment	-	-	-	(430)	-	-	(430)
Depreciation	(12,815)	(8,520)	(2,076)	-	(3,952)	(1,195)	(28,558)
Closing net book value	972,506	139,432	11,426	201,169	45,618	5,005	1,375,156
December 31, 2017							
Cost	1,261,574	308,079	50,772	201,169	120,592	22,090	1,964,276
Accumulated depreciation and impairment	(289,068)	(168,647)	(39,346)	-	(74,974)	(17,085)	(589,120)
Net book value	972,506	139,432	11,426	201,169	45,618	5,005	1,375,156
Year ended December 31, 2018							
Opening net book value	972,506	139,432	11,426	201,169	45,618	5,005	1,375,156
Additions (transfers)	109,498	4,603	4,739	(8,730)	5,380	7,065	122,555
Disposals							
Cost	(3,117)	(287)	(354)	-	(97)	(400)	(4,255)
Accumulated depreciation	3,101	237	320	-	97	400	4,155
Impairment	-	-	-	-	-	-	-
Depreciation	(14,137)	(8,849)	(2,178)	-	(4,179)	(1,571)	(30,914)
Closing net book value	1,067,851	135,136	13,953	192,439	46,819	10,499	1,466,697
December 31, 2018							
Cost	1,367,955	312,395	55,157	192,439	125,875	28,755	2,082,576
Accumulated depreciation and impairment	(300,104)	(177,259)	(41,204)	-	(79,056)	(18,256)	(615,879)
Net book value	1,067,851	135,136	13,953	192,439	46,819	10,499	1,466,697

(figures in tables are expressed in thousands of dollars)

Net book value of federal property and other property:

	Land, buildings and berthing structures $	Dredging roads and surfaces $	Machinery and equipment $	Construction-in-progress $	Utilities $	Office, furniture, equipment and leasehold improvements $	Total $
December 31, 2017							
Federal property	643,609	121,759	-	160,432	45,192	634 `	971,626
Other property	328,897	17,673	11,426	40,737	426	4,371	403,530
Net book value	972,506	139,432	11,426	201,169	45,618	5,005	1,375,156
December 31, 2018							
Federal property	641,215	115,577	-	182,112	45,391	596	984,891
Other property	426,636	19,559	13,953	10,327	1,428	9,903	481,806
Net book value	1,067,851	135,136	13,953	192,439	46,819	10,499	1,466,697

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.

The VFPA receives funding from the Government of Canada, Transport Canada and the Province of BC to be used to reimburse the VFPA for the purchase and construction of infrastructure, shore power and information technology assets. During 2018, the VFPA received $2,907,732 in funding (2017 – $5,861,139). The funding is recognized as a reduction to depreciation over the expected useful life of the related asset.

Completion of an asset impairment analysis performed in 2018 indicated no assets were impaired. Accordingly, nil was recognized as an impairment expense during 2018 (2017 – $nil).

It is VFPA's policy to review construction-in-progress annually to assess the potential of the capital expenditures to provide future benefits. In 2018, $nil (2017 – $430,427) relating to potential capital projects was 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:

	2018 $	2017 $
Cost	1,314,048	1,280,240
Accumulated depreciation	(429,874)	(415,807)
	884,174	864,433

(figures in tables are expressed in thousands of dollars)

11 Accounts payable and accrued liabilities

	2018 $	2017 $
Trade and accrued trade payables	30,617	22,614
Federal stipend payable	7,477	6,931
Other accrued liabilities	11,328	9,881
Restricted funds	5,445	5,017
Holdbacks payable	1,262	2,247
	56,129	46,690

12 Provisions

	Environmental restoration $	Leased site restoration $	Claims $	Local channel and other contributions $	Total $
Balance, December 31, 2016	9,097	-	302	850	10,249
Provisions made during the year	2,802	-	50	-	2,852
Provisions used during the year	(553)	-	(2)	(105)	(660)
Provisions reversed during the year	(85)	-	-	-	(85)
Unwinding of discount	110	-	-	-	110
Balance, December 31, 2017	11,371	-	350	745	12,466
Provisions made during the year	428	2,476	50	-	2,954
Provisions used during the year	(1,171)	-	-	(73)	(1,244)
Provisions reversed during the year	(10)	-	(100)	-	(110)
Unwinding of discount	151	-	-	-	151
Balance, December 31, 2018	10,769	2,476	300	672	14,217
Less current portion	1,790	-	300	672	2,762
	8,979	2,476	-	-	11,455

