



2018 Annual Report

MISSION

To be the driver of sustainable economic growth in our region through innovation and collaboration



VISION

To connect with the world through trade and tourism

BOARD OF DIRECTORS



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Vice-Chair



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Kerrileigh Nelson
Executive Assistant & Corporate Secretary

Strengthening our Foundation

As a Canada Port Authority, Port Saint John has four guiding principles derived directly from the Canada Marine Act.

- Remain financially self-sufficient
- Be strategically significant to Canada's trade objectives
- Provide a link to road and rail infrastructure
- Have a diverse cargo base

Each of these are important but remaining financially self-sufficient is the foundational principle upon which the other three rest.

While a dip in volume of bulk cargo sectors led to a year-over-year tonnage decrease of 18% in 2018, Port Saint John ensured the year was one of the highest revenue-generating years for the administration through attentive fiscal management. Our need to maintain financial self-sufficiency drives our imperative of continually investing in infrastructure for the benefit of our stakeholders.

As we have noted many times in the past, business diversity at Port Saint John combined with our ideal location, particularly on the North –South trade lanes, creates an environment where we are able to weather unexpected industry changes and continue to maintain our position as Canada's third largest port by volume.

In an enterprise where our success is dependant on the success of others, the importance of connecting and aligning with our stakeholders on collective priorities is paramount. We must also strive to be part of the solution when we together face challenges. These are vital characteristics that we continually strive to improve as an organization.

Our business development strategy is grounded in collaboration and collective benefit. Together with partners, we sell this region abroad to trade and cruise clients to continue building on the significant impact the Port and its stakeholders have on the regional economy.

In 2018, we refocused our strategic direction as a Board and senior management team to ensure our organizational values of collaboration, social responsibility, innovation, accountability, respect, integrity and excellence are at the forefront of everything we do.

As we continue to support growth by providing economic value, we also seek to maximize business development opportunities both near and far. For these reasons, now is the time for completion of the West Side Modernization Project, a critical infrastructure development which will bring new capabilities to the region within two to three years.

By focusing on where the infrastructure and services of the Port need to be in 3, 5, and 10 years from now, we ensure we gain and maintain a strong competitive position for future generations.

In considering the needs of these future generations, we continue to place high priority on our role as environmental stewards of the lands and waterways we are charged to manage.

In 2018, we implemented best practices in reducing our environmental footprint and set targets for continuous improvement and performance. To this end, we are measuring our performance within a voluntary environmental certification program for the North American marine industry, Green Marine. Our participation and partnership with government and non-governmental organizations whose mandate is our shared environment also continued throughout the year.

We look to the future with hope, and we do so with our employees, stakeholders and community. Through collaboration and innovation, we continue to drive sustainable economic growth together.

