

Stakeholder Report 2009



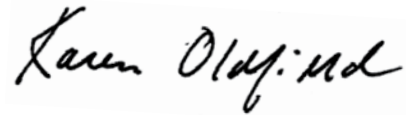
Message from the President & CEO

The Port of Halifax is a Canadian gateway for the movement of trade and people, connecting our region to over 150 countries. Our diverse Port offers services for containerized, bulk, breakbulk, and roll-on/roll-off cargoes along with cruise ships. The Halifax Port Authority is working with industry partners and supply chain operators to enhance our diverse Port and deliver economic benefits to our community and the region.

Amidst a global recession, 2009 was a challenging year for the worldwide marine transportation industry. Many ports, including Halifax, experienced a downturn in their cargo this past year. With five new global shipping lines secured early in 2009, the second half of the year showed promise on the cargo front. Although a full recovery in global shipping volumes is expected to take another three to four years, Halifax is experiencing the early signs of a gradual recovery in cargo volumes.

Despite the economy, cruise remained stable in 2009 with 118 vessel calls and 227,000 passengers visiting Halifax. Over 240,000 cruise passengers are expected to call our Port in 2010 generating over \$50 million in economic benefits for our local community.

On behalf of the Halifax Port Authority, I extend our thanks to cargo and cruise partners and the broader community for your ongoing commitment to the Port of Halifax. We look forward to continuing our joint work to advance the Port of Halifax as a key Canadian gateway port.



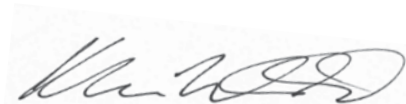
Karen Oldfield, President & CEO

Message from the Chair

Reflecting back on 2009 for the Port of Halifax, we see both challenges and successes. Economic volatility continued to impact regional exporters, global shipping lines and ports. Recognizing the impact of the recession, the Halifax Port Authority worked with customers in 2009 to provide support such as deferring scheduled cargo tariff increases.

The HPA's strong financial position, as evidenced by our investment grade credit rating, allows for continued investments in port infrastructure. Building on \$350 million in private and public investments in recent years, capital improvements continued in 2009 and during the next five years nearly \$200 million will be invested in infrastructure to ensure our Port's competitiveness.

The Port of Halifax is well positioned for the future thanks to our dedicated Port community and the work underway to advance Halifax as a key Canadian gateway port.



Mark MacDonald, Chair

The core business for the Port of Halifax - Cargo



The Port of Halifax is a diverse cargo port which services the containerized, breakbulk, bulk and roll-on/roll-off cargo businesses.

In 2009, the Port broadened its customer base and continued enhancing cargo-handling capabilities. The focus in 2009 was on retaining and attracting both shipping lines and cargo owners while investing in infrastructure.

Our primary cargo markets are North Europe, the Mediterranean, South East Asia and the Caribbean with connections to South America.

2009 Cargo Highlights:

Consortium of Four Container Lines Launched Round-the-World Service via Halifax

A new South East Asia weekly service began in the spring of 2009. CKYH Alliance members (Cosco Container Lines, "K" Line, Yang Ming and Hanjin Shipping) selected the Port of Halifax in their service between Asia and the East Coast of North America.



Two Direct Services Between Vietnam and Halifax Announced

The Grand Alliance members (NYK Line, Hapag Lloyd and OOCL) and the CKYH Alliance both added direct container shipping services between Vietnam and Halifax during 2009.

New Service Launched for Atlantic Exporters to Reach International Markets

A "Less than Container Load" Consolidation Service was launched to provide local exporters with an efficient link for shipments to Europe for any volume of cargo.





Joint Business Development in International Markets

Sustained effort is required in global markets to develop cargo opportunities for the Port of Halifax. In addition to business development efforts with CN and terminal operators, the HPA also participated in Atlantic Gateway trade missions to Europe and Asia.

For instance, in May the Port's breakbulk capabilities were promoted through a Belgium-based mission. A November/December mission to Vietnam included Premier Darrell Dexter and the Port signing a Memorandum of Understanding with the Port of Haiphong. The Port of Halifax also signed cooperation agreements to promote trade with Odessa, Ukraine and developed two short-sea shipping agreements targeting the U.S. Midwest.