(figures in tables are expressed in thousands of dollars)

a) Environmental restoration

The VFPA incurs various environmental liabilities relating to its activities. A provision is recognized for the present value of costs expected to be incurred for the restoration thereof. The provision charge is recognized in the consolidated statement of comprehensive income within other operating and administrative expenses. The unwinding of the discount is recognized in the consolidated statement of comprehensive income as a finance cost. The timing of the expenditures is estimated from one to 15 years. Uncertainties on the timing for use of this provision includes changes in the future that could impact the time at which the VFPA is required to incur these restoration costs, such as the timing of property development.

b) Leased site restoration

The VFPA leases properties from others which, at the end of the lease, may require structures to be demolished and the site restored. A provision is recognized for the present value of costs expected to be incurred for the restoration. The provision is recognized in the consolidated statement of financial position, and is amortized over the term of the lease. The unwinding of the discount is recognized in the consolidated statement of comprehensive income as a finance cost. Estimated future costs are reviewed periodically and adjusted as required. Changes in the estimated future costs, or in the discount rate are added or deducted from the cost of the asset.

c) 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.

d) Local channel and other contributions

The amount represents a provision where the VFPA has publicly committed to contribute to a number of community projects, including local channel dredging contribution. The provision charge is recognized in the consolidated statement of comprehensive income within other operating and administrative expenses.

13 Borrowings

a) Long-term obligations

	2018 $	2017 $
Series A Debentures	99,866	99,768
Less current portion	-	-
	99,866	99,768

(figures in tables are expressed in thousands of dollars)

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

PoVT had a non-revolving credit facility with Royal Bank of Canada. The facility was unsecured, bearing interest at the Canadian prime rate or Canadian Dollar Offered Rate plus 1% per annum, with 15 years amortization and repayable in full on December 12, 2017. Principal and interest payments were made on a quarterly and monthly basis, respectively. The facility was repaid in full as at December 31, 2017.

The VFPA has available a five-year, $200 million revolving loan facility with Toronto Dominion Bank. The facility is unsecured and bears interest at the Canadian prime rate of the bank less 0.85% per annum. The VFPA pays a fee of 0.27% per annum on bankers' acceptances and letters of credit issued and standby fees at an annual rate of 0.025% 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, 2022. As at December 31, 2018, the VFPA has not borrowed from the facility.

Principal repayment requirements on VFPA's long-term obligations are as follows:

	$
2019	-
2020	99,866
2021	-
2022	-
2023	-
2024 and thereafter	-
	99,866

b) Short-term borrowings

	2018 $	2017 $
PoVT unsecured demand loan	1,101	1,201
PoVH secured demand loan	-	136
	1,101	1,337

As at December 31, 2018, the VFPA has a total of $6.15 million in letters of credit outstanding (2017 – $7.95 million).

PoVT has a demand loan outstanding through its loan arrangement with Toronto Dominion Bank. The demand loan is unsecured and bears interest at the Canadian prime rate less 0.85% per annum. Minimum quarterly principal repayments of $25,000 are required, and amounts outstanding may be repaid at any time without penalty and must be repaid by December 12, 2022.

(figures in tables are expressed in thousands of dollars)

PoVH had a non-revolving demand loan bearing interest at prime plus 0.125% per annum. The loan was fully repaid at December 31, 2018.

c) Changes in liabilities arising from financing activities

	January 1, 2018 $	Cash flows $	Other $	December 31, 2018 $
Short-term borrowings	1,337	(236)	-	1,101
Long-term obligations	99,768	-	98	99,866
	101,105	(236)	98	100,967

14 Employee future benefits

The VFPA has a defined contribution pension plan (RRSP) for all employees hired after March 1, 1999. Under the defined contribution plan, employees may contribute certain amounts annually with the VFPA providing matching contributions.

The VFPA also has three benefit plans (LVPA, LFRPA, and LNFPA), where employees from the legacy ports have remained in their respective benefit plans upon amalgamation, and a supplemental pension plan and other post-employment benefit plans for eligible employees. A defined benefit plan is a pension plan where retirement benefits are based on the employees' year of credited service and remuneration.