Lisa Keenan, Chair of the Board of Directors
Jim Quinn, President & CEO

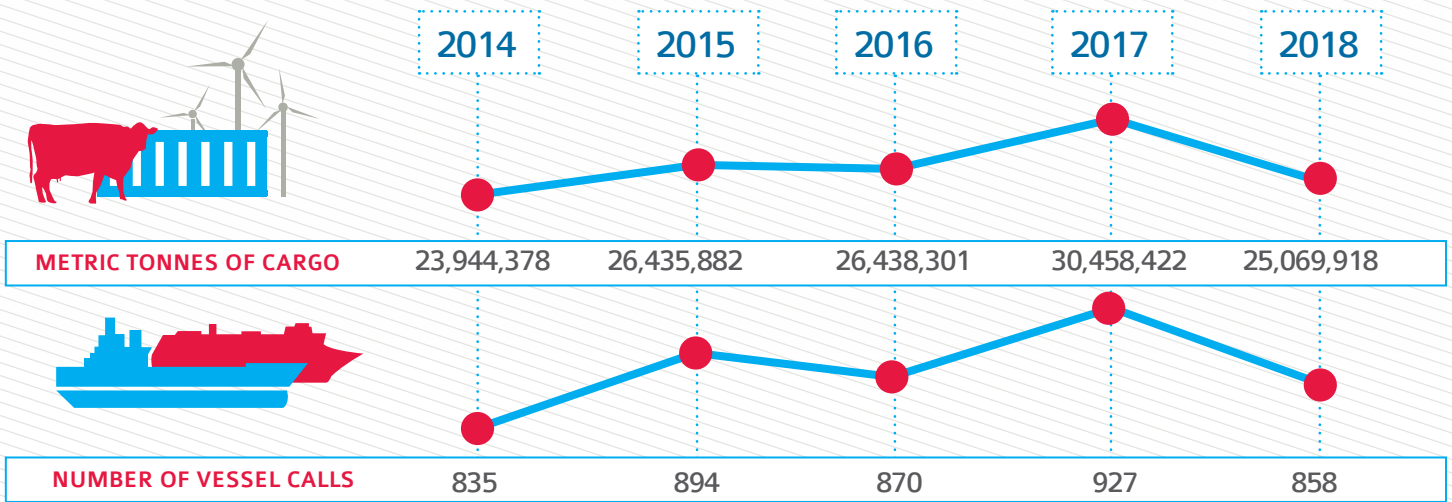


Total Port

Overall cargo tonnage at Port Saint John for 2018 was more than 25 million metric tonnes. This represents a reduction from an extraordinary high in 2017.

Positive gains were made in the container sector as DP World Saint John experienced their second full year of operations at the west side multi-purpose cargo terminal. Container TEUs increased by 3% with container tonnage increasing by 8% by the end of 2018.

The cruise sector continues a steady recovery with a 6% increase in the number of cruise vessels calling and an 8% increase in the number of passengers.



North-South Business Development Focus

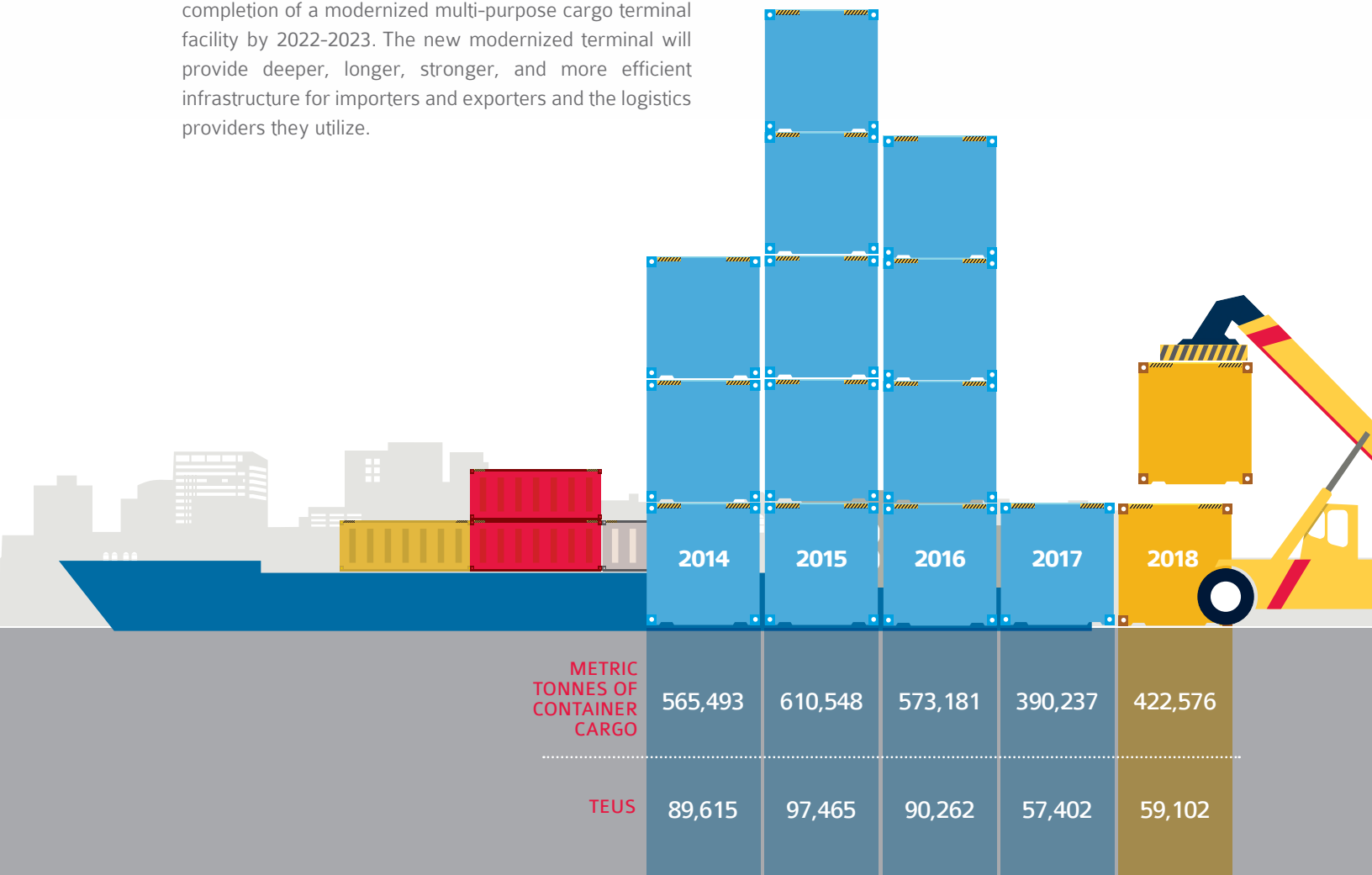
Throughout 2018 a significant focus was made on growth in North-South trade with Brazil and Mexico through Port Saint John. This included research, in-market discovery missions, webinars focusing on bilateral trade opportunities, and outgoing and incoming trade missions. Both federal and provincial governments partnered with Port Saint John on this project.