Container Line Launched New Halifax Service



The world's 3rd largest container shipping company launched a fortnightly Halifax service connecting the East Coast of North

America to the Caribbean, Central America, South America and Australasia via a Caribbean hub that provides for broad North-South and East-West trade route connections.

Over \$100 million in Cargo Infrastructure Projects Announced in 2009

The Federal government announced their support for two cargo infrastructure projects to be cost-shared with the Halifax Port Authority.

- Work on the South End Container Terminal, operated by Halterm Container Terminal Limited, began in the fall to increase container handling capacity by extending and deepening Pier C enabling simultaneous berthing of two full-sized post-Panamax vessels. Cargo-handling, particularly for truck operations, will be achieved through upgrades to the truck marshalling yard.
- Upgrading Richmond Multipurpose Terminals to expand the value-added cargo handling services, particularly with breakbulk cargo. The initial phase of the project involves reinforcement of existing piers and renovating current facilities. Subsequent phases will include expansion to enable roll-on/roll-off and enhanced heavy lift cargo capabilities along with value-added processing, transloading and distribution primarily for export.

Milestone year for Cruise Halifax

For seven months in 2009, cruise vessels called the Port generating approximately \$50 million in economic spin-offs to the local economy. Halifax continues to attract new port-of-call and homeport business through joint marketing with Atlantic region ports. In 2009, Halifax had 19 cruise lines calling the Port.



2009 Cruise Highlights:

- Over two million cruise visitors in 30 years
- 227,000 cruise passengers aboard 118 vessels between May & November
- Five new vessels and two new cruise lines called in 2009
- Inaugural call of Cunard Line's, Queen Victoria
- Record single-day with over 11,000 cruise passengers

Halifax Seaport District – a waterfront destination

The Halifax Seaport is home to arts, culture, cruise, events and more. Combining long-time and new tenants, the Halifax Seaport is becoming known as a hub of activity to locals and tourists alike.

Farmers' Market Construction Underway

In 2009, work began on the Halifax Seaport Farmers' Market. Shed 20 is being renovated into an eco-friendly building for a larger market on the Halifax waterfront.



Pier 21 to Become a National Museum

In June, Prime Minister Stephen Harper announced that Pier 21, on the Halifax Seaport, will become Canada's newest national museum dedicated to recognizing the contributions of immigrants and new Canadians to Canada's culture, history and heritage.



Looking Ahead:

Halifax Port Authority Business Strategy Summary

The Port's annual business plan and five-year business strategy were updated in late 2009 and shared with stakeholders. The HPA also completed a review of its containerized cargo strategy with the assistance of world-class expertise.

The Gateway - Partnerships and Infrastructure

The Port of Halifax is a Gateway for the flow of goods and people to and from Canada. From joint marketing to funding, the Port of Halifax will build on the success of working with public and private partners to advance our cargo and cruise Gateway. The HPA will continue to invest in Port infrastructure, including approved Gateway projects being jointly funded by the Federal Government.

Rail Service

The HPA is on a two-track approach with rail service:

(a) **Federal Rail Freight Service Review** – The HPA has been asked to assemble information for the Review, and along with other port stakeholders, will provide input to this Canadian-wide review of rail service in 2010.

(b) **Joint efforts with CN** – The HPA has increasingly partnered directly with CN on day-to-day operations and on joint marketing. The HPA will continue to deal with CN, terminal operators and customers to coordinate service and ensure joint efforts continue at a strategic level over the long-term.

Business Development

Highlights of the HPA business development plan for 2010 include:

1. Containerized cargo

Significant progress was made in 2009 to build out shipping line capacity with 19 carriers now connecting the Port of Halifax to 150 countries. Business development efforts over 2010 will include continued focus on the building of markets for container lines already calling at the Port. Primary focus will continue

to be on North Europe and parts of South East Asia.

In addition, we will pursue the “big ship” strategy.

The HPA continues to pursue temperature-controlled cargo, support transload/distribution/warehousing, coordinate the “less-than-container-load” Europe service, and target specific geographic markets for increased cargo volumes in specific commodity categories.

