
ONE
PORT
CITY
ANNUAL REPORT 2021
Port of Halifax

CONTENTS


WE ARE ONE PORT CITY

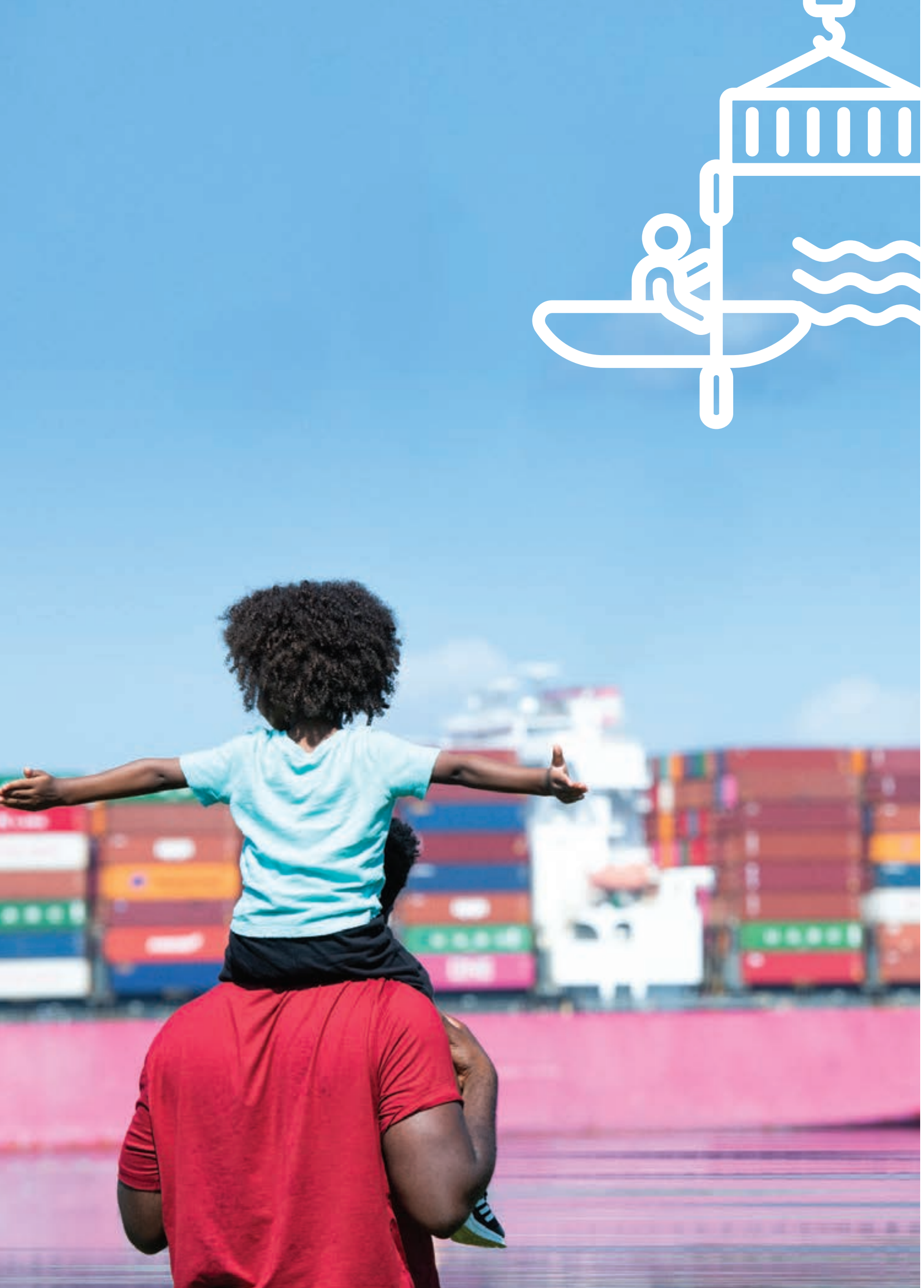
The story of the city of Halifax is profoundly connected to the geographic harbour around which so much of our culture and commerce have always revolved. Our history has been tied to the harbour since before there was a city here, when Indigenous trade routes revolved around Kjipuktuk (Great Harbour), shaping the growth of the city, the province, and the country.

We are all here because of this Great Harbour. Everybody who lives here, who works here, who studies here, or visits our city, is a part of what happens at the Port of Halifax, whether they know it or not. When they see a container ship being guided into the harbour as they drive into the city, when they cut through the south end container terminal on a morning run, and when they take the ferry across the harbour for brunch, they are a part of the Port. It is the essence of what makes this port city such a special place to so many.

The Port is more than just the backdrop to a vibrant city however. The Halifax Port Authority oversees the properties and assets of the Crown – a series of inter-connected people and businesses that work day and night to keep our economy moving and our community employed. Our mission is to connect with markets around the world to continuously create a better port city for our customers, partners, visitors, and community members.

We are One Port City.

The Port of Halifax is in Mi'kma'ki, the ancestral and unceded territory of the Mi'kmaq People. This territory is covered by the "Treaties of Peace and Friendship" which Mi'kmaq and Wolastoqiyik (Maliseet) People first signed with the British Crown in 1725. The treaties did not deal with surrender of lands and resources, but in fact recognized Mi'kmaq and Wolastoqiyik title and established the rules for an ongoing relationship between nations.



MESSAGE FROM THE CEO

Reconnect, reopen, rebuild. Despite the turbulent waters of the ongoing pandemic, one fact remains – Halifax is a port city, and will always be a port city.

Our cargo business proved its resilience in the face of challenging global conditions, resulting in a strong year overall. In May, we first welcomed the largest container vessel to call on any Canadian port, the CMA CGM Marco Polo. In fact, Halifax received a record 35 Ultra-Class Container Vessels (UCCV) in 2021.

We expanded our global reach when the world's largest shipping line, Mediterranean Shipping Company (MSC) started calling on the Port of Halifax. This led to Canada's first direct connection with India through MSC Indus 2 service, which started in September.

The Halifax Seaport District has been reimagined. In early 2021, it was announced that the Halifax Seaport Farmers' Market would be returning to a weekend-only experience and would operate out of Pavilion 22 in the winter months. This proved to be a successful move for both vendors and customers. In September, we found out the Cunard Centre would no longer operate as an event space, a hard decision brought on by the pandemic. Moving the Farmers' Market to a new permanent location inside a portion of the former Cunard Centre space is now underway.

At the same time, our innovation lab for the supply chain sector, The PIER at the Seaport, was designed, developed, and launched. PIER is an acronym for Port Innovation, Engagement & Research, and it is both a physical and virtual space where supply chain partners can work alongside innovators, tech companies and leading research groups to grow together, to develop new ways of doing things, and to find solutions to challenging problems.

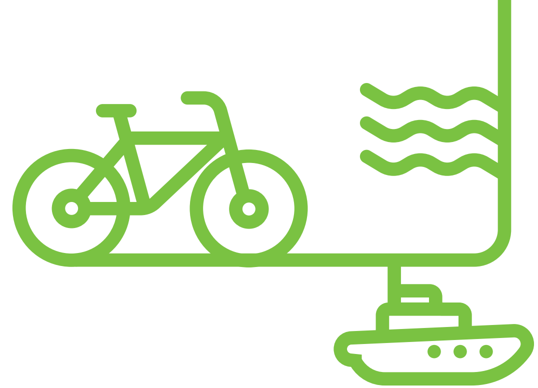
We continue to introduce cutting-edge systems to establish our position as a digital leader in the transportation sector. We implemented PortControl, a digital port operating system that will improve safety, security, efficiency, reliability, and our environmental impact. Our focus on the environment remains top-of-mind. As part of our commitment, we initiated a sustainability survey and identified six United Nations Sustainable Development Goals (UNSTG) which will be used for future planning and operations. We are finalizing plans for a rail-based solution that will reduce the number of port-related container trucks in downtown Halifax, leading to environmental benefits and improved sustainability.

The Port of Halifax is governed by our guiding principles, which influence everything that we do – Be One Port City; Collaborative and Engaged; Future Focused; Sustainable; Trusted Partner. As a major economic driver, the Port has a responsibility to align our day-to-day business with our values which include our commitment to diversity and inclusion. We are a proud part of our community, and we look forward to walking together toward a brighter future. We are One Port City.

Captain Allan Gray,
President and CEO

We are a proud part of our community, and we look forward to walking together toward a brighter future.

MESSAGE FROM THE CHAIR



The people, organizations and partners that make up the Port of Halifax worked incredibly hard to ensure operations continued to run smoothly during a second year of unprecedented global upheaval and uncertainty. We cannot overstate the invaluable work of our entire port community these past two years, maintaining a sense of normalcy and stability, and delivering solid results.

We saw the port community adapt, overcome, and persevere during this second year of COVID-19, resulting in a very busy year. Our cargo business was remarkably strong in the first half of 2021, and despite supply chain challenges and a slight dip in cargo volume in the third quarter, the Port of Halifax experienced the highest container volume year to date with 595,751 twenty-foot equivalent units, or TEU, moving through the terminals. A milestone year would not have been possible without the concerted efforts of the terminal operators, ILA workforce, CN, marine pilots, tugs, shipping lines, and the entire port community.

The latest economic impact results highlight the importance of port operations and Nova Scotia exporters on the regional economy. In 2021, the total impact of the Port of Halifax on the Province of Nova Scotia was $4.37 billion in economic output with the direct portion being $2.72 billion. This level of activity generated direct and spin-off positive impacts of $2.22 billion in GDP, $1.42 billion in labour income and over 22,400 jobs. When other province’s impacts are added to the Nova Scotia impacts, the 2021 total direct and spin-off Canada-wide impacts of the Port of Halifax exceed $5.97 billion in economic output, $3.11 billion in GDP and over 30,475 jobs with labour income of $1.93 billion.

“We saw the port community adapt, overcome, and persevere through challenging times, delivering strong results.

As we learn to live with COVID-19 and regain some of the simple pleasures that we once took for granted like the ability to connect in person and greet each other with a smile, we look forward to welcoming the cruise industry back to our region. Last year was the second year in a row that the industry was placed on hold, and now, the Port of Halifax is ready to come back strong. Nova Scotia is a place that people want to visit, and the cruise lines want to come here. Halifax remains a safe, welcoming destination with natural beauty and authentic experiences to offer. Safety for the local community and those working in the industry is first and foremost for all involved. We are working closely with Transport Canada, Public Health, and the cruise lines on robust health protocols.

As we move forward, we are focused on sharing this tremendous resource that is the Port of Halifax more broadly, and we are taking steps to ensure people from all walks of life and from all different backgrounds see themselves reflected in what we do and know there is a place for them within the Port of Halifax.

