Financial Statements

Halifax Port Authority

December 31, 2010

Halifax Port Authority
PO Box 336, Halifax, Nova Scotia B3J 266

Administration portuaire de Halifax
CP 336, Halifax, Nouvelle-Ecosse B3J 2P6

T 902.426.8222

F 902.426.7335

www.portofhalifax.ca

ISO 14001:2004 1040847

Canada

Message from CEO
Halifax Port Authority – Overview 2010

The Halifax Port Authority continues to be in a strong financial position with increased revenues in 2010.

Throughout the recession we have been able to maintain a solid financial performance with a consistent investment grade credit rating since 2007. In 2010, both the cargo and cruise business experienced growth at the Port of Halifax, which resulted in an encouraging year for the Port and our partners.

Most of our cargo categories, including: containerized, breakbulk, and roll-on/roll-off did see growth in 2010.

Over 260,000 cruise passengers visited the Port of Halifax making for a very strong 2010 cruise season.

Year-over-year trade statistics for the Port of Halifax reflect worldwide growth trends in the marine transportation sector. Of note, the Port of Halifax achieved growth in markets such as South East Asia which has become the port's largest trading region within the past five years.

In 2010, Halifax Port Authority continued to invest in port facilities with further enhancements to container and breakbulk terminals. We will continue to reinvest in infrastructure to ensure the Port of Halifax remains highly competitive in cargo and cruise.

On behalf of the Halifax Port Authority, I extend a thank you to all Port partners for your work to advance the Port of Halifax as a key gateway port.

Sincerely,

Karen Oldfield

Chief Executive Officer

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Grant Thornton

Independent auditors' report

Grant Thornton LLP
Suite 1100
2000 Barrington Street
Halifax, NS
B3J 3K1

T (902) 421-1734
F (902) 420-1068
www.GrantThornton.ca

To the Honourable Chuck Strahl
Minister of Transport, Infrastructure and Communities

We have audited the accompanying financial statements of Halifax Port Authority (the "Authority"), which comprise the balance sheet as at December 31, 2010, the statement of earnings, comprehensive income, retained earnings 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 financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

March 10, 2011
Halifax, Nova Scotia

Halifax Port Authority
Statements of earnings, comprehensive income and retained earnings

Year ended December 31 (expressed in $,000's)		2010		2009
Revenue from operations	$	**29,016**	$	26,922
Investment and other income (loss)		**69**		(147)
		29,085		26,775
Expenses				
Salaries and employee benefits		**6,376**		5,531
Maintenance and repair expenses		**871**		1,051
Professional and consulting fees		**565**		576
Other operating expenses (note 5)		**7,028**		6,896
		14,840		14,054
Earnings from operations before gross revenue charge, interest expense and depreciation		**14,245**		12,721
Gross revenue charge (note 6)		**1,145**		1,015
Interest expense		**120**		148
Depreciation		**7,159**		8,603
		8,424		9,766
Net earnings and comprehensive income	$	**5,821**	$	2,955

		2010		2009 (Restated)
Retained earnings, beginning of year (note 4)	$	**85,377**	$	82,422
Net earnings and comprehensive income		**5,821**		2,955
Retained earnings, end of year	$	**91,198**	$	85,377

See accompanying notes to the financial statements.

Halifax Port Authority
Balance sheet

December 31 (expressed in $,000's)		**2010**		2009 (Restated)
Assets				
Current				
Cash and cash equivalents	**$**	**892**	$	19
Receivables (note 7)		**7,103**		3,546
Prepaids		**592**		530
Derivative asset		**-**		44
		8,587		4,139
Long term receivables (note 8)		**3,357**		1,676
Property and equipment (notes 9 and 10)		**154,205**		150,019
	$	**166,149**	$	155,834
Liabilities				
Current				
Bank indebtedness (note 12)	**$**	**4,618**	$	5,840
Payables and accruals		**13,766**		8,888
Deferred revenue		**1,068**		1,063
		19,452		15,791
Employee benefit obligations (note 13)		**516**		843
Deferred revenue		**4,126**		2,966
		24,094		19,600
Equity				
Contributed capital		**50,857**		50,857
Retained earnings		**91,198**		85,377
		142,055		136,234
	$	**166,149**	$	155,834

Commitments (note 10)

On behalf of the Board

L. Anne Galbraith

See accompanying notes to the financial statements.

