Consolidated Financial Statements

Halifax Port Authority

December 31, 2015

Halifax Port Authority
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Canada

Message from CEO
Halifax Port Authority – Overview 2015

As Canada’s east coast port, it is important for all partners and stakeholders to continue to work together to grow the Canadian economy.

Innovating and diversifying the port business across all lines; including cargo, cruise and real estate has helped the Halifax Port Authority to maintain a solid financial position, as evidenced by a credit rating of A+ from Standard & Poors.

The world's largest shipping lines call on the Port of Halifax, connecting business to more than 150 countries. Contributing to over $1.6 billion in economic impact, the Port of Halifax generates more than 11,800 jobs.

Growing together, our partners and stakeholders continue to attract new business, create jobs and increase global trade.

Sincerely,

Karen Oldfield

President and CEO
Halifax Port Authority

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Independent auditor's report

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To the Honourable Marc Garneau
Minister of Transport

We have audited the accompanying consolidated financial statements of Halifax Port Authority, which comprise the statement of financial position as at December 31, 2015, and the statements of earnings and comprehensive income, changes in equity of Canada and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Halifax Port Authority as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton LLP

Halifax, Canada
March 9, 2016

Chartered Accountants

Halifax Port Authority
Consolidated statement of earnings

Year ended December 31 (expressed in CAD $, 000's)	2015	2014
Operating revenues		
Port revenue	$ 35,438	$ 33,802
Expenses		
Salary and employee benefits	8,116	7,727
Maintenance and repairs	2,296	2,062
Professional and consulting fees	804	659
Other operating and administration expenses (Note 4)	8,108	8,242
	19,324	18,690
Earnings from operations before other income and expenses	16,114	15,112
Other income and expenses		
Depreciation (Note 7)	9,553	9,260
Gross revenue charge (Note 5)	1,524	1,425
Finance costs, net	642	155
	11,719	10,840
Net earnings	$ 4,395	$ 4,272

Halifax Port Authority
Consolidated statement of comprehensive income

Year ended December 31 (expressed in CAD $, 000's)	2015	2014
Net earnings	$ 4,395	$ 4,272
Other comprehensive income		
Items that will not be reclassified subsequently to earnings		
Actuarial gains (losses) on defined benefit plans (Note 13)	376	(1,930)
Items that will be reclassified subsequently to earnings		
Unrealized loss on derivatives designated as cash flow hedges	(360)	(505)
Total comprehensive income	$ 4,411	$ 1,837

See accompanying notes to the consolidated financial statements.

Halifax Port Authority
Consolidated statement of financial position

December 31 (expressed in CAD $, 000's)		2015		2014
Assets				
Current				
Cash and cash equivalents	$	16	$	146
Receivables (Note 6 and 9)		5,836		9,280
Prepaid expenses		330		392
		6,182		9,818
Non-current				
Receivables (Note 9)		7,695		8,055
Other assets		3,655		2,659
Property and equipment (Note 7)		208,642		206,903
	$	226,174	$	227,435
Liabilities and Equity of Canada				
Current				
Bank indebtedness (Note 10)	$	27,597	$	30,021
Payables and accruals		7,116		7,993
Deferred revenue		426		326
Current portion of long term debt (Note 10)		2,343		2,279
		37,482		40,619
Non-current				
Employee benefit obligation (Note 13)		3,449		4,139
Provisions (Note 12)		2,413		2,223
Long term debt (Note 10)		17,563		19,894
Derivative liabilities		985		626
Deferred revenue		1,799		1,862
		63,691		69,363
Equity of Canada		162,483		158,072
	$	226,174	$	227,435

Commitments (Note 8)
Contingencies (Note 16)

Approved by the Board of Directors

Director, David L. Hennigar

Director, Thomas Ber

See accompanying notes to the consolidated financial statements. The accompanying notes on pages 6 to 25 were authorized by the Board of Directors on March 9, 2016, and were signed on its behalf.

Halifax Port Authority
Consolidated statement of changes in equity of Canada
December 31, 2015 (expressed in CAD $, 000's)

	Contributed Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
Balance, January 1, 2015	$ 50,857	$ (4,600)	$ 111,815	$ 158,072
Net earnings	-	-	4,395	4,395
Other comprehensive income				
Actuarial gains on defined benefit plans (Note 13)	-	376	-	376
Unrealized loss on derivatives designated cash flow hedge	-	(360)	-	(360)
Balance, December 31, 2015	$ 50,857	$ (4,584)	$ 116,210	$ 162,483

	Contributed Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
Balance, January 1, 2014	$ 50,857	$ (2,165)	$ 107,543	$ 156,235
Net earnings	-	-	4,272	4,272
Other comprehensive income				
Actuarial losses on defined benefit plans (Note 13)	-	(1,930)	-	(1,930)
Unrealized loss on derivatives Designated cash flow hedge	-	(505)	-	(505)
Balance, December 31, 2014	$ 50,857	$ (4,600)	$ 111,815	$ 158,072

See accompanying notes to the consolidated financial statements.

Halifax Port Authority
Consolidated statement of cash flows

Year ended December 31 (expressed in CAD $, 000's)	2015	2014
Operating activities		
Net earnings	$ 4,395	$ 4,272
Depreciation and other adjustments	9,626	9,293
Employee benefit obligations	(314)	(439)
Other assets	(996)	(814)
Provisions	190	149
Net changes in working capital (Note 14)	(2,130)	(2,789)
Cash flows from operating activities	10,771	9,672
Financing activities		
Repayments of long term debt, net of proceeds	(2,267)	(2,207)
Proceeds from infrastructure grants	6,044	9,591
Cash flows from financing activities	3,777	7,384
Investing activities		
Purchase of property and equipment	(12,335)	(30,398)
Repayment of loans, net of advances	81	(31)
Cash flows used for investing activities	(12,254)	(30,429)
Net increase (decrease) in cash and cash equivalents	2,294	(13,373)
Bank indebtedness, beginning of year	(29,875)	(16,502)
Bank indebtedness, end of year	$ (27,581)	$ (29,875)

See accompanying notes to the consolidated financial statements.