The VFPA has a funding policy for the LVPA and LNFPA defined benefit plans. These plans are contributory and require member contributions until the members attain 35 years of credited service. The VFPA will fund plan benefits measured on a going concern basis and provide adequate funding for future service benefits in accordance with the applicable laws and plan texts. Emerging plan experience, changes in assumptions, and improvements to past service benefits will result in actuarial gains and losses, sometimes giving rise to going concern and/or solvency funding deficits. The VFPA will apply its discretion in determining how rapidly it will fund deficits in accordance with the applicable laws. The VFPA reserves the right to use other funding mechanisms permitted by the applicable laws such as use of letters of credits (note 13).

The funding obligations for these plans are expected to be approximately $2,787,000 in 2019.

The legacy 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.

(figures in tables are expressed in thousands of dollars)

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	
	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Change in fair value of plan assets						
Balance – beginning of year	77,519	71,026	11,076	10,303	-	-
Employee contributions	191	204	30	29	-	-
Employer contributions	1,552	2,942	713	769	33	39
Return on plan assets	2,631	2,724	383	400	-	-
Non-investment expenses	(153)	(139)	(22)	(29)	-	-
Benefits paid	(2,033)	(1,816)	(373)	(350)	(33)	(39)
Actuarial (loss) gain	(3,756)	2,578	(370)	(46)	-	-
Balance, end of year	75,951	77,519	11,437	11,076	-	-
Change in accrued benefit obligation						
Balance – beginning of year	74,064	68,664	10,476	10,274	1,964	2,299
Current service cost						
Employer	1,165	1,125	150	121	5	6
Employee	191	204	30	29	-	-
Interest cost on benefit obligation	2,487	2,579	350	384	66	87
Benefits paid	(2,033)	(1,816)	(373)	(350)	(33)	(39)
Actuarial (gain) loss– plan experience	(417)	(987)	293	(564)	(469)	-
Actuarial loss – demographic assumptions	762	-	110	-	113	-
Actuarial (gain) loss– financial assumptions	(574)	4,295	(134)	582	(86)	(389)
Balance – end of year	75,645	74,064	10,902	10,476	1,560	1,964

(figures in tables are expressed in thousands of dollars)

The actual return on plan assets was $(1,132,300) (2017 - $5,749,200).

	Registered pension plan		Supplemental pension plan		Other plans	
	2018 $	**2017 $**	**2018 $**	**2017 $**	**2018 $**	**2017 $**
Reconciliation to the (asset) liability recognized in the statement of financial position						
Accrued benefit obligation	75,645	74,064	10,901	10,476	1,560	1,964
Fair value of assets	(75,950)	(77,519)	(11,437)	(11,076)	-	-
Funded (surplus) deficit	(305)	(3,455)	(536)	(600)	1,560	1,964
Impact of asset ceiling	177	3,455	-	-	-	-
Impact of IFRIC 14	-	4,260	-	-	-	-
Net accrued benefit liability (asset)	(128)	4,260	(536)	(600)	1,560	1,964
Current pension expense for the year						
Current service cost	1,165	1,125	150	121	5	6
Non-investment expenses	153	139	22	29	-	-
Total service cost	1,318	1,264	172	150	5	6
Interest on benefit obligation	2,487	2,579	350	384	66	87
Return on plan assets	(2,631)	(2,724)	(383)	(400)	-	-
Interest on asset ceiling impact	118	88	-	-	-	-
Interest on IFRIC 14 impact	145	100	-	-	-	-
Net interest cost	119	43	(33)	(16)	66	87
Total current pension expense	1,437	1,307	139	134	71	93
Recognition through other comprehensive income (OCI)						
Actuarial (gains) losses on obligation	(229)	3,308	269	18	(442)	(389)
Actuarial losses (gains) on assets	3,756	(2,578)	370	46	-	-
Effect of impact due to asset ceiling	(3,395)	1,062	-	-	-	-
Effect of impact due to IFRIC 14	(4,405)	1,522	-	-	-	-
Total amount recognized in OCI	(4,273)	3,314	639	64	(442)	(389)

(figures in tables are expressed in thousands of dollars)

Change in OCI gain (loss) balances:

	Registered pension plan		Supplemental pension plan		Other plans	
	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Balance – beginning of year	(15,627)	(12,313)	(2,726)	(2,662)	(643)	(1,032)
Gains (losses) recognized in the year	4,272	(3,314)	(638)	(64)	442	389
Balance – end of year	(11,355)	(15,627)	(3,364)	(2,726)	(201)	(643)

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:

	2018		2017	
	Registered pension plan $	Supplemental pension plan $	Registered pension plan $	Supplemental pension plan $
Equity funds	22,671	1,709	28,533	2,019
Cash and fixed income funds	45,409	3,343	41,928	3,042
Real estate funds	7,758	563	7,019	507
Other	112	10	39	-
Refundable tax account	-	5,813	-	5,508
	75,950	11,438	77,519	11,076

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).

(figures in tables are expressed in thousands of dollars)

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

	EISPB		SPASE	
	2018 **$**	**2017** **$**	**2018** **$**	**2017** **$**
Change in fair value of plan assets				
Balance – beginning of year	-	-		-
Employer contributions	61	60		78
Benefits paid	(61)	(60)		(78)
Balance – end of year	-	-	-	-
Change in accrued benefit obligation				
Balance – beginning of year	863	858	1,504	1,489
Interest cost on benefit obligation	28	32	50	55
Benefits paid	(61)	(60)	(80)	(78)
Actuarial loss (gain) on liabilities - plan experience	3	7	(33)	(45)
Actuarial (gain) loss on liabilities - demographic assumptions	(4)		(4)	
Actuarial (gain) loss on liabilities - economic assumptions	(4)	26	(7)	83
Balance – end of year	825	863	1,430	1,504
Reconciliation to the liability recognized in the statement				
Defined benefit obligation (DBO) – closing	827	863	1,430	1,504
Funded surplus	827	863	1,430	1,504
Net defined benefit liability	827	863	1,430	1,504
Interest on benefit obligation	28	32	50	55
Total current pension expense	28	32	50	55
Recognition through OCI				
Actuarial (gains) losses on obligation	(4)	33	(44)	38
Total amount recognized in OCI	(4)	33	(44)	38

(figures in tables are expressed in thousands of dollars)

Change in OCI gain (loss) balances:

	EISPB		SPASE	
	2018 $	**2017 $**	**2018 $**	**2017 $**
Balance – Beginning of year	(217)	(184)	(692)	(654)
Gains (losses) recognized in the year	4	(33)	44	(38)
Balance – End of year	(213)	(217)	(648)	(692)

c) LNFPA Plans

The VFPA 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:

	2018 $	**2017 $**
Change in fair value of plan assets		
Balance – beginning of year	1,355	1,224
Return on plan assets	47	48
Employer contributions	120	115
Employee contributions	9	8
Non-investment expenses	(34)	(32)
Benefits paid	(53)	(53)
Actuarial gain	(67)	45
Balance, end of year	1,377	1,355
Change in accrued benefit obligations		
Balance – beginning of year	1,677	1,494
Current service cost	44	45
Interest cost	56	56
Employee contributions	9	8
Benefits paid	(53)	(53)
Actuarial gain – plan experience	28	-
Actuarial liability demographic assumptions plan	23	-
Actuarial loss – financial assumptions	(77)	127
Balance, end of year	1,707	1,677
Reconciliation to the liability (asset) recognized in the statement of financial position		
Accrued benefit obligation	1,706	1,677
Fair value of assets	(1,376)	(1,354)
Unfunded deficit	330	323
Impact of IFRIC 14	-	57
Net accrued benefit liability	330	380

(figures in tables are expressed in thousands of dollars)

	LNFPA	
	2018 $	**2017 $**
Current pension expense for the year		
Current service cost	44	45
Non-investment expenses	34	32
Total service cost	78	77
Interest on benefit obligation	56	56
Return on plan assets	(47)	(48)
Net interest cost	9	8
Total current pension expense	87	85
Recognition through OCI		
Actuarial (gains) losses on obligation	(27)	127
Actuarial gains on plan assets	67	(45)
Change in impact of additional liability due to IFRIC 14	(59)	57
Total amount recognized in OCI	(19)	139

Change in OCI loss balances:

	LNFPA	
	2018 $	**2017 $**
Balance – Beginning of year	(384)	(245)
Gains (losses) recognized in the year	19	(139)
Balance – End of year	(365)	(384)