Containers

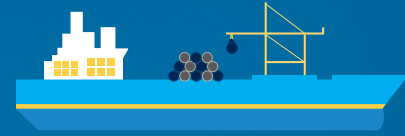
In January 2017, a new long-term lease and partnership with DP World became reality when operations at the multi-purpose west side cargo terminals transitioned into their control. Over the past two years, Port Saint John and DP World Saint John have worked closely together with a focus on long-term growth.

This growth is being accomplished by working closely with two of the world’s leading container carriers, MSC and CMA CGM. In addition, the Bahri Logistics CONRO service enhances the global reach of this Port which is now 500 ports worldwide.

Promoting the natural advantages of Port Saint John and its services to shippers in targeted areas of the world continues to be a primary focus as we work toward completion of a modernized multi-purpose cargo terminal facility by 2022-2023. The new modernized terminal will provide deeper, longer, stronger, and more efficient infrastructure for importers and exporters and the logistics providers they utilize.



West Side Modernization Project in Progress



After the design engineering contract was awarded to Hatch Dillon JV in early 2017, work was conducted throughout 2018 on all aspects of the design, including the near completion of the permitting and environmental assessment processes.

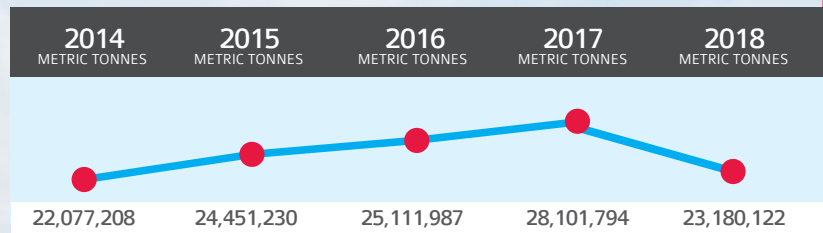
Early in 2018, Port Saint John held contractor information sessions to provide a preliminary overview of the project, outlining construction timelines and general scope of the project. In June, a tender call for site preparations was issued and subsequently awarded with this initial construction work starting in the third quarter of the year.

This initial site prep work, completed in early 2019, was necessary to ensure the terminal continued to operate fully as a cargo handling facility throughout the period of demolition and new construction at the adjacent pier. Maintaining continuous and efficient operations is a crucial part of the entire project as the infrastructure at Port Saint John provides a link to the global marketplace, contributes to local economies across our region, and is part of Canada’s national supply chain. Tenders for modernization were issued in Spring 2019 and will be evaluated to determine next steps.

This Project is a three-way \$205 million infrastructure development project between the Government of Canada, the Province of New Brunswick, and Port Saint John. This project was the culmination of work by the Port with its stakeholders to achieve a vision for continued growth.