1. Nature of operations

The Halifax Port Authority (the "Authority") was established effective March 1, 1999 pursuant to the Canada Marine Act and is a continuation of the former Halifax Port Corporation. The address of its registered office is 1215 Marginal Road, Halifax, Nova Scotia, B3J 2P6, Canada.

The Authority is managed by a Board of Directors consisting of not more than seven members. The Authority operates on a commercial basis and is mandated to be financially self-sufficient. The Authority exercises management authority over Halifax harbour and Federal real property under its control and has ownership of other property and equipment as outlined in Note 7 to the consolidated financial statements.

2. Summary of significant accounting policies

Statement of compliance

The consolidated financial statements (the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements were authorized for issue by the Board of Directors on March 9, 2016.

Basis of presentation

The financial statements are presented in Canadian dollars, rounded to the nearest thousand and are presented on the historical cost basis, except for certain financial instruments measured at fair value. The financial statements are presented in accordance with International Accounting Standards ("IAS") 1 *"Presentation of Financial Statements"*.

Basis of consolidation

The financial statements reflect the consolidated financial position of the Authority and its wholly owned subsidiary, POSH Management Inc. as at December 31, 2015, and consolidated results of operations for the period then ended. All intercompany transactions, balances, income and expenses have been eliminated in preparing the consolidated financial statements.

Through an operating agreement entered into between Nova Scotia Business Inc. ("NSBI") and the Authority, the subsidiary is responsible to manage the marine facility at Sheet Harbour on behalf of NSBI. Port revenues, less fees charged on gross revenues, and related expenses for the operation of the Port accrue to the subsidiary.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term investments with maturities of three months or less. Bank borrowings are considered to be financing activities.

Receivables

Trade receivables and accruals are amounts due from customers in the ordinary course of business where collection is expected in one year or less. Trade receivables and accruals are classified as current assets. Long term receivables include interest and non-interest bearing amounts that are repayable over the terms specified in contractual agreements entered into with third parties. Amounts due within the next twelve months are classified as current assets.

2. Summary of significant accounting policies (continued)

Receivables (continued)

Trade receivables and accruals, including long term receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less allowances for impairment. Interest income recognized during the period is recorded as finance income on the statement of earnings. The Authority establishes an allowance for accounts receivable where collection is considered doubtful as required under the Authority's credit and collection policies. Allowances for doubtful receivables are recorded as a reduction to earnings in the period the allowance is identified. Accounts that have been previously allowed for, and for which ultimate collection is considered not likely, are written off.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and is recognized when the amount of revenue can be reasonably measured, collection is probable, and when it is likely that the economic benefits associated with the transaction will flow to the Authority for each of the various revenue streams. Amounts recognized and classified as port revenue arising in the course of ordinary activities of the Authority include the following items:

a) *Leases*
Lease revenue is recognized on a straight-line basis over the term of the initial lease agreement. The unearned portion of lease revenue collected during the period is classified as deferred revenue. Deferred revenue that will be earned and recognized within the next twelve months is classified as current at year end. Recoverable costs are presented on a net basis with the associated expenses in the statement of earnings.

b) *Vessels, cargo and passengers*
Revenue earned from vessels, cargo and passengers is recognized when services are substantially rendered. Recoverable costs are presented on a net basis with the associated expenses in the statement of earnings.

Other income includes items that are non-recurring and not directly related to the Authority's operations and activities in the course of ordinary activities. Finance income and expenses includes interest on loans, investment income, and interest expense on borrowings not capitalized.

Property and equipment

Federal real property consists of land, dredging, berthing structures, buildings, tenant improvements, utilities, roads and surfaces, machinery and equipment, and projects under construction. Federal real property is carried at historical cost less depreciation and any impairment losses. Federal real property is owned by the federal government and is managed and operated by the Authority as an agent of Her Majesty in right of Canada for certain activities set out in the Canada Marine Act. Federal land, excluding buildings and structures, cannot be mortgaged or pledged as security by the Authority. The Authority is responsible for performing necessary maintenance, restoration and replacement of Federal real property that it manages.

Other property and equipment of the Authority consists of land, buildings, tenant improvements, utilities, roads and surfaces, machinery and equipment, office furniture and equipment, and projects under construction. Other property and equipment are carried at historical cost less depreciation and any impairment losses.

December 31, 2015 (expressed in CAD $, 000's)

2. Summary of significant accounting policies (continued)

Property and equipment (continued)

Historical cost of Federal real property and other property and equipment includes expenditures that are directly attributable to the acquisition or construction, including borrowing costs relating to the acquisition or construction. 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 Authority and the cost of the item can be measured reliably. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that it is necessary to complete and prepare the asset for its intended use. A qualifying asset is defined as such where it takes the Authority at least six months to complete. Other borrowing costs are expensed in the period in which they are incurred and reported as finance costs in the statement of earnings. The amount of interest capitalized to property and equipment during the year was $nil (2014 - $511).

The carrying amount of replaced capital assets are derecognized as incurred. All repairs and maintenance are charged to earnings during the period in which they are incurred.

Land and dredging are not depreciated. Depreciation on other assets is calculated on the straight-line basis, commencing when the asset is available for use, using rates based on the estimated useful lives of the assets. Depreciation for tenant improvements is based on the terms of the related lease agreements. No depreciation is recorded in the year of disposition. Depreciation rates based on the estimated useful lives of the assets are as follows:

Asset	Rate
Federal real property	
Berthing structures	1.3 - 10%
Buildings	2.5 - 10%
Utilities	2.0 - 10%
Roads and surfaces	2.5 - 20%
Machinery and equipment	5 - 100%
Other property and equipment	
Building	2.5 - 10%
Utilities	2.0 - 10%
Roads and surfaces	2.5 - 20%
Machinery and equipment	5 - 100%
Office furniture and equipment	20 - 100%

Residual values and useful lives are reviewed, and adjusted if necessary, at the end of each reporting period. Gains or losses arising on the disposal of other property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets, and are recognized in earnings within other income and expenses.

Infrastructure grants

Grants are recognized at their fair value when it is reasonably assured that the grant will be received and the Authority will comply with all attached conditions. Infrastructure grants relating to property and equipment are deducted from the cost therein and depreciation recorded on a net basis.