(figures in tables are expressed in thousands of dollars)

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

Distribution of Plan Assets:

	LNFPA	
	2018 **$**	**2017** **$**
Equity	413	503
Cash and fixed income securities	820	730
Real estate funds	140	121
Other	4	-
Total assets	1,377	1,354

d) Accrued benefit assets

	2018 **$**	**2017** **$**
Accrued benefit asset		
LVPA Supplemental Pension Plan	536	600
LVPA Pension Plan	128	-
Total accrued benefit assets	664	600
Accrued benefit liabilities		
LVPA Supplementary Plan	-	(4,260)
LVPA Other Plans	(1,560)	(1,964)
LFRPA Plan - EISPB	(827)	(863)
LFRPA Plan - SPASE	(1,430)	(1,504)
LNFPA Pension Plan	(330)	(380)
Total accrued benefit liabilities	(4,147)	(8,971)

Summary of gains (losses) in defined benefit pension and other plans:

	2018 **$**	**2017** **$**
Gains (losses) recognized in the year		
LVPA Pension Plan	4,272	(3,314)
LVPA Supplementary Plan	(638)	(64)
LVPA Other Plans	442	389
LFRPA Plan – EISPB	4	(33)
LFRPA Plan – SPACE	44	(38)
LNFPA Pension Plan	19	(139)
	4,143	(3,199)

(figures in tables are expressed in thousands of dollars)

e) Actuarial assumptions

The key actuarial assumptions used for the defined benefit pension plans are summarized below:

	Pensions	
	2018	**2017**
	$	**$**
Economic assumptions		
Discount rate at beginning of year	3.40	3.80
Discount rate at end of year	3.70	3.40
Expected long-term rate of return of plan assets	3.70	3.40
Inflation rate (future salary increases)	2.00	1.75

The key actuarial assumptions used for the non-pension post-employment benefit plans are summarized below:

	2018	**2017**
Economic assumptions		
Annual rate of inflation for MSP	0%	4%
Annual rate of extended health care inflation	7.00 % per annum, grading down annually by 0.25% per annum to 4.5% per annum and remaining at that level thereafter	7.00% per annum, grading down annually by 0.25% per annum to 4.5% per annum and remaining at that level thereafter

f) Sensitivity analysis

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is as follows:

	Change in assumption	**Impact on overall liability**
Discount rate	Increase/decrease by 1%	Decrease/increase by (13.8%)/17.4%
Inflation rate	Increase/decrease by 1%	Increase/decrease by 15.0%/(12.3%)
Salary growth rate	Increase/decrease by 1%	Increase/decrease by 0.3%/(0.3%)
Rate of mortality	Increase/decrease all mortality rates by 10%	Decrease/increase by (2.1%)/2.1%
Medical cost trend rate	Increase/decrease by 1%	Increase/decrease by 12.0%/(10.1%)

The effect of a 1% change in the medical cost trend rate is:

	Current	**1% increase**	**1% decrease**
	$	**$**	**$**
Accrued benefit obligation	1,437	1,618	1,292
Current service cost	-	-	-
Interest cost	53	60	48

(figures in tables are expressed in thousands of dollars)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

g) VFPA Defined Contribution Pension Plan (RRSP)

	2018 $	2017 $
Employer contributions	2,047	1,956

15 Commitments

Capital projects, which are authorized or committed, and where the expenditures are estimated to exceed $1 million, as at December 31, 2018 are as follows:

	Spending to date $	Commitments at year-end $	Total authorized cost $
Container expansion	423,240	19,390	947,721
Land acquisition and development	23,499	2,138	124,294
Infrastructure improvement	156,184	11,507	348,713
Other terminal redevelopment and improvements	17,911	2,508	43,677
Total commitment	620,834	35,543	1,464,405

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. 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.

(figures in tables are expressed in thousands of dollars)

16 Contingent liabilities

Roberts Bank expansion

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 Terminal 2. Should construction of Terminal 2 not proceed, the VFPA will fail to meet this obligation and liquidated damages will be required. The obligation amount is $2,584,582 and if the obligation is not met, liquidated damages up to $956,573 would be required.

17 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 top earning officers or employees in terms of the Port Authority Management Regulators.