Halifax Port Authority
Statement of cash flows

Year ended December 31 (expressed in $,000's)	2010	2009
Increase (decrease) in cash and cash equivalents		
Operating		
Net earnings and comprehensive income	**$ 5,821**	$ 2,955
Decrease in fair value of derivative asset	**44**	250
Depreciation and other adjustments	**7,681**	8,838
Decrease in employee benefit obligation	**(327)**	(707)
	13,219	11,336
Change in non-cash operating working capital (note 15)	**4,962**	(1,790)
	18,181	9,546
Financing		
Proceeds from capital grants	**4,523**	-
Investing		
Loan receivables, net of repayments	**(1,777)**	499
Purchase of property and equipment	**(18,832)**	(14,631)
	(20,609)	(14,132)
Net increase (decrease) in cash and cash equivalents	**2,095**	(4,586)
Bank indebtedness, net of cash and cash equivalents, beginning of year	**(5,821)**	(1,235)
Bank indebtedness, net of cash and cash equivalents, end of year	**$ (3,726)**	$ (5,821)

See accompanying notes to the financial statements.

1. Nature of operations

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 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 9 to the financial statements.

The principal sources of the Authority's revenues are lease payments for facilities under its management and ownership, fees on vessels, cargo and passengers using the Port of Halifax.

2. Summary of significant accounting policies

Revenue recognition
Lease revenue is recognized on a straight-line basis over the rental period and the unearned portion reflected as deferred revenue. Deferred revenue is recognized into earnings on a straight-line basis over the term of the lease agreement. Revenue from vessels, cargo and passengers using the Port of Halifax are recognized when services are substantially rendered.

Employee benefits
The Authority accrues in its accounts, annually, the estimated liabilities for pensions and other post-retirement / employment benefits, including lump sum payment entitlements and workers' compensation benefits, payable to employees in subsequent years under collective agreements, or in accordance with the Authority's policies.

The cost of pension benefits for defined contribution pension plans are expensed at the time active employees are compensated. The cost of pensions for defined benefit plans earned by employees is actuarially determined using the projected benefit method and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. Under the projected benefit method, prorated on service, an equal portion of the total estimated future benefit, with salary projection, is attributed to each year of service. The expected return on plan assets is based on the fair value of plan assets.

Pension expense includes the cost of pension benefits earned during the year, the interest cost on pension obligations, the expected return on pension plan assets, amortization of past service costs, and the amortization of the excess of the net actuarial gains or losses over 10 percent of the greater of the benefit obligation and the fair value of the plan assets. The amortization period covers the expected average remaining service lives of active employees covered by the plan. The difference between pension expense and pension funding is recorded as a deferred asset or liability on the balance sheet.

Post-retirement obligations for lump sum entitlements are recognized on a consistent basis as the Authority's defined benefit pension plans noted above, however are not actuarially determined.

Post-employment obligations related to providing workers' compensation benefits and the continuation of certain benefits for employees on long-term disability are recognized when the event triggering the obligation occurs. The same methodology as service-related defined benefit plans are applied to measure the Authority's obligation. However, the projected benefit method is not prorated on service since the obligations are recognized when the event triggering the obligation occurs and the estimates take into account experience and assumptions of the provincial workers' compensation board. Actuarial gains (losses) are recognized over the average duration of the accrued benefit obligation.

2. Summary of significant accounting policies (continued)

Property and equipment
Grants, including forgivable loans, towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets.

Interest directly related to the period of construction is capitalized as part of the related property and equipment. The amount of interest capitalized to property and equipment in the current year was $100 (2009 - $Nil).

Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets for the full year, commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets. No depreciation is recorded in the year of disposition.

Capital expenditures for capital projects that are ongoing at year end are included in other property and equipment as projects under construction and include direct costs. Depreciation is not recorded on projects under construction until the project is completed and the asset becomes operational.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks and short term investments. Bank borrowings are considered to be financing activities.

Use of estimates
In preparing the Authority's financial statements, management is required 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 reported amounts of revenue and expenses during the year. Certain of these estimates require subjective or complex judgments by management that may be uncertain; including certain accruals and employee future benefits. Changes to these estimates could materially impact the financial statements. Those estimates are based on management's best knowledge of certain events and actions that the Authority may undertake in the future. Actual results could differ from these estimates.

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

Long-lived assets
Long-lived assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows. Impaired assets are recorded at the lower of their carrying value and fair value. Impairment losses, if any, are included with amortization expenses.