2. Summary of significant accounting policies (continued)

Impairment of long-lived non-financial assets

Long-lived non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows, or cash generating units ("CGU's"). Where the asset does not generate cash flows that are independent from other assets, the Authority estimates the recoverable amount of the CGU to which the asset belongs. When the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized. Impairment losses are recognized as an expense immediately in earnings. An impairment charge is reversed if the asset (or CGU's) recoverable amount exceeds its carrying amount.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the foreign currency exchange rate in effect at each reporting date. Exchange gains or losses arising from the translation of these balances denominated in foreign currencies are recognized in profit for the period. Revenues and expenses denominated in foreign currencies are translated into Canadian dollars at the average foreign currency exchange rate for the period.

Leases

A lease is an agreement whereby the Authority, the lessor, conveys to the tenant, the lessee, in return for a payment, or series of payments, for the right to use an asset, generally land and buildings, for an agreed period of time. Leases in which a significant portion of the risks and rewards of ownership are retained by the Authority are classified as operating leases. Operating lease rentals are recognized on a straight-line basis over the period of the lease. Leases are classified as finance leases if the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. As at December 31, 2015, the Authority did not have any finance lease agreements.

Initial direct costs incurred in negotiating a lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

Payments in lieu of taxes

Payments are estimated by the Authority in accordance with the Payments in Lieu of Taxes Act. Accruals are re-evaluated each year and charges, if any, are made in the current period's financial statements based on the best available information.

Provisions

Provisions are recognized when the Authority has a present obligation, legal or constructive, as a result of a past event, and it is probable that the Authority will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation for a period ending beyond one year, its carrying amount is the present value of those cash flows, where the time value of money is material. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Provisions reflect the Authority's best estimate at the reporting date. Provisions are not recognized for future operating losses.

2. Summary of significant accounting policies (continued)

Provisions (continued)

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Authority has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received.

Financial instruments

Financial assets and liabilities are recognized when the Authority becomes party to the contractual provisions of the financial instrument. Financial assets are derecognized when control over the contractual rights to receive cash flows and benefits related from the financial asset are transferred and/or substantially all the risks and rewards of ownership have been given to another party. Financial liabilities are derecognized when obligations under the contract expire and are discharged or cancelled. Management of the Authority's classifies financial instruments into various categories as disclosed in Note 9 to the financial statements.

Hedges

The Authority enters into derivative financial instruments (interest rate swaps) to manage its exposure on variable interest rates associated with long term credit facilities.

Derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are subsequently remeasured at fair value at the end of each reporting period. The resulting gain or loss is recognized in earnings immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in earnings depends on the nature of the hedge relationship. The Authority's interest rate swaps are designated as cash flow hedges.

For cash flow hedges, the effective portion of the change in fair value of the hedging item is recorded in other comprehensive income. To the extent the change in fair value of the derivative is not completely offset by the change in fair value of the hedged item, the ineffective portion of the hedging relationship is recorded immediately in earnings. Amounts accumulated in other comprehensive income are reclassified to earnings when the hedged item is recognized in earnings. When a hedging instrument in a cash flow hedge expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in accumulated other comprehensive income relating to the hedge is carried forward until the hedged item is recognized in earnings. When the hedged item ceases to exist as a result of its expiry or sale, or if an anticipated transaction is no longer expected to occur, the cumulative gain or loss in accumulated other comprehensive income is immediately reclassified to earnings.

Financial derivatives assigned as part of a cash flow hedging relationship are classified as either other long term assets or other long term liabilities as required based on their fair value determination. Hedge accounting treatment results in interest expense on the related debt being reflected at hedged rates rather than variable interest rates.

Employee benefits

The Authority accrues in its accounts, annually, the estimated liabilities for pensions and other employee benefits, including lump sum severance entitlements (or retiring allowances) and self-insured workers' compensation benefits, payable to employees in subsequent years under collective agreements, or in accordance with the Authority's policies.

2. Summary of significant accounting policies (continued)

Employee benefits (continued)

Pension benefits

The Authority provides post-employment benefits through defined benefit plans and defined contribution plans.

The cost of pension benefits for defined contribution pension plans are expensed at the time active employees are compensated.

The defined benefit plans sponsored by the Authority determine the amount of pension benefits employees will receive on retirement by reference to length of service and salary levels. Obligations associated with defined benefit plans reside with the Authority, even if plan assets for funding the plan are set aside.

The liability recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation at the end of the reporting date, less the fair value of plan assets, together with adjustments for unrecognized past-service costs.

Management estimates the defined benefit obligation annually with assistance from an independent actuary using the projected unit credit method. The defined benefit obligation uses estimates for inflation, medical cost trends, mortality, and anticipated salary levels. The discount factor used to present value estimated future cash flows is determined with reference to high quality corporate bonds 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to other comprehensive income in the period in which they arise. Past service costs are recognized immediately into earnings, unless the changes in the pension are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

Interest expenses related to pension obligations and returns on plan assets are included in salary and benefits on the statement of earnings.

Other long term employee benefits

Other long term employee benefits include lump-sum severance entitlements (or retiring allowances) available to employees upon retirement with the Authority, as well as self-insured obligations related to providing workers' compensation benefits.

Lump-sum severance entitlements are recognized on a consistent manner as the Authority's defined benefit plans noted above, however are not actuarially determined. Self-insured workers' compensation and other benefits are recognized when the event triggering the obligation occurs since the level of benefits provided does not vary with years of service, and are determined by management with assistance from an independent actuary. The liability recognized in the statement of financial position for other long term employee benefits is the present value of the defined benefit obligation at the end of the reporting period. Other long term employee benefits are unfunded. Actuarial gains and losses, and past service costs, are recognized immediately into earnings.

Use of estimates and critical accounting judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. The Authority's significant estimates and judgements are continually evaluated and are based on historical experience, knowledge of current events and conditions, and other factors that are believed to be reasonable under the circumstances, including expectations of future events. The resulting accounting estimates will, by definition, seldom equal the related actual results, and actual results may ultimately differ from these estimates.