Thomas J. Hayes,
Board Chair

1 OVERVIEW

CORPORATE GOVERNANCE

The Halifax Port Authority is governed by a Board of Directors composed of seven members:

- One member nominated by the Minister of Transport and appointed by the Governor in Council (Federal Director; position currently vacant);
- One member chosen and appointed by the Province of Nova Scotia (Provincial Director*);
- One member chosen and appointed by the Halifax Regional Municipality (Municipal Director**);
- Four members nominated by the Minister of Transport in consultations with Port User groups and appointed by the Governor in Council (Port User Directors)

After five years on our board, Jim Spatz, a respected business leader and philanthropist, and former Halifax Port Authority Federal Director and Chair of the Infrastructure Committee, resigned in August of 2021. We appreciate the opportunity we had to benefit from Jim's knowledge and experience, and wish him well.

Halifax Port Authority Board of Directors (as of December 31, 2021)

Thomas J. Hayes*, Chair

Carole-Ann Moran-Miller, Vice-Chair

Michelle Awad**, QC, Director

André M. Boudreau, CPA, CA, Director

David Cameron, Director

Deanna Furlotte, Director

Please visit www.portofhalifax.ca/about-us for more about our Board of Directors

2021 Board Committees and their members (as of December 31, 2021)

Governance	Thomas Hayes, Chair Carole-Ann Moran-Miller, Vice-Chair David Cameron
Audit	André Boudreau, Chair Deanna Furlotte Michelle Awad
Human Resources and Compensation	David Cameron, Chair Carole-Ann Moran-Miller Deanna Furlotte

Halifax Port Authority Executive Team

Captain Allan Gray, President & CEO

Paul MacIsaac, Senior Vice-President

Greg Baker, Vice-President, Infrastructure & Planning

Mike Davie, Vice-President, Operations & Technology

Susan Malana, Chief Human Resources Officer

Michele Peveril, Corporate Governance and Internal Audit

Please visit www.portofhalifax.ca/about-us for more about our Executive Team

CORPORATE DIRECTIVE

A corporate directive that has strategic value to an organization needs to give inspiration and guidance to all members of that organization, helping them support their customers and their culture in ways that are relevant and comprehensive.

In 2021, the Halifax Port Authority continued on the corporate and brand path that had been established during the previous year. We conducted our business with that roadmap in mind, with a focus on **sustainability, diversity and inclusion, collaborative decision-making, and community** – with the underpinning theory that if the Port lives up to these principles and these values, business success will follow.

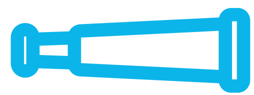
Our vision – what we want to achieve – has not changed:

To be Canada's Ultra Atlantic Gateway.

Our mission – how we get there – remains:

We connect with global markets to create value for our customers, partners, visitors, and community.

This is the foundation of what we stand for, and this is how we will succeed.



Our Vision

To be Canada's Ultra Atlantic Gateway.

Our Mission

We connect with global markets to create value for our customers, partners, visitors, and community.

Our Goals

Provide a cost-competitive and efficient supply chain

Build future capability

Engage interested parties and community

Ensure financial sustainability

Build people and culture with strong sustainability and safety ethics

Our Guiding Principles

Be One Port City

Collaborative & engaged

Future focused

Sustainable

Trusted partner

Our Values

ACCOUNTABILITY

We are accountable

CONTINUOUS IMPROVEMENT

We aspire to evolve

DIVERSITY & INCLUSION

We believe in different experience and perspective across our culture and business

INTEGRITY

We build long-term relationships

SUSTAINABILITY

We believe in balance and unity for overall well-being for today, and for the future

2021-22 PERFORMANCE GOALS

Although these goals were identified in 2020, our commitment to a long-term strategic plan means we stayed the course with these goals as well as the fundamental motivations, objectives and tactics from which they emerged. These goals have informed the thinking behind many of the specific projects you will read about in this report.

1 To provide a cost-competitive and efficient supply chain

- National Trade Corridors Fund projects including the Rail Solution Project and Marine Container Examination Facility Project continue to advance.
- PortControl port-wide digital operating system initialized in 2021 for early 2022 launch.
- Joint Operations Centre for coordinated port-wide operations developed in partnership with CN, PSA Halifax, and the Halifax Port Authority for launch in 2022.

2 To build future capability

- 50-year Master Plan finalized for 2022 release.
- Pier A-1 Infilling Project identified and announced in early 2022.
- Halifax Seaport Farmers' Market redeveloped to create a financially-sustainable operating model.

3 To engage interested parties and community

- The PIER transportation sector innovation lab designed, developed, and launched in 2021.
- Public Engagement Plan developed and finalized for Q2 2022 launch.
- Exploring a possible transition of the Transportation & Trade Collaborative Forum into the Joint Regional Transportation Agency.

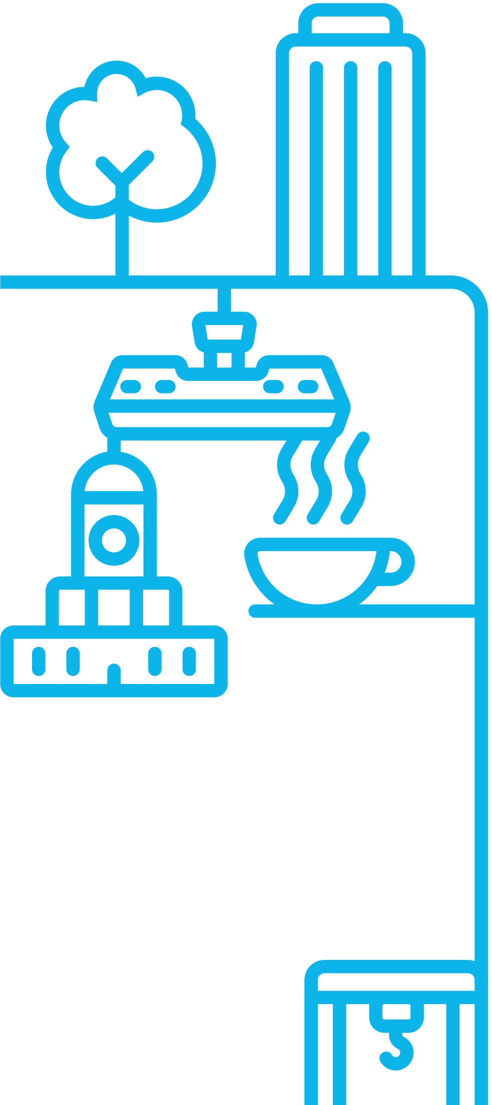
4 To ensure financial sustainability

- Review and manage expenditures at the Halifax Port Authority to ensure financial capacity.
- Develop long-term strategies for the sequestration of pyretic slate to ensure the best interests of the community and Halifax Port Authority are met.

5 To build people and culture with strong sustainability and safety ethics

- Sustainability Report measured against World Port Sustainability Program (WPSP) and Net Zero 200 Plan developed and finalized for 2022 release.
- Employee Engagement Committee established.
- Safety Culture strategic plan in development. Completed Halifax Harbour Marine Firefighting Needs Assessment Report to begin actionable items in Q2 2022.
- Engagement, Diversity, and Inclusion strategy continues to roll out across the organization with focus on six areas: recruitment, career development and promotion, employee support, supplier diversity, community programs, and the Port community.


EVERGREEN
EVERGREEN
EVERGREEN



COVID-19 IMPACT

At the writing of this report, COVID-19 has been affecting our lives for two years. It remains the top news story almost every day, and significant impacts are still being felt at the Port of Halifax, and around the world.

Although the pandemic has impacted how we work, it hasn't altered the Halifax Port Authority's obligation to keep goods flowing through our international gateway. COVID-19 has created significant challenges for global supply chains, creating peaks and troughs which has resulted in vessel bunching at some ports, and blank or omitted sailings at others. It has been a period marked by disruption and uncertainty.

In the end, the Port of Halifax ended the year with strong cargo results which reflects the hard work and dedication of the entire Port of Halifax community including the shipping lines, terminal operators, ILA workforce, CN, marine pilots, tug operators and the entire shipping community. The uncertainty and challenges will continue into 2022.

2
BUSINESS DEVELOPMENT AND ECONOMIC IMPACT

THE PORT AS AN ECONOMIC DRIVER

In another year that saw the world continue to be significantly affected by the COVID-19 pandemic, the Halifax Port Authority was also impacted, though not necessarily in the ways we were expecting. We did not welcome a single cruise vessel in 2021, but the same period proved to be a strong year for cargo business through the Port of Halifax.

As a Canadian Port Authority, our role is to manage the assets of the crown through revenue generation and re-investment in infrastructure. We are accountable for the long-term planning and development of that infrastructure to maintain and grow activities within the port in a responsible, sustainable way.

The impact of what we do extends well beyond Halifax Harbour and the harbour limit line. It extends to each and every visitor to the Seaport that arrives by road, by rail, by air, and by sea. It extends to the truck and rail operators who bring in and ship out the goods made and used by Nova Scotians and Canadians. It extends to each and every person who works in and around the Seaport District, to their families and their communities throughout Nova Scotia. This activity connects us all together, and drives our economy.

After a challenging start to 2020, a surge of container traffic helped the year finish strong. As the world began the long road to economic recovery, our operations did too. In 2021, the Port of Halifax handled 595,751 TEUs of containerized cargo. This was an increase of 17.5% over the previous year, and a tremendous year for this part of our operations.

For the second year in a row, our cruise ship business was suspended. Despite that setback, we took the opportunity to make some changes to Halifax's Seaport District. With the Seaport Farmers' Market relocated to a nearby space, the former Halifax Seaport Market building was rebranded and reconfigured as "the PIER", Canada's first living lab for transportation, supply chain and logistics.

As we observed in last year's Annual Report, this COVID-19 era is unlike any other in the history of the Port. The effects of the pandemic continue to be felt far and wide and are having an impact every aspect of our business. Resulting supply chain issues and other factors present significant challenges to HPA, but also give us the time to look inward at our operations to find previously unidentified opportunities for transformational change. Through it all, we remain committed to our long-term strategies for transformation and growth and are emerging with wind in our sails and confidence in our collective future.