Liquid Bulk

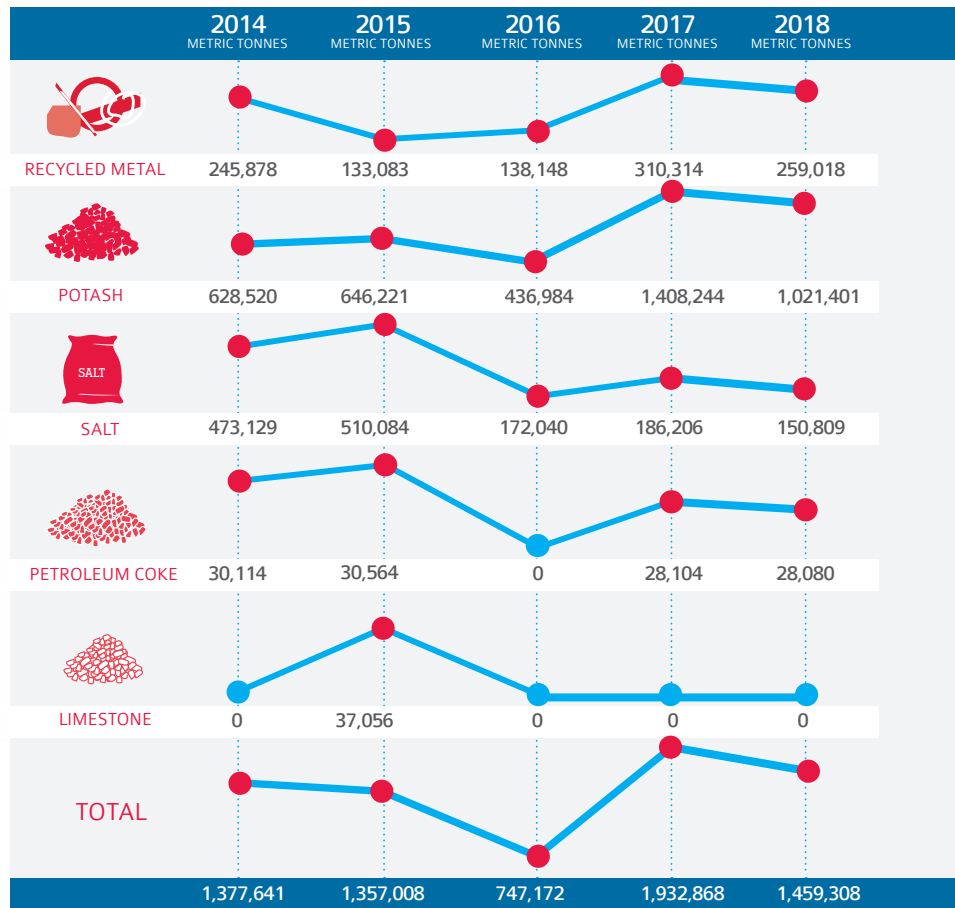
Crude oil, petroleum, liquefied natural gas, fishoil, molasses, caustic soda, calcium chloride, and magnesium chloride



Dry Bulk



The dry bulk sector at Port Saint John in 2018 included export of potash and recycled metals along with the import of salt and petroleum coke.



After an extraordinarily high year in the potash sector in 2017, the dry bulk sector at Port Saint John returned to historically normal levels with more than 1.4 million metric tonnes. The peak in 2017 had been brought on by a variety of factors on the West Coast including port improvement projects.

Potash continues to be the mainstay in the dry bulk sector due to the geographic advantage of Saint John, New Brunswick to global distribution of Saskatchewan-produced potash. Rail shipments from Saskatchewan continued to be strong in 2018 with more than 1 million tonnes of potash transiting through the Port throughout the year.

Additionally, due to the closure of the potash mine in Sussex in 2016, salt became an import commodity at Port Saint John and is handled by Logistec at the Lower Cove Terminal. Salt imported at Port Saint John is used on roads throughout the region during winter.

Finally, after a strong first three quarters, the recycled metals sector also experienced a slight decline in 2018. This was primarily due to an unanticipated shut down period due to regulatory and community challenges associated with their operations. These concerns are now being addressed by American and Iron Metal through introduction of new methods of communication, internal processes at the site, and strengthened regulatory and operational requirements.

Breakbulk & Project Cargo

The Port offers a complete breakbulk/project cargo program, customizable to meet the business objectives of shippers & receivers.

In 2018, Port Saint John and its stakeholders received wind energy components destined for a wind farm in Eastern New Brunswick. While the Open Hydro led project is now ended, Port Saint John continues to be located as the ideal staging point for Bay of Fundy tidal energy sector marine asset deployment and servicing.

We continue to provide support to local shipping companies using our Port for maintenance, repairs, bunkering and routine administrative matters.