December 31, 2015 (expressed in CAD $, 000's)

2. Summary of significant accounting policies (continued)

Use of estimates and critical accounting judgments (continued)

Significant estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities include estimates of useful lives for amortization of property and equipment, measurement of pension and employee benefits, estimates of provisions that are uncertain in measurements and timing of settlement, evaluation of financial and non-financial assets for impairments, and fair value measurement of financial instruments. The significant estimates and judgments made by management in recognizing and de-recognizing assets and liabilities, as well as their measurement, are explained in the various accounting policy notes.

3. Future accounting standards

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9, "Financial Instruments", which replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, establishes an expected credit losses impairment model and a new hedge accounting model with corresponding risk management activity disclosures. The standard is effective for annual periods beginning on or after January 1, 2018. The Authority is currently assessing the impact of the new standard.

Revenues

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers". IFRS 15 replaces IAS 18, "Revenue", IAS 11, "Construction Contracts", and some revenue related Interpretations. IFRS 15 establishes a new control-based revenue recognition model and provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. The new standard becomes effective January 1, 2017, with early adoption permitted. The Authority is currently assessing the impact of the new standard.

Leases

In January 2016, the IASB issued IFRS 16, "Leases", which replaces IAS 17, "Leases". IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single lessee accounting model while maintaining the classification of either an operating or financing lease for the lessor similar to IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Authority is currently assessing the impact of the new standard, however, as a lessor, it is not expected that the new standard will have a material impact to the financial statements.

4. Other operating and administration expenses

	2015	2014
Security and other services	$ 2,953	$ 2,890
Payments in lieu of taxes	1,822	1,852
Fuel, oil, and electricity	1,329	1,137
Travel / hospitality	610	654
Advertising	380	488
Office, insurance and other administrative expenses	339	479
Industry and association memberships	300	266
Community investment and port promotion	287	274
Project development costs	73	141
Industry education and professional development	15	61
	$ 8,108	$ 8,242

December 31, 2015 (expressed in CAD $, 000's)

5. Gross revenue charge

In order to maintain its Letters Patent in good standing, the Authority is required to annually pay to the Minister of Transport a charge on gross revenues which is calculated as follows:

Gross revenue	Charge
up to $10,000	2%
on the next $10,000	4%
on the next $40,000	6%
on the next $10,000	4%
over $70,000	2%

6. Loans and receivables

	2015	2014
Infrastructure grants	$ -	$ 5,076
Trade receivables and accruals	5,355	4,003
Loans receivable	480	201
	$ 5,836	$ 9,280

December 31, 2015 (expressed in CAD $, 000's)

7. Property and equipment

Federal real property:

	Land	Dredging	Berthing Structures	Buildings	Tenant improve-ments	Utilities	Roads and Surface	Machinery	Office Furniture & Equipment	WUC	Total
Beginning balance January 1, 2015											
Cost, net of grants	$ 29,215	$ 16,228	$ 87,868	$ 69,160	$ 1,479	$ 47,508	$ 47,939	$ 1,284	$ -	$ 506	$ 301,187
Accumulated depreciation	-	-	(35,498)	(26,441)	(857)	(20,581)	(29,257)	(300)	-	-	(112,934)
Net book value	$ 29,215	$ 16,228	$ 52,370	$ 42,719	$ 622	$ 26,927	$ 18,682	$ 984	$ -	$ 506	$ 188,253
Additions, net of grants	$ 592	$ -	$ 2,828	$ 2,028	$ -	$ 2,218	$ 1,317	$ 1,056	$ -	$ 11,289	$ 21,328
Transfers	-	-	-	-	-	-	-	-	-	(10,846)	(10,846)
Adjustments:[1]											
Cost, net of grants	-	-	-	(363)	-	(266)	(921)	-	-	-	(1,550)
Accumulated depreciation	-	-	-	(363)	-	(266)	(921)	-	-	-	(1,550)
Depreciation	-	-	(1,271)	(1,626)	(108)	(1,943)	(2,087)	(194)	-	-	(7,229)
Ending balance December 31, 2015											
Cost, net of grants	$ 29,807	$ 16,228	$ 90,696	$ 70,825	$ 1,479	$ 49,460	$ 48,335	$ 2,340	$ -	$ 949	$ 310,119
Accumulated depreciation	-	-	(36,769)	(27,704)	(965)	(22,258)	(30,423)	(494)	-	-	(118,613)
Net book value	$ 29,807	$ 16,228	$ 53,927	$ 43,121	$ 514	$ 27,202	$ 17,912	$ 1,846	$ -	$ 949	$ 191,506

Other property and equipment:

	Land	Dredging	Berthing Structures	Buildings	Tenant improve-ments	Utilities	Roads and Surface	Machinery	Office Furniture & Equipment	WUC	Total
Beginning balance January 1, 2015											
Cost, net of grants	$ 5,237	$ -	$ -	$ 6,932	$ 964	$ 1,810	$ 3,903	$ 24,222	$ 9,013	$ 553	$ 52,634
Accumulated depreciation	-	-	-	(1,345)	(671)	(592)	(2,355)	(20,947)	(8,074)	-	(33,984)
Net book value	$ 5,237	$ -	$ -	$ 5,587	$ 293	$ 1,218	$ 1,548	$ 3,275	$ 939	$ 553	$ 18,650
Additions, net of grants	$ -	$ -	$ 3	$ 20	$ 45	$ -	$ -	$ 76	$ 880	$ 1,046	$ 2,070
Transfers	-	-	-	-	-	-	-	-	-	(1,260)	(1,260)
Adjustments:[1]											
Cost, net of grants	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	(180)	(80)	(85)	(255)	(939)	(785)	-	(2,324)
Ending balance December 31, 2015											
Cost, net of grants	$ 5,237	$ -	$ 3	$ 6,952	$ 1,009	$ 1,810	$ 3,903	$ 24,298	$ 9,893	$ 339	$ 53,444
Accumulated depreciation	-	-	-	(1,525)	(751)	(677)	(2,610)	(21,886)	(8,859)	-	(36,308)
Net book value	$ 5,237	$ -	$ 3	$ 5,427	$ 258	$ 1,133	$ 1,293	$ 2,412	$ 1,034	$ 339	$ 17,136
Ending cost, net of grants	$ 35,044	$ 16,228	$ 90,699	$ 77,777	$ 2,488	$ 51,270	$ 52,238	$ 26,638	$ 9,893	$ 1,288	$ 363,563
Accumulated depreciation	-	-	(36,769)	(29,229)	(1,716)	(22,935)	(33,033)	(22,380)	(8,859)	-	(154,921)
Net book value	$ 35,044	$ 16,228	$ 53,930	$ 48,548	$ 772	$ 28,335	$ 19,205	$ 4,258	$ 1,034	$ 1,288	$ 208,642

[1] Adjustments represent the removal of costs and accumulated depreciation for fully depreciated assets that are no longer in use.