December 31, 2010 (expressed in $,000's)

2. Summary of significant accounting policies (continued)

Changes in accounting policy

a) Fiscal year 2010

There were no new significant accounting policies adopted by the Authority during the year as a result of new or revised standards under Canadian generally accepted accounting principles, or as determined by management.

b) Future changes

The Authority is required to adopt International Financial Reporting Standards ("IFRS") for its annual financial statements relating to years beginning on or after January 1, 2011 (the Authority's fiscal 2011 year). The transition date of January 1, 2011, will require the restatement for comparative purposes amounts reported by the Authority for the year ended December 31, 2010, under Canadian generally accepted accounting principles. In addition, the Authority will be required to disclose the impact of the transition to IFRS as at January 1, 2010. While the Authority is currently evaluating the financial impact of transitioning to IFRS from Canadian GAAP and implementing new accounting policies, the expected financial reporting impact of the transition is not anticipated to have a significant impact on the financial position or earnings of the Authority.

3. Change in estimate

During the year, the Authority revised certain estimates regarding expected useful lives of property and equipment to better reflect the nature of the assets and expected period of service to which the assets will contribute, directly or indirectly, to the future operations and cash flows. The change in estimate has been accounted for in the current year without restatement of prior comparative periods. The change in estimate increased net earnings as a result of decreasing amortization expense by $1,400 for the year.

4. Adjustment for prior period

Retained earnings previously reported as at January 1, 2009 has been decreased by $943, from $83,365 to $82,422, to recognize an obligation related to workers' compensation benefits for prior periods not previously recorded.

5. Other operating expenses

	2010	2009
Security and other services	**$ 2,806**	$ 2,849
Payments in lieu of taxes	**1,057**	950
Project development costs	**529**	488
Fuel, oil, and electricity	**731**	617
Contributions and industry memberships	**334**	365
Travel / hospitality	**595**	549
Advertising and promotion	**347**	402
Other expenses	**629**	676
	$ 7,028	$ 6,896

December 31, 2010 (expressed in $,000's)

6. 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%

7. Receivables

	2010	2009
Grants receivable	**$ 2,676**	$ 234
Trade receivables and accruals	**3,878**	2,859
Loans receivable	**549**	453
	$ 7,103	$ 3,546

8. Long term receivables

Long term receivables include interest and non-interest bearing advances repayable over terms ranging from 1 to 8 years.

9. Property and equipment

	Depreciation Rates	Cost	Accumulated Depreciation	**2010 Net Book Value**	2009 Net Book Value
Federal real property					
Land	-	$ 25,598	$ -	**$ 25,598**	$ 25,598
Dredging	-	18,591	5,569	**13,022**	12,861
Berthing structures	1.3-10%	46,004	32,657	**13,347**	13,780
Buildings	2.5-10%	55,612	21,535	**34,077**	33,401
Tenant improvements	*	868	353	**515**	582
Utilities	2.0-10%	35,314	14,330	**20,984**	21,327
Roads and surfaces	2.5-20%	38,151	23,375	**14,776**	15,876
Machinery and equipment	5-100%	500	50	**450**	475
		220,638	97,869	**122,769**	123,900

December 31, 2010 (expressed in $,000's)

9. Property and equipment (continued)

				2010	2009
Other property and equipment					
Land	-	4,971	-	**4,971**	4,971
Building	2.5-10%	6,066	670	**5,396**	5,516
Tenant improvements	*	639	437	**202**	292
Utilities	2.0-10%	1,675	266	**1,409**	1,167
Roads and surfaces	2.5-20%	3,903	1,334	**2,569**	1,925
Machinery & equipment	5-100%	23,123	17,018	**6,105**	6,743
Office furniture & equipment	20-100%	7,291	5,772	**1,519**	2,017
Projects under construction		9,265	-	**9,265**	3,488
		56,933	25,497	**31,436**	26,119
		$ 277,571	$ 123,366	**$ 154,205**	$ 150,019

Federal real property, including fixtures, is owned by the federal government and is managed 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.

* The depreciation calculation for tenant improvements is based on the terms of the lease agreements.

10. Commitments

During the year, additions to property and equipment totalled $18,832 (2009 - $14,631).

As at December 31, 2010, contractual obligations for capital projects are estimated at $23,781 (2009 - $2,473) for the construction and purchase of property and equipment.