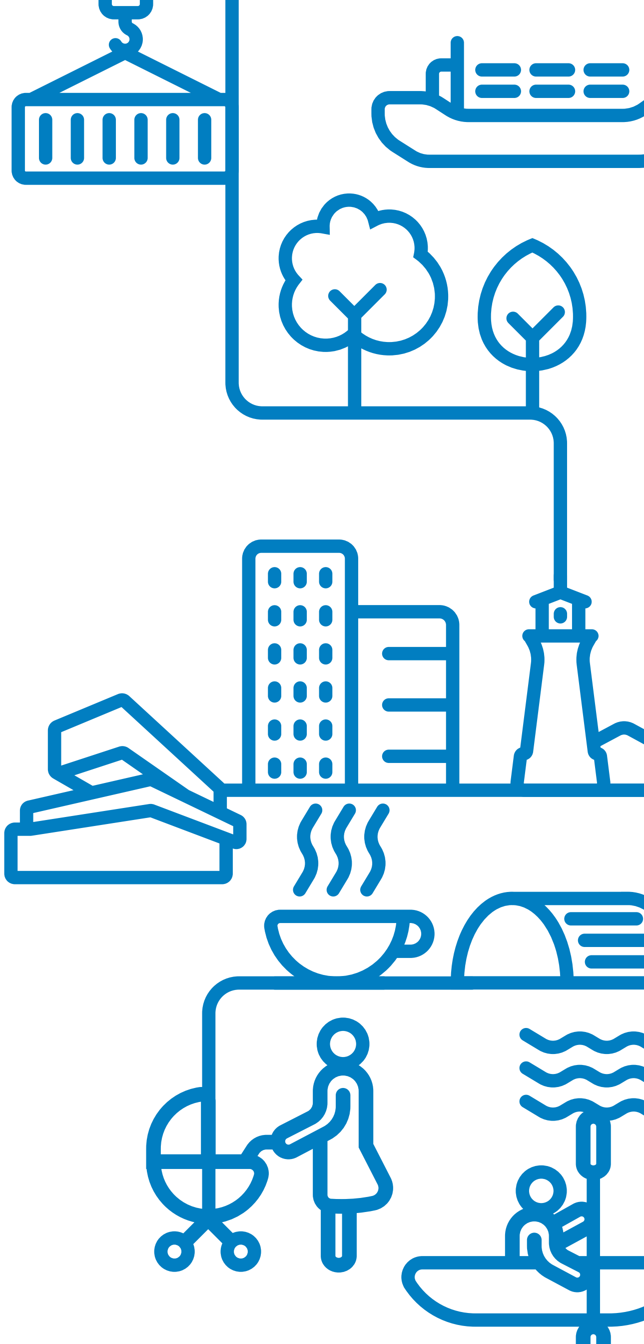
2021 PORT OF HALIFAX ECONOMIC IMPACT

In 2021, the total economic impact of the Port of Halifax on the Province of Nova Scotia was over $4.37 billion. Of this total, the direct portion was $2.72 billion.

This level of activity generated direct and spinoff positive impacts of $2.22 billion in GDP, $1.42 billion in labour income, and over 22,400 jobs.

The number of direct jobs created in Nova Scotia in 2021 increased by almost 18% from 2020, while wages increased by 20%. When construction-related jobs are added to operations and Nova Scotia exporters, the Port of Halifax was responsible for 4.8% of all employment in Nova Scotia during 2021.

When other province's impacts are added to Nova Scotia's, the 2021 total direct and spin-off Canada-wide impacts of the Port of Halifax exceed $5.97 billion in economic output, $3.11 billion in GDP and over 30,475 jobs with labour income of $1.93 billion.



PORT OF HALIFAX CANADA-WIDE IMPACT

$5.97B
in economic output

$3.11B
in GDP

30,475
jobs

$1.93B
in labour income

CARGO

As Canada's Ultra Atlantic Gateway, the Port of Halifax is essential for Canada's global trade. Offering a natural, deep harbour and big ship infrastructure, Halifax can accommodate large volumes of containerized cargo, breakbulk cargo, and project cargo. Collaborating with strong partners and other interested parties, our cost-competitive, reliable, and efficient cargo capabilities help us deliver excellence to our containerized cargo trading partners around the world.

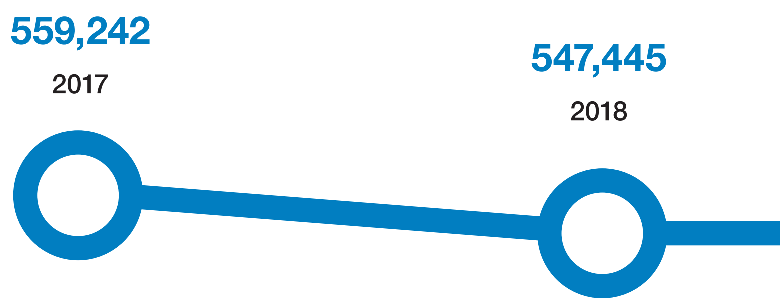
2021: A Challenging Year That Defied Prediction

In a year that was largely defined by uncertainty and supply chain complications, 2021 turned out to be a banner year for cargo at the Port of Halifax. Our container terminals handled a total of 595,751 TEU from January 1st through December 31st – 36,509 TEU more than the volume that was handled in 2017, our best year previously.

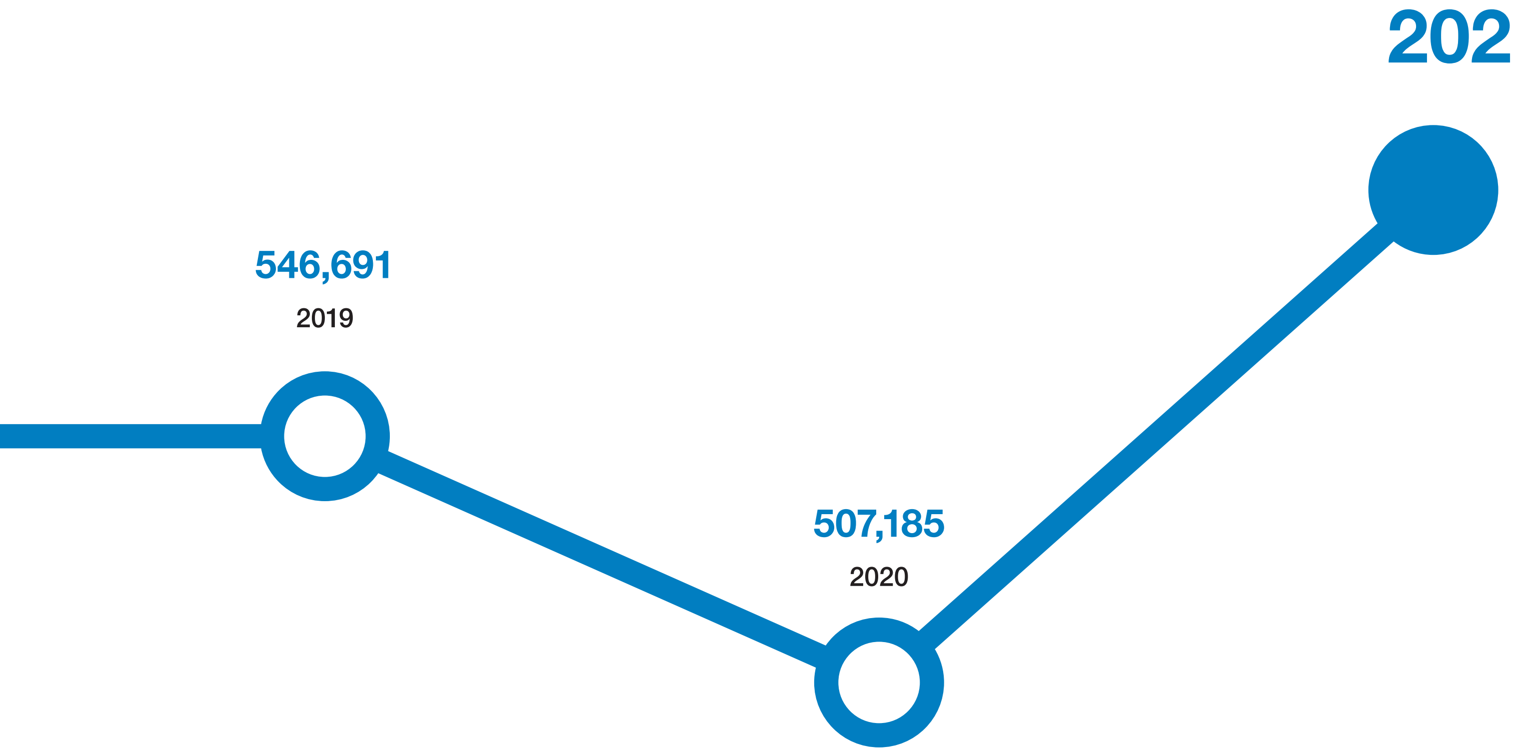
As we have long known, and many outside our industry have come to realize over these past two years, supply chains are linked. What happens at one point along the chain affects others who are connected. The world's trade machine is producing, shipping, and delivering more goods to North American consumers than it ever has, but supply chains continue to face challenges. We expected continued disruptions in 2022.

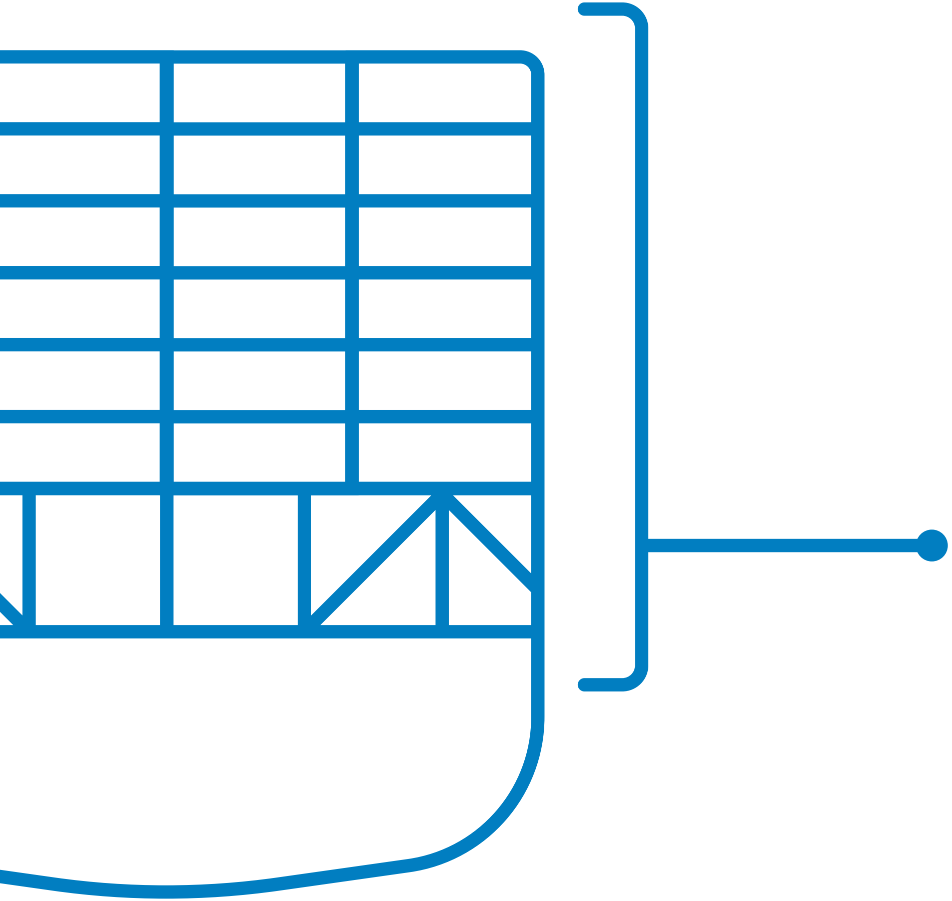
This is a global issue that is impacting everyone. For importers and exporters, it means their goods might be delayed in getting here or not able to move out as quickly because of blank sailings. At a consumer level, those delays mean goods are not making it onto store shelves.