7. Property and equipment (continued)

Leased property
Assets of the Authority included in Federal real property and other property and equipment includes property leased to third parties under operating leases with carrying amounts of $137,950 (2014 - $134,903) and $13,070 (2014 - $13,844) respectively. Leases for land and buildings under non-cancellable operating lease agreements have varying terms, break-clauses and renewal rights.

8. Commitments

Capital projects
During the year, additions to property and equipment totalled $12,335 (2014 - $30,398). At December 31, 2015, contractual obligations for capital projects are estimated at $1,318 (2014 - $1,953) for the construction and purchase of property and equipment.

The Authority has previously entered into an agreement with a third party to contribute $1,850 related to a capital project subject to the terms and conditions of the agreement. As at December 31, 2015, the Authority had contributed $925 which is recorded as work under construction, with the remaining contribution expected in 2016.

During the year, the Authority completed the Richmond Terminals project as part of the Gateway and Border Crossings Fund Agreement for Terminal Improvements (the “Agreement) for the expansion and improvements of its terminals. Subject to the terms and conditions of the Agreement, the Authority was eligible to receive contribution funding from the Federal Government for an amount of up to 50% of the total eligible expenditures. As at December 31, 2015 the Authority had incurred $101,435 in cumulative project costs (2014 - $99,577) and received $49,247 (2014 - $46,751) in cumulative contribution funding.

During the year, the Authority completed its agreements with both the Federal Government and the Province of Nova Scotia for the construction of a shore power electrical connection as an alternative fuel source to cruise operators. Subject to the terms and conditions of the respective agreements, the Authority was eligible to receive contribution funding from the Federal Government for an amount of up to 50% of the total eligible expenditures, or $5,000, and contribution funding from the Province of Nova Scotia for an amount of up to 25% of the eligible costs, or $2,500. As at December 31, 2015 the Authority had incurred $11,538 in cumulative project costs (2014 - $10,196) and received $7,500 (2014 - $3,950) in cumulative contribution funding under the agreements.

9. Financial instruments and risk management

The Authority is exposed to a number of risks as a result of holding financial instruments. Management considers and evaluates those risks on an on-going basis to ensure that the risks are appropriately managed. These potential risks include credit risk, liquidity risk and market risk.

Credit risk
Credit risk is the risk that the entities to which the Authority provides services may experience financial difficulty and be unable to fulfil their obligations. The Authority reviews outstanding receivables on an ongoing basis and records a provision for accounts where collection is doubtful, or writes off receivables that are considered uncollectible after all collection efforts are followed. In addition, the Authority establishes a general provision for doubtful accounts based on past experience and when economic conditions may indicate losses have occurred that are not specifically identified. The Authority mitigates credit risk by actively monitoring the aging of accounts receivable and regularly follows up on overdue accounts.

December 31, 2015 (expressed in CAD $, 000's)

9. Financial instruments and risk management (continued)

Credit risk (continued)

An analysis of the Authority's receivables, including long term receivables, and continuity of the Authority's provision for impairment losses on receivables is as follows:

Loans and receivables		2015		2014
Trade receivables and accruals	$	5,664	$	4,551
Infrastructure grants		-		5,076
Loans receivable		8,176		8,019
Less: allowance for doubtful receivables		(309)		(311)
	$	13,531	$	17,335

In 2013, the Authority advanced $7,268 to a third party to provide capital infrastructure financing. Financing is interest-bearing at market rates and is repayable over the term specified in the agreement. The loan is secured by equipment. In accordance with the agreement the Authority is contractually obligated to provide additional financing in the amount $1,817 at the request of the third party and subject to certain conditions. As at December 31, 2015, $290 was classified as current asset (2014 - $Nil).

The credit quality of financial assets that are neither past due nor impaired are assessed with reference to historical information and includes the following considerations; new customers / tenants, existing customers / tenants (e.g. greater than six months) with no history of defaults or those that have some history of defaults but were eventually fully recovered.

An allowance for doubtful receivables was recorded at year end against trade, other receivables and loans in the amount of $309 (2014 - $311), for accounts where there is uncertainty regarding ultimate collection. Allowances on loans are measured as the difference between the carrying value of the loan and the estimated fair value of security pledged against the loan. Receivables written off during the year amounted to $45 (2014 - $4).

It is the opinion of management the Authority is not exposed to significant credit risks as substantially all trade receivables, including infrastructure grants, are aged under 60 days. Similarly, long term receivables are secured by assets pledged to the Authority from third parties.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet financial obligations as they become due. The Authority manages the risk through management of its capital structure in conjunction with cash flow forecasting. To facilitate the Authority's capital expenditure program, the Authority has credit facilities, as outlined in Note 10 to the financial statements. The total amount of undiscounted cash repayments, including interest and contractual maturities of significant financial liabilities as at December 31, 2015 includes the following:

December 31, 2015 (expressed in CAD $, 000's)

9. Financial instruments and risk management (continued)

	Carrying Value	2016	2017	2018	2019	2020 and Thereafter
Non-derivative financial liabilities:						
Bank indebtedness	$ 27,597	$ 27,597	$ -	$ -	$ -	$ -
Payables and accruals	7,116	7,116	-	-	-	-
Provisions	2,413	-	-	-	-	2,950
Long term debt	19,906	2,869	2,869	2,869	2,869	10,385
	$ 57,085	$ 37,582	$ 2,869	$ 2,869	$ 2,869	$ 13,335