2. Non-containerized cargo

With increased containerization, the cargoes handled in Halifax in recent years have varied. The Port has had good success in targeting import and export goods for more value-added and heavy lift cargo handling. The HPA will continue to adapt and target commodities suited to local facilities and service providers. With bulk, breakbulk and roll-on/roll-off cargoes, the HPA has identified priorities for cargo retention and growth through improving multipurpose facilities and targeting specific goods.

3. Cruise

The Port of Halifax, with local partners, has built a stable cruise business with 19 lines calling the Port in 2009. The HPA will continue to deal with Atlantic Canadian ports and tourism partners to offer the infrastructure and service required to build the port-of-call and homeport business. The HPA meets regularly with current and prospective cruise lines. Specific targets have been identified for homeporting, expedition-style and luxury cruises in 2010.

Revenue Diversification

The HPA continues to pursue revenue diversification to buffer the Port from the cyclical nature of the shipping industry, while enabling the HPA to continue to invest in capital-intensive infrastructure to support the cargo business.



Corporate Governance & Board of Directors



Mark MacDonald



D. Geoffrey Machum



Trevor Johnson



David Henderson



Thomas McInnis



L. Anne Galbraith



David Fox

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 (Federal Director)
- One member chosen and appointed by the Province of Nova Scotia (Provincial Director)
- One member chosen and appointed by the Halifax Regional Municipality (Municipal Director)
- Four members nominated by the Minister of Transport in consultation with Port users and appointed by the Governor in Council (Port User Directors)

For further information contact:

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Finance.....	902.426.3671
Real Estate.....	902.426.1757
Human Resources.....	902.426.3265

Board of Directors and Committees

March 1, 2010

Chair

Mark MacDonald

Port User Director ^{1, 4, 5*, 6}

Vice-Chair

D. Geoffrey Machum

Port User Director ^{1, 3, 5, 6}

Directors

Trevor Johnson

Provincial Director ^{1, 3*}

David Henderson

Port User Director ^{2, 4*}

Thomas McInnis

Port User Director ^{2, 6*}

L. Anne Galbraith, CA

Federal Director ^{2*, 3, 5}

David Fox

Municipal Director ⁴

Officers

March 1, 2010

Chair

Mark MacDonald

Vice Chair

D. Geoffrey Machum

President & CEO

Karen Oldfield

Corporate Secretary

Lorraine Brenton

Senior Vice President

Paul MacIsaac, CA

Vice President

Business Development

& Operations

George Malec

Vice President

Real Estate

Krista Dempsey

Board Committees

1. Governance Committee, 2. Audit Committee,
3. Human Resources & Compensation Committee, 4. Security, Environment & Safety Committee,
5. Seaport Committee, 6. Gateway Strategy Committee, *Committee Chair



2009 Audited Financial Statements available at:

www.portofhalifax.ca



Your Port rivals any other East Coast North American port

Positioned to compete

- Vessel transit time advantages from target markets in Europe and Asia, one to two days faster on-water than North American competitor ports
- In-land transit time advantages by rail to Canadian and U.S. heartland, on-dock, double-stack service on uncongested CN mainline
- 19 shipping lines connecting exporters and importers to 150 countries
- Diverse facilities for bulk, breakbulk, roll-on/roll-off and containerized cargo
- 19 cruise lines

World-class infrastructure

- Able to accommodate the largest ships afloat, handles post-Panamax vessels and is super post-Panamax ready
- Deepest container berths on the East Coast of North America. Both terminals dredged to 16-plus metres
- Room to grow. Capacity to triple container volumes to 1.4 million TEUs over the next 15-20 years, then expand to 2.5 million TEUs

Staying ahead of the curve

- HPA to invest nearly \$200 million in infrastructure in the next five years
- Building on \$250 million in private sector port-related infrastructure and over \$100 million invested by the HPA in the past five years
- World-class port
 - first port in Canada to be ISO 14001 certified for Environmental Management System
 - first port in Canada to achieve an investment grade credit rating since 2007 from Standard & Poor's
 - port-wide integrated security system with latest biometric technology