Included in the foregoing amount are the following projects which individually are estimated to exceed $1,000:

Project	Spending to date	Commitments at year end	Total authorized cost
Richmond Multipurpose Terminal Improvements	$ 8,497	$ 3,984	$ 73,930
South End Terminal Enhancement	6,587	19,121	37,860

Funding agreement

The Authority entered into an agreement with Transport Canada for the above capital projects to provide contribution funding. Subject to the terms and conditions of the agreement, the Authority is entitled to receive funding in the amount of 50% of total eligible expenditures, or to a maximum of $36,500 and $17,500 for the Richmond and South End projects respectively. As at December 31, 2010, the Authority has incurred $14,383 in eligible cost under the contribution agreement.

11. Financial instruments and risk management

The Authority is exposed to a number of risks as a result of holding financial instruments. These 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 its 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. Receivable amounts written-off totalled $15 (2009 – $9). As at December 31, 2010, the Authority had an allowance of $265 (2009 - $247). The Authority mitigates credit risk by actively monitoring the aging of receivables and regularly follows up on overdue accounts.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its 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 a credit facility, as outlined in note 12 to the financial statements. The facility is reviewed quarterly to assess compliance with financial covenants and available financing to meet financial obligations. The Authority's bank indebtedness (including interest repayments) and trade payables and accruals are contractually due within the next twelve months.

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 net 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 in US dollars for 2010 are $646 (2009 - $755).

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 facility as outlined in note 12 to the financial statements.

Financial assets and liabilities

The Authority classifies financial assets and financial liabilities according to their characteristics and management's choices and intentions. Classification of financial assets include: (a) held-for-trading (measured at fair value), (b) held-to-maturity (measured at amortized cost), (c) available-for-sale (measurement at fair value), and (d) loans and receivable (measured at amortized cost). Classification of financial liabilities include: (a) held-for-trading (measured at fair value), and (b) other liabilities (measured at amortized cost).

11. Financial instruments and risk management (continued)

As at December 31, 2010, the Authority's financial assets and liabilities were categorized as follows:

		2010		2009
Loans and receivables	$	**10,460**	$	5,222
Held for trading		**3,726**		5,821
Other liabilities		**13,766**		8,888

The Authority applies a three-tier hierarchy framework used 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's 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. Loans and receivables are carried at amortized cost.

Derivative

The Authority, from time to time, enters into foreign currency forward contracts to fix the rate of exchange for US dollars at future dates in order to reduce the Authority's exposure to foreign currency fluctuations on cash flows denominated in US dollars ("USD"). Contracts entered into are not held for speculative purposes. They act as economic hedges, but are not hedges for accounting purposes and therefore, the Authority does not apply hedge accounting. As at December 31, 2010, all forward currency contracts previously entered into by the Authority were settled (2009 - $600 USD).

Derivative contracts are considered to be derivative instruments and are classified as held-for-trading, therefore are measured at fair value with changes in fair value recognized in earnings. Derivative instruments are classified as Level II and valued using prevailing market prices for instruments with similar characteristics and maturities, based on a discounted net present value analysis.

12. Credit facilities

The Authority has an unsecured, revolving term credit facility to a maximum of $35,000 (2009 - $35,000), bearing interest at prime. As at December 31, 2010, the amount drawn down under the revolving facility was $4,618 (2009 - $5,840) and $30,382 (2009 - $29,160) was available. The Authority is required to maintain certain financial covenants as prescribed under the banking agreement (note 14).

December 31, 2010 (expressed in $,000's)

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 with respect to pension benefits has established defined benefit plans which are 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 pension plan and supplementary pension arrangement provide pension benefits based upon length of service and final average earnings and are indexed for inflation after retirement.

Information about the financial position of the Authority's defined benefit and other post employment / retirement plans as at December 31, 2010 is as follows:

	Pension Benefit Plans		Other Benefit Plans		Total	
	2010	2009	**2010**	2009	**2010**	2009
Accrued benefit obligation	**$ 9,595**	$ 7,240	**$ 2,030**	$ 1,740	**$ 10,487**	$ 8,980
Fair value of plan assets	**9,578**	8,059	**-**	-	**9,578**	8,059
Funded status- plan (deficit) surplus	**(17)**	819	**(2,030)**	(1,740)	**(909)**	(921)
Unamortized actuarial losses and past service costs	**1,531**	78	**-**	-	**1,531**	78
Accrued benefit asset (employee benefit obligation)	**$ 1,514**	$ 897	**$ (2,030)**	$ (1,740)	**$ (516)**	$ (843)

Other benefit plans consist of the following:

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.