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates and interest rates will affect the Authority's earnings or the value of its financial instruments.

a) *Foreign currency exchange risk*
Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. All of the Authority's revenues are in Canadian dollars. Expenses incurred and capital acquisitions in foreign currency are approximately $2,832 (2014 - $1,303).

b) *Interest rate risk*
Interest rate risk is the risk that future cash flows associated with the Authority's debt and interest payments will fluctuate as a result of changes in market interest rates. The Authority is exposed to interest rate fluctuations on its credit facilities as outlined in Note 10 to the financial statements. The Authority manages interest rate risk by monitoring market conditions and the impact of interest rate fluctuations on its debt. The Authority utilizes interest rate swaps designated as cash flow hedges to manage variable interest rates associated with the Authority's long term debt. Hedge accounting treatment resulted in interest expense on the related borrowings being reflected at hedged rates rather than at variable interest rates. All of the Authority's long term debt is hedged with interest rate swaps. Net earnings is sensitive to the impact of an increase (decrease) in interest rates of 0.5% on bank indebtedness of $39 (2014 – $2).

Fair value of financial instruments

The Authority classifies financial assets and financial liabilities according to their characteristics and management's choices and intentions. Classifications of financial assets include:

(a) fair value through profit and loss (measured at fair value with changes in fair value recorded in earnings),
(b) held-to-maturity (measured at amortized cost with gains and losses recognized in earnings in the period the asset becomes derecognized or impaired),
(c) available-for-sale (measurement at fair value with changes in fair value recognized in other comprehensive income for the current period until realized through disposal or impairment), and
(d) loans and receivable (measured at amortized cost with gains and losses recognized in earnings in the period that the asset is no longer recognized or impaired).

Classifications of financial liabilities include:

(a) fair value through profit and loss (as previously noted), and
(b) other liabilities (measured at amortized cost with gains and losses recognized in earnings in the period the liability is no longer recognized).

The fair value of financial instruments is the estimated amount that the Authority would receive to sell financial assets or pay to transfer financial liabilities in an orderly transaction between market participants at the measurement date.

December 31, 2015 (expressed in CAD $, 000's)

9. Financial instruments and risk management (continued)

Fair value of financial instruments (continued)

The Authority applies a three-tier hierarchy framework for disclosing fair value of financial instruments, based on whether the inputs into the various valuation techniques are observable or unobservable. Observable techniques reflect market data obtained from independent sources, while unobservable inputs reflect management assumptions. Changes in valuation techniques of financial instruments may result in transfers of assigned levels. The hierarchy of input is as follows:

- Level I - Quoted prices in active markets for identical assets or liabilities;
- Level II - Inputs other than quoted prices included in Level I that are observable, either directly or indirectly; and
- Level III - Inputs that are not based on observable market data.

The carrying values of current assets and current liabilities approximate their fair value due to the relatively short period to maturity of these financial instruments. The carrying value of the long term portion of loans receivable approximates fair value due to the current market rates associated with the instruments. Loans and receivables are carried at amortized cost.

The fair value of variable rate long term debt is assumed to approximate its carrying value. Fair value has been estimated by discounting future cash flows at a rate offered for borrowings of similar maturities and credit quality at year end.

There were no transfers between classes of the fair value hierarchy during the year.

The following table summarizes the classifications of the Authority's financial instruments, as well as their carrying amounts and fair values.

	2015		2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Loans and receivables				
Cash and cash equivalents	$ 16	$ 16	$ 146	$ 146
Loans and receivables	13,531	13,531	17,335	17,335
Total financial assets	$ 13,547	$ 13,547	$ 17,481	$ 17,481
Financial liabilities:				
Other financial liabilities				
Bank indebtedness	$ 27,597	27,597	$ 30,021	$ 30,021
Payables and accruals	7,116	7,116	7,993	7,993
Long term debt (gross)	19,959	19,882	22,238	22,124
Derivative liabilities	986	986	626	626
Total financial liabilities	$ 55,658	55,581	$ 60,878	$ 60,764

All of the Authority's financial assets and liabilities are classified as level I with the exception of derivative financial liabilities associated with interest rate swaps which are considered level II.

December 31, 2015 (expressed in CAD $, 000's)

10. Credit facilities

The Authority has an unsecured, revolving term credit facility up to a maximum of $45,000 with a floating interest rate that fluctuates with changes in the Bank's prime lending rate. As at December 31, 2015, the amount drawn down under the revolving facility was $27,597 (2014 - $30,021). As part of the revolving term credit facility agreement, $15,000 of the maximum credit available was rolled into a non-revolving term credit facility with floating interest rates that fluctuate with changes in the Bank's prime lending rate. To minimize the exposure to interest rate fluctuations related to the non-revolving term loan facility, the Authority entered into an interest rate swap agreement during the year.

	2015	2014
Credit facility drawn		
Floating rate	$ 13,612	$ 30,021
Fixed rate	13,985	-
	27,597	30,021
Available credit facility	17,403	14,979
Total authorized credit facility	$ 45,000	$ 45,000

There are no covenant requirements by the Authority under the credit facility agreement.

In addition to the above, the Authority also has a non-revolving term loan facility of up to $25,000 with a floating interest rate that fluctuates with changes in the Bank's prime lending rate. As at December 31, 2015, the amount owing under the non-revolving facility was $19,906 (2014 - $22,238) and $2,343 (2014 - $2,279) is due within the next twelve months. To minimize the exposure to interest rate fluctuations related to the non-revolving term loan facility the Authority entered into an interest rate swap agreement. The non-revolving loan facility is presented net of unamortized transaction costs of $53 (2014 - $65).

Principal repayments due in the next five years and thereafter are as follows:

2016	$ 2,343
2017	2,408
2018	2,475
2019	2,545
2020	10,188
Thereafter	nil

11. Capital risk management

The Authority's objectives when managing capital are to ensure sufficient liquidity to support its financial obligations and execute the operational and strategic plans to continue to provide benefits for its stakeholders and to remain financially self-sufficient. The Authority continually assesses its capital structure and makes adjustments to it with reference to changes in economic conditions and risk characteristics associated with its underlying assets. According to its Letters Patent, the Authority's aggregate borrowing cannot exceed $75,000 nor can it borrow money as an agent of Her Majesty. Currently, the Authority largely relies on cash flows from operations to fund its capital investment program. The Authority's capital is comprised of bank indebtedness and equity, net of cash and cash equivalents.