Availability of labour is another challenge, not just here but everywhere. The pandemic has reshaped the labour pool, and it is all inter-related.



595,751 TEU





We welcomed the largest containerized cargo vessel to call on a Canadian port.

In May, the largest containerized cargo vessel to call on a Canadian port – the CMA CGM Marco Polo – arrived at PSA Halifax in the Port of Halifax. It was the first call for a vessel of this size to any port on the East Coast of North America. The CMA CGM Marco Polo measures 396 metres in length with a 54-metre beam, and has a carrying capacity of 16,022 TEU.

16,022 TEU


CMA CGM MARCO POLO
NASSAU

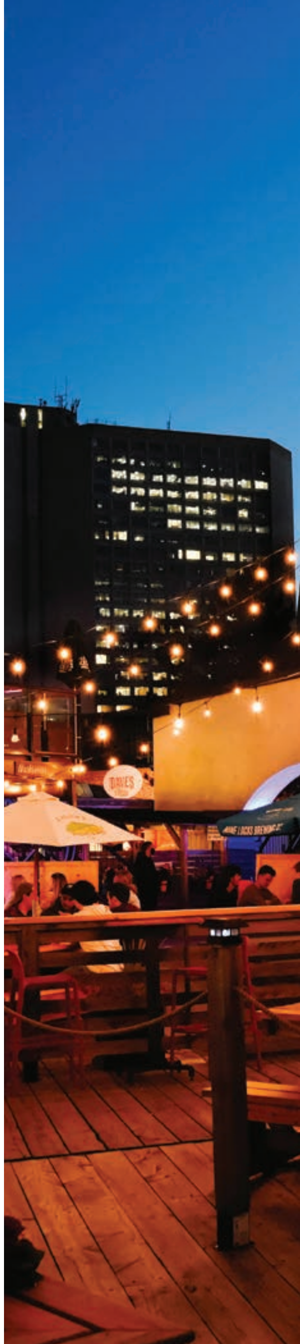
We expanded our global reach.

In 2021, MSC (Mediterranean Shipping Company) added the Port of Halifax to the list of more than 500 ports where it operates. In September, we received the first direct call between the West Coast of India and a Canadian port when the maiden call of the MSC Indus 2 Service arrived at PSA Halifax – Atlantic Hub.

PSA Halifax is ultimately owned by PSA International. PSA Halifax – Atlantic Hub has the capability to handle the largest vessels that visit North America's east coast. It features the longest and deepest berth of any Canadian port in Eastern Canada, with a continuous quay length of 800 metres at a depth of 16.5 metres, terminal area of 32 hectares, five super-post-Panamax cranes and unimpeded access to international shipping lanes. Building networked coastal and inland rail solutions, PSA Halifax – Atlantic Hub offers global carriers and logistics providers a reliable route to market, as well as unrivalled 'first and last port' capabilities as Canada's Atlantic hub.

This is very important as we previously did not have a direct connection with India. This is something the Halifax Port Authority, PSA Halifax and CN have been working toward for some time. Expanding our global reach will contribute to sustainable, long-term growth of cargo through the Port of Halifax and supply chain security for Canadian manufacturers and consumers.

Captain Allan Gray
President and CEO, Halifax Port Authority



PORT OF HALIFAX BY THE NUMBERS

Top 5 Containerized Exports

Manufactured Goods

Plastics

Vegetables

Paper and Forest Products

Seafood

Top 5 Containerized Imports

Manufactured Goods

Machinery & Equipment

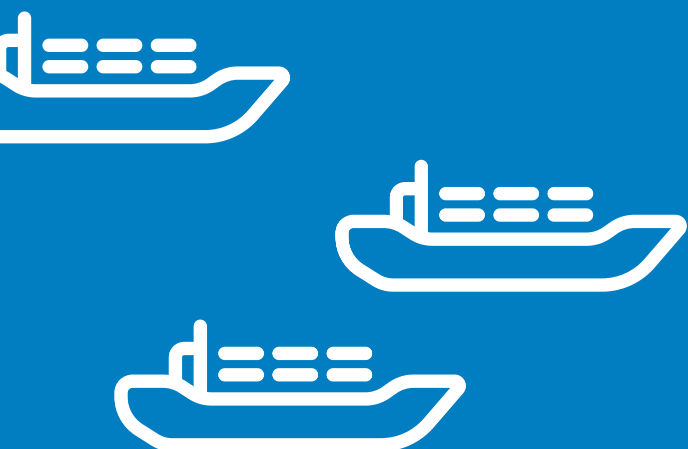
Clothing

Plastics

Furniture

4,902,894
Total Cargo in Metric Tonnes

150
Countries



1,100
Commercial Cargo Vessels

19
Container Lines

CRUISE 2021, A UNIQUE YEAR FOR OUR MARQUEE DESTINATION

It's no secret that 2021 was not the best year for the Canadian cruise industry. In the midst of a pandemic, Transport Canada's priority was keeping Canadians and transportation workers safe from COVID-19, and in February the Government of Canada made the decision to suspend the cruise season. It was a setback, but it was the right thing to do.

While the Port of Halifax cruise season was suspended, HPA's work continued in preparation for the return of cruise ships to our harbour. We participated in a series of cruise resumption workshops that brought interested parties together to prepare for the 2022 season. The program was designed to support the safe successful return of cruise for everyone – our community, our cruise line clients, and our guests.

Since early in the pandemic, we continued to work with our partners at the Association of Canadian Port Authorities and the cruise lines to develop protocols for the safe resumption of cruise activity on our waterfront. It is safe to say that many of us – from locals and visitors to the many businesses and industries that rely on these vessels for their livelihoods – look forward to seeing those ships on our horizon once again.

2022 is looking strong.

Halifax remains a marquee port of call for the Canada-New England cruise industry, and the 2022 schedule is looking strong. With 150+ expected vessel calls scheduled for this year's cruise season, 2022 will see us at 85% of where we left off in 2019. Captain Allan Gray, President and CEO of HPA, is confident. "We are starting the rebuilding process in a strong position. Halifax is a safe and welcoming destination with natural beauty all around and many authentic experiences to share with visitors. Cruise lines and their guests want to come here, and we want them to come."

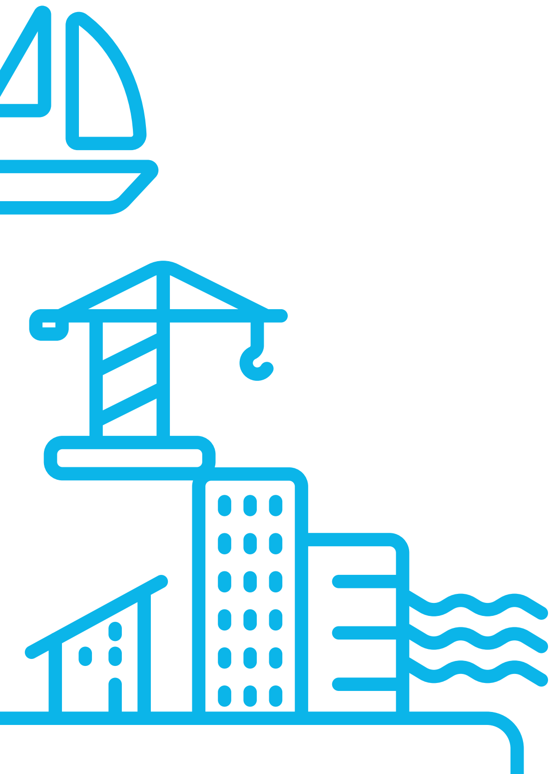
3
OPERATIONS

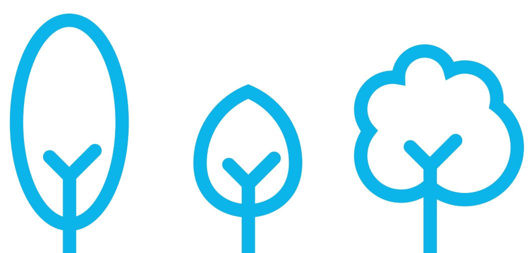
MARINE AND LAND OPERATIONS

The Port of Halifax is one of the largest, naturally deep, ice-free harbours in the world. As a Canadian Port Authority, our role is to manage the assets of the crown through revenue generation and re-investment in infrastructure.

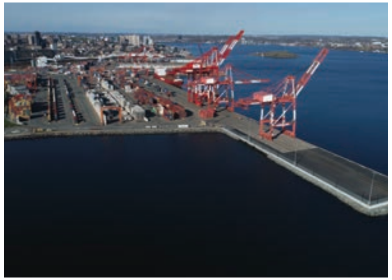
So, what are those assets? We oversee 265 acres of land and all adjacent federal waters. **Our navigation jurisdiction** extends from the harbour limit line, northeast through the harbour, past the narrows and into the deep-water confines of Bedford Basin, and includes the Northwest Arm.

The assets we manage and services we provide are many and varied. They include everything from land, water, cargo and cruise facilities, procedures for the safe management of vessel movements throughout these waters, vessel scheduling and berthing allocation for those facilities, vessel mooring in the outer harbour, narrows, and Bedford Basin, dangerous good approvals, incident response and emergency management, and customer information and advice. As Canada's Ultra Atlantic Gateway and a regional economic engine, we work with partners throughout the city, and around the world to keep our economy moving and our community employed.





PSA HALIFAX ATLANTIC HUB



Operator: PSA Halifax

Terminal Size: 76.5 acres / 31 hectares

Pier Length: 800 metres / 2,625 feet

Throughput Capacity: 550,000 TEU

Cargo Capacity: Container, Ro-Ro, Breakbulk & Heavy Lift

PSA HALIFAX FAIRVIEW COVE

Operator: PSA Halifax (formerly Ceres Halifax)

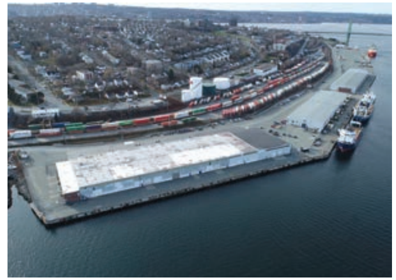
Terminal Size: 70 acres / 28.3 hectares

Pier Length: 700 metres / 2,207 feet

Throughput Capacity: 650,000 TEU

Cargo Capacity: Container, Ro-Ro, Breakbulk & Heavy Lift

RICHMOND TERMINALS



Operator: HPA

Terminal Size: 4 berths totaling 1,200 metres / 4,000 feet in length

Cargo Capacity: Ro-Ro, CDC, Container, Break-Bulk, Offshore, Project Cargo & Refined Petroleum Products, Fiber Optic Cable Facilities

HALIFAX SEAPORT & OCEAN TERMINALS

Operator: HPA

Terminal Size: 2 finger piers that are 381 metres / 1,250 feet in length

Cargo Capacity: Ro-Ro, CDC, Container, Break-Bulk, Passenger, Offshore & Project Cargo

2021 total economic impact on the Province was over

$4.37B

35 Ultra Class Container Vessels (UCCV) called on Halifax, the most ever for the port.

Gate truck wait and service time: less than **56** minutes

3.8 Average days-on-dock

PORT OPERATIONS PERFORMANCE

Digitization is transforming the global shipping industry; the Port of Halifax is working to become the most digitized and efficient port on the Eastern seaboard.