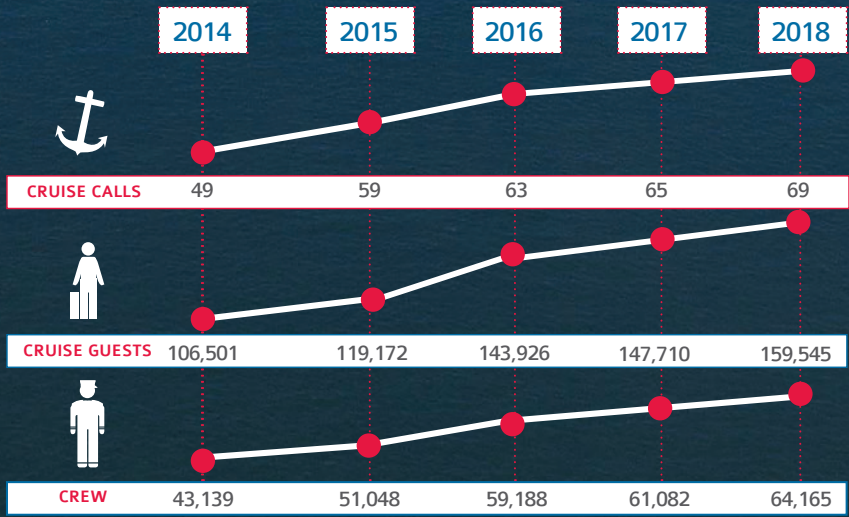


Cruise

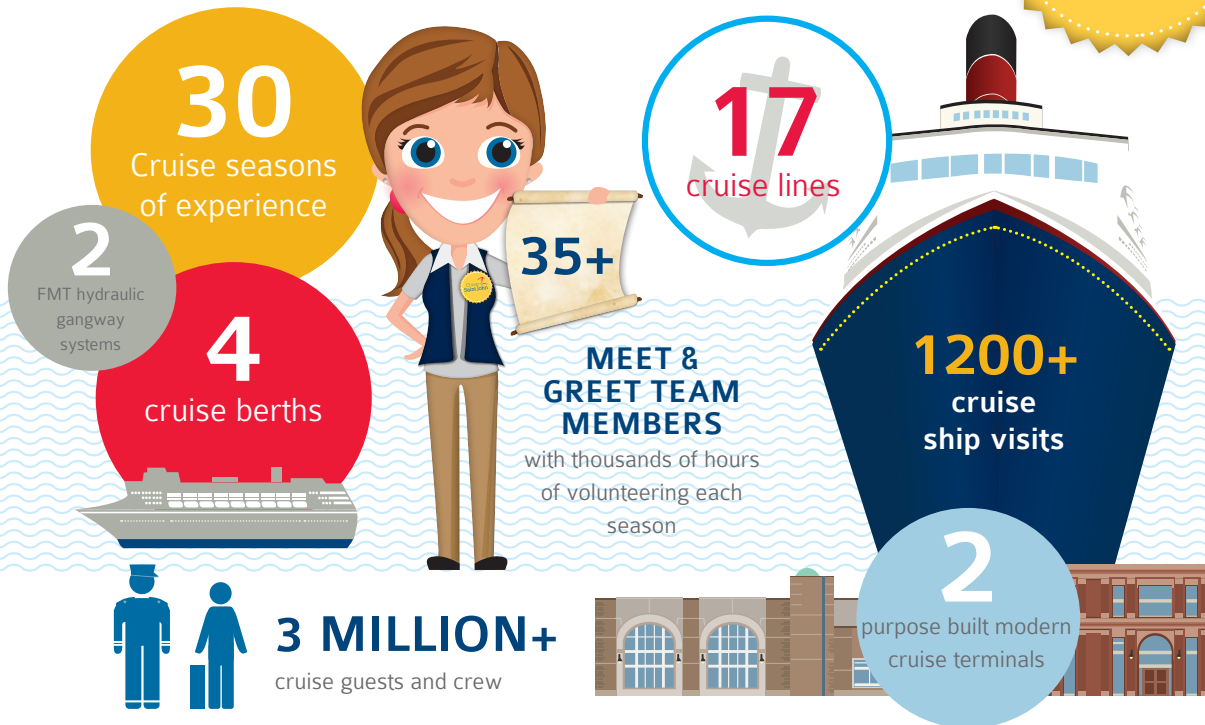
The 2018 cruise season kicked off a celebration of 30 years in the cruise sector for Port Saint John.

The season also represented the fourth year of continuous growth with a 6% increase in the number of cruise ship calls and an 8% increase in the number of cruise passengers. A total of 69 cruise ship calls were made bringing cruise guests and crew exceeding 223,000 visitors.

In 2018, we welcomed 159,545 passengers and 64,165 crew aboard 65 ship calls from 13 cruise lines.



Cruise



Highlights of the 2018 cruise season included: a visit by the classic ocean liner Queen Mary 2, inaugural calls by Royal Caribbean Cruise Line's Adventure of the Seas, Norwegian Cruise Lines's Norwegian Escape, NYK Cruises Asuka II, Noble Caledonia's Hebridean Sky, and AIDA Cruise's AIDAvita. Additionally, NYK Cruise's, AIDA Cruises, Noble Caledonia, and Pearl Seas were all new cruise lines for Port Saint John in 2018.