December 31, 2015 (expressed in CAD $, 000's)

11. Capital risk management (continued)

Capital management		2015		2014
Total debt	$	47,503	$	52,194
Less: cash and cash equivalents		16		146
Net debt		47,519		52,048
Equity of Canada		162,483		158,072
Capital under management	$	210,002	$	210,120

12. Provisions

The carrying amount of provisions related to claims brought against the Authority at year end were $2,413 (2014 - $2,223). Changes in the measurement of provisions, resulting from new or changed information, are recorded in earnings during the period and classified as other operating and administrative expenses. Estimates are evaluated periodically and reflect all known information at year end, including uncertainty associated with the timing and amount of the eventual settlement. Provisions related to claims have been reflected as non-current liabilities as at December 31, 2015 and are measured at the present value of the expected future cash flows using a discount rate of 4.1% (2014 – 4.0%). In management's view, the outcome of these claims will not be settled within the 12 months subsequent to December 31, 2015.

13. Employee benefit obligation

On March 1, 1999, the Authority was established as described in Note 1 to the financial statements. Pursuant to the Canada Marine Act, the Authority was required by March 1, 2000, to establish benefit plans for its employees as of March 1, 1999 comparable to the benefit plans that were in place immediately prior to its becoming a port authority. Prior to March 1, 1999, all employees were included in the Public Service Superannuation Act ("PSSA") Plan. The Authority has complied with this requirement and established defined benefit plans which were available only to employees as at March 1, 1999. A defined contribution Plan has been established for employees hired after March 1, 1999. The Authority has established an unfunded supplementary pension arrangement for designated employees.

The defined benefit plan exposes the Authority to actuarial risks such as interest rate risk, longevity risk and inflation risk.

Interest rate risk
The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation. A decrease in market yield on high quality corporate bonds will increase the Authority's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

Longevity risk
The Authority is required to provide benefits for life for the members of the defined benefit liability. Increase in the life expectancy of the members will increase the defined benefit liability.

Inflation risk
A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Authority's liability.

December 31, 2015 (expressed in CAD $, 000's)

13. Employee benefit obligation (continued)

Information about the financial position of the Authority's defined benefit and other plans as at December 31, 2015 is as follows:

	Pension Benefit Plans 2015	Pension Benefit Plans 2014	Other Benefit Plans 2015	Other Benefit Plans 2014	Total 2015	Total 2014
Change in accrued benefit obligation						
Balance, beginning of year	$ 17,620	$ 14,012	$ 2,561	$ 2,434	$ 20,181	$ 16,446
Current service cost (employer)	666	558	84	(47)	750	511
Interest cost on benefit obigation	709	689	45	47	754	736
Contributions by plan participants	165	133	-	-	165	133
Remeasurements – actuarial (gains) losses from changes in demographic assumptions	-	(394)	-	22	-	(372)
Remeasurements – actuarial (gains) losses from changes in financial / experience assumptions	(373)	2,826	-	181	(373)	3,007
Benefits paid	(233)	(204)	(68)	(76)	(301)	(280)
Balance, end of year	18,554	17,620	2,622	2,561	21,176	20,181
Change in fair value of plan assets						
Balance, beginning of year	16,042	13,798	-	-	16,042	13,798
Interest income	671	708	-	-	671	708
Employer contributions	1,119	1,081	68	76	1,187	1,157
Employee contributions	165	133	-	-	165	133
Actual return on plan assets, net	(37)	526	-	-	(37)	526
Benefits paid	(233)	(204)	(68)	(76)	(301)	(280)
Balance, end of year	17,727	16,042	-	-	17,727	16,042
Accrued benefit liability at December 31	$ (827)	$ (1,578)	$ (2,622)	$ (2,561)	$ (3,449)	$ (4,139)

Pension and other post-retirement expense included in earnings as salaries and benefits and other comprehensive income are as follows:

	Pension Benefit Plans 2015	Pension Benefit Plans 2014	Other Benefit Plans 2015	Other Benefit Plans 2014	Total 2015	Total 2014
Plan expense						
Current services cost (employer portion)	$ 666	$ 558	$ 84	$ 266	$ 750	$ 824
Interest cost on benefit obligation, net	78	20	45	47	123	67
Pension expense Recognized in earnings	$ 744	$ 578	$ 129	$ 313	$ 873	$ 891

December 31, 2015 (expressed in CAD $, 000's)

13. Employee benefit obligation (continued)

	Defined Benefit Plans 2015	Defined Benefit Plans 2014	Other Benefit Plans 2015	Other Benefit Plans 2014	Total 2015	Total 2014
Actuarial (gains) losses						
Remeasurements – actuarial (gains) losses from changes in demographic assumptions	$ -	$ (394)	$ -	$ -	$ -	$ (394)
Remeasurements – actuarial (gains) losses from changes in financial / experience assumptions	(373)	2,826	-	64	(373)	2,890
Return on plan assets	(3)	(566)	-	-	(3)	(566)
Actuarial (gains) losses immediately recognized in comprehensive income	$ (376)	$ 1,866	$ -	$ 64	$ (376)	$ 1,930

The expected return on plan assets for the defined benefit pension plans is comprised of estimated returns for each major asset consistent with market conditions on the valuation date and the asset mix of funds that make up the plan's assets, additional returns assumed to be acheivable due to active equity management, and implicit provision for expenses expected to be paid from the pension funds.