One of the ways we're pursuing digital transformation is through our Port Operations Centre. It is a one-stop shop to find live information on the Port's fluidity and efficiency. Rail Dwell, Truck Gate and Turnaround Time, Truck Fluidity, and Vessel Forecast Summary are some of the tools we use to create efficiency, reliability and transparency in our operations.

Another very important tool is PortControl, a digital port operating system developed by Saab.

PORTCONTROL

When you consider the number of ships that pass through Halifax Harbour every day, and contemplate all the people who work on those ships and at the terminals where they dock, the cargo that is loaded and unloaded, the visitors who arrive in town on cruise ships, and the support industries that facilitate and supply all of that activity, you start to get an idea of the complexity of the comings and goings at the Port of Halifax. The volume of information involved in the business associated with our Port is staggering.

Technology helps us share information, collaborate more effectively, and use data to make better decisions.

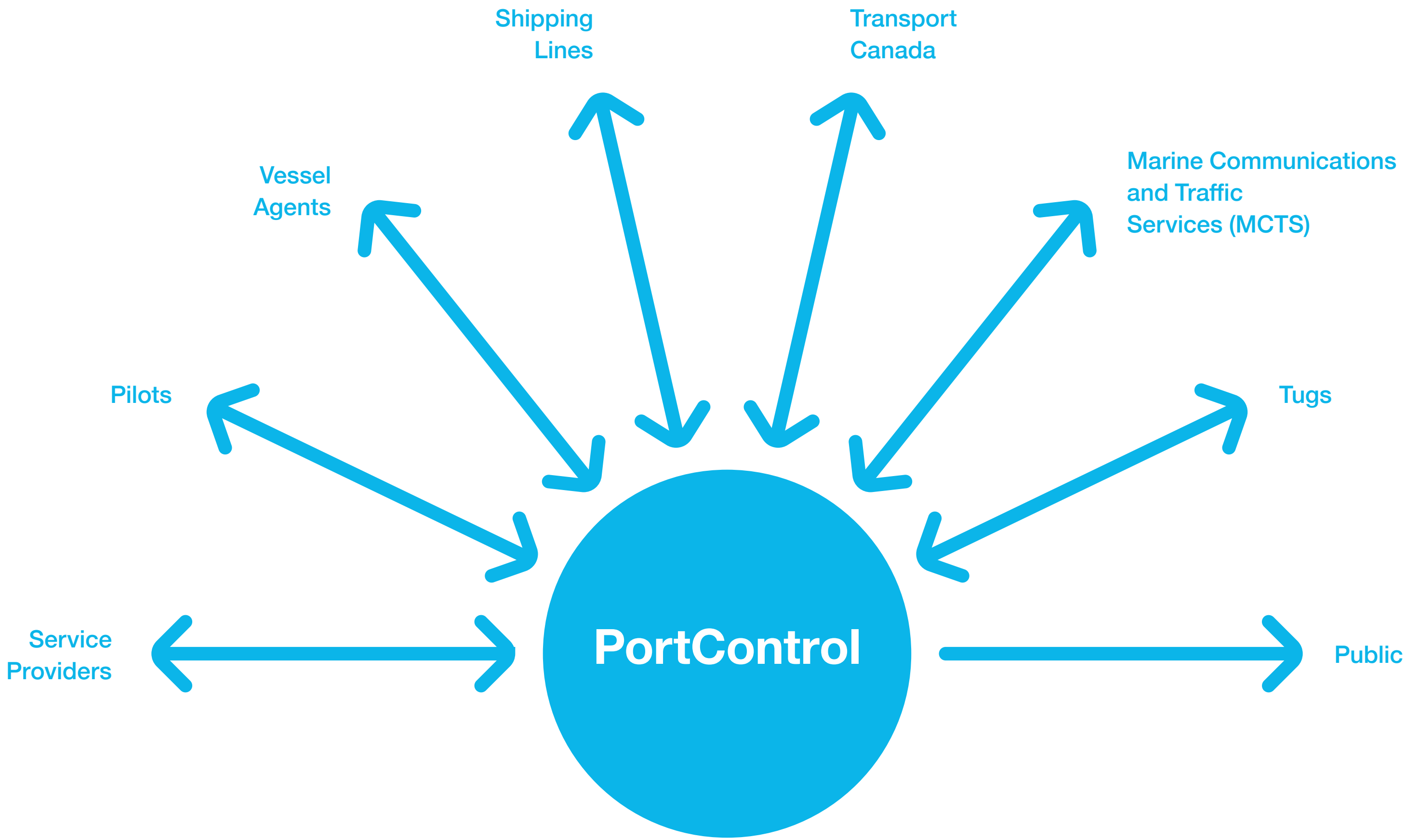
Derrick Whalen,
Director of Information and Technology Services

In 2021, the Halifax Port Authority prepared for the implementation of PortControl, a digital port operating system that is revolutionizing the way we use the data associated with our operations. It is all a part of HPA's path to digital transformation. PortControl is helping us move our systems from paper-based processes – still very common throughout the shipping industry – to real-time digitized processes for operational activities such as financial processing and accurate invoicing, arrivals and departures, management of containers and other cargo, wait times, terminal turn times, projected container dwell, and the handling of dangerous goods.

PortControl provides a single source of accurate information in a standardized platform for all users, streamlining processes, improving efficiency, and significantly reducing human error. PortControl gives users instant access to real-time information, as well as historic performance information.

Derrick Whalen, Director of Information and Technology Services compares the impact of this step to the shift when went from using stationary landline telephones to mobile smartphones. In other words, it's a giant leap forward. "Technology helps us share information, collaborate more effectively, and use data to make better decisions." According to Whalen, "digitization is another tool to grow business."

Captain Allan Gray, President & CEO of Halifax Port Authority agrees. "PortControl will increase our efficiency, and reliability, and give us more streamlined coordination. It is one single transparent source of secure information that everybody can see. That should result in reduced delays and reduced costs for everybody. If the supply chain becomes more reliable, efficient and transparent, costs start to go down. Everybody will get benefit from it, and ultimately the end consumer should see an overall reduction (in costs)."



PortControl gives us accurate data in a more timely and efficient manner. That data then gets shared so everybody has access to it, including the mega-ship enthusiast who wants to know when the next UCCV (Ultra Class Container Vessel) will come into port.

HEALTH AND SAFETY

Our first priority at the Halifax Port Authority is the health and safety of everyone who steps foot on the properties we manage. We take our obligation to provide a safe and healthy work environment for employees, contractors, suppliers, service providers and visitors very seriously, and expect them to do the same.

HPA believes that occupational injuries and illness are preventable. We have many systems in place to ensure our people are properly equipped and fully trained in all aspects of health and safety related to their duties. Safety training, the proper use of personal protective equipment, adherence to HPA contractor safety checklists, site safety orientations, training in emergency protocols, relevant and up-to-date equipment inspection records, recognized certifications and licences are among the processes and procedures we have in place. We meet or exceed the requirements of all applicable legislation and regulations and require the same of the contractors we engage. Our objective is to eliminate foreseeable hazards and maintain a safe and healthy work environment by integrating health and safety into all aspects of our organization.

Health and safety is HPA’s first priority and will not be compromised for the sake of business interests or operational expediency.

In 2021 was a very safe year at Halifax Port Authority with no disabling injuries for the second consecutive year. Other incident occurrences were significantly down from last year as well – a testament to the culture of health and safety we have created at the Port.

HPA INJURIES

Disabling	0
Minor	0
HPA Near Misses	3
Contractor Occurrences	4
Vendor/Public Occurrences	4
Terminal	6

HPA DISABLING INJURY FREQUENCY RATE

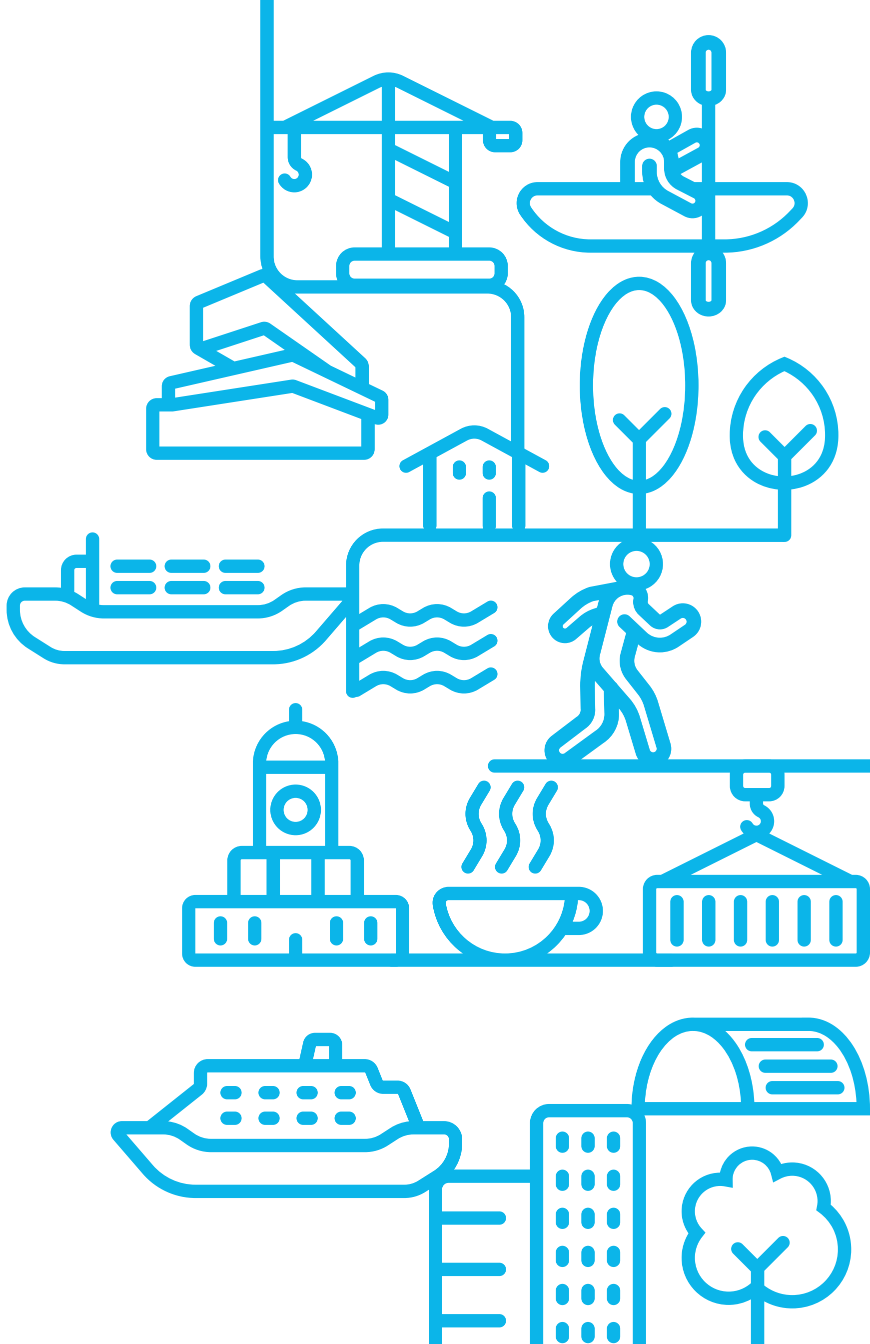
(calculated based on 1 million hours worked)

HPA's average since 1997

23.67

HPA 2021

0



ENVIRONMENT

The geographic phenomenon that is the Port of Halifax has a long history of importance to the region, and the province of Nova Scotia. It is the hub around which all Halifax Port Authority operations revolve. Our commitment to environmental protection and sustainability is deeply rooted in our commitment to this port, and the protection of the communities where we live and work.