December 31, 2010 (expressed in $,000's)

13. Employee benefit obligation (continued)

The following actuarial assumptions have been used in the determination of the accrued benefit obligation for pensions and other post-employment / retirement plans, and the fair value of pension plan assets as at December 31, 2010:

	2010	2009
Discount rate		
- Pension plan	**5.75%**	6.75%
- Post-employment / retirement benefits	**5.0%-5.25%**	6.0%-6.25%
Expected long-term rate of return on plan assets		
- Pension plan	**7.00%**	7.00%
- Supplemental pension plan	**3.50%**	3.50%
Rate of compensation increase		
- Pension plan	**4.00%**	3.90%
- Supplemental pension plan	**4.00%**	3.90%
- Designated plan	**3.00%**	2.90%

The net expense (recovery) for the Authority's benefit plans is as follows:

	Pension Benefit Plans		Other Benefit Plans		Total	
	2010	2009	**2010**	2009	**2010**	2009
Defined benefit plan	**$ 230**	$ 205	**$ 290**	$ (140)	**$ 520**	$ 65
Defined contribution plan	**145**	135	**-**	-	**145**	135
	$ 375	$ 340	**$ 290**	$ (140)	**$ 665**	$ 200

Other information about the Authority's defined benefit plans is as follows:

	Pension Benefit Plans	
	2010	2009
Employer contribution	**$ 846**	$ 729
Employees' contributions	**126**	118
Benefits paid	**236**	197

The measurement date used to determine the plan assets and the accrued benefit obligation was December 31, 2010. 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, 2009	December 31, 2010
Supplementary pension arrangement	December 31, 2009	December 31, 2010

December 31, 2010 (expressed in $,000's)

14. 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 can not exceed $75,000, nor can it borrow money as an agent of Her Majesty. Currently, the Authority largely relies on cash flows from operations and a revolving term credit facility to fund its capital investment program. The Authority's capital is comprised of bank indebtedness and equity, net of cash and cash equivalents.

		2010		2009
Total debt	$	**4,618**	$	5,840
Less: cash and cash equivalents		**892**		19
Net debt		**3,726**		5,821
Equity		**143,193**		137,177
Capital under management	$	**146,919**	$	142,998

As part of existing debt agreements, required financial covenants are monitored and communicated as required by the terms of the credit agreement, on a quarterly basis to ensure compliance. The Authority was in compliance with all debt agreements during the reporting period.

15. Supplemental cash flow information

		2010		2009
Change in non-cash operating working capital:				
Receivables	$	**(1,019)**	$	437
Prepaid expenses		**(62)**		(171)
Payables and accruals		**4,878**		(2,371)
Deferred revenue		**1,165**		315
	$	**4,962**	$	(1,790)
Bank indebtedness, net of cash and cash equivalents (consist of):				
- Cash and cash equivalents	$	**892**	$	19
- Bank indebtedness		**(4,618)**		(5,840)
	$	**(3,726)**	$	(5,821)
Interest paid including capitalized interest	$	**220**	$	148

December 31, 2010 (expressed in $,000's)

16. Other information

The Canada Marine Act requires disclosure of remuneration and allowances paid to directors and certain employees for the year ended December 31, 2010 as follows:

Name	Title	Remuneration	Directors' Fees	Allowance
Mark MacDonald	Chair	$ 28	$ 35	$ -
D.Geoffrey Machum	Vice-Chair	14	23	-
Trevor Johnson (1)	Director	11	14	-
David Henderson (2)	Director	11	16	-
Thomas McInnis (3)	Director	11	16	-
L. Anne Galbraith (4)	Director	11	18	-
David Fox	Director	8	17	-
Karen Oldfield	President, Chief Executive Officer	291	-	11
Paul MacIsaac	Senior Vice-President	202	-	7
George Malec	Vice-President, Business Development & Operations	199	-	7
Krista Dempsey	Vice-President, Real Estate	147	-	7

(1) Chair – Human Resources & Compensation Committee
(2) Chair – Security, Environment & Safety Committee
(3) Chair – Gateway Strategy Committee
(4) Chair – Audit Committee

17. Comparative figures

Certain of the 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2010.