		Fees $	Benefits $	Total $
Board of Directors				
Corrigan, Michael	Director, VFPA (since June 29, 2018)	20	3	23
Ethans, Lisa	Director, VFPA	53	-	53
Gustafson, Mark	Director, CPC (from June 4, 2018	-	-	-
Hochstein, Philip	Director, VFPA	54	-	54
				-
Kwan, Eugene	Director, VFPA, Vice Chair	67	-	67
Landry, Paul	Director, VFPA (to December 20, 2017)	11	-	11
Loberg, Carmen	Director, VFPA	107	3	110
Longworth, Tom	Director, VFPA (to December 20, 2017)	5	3	8
McLay, Catherine	Director, VFPA	61	-	61
McLeod, Joanne	Director, VFPA	53	3	56
Munroe, Craig	Director, VFPA	55	-	55
Neeser, Craig	Director, VFPA, Chair (to August 29, 2018)	88	-	88
Priddy, Penny	Director, VFPA	62	-	62
Readman, Dean	Director, CPC (to June 4, 2018)	-	-	-
Rogers, Judy	Director, VFPA, Chair	82	3	85
Turner, Richard	Director, VFPA (to June 18, 2018)	31	-	31
		749	15	764

For the year ended December 31, 2018, total salaries and fees for the Board of Directors was $765,276 (2017 – $636,493).

(figures in tables are expressed in thousands of dollars)

		Salaries and remuneration $	Other benefits $	Post employment benefits $	Total $
Key management personnel					
Case, Sandra	Officer & VP, People & Business Performance, VFPA	302	33	21	356
Corsie, Tom	Officer & VP, Real Estate, VFPA; President & Officer, CPC; Director, MSH	313	31	20	364
Pang, Victor	Officer, Chief Financial Officer, VFPA; Director & Officer, PoVV, PoVH, PoVE, PoVT; Director, Officer & Vice-President, CPC	365	37	25	427
Silvester, Robin	Officer, President & CEO, VFPA; President & CEO and Director & Officer of PoVV, PoVH, PoVE and PoVT	849	37	79	965
Stewart, Cliff	Officer & VP, Infrastructure, VFPA	365	35	25	425
Wilson, Duncan	Officer & VP, Corporate Social Responsibility, VFPA; Chair, CPC	302	27	20	349
Xotta, Peter	Officer & VP, Planning & Operations, VFPA	367	36	242	645
		2,863	236	432	3,531

Included in accounts payable and accrued liabilities was $970,109 of wages, salaries and benefits due and payable to the key management personnel group as at December 31, 2018.

For the year ended December 31, 2018, total remuneration and benefits for key management personnel was $3,530,618 (2017 – $3,426,320).

18 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 run for one to forty-five years.

Recognized in the consolidated statement of comprehensive income during the year was $1,093,464 for lease expenses paid (2017 - $1,062,832).

(figures in tables are expressed in thousands of dollars)

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

	2018 $	2017 $
Within one year	321	357
After one year but not more than five years	596	409
More than five years	1,357	1,398
	2,274	2,164

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 aggregate minimum lease rental revenue under non-cancellable operating leases are as follows:

	2018 $	2017 $
Within one year	133,260	132,790
After one year but not more than five years	482,354	476,991
More than five years	2,464,260	2,508,978
	3,079,874	3,118,759

Contingent-based rent revenue recognized in the consolidated statement of comprehensive income was $20,827,520 (2017 – $20,056,169).

19 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 VFPA and industry contributions of the GIP is $167 million, under a series of improvements in three locations:

	Total VFPA and industry contributions $	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

(figures in tables are expressed in thousands of dollars)

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 2018 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)	2,772	4,055	2,623	9,450	19,895	22,535	17,338	78,668
Gateway infrastructure program (expenditures)	-	1	-	1	36,944	56,114	40,535	133,595
Less: Industry funded portion [90%]	-	(1)	-	(1)	(33,250)	(50,503)	(36,482)	(120,237)
VFPA portion (10%)	-	-	-	-	3,694	5,611	4,053	13,358

20 Related party

The VFPA remits a gross revenue charge (federal stipend) to the Government of Canada (Federal Government) in accordance with the CMA. The total federal stipend incurred for the year ended December 31, 2018 was $7.5 million. As at December 31, 2018, this amount was included in accounts payable and accrued liabilities.