The invested assets of the defined benefit pension plan and supplemental plan by type are as follows as at December 31:

	Defined Benefit Pension Plans 2015	Defined Benefit Pension Plans 2014	Supplemental Plan 2015	Supplemental Plan 2014
Fixed income	36%	35%	0%	0%
Canadian equity	21%	24%	0%	0%
Real estate	11%	9%	0%	0%
Foreign equity	32%	32%	0%	0%
Cash and cash equivalents	0%	0%	53%	51%
Balanced segregated funds	0%	0%	47%	49%
Total	100%	100%	100%	100%

The significant actuarial assumptions adopted in measuring the Authority's accrued benefit obligations are as follows as at December 31:

	Pension Plan Benefits 2015	Pension Plan Benefits 2014	Other Benefit Plans 2015	Other Benefit Plans 2014
Discount rate	4.10%	4.05%	3.75%	4.60%
Inflation rate	2.20%	2.20%	2.20%	2.50%
Medical cost trend plan	NA	N/A	4.50%	4.50%
Rate of compensation increase				
Pension/supplemental plan/other benefit plans	3.50%	3.50%	3.50%	4.00%
Designated plan	2.70%	2.70%	NA	N/A

December 31, 2015 (expressed in CAD $, 000's)

13. Employee benefit obligation (continued)

The estimated employer contributions expected to be paid into the defined benefit plan and supplemental plan for the next fiscal year are $1,129.

The measurement date used to determine the Plan assets and the accrued benefit obligation was December 31, 2015. The most recent and the next required actuarial valuation for funding purposes are as follows:

	Most Recent Actuarial Valuation	Next Required Actuarial Valuation
Defined benefit pension plan	December 31, 2014	December 31, 2015
Supplementary pension arrangement	December 31, 2014	December 31, 2015

The significant actuarial assumptions for the determination of the defined benefit obligation, including other benefit plans, are the discount rate, salary growth rate, pension growth rate and health care trend rate. The calculation of the net defined benefit liability is sensitive to those assumptions. The following table summarizes the effects of changes in these actuarial assumptions on the defined benefit and other liability as at December 31, 2015:

	Defined Benefit Pension Plans	Other Benefit Plans
Discount rate		
Increase of 25 bsp	$ 17,680	$ 2,569
Decrease of 25 bsp	19,511	2,677
Salary rate		
Increase of 25 bsp	18,777	2,886
Decrease of 25 bsp	18,337	2,421
Pension rate		
Increase of 25 bsp	19,223	N/A
Decrease of 25 bsp	17,920	N/A
Health care trend rate		
Increase of 100 bsp	N/A	2,644
Decrease of 100 bsp	N/A	2,603

The present value of the defined benefit obligation was calculated using the same method as the defined benefit obligation recognized in the statement of financial position. This sensitivity analyses are based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Defined contribution plan
The net expense for the Authority's defined contribution included in salaries and benefits is $218 (2014 - $196).

December 31, 2015 (expressed in CAD $, 000's)

13. Employee benefit obligation (continued)

Other benefit plans

Other benefit plans consist of lump sum payment entitlements for employees upon their retirement, calculated in accordance with the Authority's policies. These plans are unfunded and measured using the projected benefit method and management's best estimate of salary escalation and retirement of employees. Assumptions used in the determination of the accrued benefit obligation are consistent with those used in determining the accrued benefit obligation of the pension benefit plans, with the exception of the discount rate.

The Authority is subject to the Government Employees Compensation Act and, therefore, is not mandatorily covered under the Nova Scotia Workers' Compensation Act. The Authority is considered a self-insured employer, responsible for worker's compensation benefits incurred prior to, and since incorporation. The Authority's unfunded obligation for workers' compensation benefits is based on known awarded disability and survivor pensions and other potential service awards for accidents that occurred up to the measurement date. Benefits are provided according to the Nova Scotia workers' compensation legislation.

14. Supplemental cash flow information

		2015		2014
Change in non-cash operating working capital				
Trade receivables	$	(1,352)	$	(781)
Prepaid expenses		62		23
Payables and accruals		(877)		(1,964)
Deferred revenue		37		(67)
	$	(2,130)	$	(2,789)
Bank indebtedness, net of cash and cash equivalents				
Cash and cash equivalents	$	16	$	146
Bank indebtedness		(27,597)		(30,021)
	$	(27,581)	$	(29,875)
Interest paid	$	1,041	$	534
Interest received	$	398	$	263

December 31, 2015 (expressed in CAD $, 000's)

15. Related party and other information

Key management includes directors and persons who have the authority and responsibility for planning, directing and controlling the activities of the Authority, directly or indirectly, during the fiscal year. In addition, the Canada Marine Act requires disclosure of remuneration and allowances paid to directors and certain employees. A summary of compensation as at December 31 was as follows:

Name	Title	Remuneration(1)	Directors Fees	Allowance	2015	2014
David Henderson (2)	Chair, former Vice Chair	$ 21	$ 36	$ -	$ 57	$ 41
D.Geoffrey Machum (3)	Former Chair	30	17	-	47	67
Hector Jacques (4)	Vice Chair	13	13	-	26	30
Edward Larsen (5)	Director	12	19	-	31	23
Lantz Siteman (6)	Director	12	15	-	27	30
Thomas Hayes (7) (8)	Director	13	12	-	25	14
L. Anne Galbraith (9)	Director	2	1	-	3	26
Trevor Johnson (10)	Director	-	-	-	-	10
Karen Oldfield	President, Chief Executive Officer	359	-	11	370	362
Paul MacIsaac	Senior Vice-President	238	-	7	245	243
George Malec	Vice-President, Business Development & Operations	237	-	7	244	240
Krista Dempsey	Vice-President, Real Estate	173	-	7	180	178

In addition, other short-term and post-employment benefits provided during the year was $156 (2014 - $158).

(1) Remuneration includes salary and management bonuses
(2) Elected chair effective October 23, 2015
(3) Term as Director expired October 29, 2015
(4) Chair – Seaport Committee
(5) Chair – Security, Environment & Safety Committee
(6) Chair – Human Resources & Compensation Committee
(7) Chair – Infrastructure & Gateway Strategy Committee
(8) Chair – Audit Committee
(9) Resigned as Director February 6, 2015
(10) Term as Director expired August 13, 2014

16. Contingent liabilities

There are various claims and litigation, which the Authority is involved with, arising out of the ordinary course of business operations. The Authority's management does not consider the exposure to such litigation to be material, although this cannot be predicted with certainty.