

report



Over 15,000
local jobs



Capacity to
quadruple
cargo



Homeport
niche

Investing in cargo





The impact of the Port of Halifax

The Port of Halifax is a major economic driver contributing close to a billion dollars annually to Nova Scotia's economy.

Each container ship means over 3 person years of work and each cruise ship equates to 2.3 years of local work.

The Port directly employs approximately 5,750 people and generates an estimated \$259 million in wages. Add to that nearly 10,000 more indirect and induced jobs and many more millions of dollars in income and its impact is enormous.

The financial implications of the Port will continue to grow. With cargo and cruise evolving, the Port of Halifax has become an economic cornerstone of the local community.

Sustained efforts and infrastructure improvements

The Port of Halifax is a regional asset that we can all be proud of. Our Port has attracted over \$200 million in private investment recently by some of the best in the business – Macquarie Infrastructure Partners, Ceres/NYK, Consolidated Fastfrate and Armour Transportation Systems to name a few major investments. Add to that the Halifax Port Authority's (HPA's) average spending on cargo infrastructure of \$10 million or more each year. It all adds up to a base of investors, customers and tenants that have given the Port's future a vote of confidence.



Ian Oulton, Chair

This past year, the Halifax Port Authority travelled to 12 countries selling what our Port can offer with cargo and cruise. Take a look at the cover for a few of these countries.

As I near the end of my term as Chair of the Board for the HPA, I believe that your Port is in good hands. The community has rallied behind our Port and I wish to extend my gratitude to them, to our Board of Directors and to the management and staff of the HPA for their diligence in pursuing new opportunities.

Collective heavy-lifting for our Port

The Port of Halifax is well positioned to build on the solid base of cargo and cruise activity that has been built up over the years. Our Port has become a major regional transportation asset and a trade gateway for North America. The opportunities before us are exciting but collective work is still needed to build momentum for the future. On going, we continue to need concerted efforts across our local supply chain to enable the Port to continue to compete internationally.



*Karen Oldfield
President & CEO*

We will continue our relentless focus on growth in current and emerging markets. Our Port's long-term success will be based on our collective ability to build on the customer and community support that exists within our Port. We are committed to growing our Port. The Halifax Port Authority truly appreciates your support and together we will realize the fruits of our labour.

“The Port of Halifax is currently the best positioned port in Eastern Canada to take advantage of gateway opportunities relating to Asian-North American trade. Increased Port traffic would create opportunities for logistics services, exporters and importers.”

– David Chaundy, Senior Economist, Atlantic Provinces Economic Council

Cargo business attracting interest and investment

2006

The Port of Halifax has been garnering attention for its infrastructure. With the deepest container berths on the Eastern Seaboard, no congestion, plenty of capacity, quick rail connections and state-of-the-art equipment, our Port is ready to handle more cargo.

The Port is also attracting the interest of shipping lines and their customers. The new Europe West Indies Lines service (EWL) connects Halifax to Europe and the Caribbean, adds more liner capacity and potential for new markets. Eimskip, the Icelandic Steamship Company, also started a weekly service in 2006

connecting Halifax to Europe, Atlantic Canada and the USA.

The major investment by Macquarie Infrastructure Partners in the Port, through their purchase of Halterm Inc., puts Halifax in a position to benefit from Macquarie's strong international links.

And Ceres/NYK has purchased two new super-post-Panamax cranes, at a cost of \$20 million, for installation in the summer of 2007. The Halifax Port Authority's major expenditures in 2006 included crane rails to accommodate new equipment along with millions worth of upgrades at both terminals.

To further our Asia-Suez strategy, we

partnered with an Indian firm, Jeena & Company, to market the Port's attributes and advantages to shipping lines and Indian manufacturers.

Total cargo tonnage through the Port of Halifax improved slightly in 2006 with nearly 14 million tonnes moving through the Port. Containerized cargo stood at 4,572,020 tonnes and 530,722 TEUs.

The Port of Halifax has capacity to more than double container volumes now and can quadruple with terminal expansions.

“The Port of Halifax is well located along an important global marine transport corridor and has significant potential to capitalize on expanding international trade. As a strategic long-term investor in Halterm and the Port sector generally, Macquarie is committed to working with the Halifax Port Authority to develop new growth opportunities.”

– Macquarie Infrastructure Partners



2007

In 2007 the Port of Halifax continues gearing for the future. Halifax Port Authority capital projects for cargo include extending on-dock rail tracks, adding refrigerated cargo equipment, a container tracking system and designing a new truck marshalling yard.

Zim Integrated Shipping Ltd. celebrated 35 years calling the Port of Halifax this June. Costa Container Line and EWL recently added vessels to their services and Eimskip has announced the re-establishment of the Boston-Halifax feeder service. Traditional and new markets

are being aggressively targeted to attract both shipping lines and more cargo.

Value-added services of interest to cargo owners are being assembled near the Port of Halifax. Transload, warehouse and distribution facilities are helping to secure cargo as well as building the experience and expertise of our local labour pool.

Port security remains a priority. A fully integrated system that bridges all public and private port facilities is being implemented, worth \$12 million.

Highlights

- Macquarie Infrastructure Partners purchases Halterm Ltd. for \$172.75 million
- Ceres has purchased two super-post-Panamax cranes valued at \$20 million
- Consolidated Fastrate invests \$10 million in distribution and warehouse facility
- Halterm Container Terminal Ltd. purchased four rubber tyred gantry cranes valued at \$2 million each
- Two new shipping lines begin calling the Port, Europe West Indies Lines and Eimskip

“Within our North American network, the Port of Halifax is an important East Coast gateway for container traffic destined to and from Eastern and Central Canada and the U.S. Midwest. CN is committed to providing the Port of Halifax with the service and support to grow. Halifax has terminal and rail capacity that will allow us to grow business together.”