To help fulfill this commitment, the Halifax Port Authority has implemented an Environmental Management System that applies to all of our operations and it has been certified to the international standard for environmental management systems ISO 14001. The Port of Halifax was the first port in Canada to achieve ISO 14001 certification.

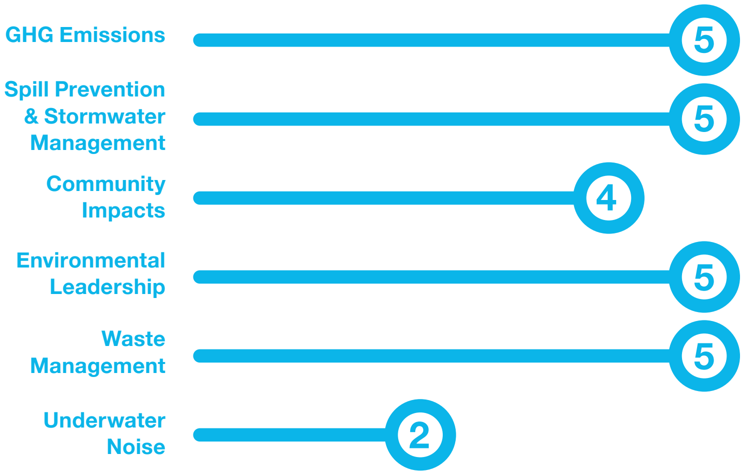
Another demonstration of that commitment is our participation in Green Marine.

The Halifax Port Authority has been a participant in Green Marine since 2011. The cornerstone of the initiative is its far-reaching environmental program, which makes it possible for any marine company operating in Canada or the US to reduce its environmental footprint by undertaking concrete and measurable actions against specific benchmarks.

In 2020 (the most current results available), HPA received an average score of 4.3, placing our organization in a leadership position among ports across Canada and the US. The average score for participating ports across all applicable areas during that same reporting year was 2.9.

Green Marine is an environmental certification program for the North American marine industry. It is a voluntary, transparent and inclusive initiative that addresses key environmental issues and aims to exceed regulatory requirements. Participants are ship owners, ports, terminals, Seaway corporations and shipyards from coast to coast, in Canada and the United States.

HPA 2020 GREEN MARINE RESULTS



Results are compiled on a scale from 1-5

1. Monitoring of regulations
2. Best practices
3. Adopted management plan and measurement of impacts
4. Advanced technologies and/or reduction targets
5. Excellence and leadership

Compliance, Policies, & Procedures

The HPA is committed to environmental stewardship and to the development of best practices for the protection of the community and its local habitat. We do this through the following policies and procedures:

Environmental Compliance Audits

GHG Emissions Reduction Targets

The Government of Canada's Net-Zero Emissions Accountability Act, which became law in 2021, enshrines in legislation Canada's commitment to achieve net-zero emissions by 2050. The Act ensures transparency and accountability as the government works to deliver on its targets. To align with the Government of Canada's targets and commit to aggressive climate mitigation efforts, the HPA has set the following Greenhouse Gas (GHG) emissions reduction targets:

- 40% reduction in Scope 1 and Scope 2 GHG emissions by 2030 (from the 2018 baseline)
- 100% reduction in Scope 1 and Scope 2 GHG emissions by 2050 (Net Zero)

GHG Emissions Intensity

To track how we are doing compared to our Emissions Reduction Plan and GHG Emissions Targets, we report our annual GHG emissions intensity. Two sources are considered: direct emissions and indirect emissions (from purchased electricity or district heating systems). These sources are used to calculate our total GHG emissions. As a port authority, we define our GHG emissions intensity based on the annual cargo moving through the Port (throughput).

Our annual throughput, total GHG emissions, and GHG emissions intensity is as follows:

2018	2020	
4,769,550	4,902,894	Annual Throughput (tonnes)
4,031,875	3,523,970	C02e Totals (kilograms)
845	719	Intensity (g C02e/tonne)

GHG Reduction - 12.6%

GHG/Tonne Reduction - 14.9%

We directly influence our Scope 1 and Scope 2 GHG emissions. Scope 3 emissions are those that we do not have direct control over and are intertwined within the intermodal transportation supply chain.

The HPA is committed to the following to support our GHG emissions reduction targets:

- Following the Science Based Target Net-Zero Standard commitment and associated auditing process.
- Investing in planning and regional collaboration.
- Considering operational changes, including the way in which infrastructure is built and maintained.
- Acknowledging that further innovation and investment in a sustainability mindset is required.
- Measuring and reducing Scope 3 GHG emissions.
- Continuing to reassess the scope of our GHG emissions reduction targets.

Annual GHG Emissions Inventory

A Greenhouse Gas Emissions Inventory associated with the HPA's activities is completed annually. Emissions are calculated using the Transport Canada Port Emissions Inventory Tool (PEIT). The tool is consistent with Environmental Protection Agency emissions model MOVES 2014a (for on road and off-road equipment), and accounts for current marine fuel sulphur content limits required by Canadian law (including the North American Emission Control Area).

The five source groups are included in PEIT:

- Operational electricity consumption (administrative building and maintenance shop heating and electricity consumption).
- Cargo Handling Equipment (forklifts, cranes, etc.).
- Marine Vessels (harbour vessels and commercial ocean-going vessels).
- On-road Vehicles (facility trucks and highway vehicles).
- Rail (facility locomotives and national rail providers).

Atlantic Hydrogen Alliance

The HPA is part of the Atlantic Hydrogen Alliance, which was created to support the development of an economically viable clean hydrogen value chain that will help the transition to a prosperous low-carbon economy in Atlantic Canada and support our climate change reduction goals.

Truck Marshaling Yard & Port Operations Centre

Each container terminal has been outfitted with a truck marshaling yard to reduce traffic and associated idling. In addition, terminal traffic is monitored and wait times are posted to our online Port Operations Centre (POC). The information is provided publicly to help reduce congestion and GHG emissions.

Vehicle Emissions Reduction Initiatives

The HPA has a Nissan LEAF SL which is operated by the Port's high-mileage drivers. The Nissan LEAF produces no tailpipe emissions, has a range of 160 kilometres, and requires only $3 of electricity per 100 kilometres.

The HPA has two dual electric vehicle (EV) charging stations on the property that are currently available for public use, free of charge.

Sustainability is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Our Common Future: Report of the World Commission on Environment and Development

SUSTAINABILITY

In the 21st century, a sustainable organization is one that looks at the needs of its constituents today, but also considers what those needs will look like decades from now.

The Halifax Port Authority is part of a vibrant community with a wide variety of partners, interested parties, and neighbours whose interests alternately overlap and mirror our own. This makes balance another critical component of sustainability. “Sustainability is the balance of all the aspects of community and social well-being, environmental well-being and economic well-being.”, according to Chris MacDonald, Halifax Port Authority’s Director of Environment and Sustainability.

Sustainability is the backbone of the Port’s strategic vision and a key piece of framework for our corporate goals. It applies to the stewardship of our environment. It applies to the business practices we employ when it comes to the diversity and inclusion aspects of hiring, procurement, and supply chain. And to applies to the relationships we build with our employees, our community, and other interested parties.

Sustainability Survey

To support the development of a more robust sustainability framework, an extensive consultation and engagement process was conducted in May of 2021. The goal of this process was to understand the sustainability priorities of our employees, partner organizations, and community members.

One of the outcomes of this process was the development of a framework, linked to the UNSDGs (United Nations Sustainability Development Goals), that addresses stakeholder interests and supports the growth of our business by incorporating sustainability into port planning and operations. **These goals, which were identified by our organization and our constituents, will help us work together to achieve what we all want and need from a sustainable future.**

THE 2021 SUSTAINABILITY SURVEY RESPONDENTS INCLUDED:

79
HPA employees and directors

585
community members

17
partner organizations

Sustainability Report

Work began in 2021 on a new Sustainability Report, our third since 2017. In the intervening years, we've gained a more thorough understanding of what organizational sustainability means to HPA, our partners, and our community. The data we compiled from the Sustainability Survey was key to helping us identify our common goals, and make plans for the future. Chris MacDonald is motivated by the goals we've set for ourselves. "The 2021 report creates a framework that will help us understand what we have to do, and what areas we need to tackle, not just make plans, but accomplish the goals we've set for ourselves. We are building new infrastructure in 2022 and 2023. We're changing the way we structure certain agreements with port users. We're looking at different ways of utilizing our real estate."

Building on our sustainability framework, we updated our Sustainability Policy in 2021. The goal of this policy is to find balance in all that we do by following sustainability best-practices and emphasizing collaborative decision-making. The Policy recognizes that economics, community, and environment are important independently, but must also be considered in an integrated way.

To learn more about the work HPA is doing in this area, or to read this year's Sustainability Report, visit www.portofhalifax.ca


CMA CGM

4

INFRASTRUCTURE, PLANNING, AND REAL ESTATE

NATIONAL TRADE CORRIDORS FUNDING

In June of 2019, the federal government committed $47.5 million to the Halifax Port Authority and the Halifax Regional Municipality for two key infrastructure projects under the National Trade Corridors Fund. The HPA, HRM and other partners will match the federal government's contribution, for a total of $95 million in funding for these two projects that will help create jobs in our city while supporting economic growth, improving the fluidity and performance of the transport system to increase the value and volume of goods exported from Canada, and improving the sustainability of the Port's operations. Additional National Trade Corridors Funding for Halifax was announced in December 2021, with $7 million allocated toward the construction of a new Marine Container Examination Facility.

These initiatives align with local goals and objectives, address feedback from key interested parties and the public, and support the long-term strategic vision for the Port. They are expected to have important economic and employment benefits for the region by creating an estimated 880 jobs during construction.