Port Saint John and partners at the Atlantic Canada Cruise Association conducted an economic impact study in 2017 which found that the cruise sector has risen from \$41.5 million per year to \$49.9 million per year, an increase of 20%. The total impact included direct spending by cruise lines, passengers, and crew in New Brunswick of \$21.5 million, 298 direct jobs in the Province, and \$12.5 million in personal income.

The study was based on 2016 data and the volume of visitors arriving by cruise ship have increased by 10% since 2016.



Betty MacMillan, tireless champion for cruise tourism on the Canada/New England itinerary was named Port Personality of the Year by her international cruise industry peers at Seatrade Cruise Awards in Lisbon, Portugal during a prestigious event at the global convention in September. The long-time cruise development manager at Port Saint John founded and has nurtured and developed our cruise program for more than three decades.



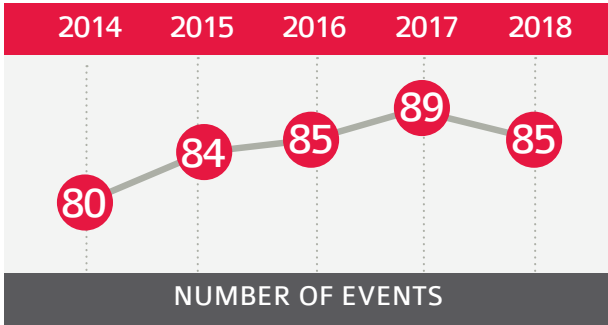
Venues

Over the past six years, our two cruise terminals found a second calling as event venues and continue to open the waterfront to our community and local businesses.

While venue rentals are a source of revenue for Port Saint John, offsetting the annual operating cost of the cruise terminals, they are also part of our corporate social responsibility by way of connecting select non-profits and charities with unique fundraiser locations.



Since 2013, 75 couples started their lives as newlyweds with Port Saint John.



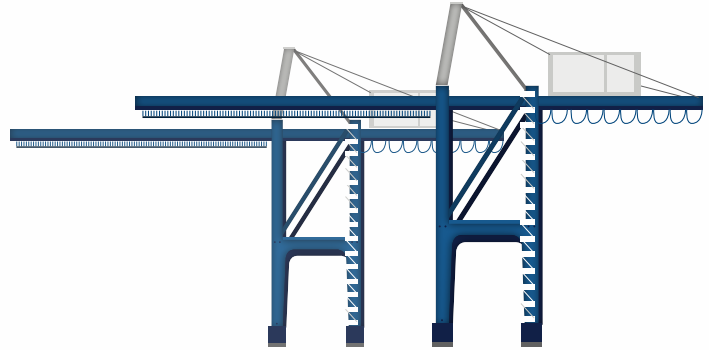
Safety, Security, and Environment



Ensuring a Strong Safety Culture

During 2018, our focus on continuous improvement in safety continued. The highlight of the year was the implementation of a customized Occupational Health & Safety Management Plan.