– E. Hunter Harrison, President and CEO, CN.



Cruise – finding our homeport niche

Building on 20 years of steady cruise port-of-call activity, the Port of Halifax is becoming a niche homeport. A cruise ship under construction at the Halifax Shipyard will call Halifax its homeport in 2008 starting and finishing cruises here. Another adventure cruise line called Halifax its homeport in 2006. Every homeport cruise passenger equates to over \$400 in local spin-offs.

After a strong showing in 2006, the

numbers have remained solid as the Port of Halifax begins the 2007 cruise season. Last year the Port hosted 89 vessel calls, approximately 170,000 passengers and 73,000 crew. 2007 is looking even better with 93 calls expected to bring nearly 180,000 passengers who will spend over \$20 million locally.

The Port continues to be a popular and safe destination. With 26 shops and services at Pavilion 22, plus a variety of

excellent land excursions, Halifax remains a premiere port of call for North America's major lines.

Highlights of this season include visits by Cunard Line's two queens, QE2 and QM2, in October and the inaugural call of Norwegian Coastal Voyages which will be a pole-to-pole cruise from Iceland to Antarctica.

Halifax Seaport – attracting residents and tourists

The Halifax Seaport is taking shape. Cruise has been, and continues to be, the core business at the Seaport. Local residents and tourists alike are attracted to the waterfront as more services, facilities and activities come alive. From arts and culture to new media and tourism, the Seaport is developing a name for itself.

The Cunard Centre, a homeport and

events facility, has been open for a year and has hosted homeport activities and local events. The first phase of the boardwalk and streetscape is finished. NSCAD University's new facility will be ready for classes in the fall. The Mary Black Gallery, Garrison Brewery and other new tenants made the Seaport their home in 2006. Pier 21, Canada's

Immigration Museum, has enhanced their site and expansion plans are underway.

The Seaport 10-year redevelopment is expected to eventually attract nearly \$100 million worth of projects and will be a signature destination for residents and tourists alike.



Real Estate – making the best use of our assets

Port lands are a finite resource. The HPA works to best utilize port assets by finding efficiencies and preparing for the future. In some cases this involves re-working current space to better use facilities or land. In other cases the HPA is acquiring land to be equipped for growth or efficiency upgrades.

Maintaining a working port that supports cargo and cruise activity is key

to the prosperity of our local community. Thanks to support from various levels of government, community groups, tenants and the local community, the HPA has been able to find creative ways to better utilize Port real estate.

From transforming old sheds at the Halifax Seaport to reconfiguring terminal footprints, it is essential that our Port properties deliver maximum benefits to

our community. Today, the Port of Halifax has a diverse range of business activities underway on our property and efforts will continue to find the best use for our assets.

A working port is
key to community
prosperity.

Corporate social responsibility

The Halifax Port Authority aims to conduct itself as a responsible member of the local community.

Regarding the environment, the HPA has become ISO14001 certified and adopted an Environmental Management

System. Halifax was the first port in Canada to acquire this certification.

Regarding community investments, the HPA provides nearly \$50,000 annually to support important activities in our local area. Recently, the HPA reviewed the

program and consulted employees and stakeholders. Two areas of focus for 2007/2008 were selected: the environment and arts & culture. We are excited to support these two valuable causes.

Halifax was the first port in Canada
to have an environmental ISO certification.



Corporate Governance and Board of Directors



Ian Oulton



Gerald Blom



Judy Steele



William Richardson



Mark MacDonald



Linda Moreash



D. Geoffrey Machum

The Halifax Port Authority is governed by a board of seven directors who are appointed for three year terms, chosen as follows:

- one member nominated by the Minister of Transport and appointed by Governor in Council
- one member chosen and appointed by the Province of Nova Scotia
- one member chosen and appointed by the Halifax Regional Municipality
- four members nominated by the Minister of Transport in consultation with Port users and appointed by the Governor in Council

Board of Directors and Committees

December 31, 2006

Chair

Ian Oulton
Provincial Director ^{1*,3,5*}
Dartmouth, NS

Vice Chair

Gerald Blom
Port User Director ^{1,4,5}
Halifax, NS

Directors

Judy Steele
Port User Director ^{1,2*,5}
Halifax, NS

William Richardson
Federal Director ^{3,4*}
Bedford, NS

Mark MacDonald, Q.C.
Port User Director ^{2,3*}
Halifax, NS

Linda Moreash
Municipal Director ⁴
Halifax, NS

D. Geoffrey Machum, Q.C.
Port User Director ²
Halifax, NS

Board Committees

1 Governance Committee 2 Audit Committee 3 Human Resources & Compensation Committee
4 Security, Environment & Safety Committee 5 Seaport Committee * Committee Chair

Officers

December 31, 2006

Chair

Ian Oulton

Vice Chair

Gerald Blom

President & CEO

Karen Oldfield

Corporate Secretary

Lorraine Brenton

Senior Vice President

Paul MacIsaac, CA

Vice President Business Development & Customer Relations

Michael Cormier

Vice President Real Estate

Krista Dempsey

Vice President Operations and Security

George Malec

The next edition of our report will be available December 07.

2006 Financial Statements are available on-line at www.portofhalifax.ca

For further information contact:

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Finance 902.426.3671

Real Estate 902.426.1757

Human

Resources 902.426.3265



NO CONGESTION, FASTER SHIPPING.

Looking for the fastest way to reach North America's heartland? Break away from the congestion and use the Port of Halifax. Handling post-Panamax vessels year-round, Halifax has the deepest berths on the East Coast. The Port boasts minimal throughput times and major intermodal links with rail and terminal capacity to grow. Make Halifax your Atlantic Gateway.

Port of
Halifax
www.portofhalifax.ca