Rail Solution Project

The HPA has been working with our partners to reduce the number of Port-related container trucks moving through downtown Halifax. We continued the planning, modelling, and design work on the National Trade Corridors Funding Rail Solution Project. Our goal is to grow the Atlantic Gateway through new and improved rail infrastructure which will enable the Port to handle the projected increases in container volumes in the next 10+ years. And by creating a more efficient and sustainable way of moving and handling cargo, we will reduce container traffic through the downtown core.

Through 2021, we continued to work with CN and the terminal operator to develop improved rail infrastructure in the South End. The goal of the National Trade Corridors Funding Rail Solution is to maximize efficiency across the entire marine and rail network in Halifax which includes both terminals and the various rail assets.

The Rail Solution Project will:

- Limit the impacts of port activity and infrastructure on downtown Halifax residents by aiming to reduce port-related truck traffic by up to 75%
- Help port supply chain members handle more cargo more quickly, and in a cost-effective manner
- Meet Canadian market demand and provide a predictable supply chain for Asia and Europe
- Enhance the integration of the Port's landside operations, avoiding costly vessel delays and berth congestion
- Increase terminal efficiencies and container storage capacities

This project includes the addition of significant rail infrastructure, the acquisition of two new rail-mounted cranes to load and unload containers more quickly and efficiently at PSA Halifax Atlantic Hub, and a second truck gate and two new Rubber Tire Gantry cranes at PSA Halifax Fairview Cove.

Windsor Street Exchange Project

The second project, led by HRM, will provide infrastructure upgrades to the Windsor Street Exchange. Located in the northern Halifax peninsula, the Windsor Street Exchange is one of the city's main arteries that provides access to the Port and CN's Halifax Intermodal Terminal. This project includes realigning the Bedford Highway, upgrading Lady Hammond Road, and installing new traffic signals to improve traffic flow. These upgrades will reduce traffic congestion, improve safety, and increase the reliability and efficiency for all motorists. HPA is currently in the planning and consultation phase of this project, having held public engagement sessions in April/May and again in October/November of 2021. The design process is scheduled to begin in 2024 and take two years to complete.

The substantial reduction of Port-related trucks on downtown streets in the short-to-medium term is a top priority for the Halifax Port Authority.

MARINE CONTAINER EXAMINATION FACILITY

When containers arrive at the Port of Halifax from other parts the world, they need to undergo rapid and reliable inspection by Canada Border Services Agency (CBSA) to ensure that the goods shipped in those containers are not a risk to the health, safety, or security of Canadians. The location of the facility that carries out this work can be a significant factor in the efficiency of that process.

The current Marine Container Examination Facility is located at a temporary facility in Burnside Industrial Park, across the harbour from HPA's container terminals. This means that when CBSA selects containers to inspect, those containers are trucked to Burnside, inspected by CBSA, and then trucked back to the terminal before being picked up by customers.

Design planning of this new facility is underway. It will be built on port land that is adjacent to PSA Halifax Fairview Cove – a location that will have significant positive impact on operations related to CBSA's work. It will provide increased safety, security and efficiency to the process of maintaining international operations at the Port. It will reduce truck movements through downtown Halifax, across the MacKay Bridge and through Burnside. And it will reduce greenhouse gas emissions by cutting down the time trucks spend idling at terminal gates, waiting in traffic and crossing the Mackay Bridge to Burnside.

The federal government committed $7 million toward this project, with the HPA contributing $8 million, for a total of $15 million in project funding. It is expected that the new Marine Container Examination Facility will be built and ready for operations in 2024.

PLANNING

In 2020, the Halifax Port Authority established a planning team to begin the process of mapping out our next 50 years. In 2021, the team got to work, undertaking a series of studies, reviews and consultations, while creating planning documents that identify goals for guidance and growth. From there, the Halifax Port Authority Master Plan 2070 was initiated to look at port planning, and identify benchmarks that will trigger expansion projects to ensure the long-term viability of the Port.

The Master Plan will direct development in a way that will capture the full potential of containerized cargo and cruise markets – the key drivers of port-related growth – over the next 50 years. It will promote the development of infrastructure in a way that is transparent and integrated into the needs of the surrounding community, municipality and province.

Collaborative and Future-Focused Planning: We know that truck traffic is a concern for those who live, work, and play in downtown Halifax. As our population increases and e-commerce spurs growth in international trade, the demand for the Port's services will expand. To ensure sustainable growth for our one port city, we are working collaboratively with our partners on solutions.

Our vision for the future includes expanding our cargo and cruise infrastructure and reducing the number of trucks on the streets of downtown Halifax.

Captain Allan Gray
President and CEO, Halifax Port Authority

We are preparing now to ensure our assets are ready for where the industry is going, not just where it's at today.

The objectives of the Port Master Plan 2070 are:

- to provide guidance for future asset development while supporting sustainable growth in the marine industry
- to shift business models to position the HPA as a strategic partner in port management by introducing value-added services and developing customer-focused operation practices to remain competitive
- to identify measurable benchmarks that will need to be achieved before infrastructure expansion is necessary
- to provide a clear path for near-term and long-term asset planning, with the ability to shift priorities as future demand approaches without excess capital expenditure
- to support asset optimization before expansion to secure future sustainable investment
- to balance port operations against the impact on the surrounding communities
- to ensure sustainable growth for our One Port City by collaboratively working on solutions with external interested parties

Our Planning Team continues to work on the HPA Master Plan 2070, working toward completion date of Q2 2022.

REAL ESTATE

In addition to our cargo and cruise responsibilities, the Halifax Port Authority manages the assets of the crown through revenue generation and re-investment in infrastructure to create economic growth for the region. We manage 265 acres of federally-owned marine industrial land that includes cargo handling facilities, container terminals, cruise ship facilities, the Halifax Grain Elevator, and several other non-cargo facilities. We also manage and/or operate a number of properties that make up Halifax's Seaport District.

Over the past 20 years, the Halifax Seaport District has been transformed from a collection of old warehouses to a vibrant area, home to a diverse array of local artisans, retailers, cafés, galleries, and offices that include the Canadian Museum of Immigration at Pier 21, Garrison Brewing, the Nova Scotia College of Art and Design Port Campus and the Halifax Seaport Farmers' Market.

The PIER at the Seaport

In January of 2021, we announced the next steps in the transformation of our historic Halifax Seaport District. The PIER – short for Port Innovation, Engagement and Research – was conceived as Canada's very first living lab for transportation, supply chain and logistics – a collaborative space operating within Shed 20 where people and organizations of all shapes and sizes come together to create innovative solutions and explore new technologies.

By November, the PIER was open for business – home to six Founding Partners, one Industry Partner, five Resident Members and 16 Ecosystem Members, with additional partners and members expected to join as this innovative workspace develops and its projects gain traction.

In addition to The PIER, Shed 20 is now home to a selection of retail and food-service businesses. Latte-Da Coffee and Northern Watters Knitwear & Tartan Shop are among the storefront retail businesses that round out this innovative space and complement the other exciting things happening at the Seaport.

We are committed to continuously upgrading our services and innovating every aspect of our business. The PIER creates a collaborative space that will allow us to work with like-minded companies.

Jan Van Mossevelde,
Chief Executive Officer, PSA Halifax

Halifax Seaport Farmers' Market

In 2021, the Halifax Seaport Farmers' Market vendors made the short move from Shed 20 to Pavilion 22 within the historic Halifax Seaport District. This indoor location, a temporary home for the Seaport Market, was intended for use during the winter months when Pavilion 22 was not in use by arriving cruise guests, with adjacent open-air outdoor space to be used during warmer months.

When space in Pavilion 23 (the former Cunard Centre) became available, the HPA Real Estate Department engaged with Seaport Market vendors to find out if there was interest in creating a permanent year-round indoor home for the Halifax Seaport Farmers' Market. Vendors overwhelmingly supported the idea.

The new space will give the Market approximately 18,000 sq ft of Pavilion 23. "We are now working with a designer to create a welcoming and engaging environment that will serve as a weekend farmers' market and an event space during the week." said Nick Garside, HPA's Director of Real Estate. While renovations take place, the Market will remain at Pavilion 22, with an opening date slated for early summer of 2022.

Over its 270+ year history, the Halifax Farmers' Market has grown and thrived in several sites across Halifax. With this latest move, the Market returned to fundamentals – great weekend vendors selling their own produce and products to loyal customers that come from all around the city to enjoy the dynamic atmosphere of our well-known market.

5

PEOPLE, PARTNERS AND INNOVATION

THE PORT IN THE COMMUNITY

The Port of Halifax is a busy, working port in a dynamic city that is home to a diverse community of people and businesses that rely on one another every day. The pandemic helped us all realize exactly how connected we are as our businesses, our educational pursuits, our social and recreational outlets, and our lives were challenged by COVID-19. And it made us look at our community and the value it holds through a fresh lens.

That relationship between the Port and our community has become increasingly more important as part of our sustainability objectives. "For us, sustainability is that balance between the economic drivers of the Port and the needs of the community and the environment – it means finding ways we can grow together in a balanced environment," says Captain Allan Gray, President & CEO of HPA.

Over the last year, even with the limitations presented by the pandemic, we've continued to build strong relationships with our stakeholders, friends and neighbours in our community.

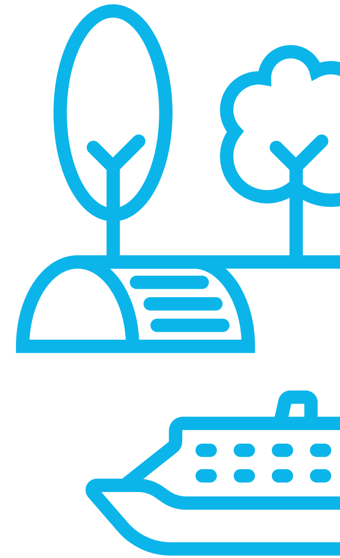
It's right in HPA's mission statement:

We connect with global markets to create value for our customers, partners, visitors, and community.

Port Community Liaison Committee

The Port Community Liaison Committee (PCLC) is a group we created with the purpose of fostering meaningful communication and sharing information between the Port and members of the public. It gives us an opportunity to sit down with a broad mix of people who are affected by port operations and projects, to understand their feelings, get a sense of their concerns and listen to their feedback. The PCLC fosters an ongoing conversation between the Port and our neighbours. We hear from them. We learn from them. And we use the insight we gain to move operations forward.

The PCLC is independently chaired, made up of people who represent our citizens, with emphasis on experience, insight, and diversity. The committee meets every two months,and enters into each new conversation with a spirit of collaboration and transparency.



Halifax Port Authority Scholarships

As part of our investment in our community, the Halifax Port Authority annually awards five post-secondary scholarships (two $1,000 scholarships and three $500 scholarships) to graduating high school students. We believe in higher education and the benefits it can bring. These scholarships help us help Nova Scotian students pursue their dreams of higher education.

Public Walkway

At the end of 2020, the Halifax Port Authority opened an extended section of the South End Container Terminal property to the community for use as a public walkway. Throughout 2021, the walkway has given pedestrians, runners, dog-walkers and families sweeping, unobstructed views of Halifax Harbour. It also gives people a safe, front-row view of terminal operations, including the largest ship-to-shore crane in eastern Canada and the arrivals and departures of the many different ships calling at the Port of Halifax.