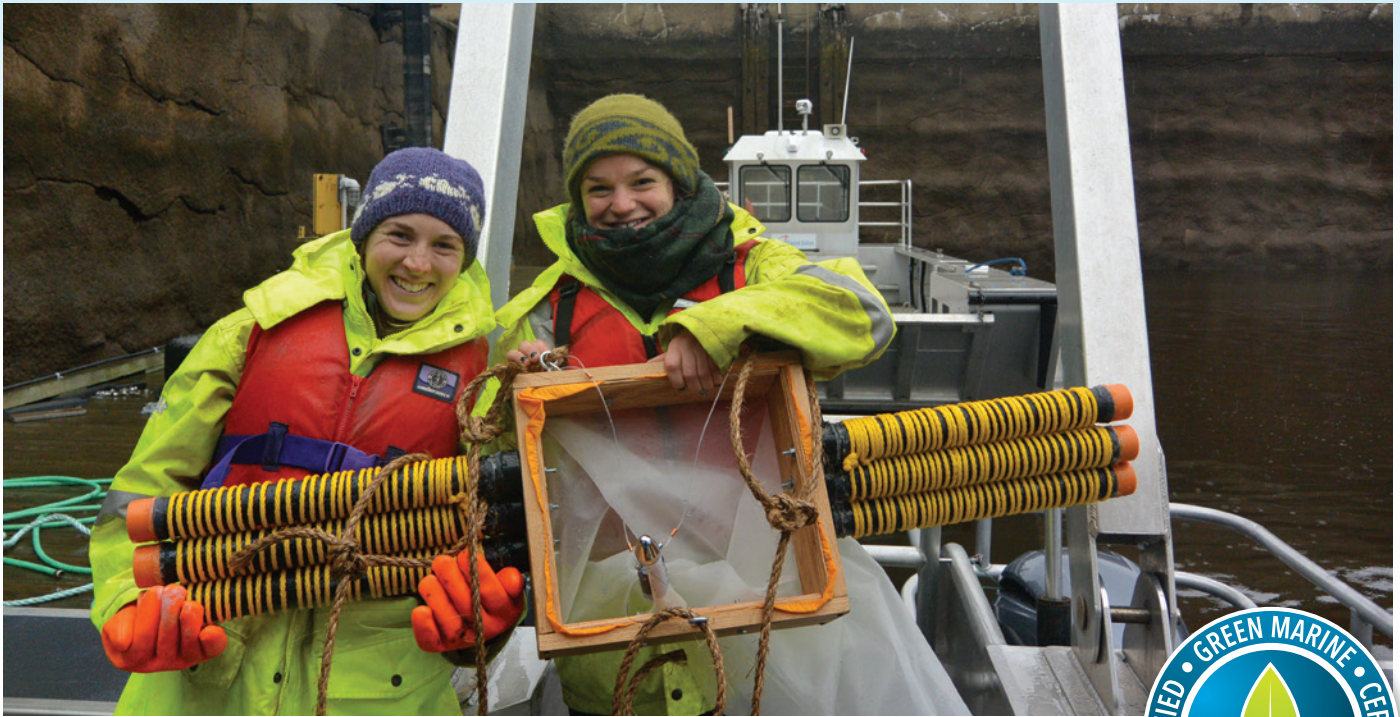
We now have established key performance indicators (KPIs) which are tracked, measured, and reported to our employees, management, and Board. In addition, improvements have been made to the way in which we manage the health and safety of the various contractors working on Port property.



Strengthening Security in our Business

Annual investments in security include regular upgrades to security infrastructure, reviews of safety/security processes and plans, as well as executing a robust table-top security exercise with Port stakeholders and government agencies each year.

In addition to these established security activities, a significant achievement in 2018 was the development of a long-term strategy for a multi-stakeholder approach to security in the Port. This new strategy is expected to benefit all Port users and stakeholders and is expected to continually improve and evolve over the coming years.



Focusing on Environmental Stewardship



Our focus for addressing environmental issues at Port Saint John since 2011 has been strengthened through Green Marine. Green Marine is an environmental certification program for the North American marine industry.

Green Marine is a voluntary, transparent and inclusive initiative that addresses key environmental issues through its 12 performance indicators. Participants are shipowners, ports, terminals, Seaway corporations and shipyards. The cornerstone of the Green Marine initiative is its far-reaching environmental program, which makes it possible for any marine based interest operating in Canada or the U.S. to reduce its environmental footprint by undertaking concrete and measurable actions.

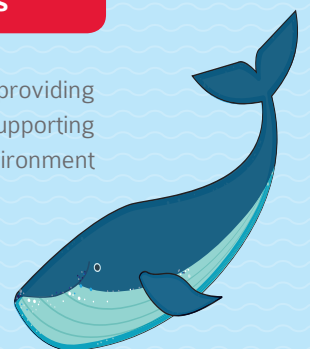
To receive their certification, participants must benchmark their annual environmental performance through the program's thorough self-evaluation guides, have their results verified by an accredited external verifier and agree to publication of their individual results.

In 2018, Port Saint John implemented several best practices to target continuous improvement within the Green Marine framework over the next year as we seek to reduce our footprint and continually respect our environment.

Leveraging Partnerships to Understand Environmental Challenges

Each year, we partner with a variety of government and non-governmental organizations by providing access for monitoring and data collection as well as providing financial and in-kind support. By supporting these scientific efforts, we collectively strive to better understand aquatic life and the marine environment in our commercial waterways. These partners include:

- Department of Fisheries and Oceans
- ACAP Saint John
- University of New Brunswick
- Eastern Charlotte Waterways
- Huntsman Marine Institute



Stakeholders & Community





Stakeholder Inclusion

The Inclusion Model was created and implemented in 2011 and has evolved into a primary tool by which the Port Saint John management team maintains a cycle of engagement with stakeholders in an inclusive manner. Semi-annual forums encourage presentations from both the Port Saint John team and from our stakeholders for the benefit of sharing priorities amongst members of the Port community. Working committees encourage project and issue specific engagement in intervals between the semi-annual forums. Feedback gathered from engagement through these activities is fed into the strategic planning process with the Board of Directors for the Business Plan annual update.