The VFPA leases property to the Federal Government. The total rental income recognized for the year end December 31, 2018 was $0.3 million. As at December 31, 2018, $0.2 million was included in accounts receivable and other assets.

In 2014, the VFPA and the Federal Government reached two agreements under the Clean Transportation Initiative on the Port Related Trucking program. The first was for a contribution of up to $0.9 million by the Federal Government toward the Container Drayage Truck Efficiency (GPS) Program, and the second was for a contribution of up to $3.0 million by the Federal Government toward the Common Data Interface System Implementation Project.

In 2015, the VFPA and the Federal Government reached two agreements under the Shore Power Technology for Ports Program. The first was for a contribution of up to $3.5 million by the Federal Government toward the Centerm Container Terminal Shore Power Project, and the second was for a contribution of up to $2.5 million by the Federal Government toward the Deltaport Third Berth Container Shore Power Project. In 2017, the VFPA and the Federal Government signed an amendment to the Deltaport contribution agreement to increase funding to up to $3.6 million.

In 2015, the VFPA and the Federal Government reached an agreement for a contribution of up to $0.5 million by the Federal Government for an Underwater Technology Study. In 2016, the VFPA and the Federal Government signed an amendment to the contribution agreement to increase funding to up to $1.0 million. In 2017, the VFPA and the Federal Government signed two amendments to the contribution agreement to increase the funding to up to $1.3 million. In 2018, the VFPA and the Federal Government signed another amendment to the contribution agreement to increase funding to up to $1.5 million.

(figures in tables are expressed in thousands of dollars)

In 2016, the VFPA and the Federal Government reached an agreement for a contribution of up to $6.0 million by the Federal Government under the Asia-Pacific Gateway and Corridor Transportation Infrastructure Fund (APGCTIF). This APGCTIF contribution was toward the Deltaport Terminal Road and Rail Improvement, Truck Staging Project.

In 2017, the VFPA and the Federal Government reached an agreement for a contribution of up to $0.4 million by the Federal Government toward the Enhancing Cetacean Habitat and Observation (ECHO) Program.

In 2017, the VFPA and the Federal Government reached an agreement for a contribution of up to $0.2 million by the Federal Government toward the Deployment of Strait of Georgia Underwater Listening Station project.

In 2017, the VFPA and the Federal Government reached an agreement for a contribution of up to $0.3 million by the Federal Government toward the Supply Chain Visibility project.

In 2018, the VFPA and the Federal Government reached an agreement for a contribution of up to $1.6 million toward the Measuring and Mitigation of Underwater Vessel Noise project.

In 2018, CPC and the Federal Government reached an agreement for a contribution of up to $0.4 million by the Federal Government toward the Canada Day at Canada Place.

Claims submitted to the Federal Government in 2018 and amounts receivable as at December 31, 2018 were as follows:

	Claims submitted		Claims receivable – as at December 31,	
	2018 $	Total to date $	2018 $	2017 $
Clean Transportation Initiative	372	2,586	-	-
Shore Power Technology	327	6,160	30	1,071
Underwater Technology Study	167	1,297	-	405
APGCTIF	868	1,243	106	293
Enhanced Cetacean Habitat and Observation	100	388	-	288
Underwater Listening Station	60	200	-	141
Supply Chain Visibility	106	106	144	-
Underwater Vessel Noise	602	602	602	-
Canada Day at Canada Place	420	420	42	-
	3,022	13,002	924	2,198

21 Port income

Port income disaggregated by revenue source is outlined below. The table also shows the basis on which port income is recognized.

(figures in tables are expressed in thousands of dollars)

At a point in time	2018 $	2017 $
Wharfage	44,840	42,446
Cruise	15,893	13,885
Harbour dues	10,939	10,752
Gateway infrastructure fee	9,450	8,988
Berthage	6,985	6,181
Log revenues	15	55
	88,122	82,307

22 Reclassification

In 2018, the VFPA reassessed the classification of certain long-term assets related to the Gateway Infrastructure Program and construction-in-progress and determined that these assets would be better reflected as intangible assets as opposed to property and equipment. This change has resulted in the reclassification on the consolidated statement of financial position of $76.4 million (as at December 31, 2017) from property and equipment to intangible assets. This change does not affect the previously reported consolidated statement of comprehensive income or consolidated statement of cash flows.