ENABLERS TO SUPPORT STRATEGIC PRIORITIES





Community Investment

Throughout the year, Port Saint John supports dozens of charities and non-profits through donations and employee volunteer hours.

A strong focus is given to charities providing basic needs to children and families in neighbourhoods surrounding the harbour. Child poverty and its immediate and generational impacts have been recognized by the business community in Saint John as a significant issue and accordingly, businesses in Saint John have taken a collective approach to ameliorate the effects of poverty.

For Port Saint John, more than two-thirds of funds expended in the donations/sponsorship category of this report were directed at charities focussing on children and youth living in priority neighborhoods surrounding the Port. Beneficiaries have been food banks, schools, as well as recreational and arts programs to support at risk children/youth.

In addition to these charities, the seafaring community, who are working on every vessel in the inner and outer harbour, are a focus of Port Saint John charitable giving in both time and resources through the Saint John Seafarers' Mission.



FAST FACT

Due to the success of ACPA 2018, we were able to invest an **additional \$87,000** on top of the **over \$100,000** donated annually to local events and charities in our community.



FAST FACT
Our educational outreach programming reaches 800-1000 students per year

Education and Outreach

Port education outreach programming continued for its fifth year in 2018. The port education program now reaches learners at three specific intervals in their educational journey.

For younger learners, “Port City Champ,” is our story book about an inquisitive seal in our harbour. Port City Champ is now our community outreach mascot.

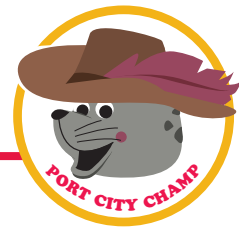
Students from grades 3 through 10 are engaged with port learning opportunities through both in-class presentation materials and the opportunity to pair these with weekly port tours. Our port tours are led by a trained educator and are carried out in co-operation with stakeholders at Barrack Point Potash Terminal, the container terminal and American Iron and Metal. Hundreds of students were provided up-close-and-personal experiences on these tours each year.

In 2017, the program was further developed with the addition of a high school/careers module. This module was designed to highlight types of work in the port/marine transportation sector to with the goal of engaging students who may be making decisions about their future career path.

In addition to these efforts, Port Saint John regularly partners with educational entities such as Enroute to Success, New Brunswick Community College, UNB Saint John and Saint John High School to provide intern and co-op opportunities for secondary and post secondary students.



Community Day



Our 8th Annual Community Day occurred in June with over 5,000 people in attendance.

Community Day brings our Port stakeholders and community together for an afternoon of fun. As part of an annual fundraising partnership, the 2018 event raised over \$13,000 for PALS (Partners Assisting Local Schools), providing children in need with the tools to learn.



FAST FACT

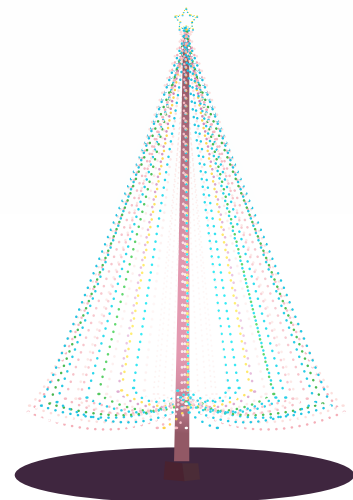
Our ninth annual Community Day takes place on June 9, 2019 from 11 a.m. to 3 p.m.



ACPA 2018

In 2018, Port Saint John hosted senior officials from the seventeen other port authorities in Canada's national port system at the 60th Annual Association of Canadian Port Authorities Annual Conference. Industry partners from across the maritime and transportation network also attended bringing the number of delegates to more than 200.

The event was both a celebration of the marine sector in Canada and a conference exploring themes relevant to today's port industry including innovation, community engagement, business development, and workforce development. As an added benefit, the fiscal strength of the event led to significant donations to charities in our community: 'When Children Succeed' (an initiative of Business Community Anti-Poverty Initiative), Harbour Lights (supporting 15 food banks), and the Saint John Seafarers Mission.



FAST FACT

Each year Port Saint John partners with CBC and Saint John Energy on the **HARBOUR LIGHTS CAMPAIGN**

to raise funds for 15 food banks from St. Stephen to Sussex.

Over 22 years, the cumulative total amount raised from our generous communities in Southern New Brunswick surpasses \$2.7 million.





Port  Saint John

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