Community Investment Program

Throughout the year, we are proud to support many organizations, events, and causes that are important to our employees and community members. In 2021, HPA's Community Investment Program supported the following causes:

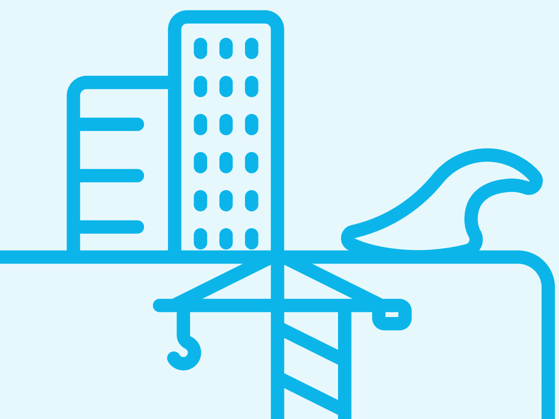
- Alice House
- Art of City Building
- Black Educators Association Spelling Bee
- Dartmouth Tree Lighting
- Hope Cottage
- IWK COVID Response Fund
- Mission to Seafarers
- Movember
- NS COVID-19 Health Research Coalition
- Orange Shirt Day (honouring Indigenous Residential School Survivors)
- Pathways to Progress Nicaragua
- Ride for Cancer
- The North Grove
- Tidal Trekkers
- United Way Halifax

Port City Halifax Questions: the video series

For many Haligonians, our Port exists as a 24/7 undercurrent of activity: Ships arrive and depart, cranes load and unload cargo, trucks and trains bring containers to the seaport and take them away.

We thought it might be interesting to take people behind the scenes of that activity, and introduce them to the people, the places and the organizations that make up the Port of Halifax. Do you know what the Harbour Master does? Or how PortControl, HPA's new digital operating system, will transform our operations? Those are the questions Port City Halifax asks and answers, engaging our community with each and every one.

Visit youtube.com/portofhalifax to see our video series



FUTURE-FOCUSED INNOVATION

Aside from being one of HPA's guiding principles, a focus on the future is one element of a comprehensive forward-looking business plan that sets HPA apart from others in our industry. As our city's population increases and e-commerce spurs growth in international trade, the demand for the Port's services will expand. To ensure sustainable growth, we work with our partners on innovative ways to manage that expansion, collaborating and engaging with our stakeholders and community as we grow to ensure our plans reflect the needs of that community, our municipality and the province.

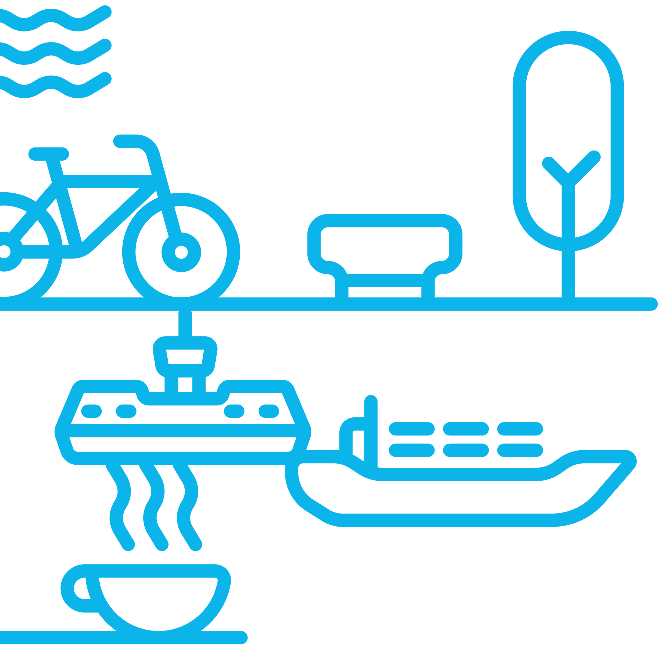
The PIER

In 2021, Canada's very first living lab for transportation, supply chain and logistics opened for business in Shed 20, the building that formerly housed the Seaport Farmers' Market. The PIER brings individuals, groups, and businesses together under one roof to develop innovative solutions for supply chain and logistics challenges. It provides a landing space for companies with expertise in maritime transportation and logistics who see opportunity to develop solutions alongside innovative local startups and global industry leaders.

The PIER truly embodies HPA's fresh approach to transformational change. Captain Allan Gray, President & CEO of HPA, frames it this way: "By coming together as a collaborative group and then using the power of the ecosystem that exists in Halifax and globally, we are more empowered to get to these solutions more creatively and more quickly."

> **A key strength of The PIER is the diversity of its membership. From that will come innovative solutions with benefits that reach far beyond those traditional sectors.**

Captain Allan Gray
President and CEO, Halifax Port Authority



HUMAN RESOURCES

Through the global pandemic, the Halifax Port Authority hasn't slowed down our pursuit of operational excellence. Our Human Resources function is an important part of that pursuit.

HPA's goal is to be a diverse workforce that is representative of our community at all job levels. We are committed to providing a working environment that is conducive to professional growth and personal goal achievement for all its employees. We currently employ 85 employees in Trade/Trade Analytics, Finance/Accounting, Operations/Maintenance, Engineering, Real Estate Administration, Information Technology, Human Resources, The PIER, and the Halifax Seaport Farmers' Market.

Equity Diversity & Inclusion

Equity, Diversity & Inclusion are a part of a sustainable organization that balances all the aspects of community and social well-being, environmental well-being, and economic well-being. A diverse and inclusive workplace is one that welcomes, respects, and supports people of different genders, ethnicities, cultures, and abilities. By bringing together people of different backgrounds, abilities and perspectives and creating an atmosphere of inclusion, an organization enriches its own culture and broadens its horizons. We believe it also help us build stronger relationships in our community and across our global network.

We've undertaken a number of initiatives over the last year that have helped us create a culture of opportunity that includes diverse perspectives that contribute to better social outcomes and equity for all.

The PIER works on a principle of the shared values of collaboration, diversity and inclusion. It brings diverse groups and businesses together under one roof to develop innovative solutions for supply chain and logistics challenges that no one company can tackle on its own.

One such group is Tribe Network, a future-focused entrepreneurship and innovation hub that works to create pathways for BIPOC youth, entrepreneurs, leaders, and game-changers. Led by entrepreneurs, Eddie Carvery and Alfred Burgesson, Tribe Network is preparing a report called Pathways to Port Industry that will help African Nova Scotians find their way into the Port of Halifax as a career.

Diversity Through Procurement

A process to secure a panel of law firms to provide legal services to Halifax Port Authority began in late 2020 and continued through 2021. We were looking for law firms to provide expertise in many areas that relate to the overall operation of our organization bringing diverse experiences, viewpoints, and practices to the table. By broadening the diversity of our supplier base, we open ourselves up to broader perspectives and new ways of thinking, adding capacity in the system in the process.

The Halifax Port Authority now has a panel of six pre-qualified law firms that we call on for the majority of our legal services, including firms that have demonstrated action towards equity, diversity and inclusion.

Supplier Diversity

The Halifax Port Authority celebrates the diversity of our communities and our people by being open and committed to learning, changing, and collaborating. One way to create a more diverse and inclusive culture, is to find out about similar efforts being undertaken by the organizations we work closely with – shared values are an important part of a strong relationship. In November of 2021, we conducted a Supplier Diversity Survey that helped us understand more about diversity and inclusion within our supplier and partner organizations.

From those who responded:

- fewer than 1% are diverse and certified
- 22% are diverse and eligible for certification
- 70% are not diverse or eligible for certification

This represents a starting point and shows that there is tremendous opportunity to create capacity in the system for the inclusion of skilled people from all walks of life and who bring with them a broad range of ethnicity, culture, and lived experience. This is not about setting quotas, but rather about developing the programs, policies and practices that will allow for everyone to share in the potential and opportunities that come with having a full-service international gateway at the heart of our growing city.

6 FINANCIALS

Grant Thornton

CONSOLIDATED FINANCIAL STATEMENTS

Independent auditor's report

To the Honourable Omar Alghabra
Minister of Transport

Opinion

We have audited the consolidated financial statements of Halifax Port Authority (the "Authority"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of earnings, comprehensive income, changes in equity of Canada and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Halifax Port Authority as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), 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.

In preparing the consolidated financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk ofnot detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to eventsor conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Chartered Professional Accountants

Halifax, Canada
March 22, 2022

HALIFAX PORT AUTHORITY CONSOLIDATED STATEMENT OF EARNINGS

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

		2021		2020
OPERATING REVENUES				
Port revenue	$	46,615	$	43,333
EXPENSES				
Salary and employee benefits		9,370		9,166
Maintenance and repairs		1,761		2,068
Professional and consulting fees		1,007		1,138
Other operating and administration expenses (Note 5)		7,603		7,341
		19,741		19,713
EARNINGS FROM OPERATIONS BEFORE OTHER INCOME AND EXPENSES				
		26,874		23,620
OTHER INCOME AND EXPENSES				
Depreciation and other adjustments (Note 7)		10,705		9,817
Gross revenue charge (Note 6)		2,188		1,987
Impairment loss (Notes 4 & 7)		600		450
Finance costs, net		230		234
		13,723		12,488
NET EARNINGS	$	13,151	$	11,132

HALIFAX PORT AUTHORITY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

		2021		2020
NET EARNINGS				
	$	13,151	$	11,132
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to earnings Actuarial gains (losses) on defined benefit plans (Note 13)		5,141		(1,443)
Items that will be reclassified subsequently to earnings Unrealized gains (losses) on derivatives designated as cash flow hedges		824		(240)
TOTAL COMPREHENSIVE INCOME	$	19,116	$	9,449

See accompanying notes to the consolidated financial statements.

HALIFAX PORT AUTHORITY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

		2021		2020
ASSETS				
CURRENT				
Cash and cash equivalents	$	8,894		26
Receivables (Note 9)		5,207		4,302
Prepaids		1,025		904
		15,126		**5,232**
NON-CURRENT				
Other assets		7,194		6,795
Derivative assets		547		-
Property and equipment (Note 7)		243,401		241,272
	$	**266,268**		**253,299**

See accompanying notes to the consolidated financial statements.
The accompanying notes on pages 7 to 29 were authorized by the Board of Directors on March 22, 2022, and were signed on its behalf.

		2021		2020
LIABILITIES AND EQUITY OF CANADA				
CURRENT				
Bank indebtedness (Note 10)	$	18,773	$	20,195
Payables and accruals		11,369		10,477
Deferred revenue		1,331		1,053
		31,473		**31,725**
NON-CURRENT				
Provisions (Note 12)		764		682
Employee benefit obligation (Note 13)		15		5,652
Derivative liabilities		-		277
Deferred revenue		1,419		1,482
		33,671		**39,818**
EQUITY OF CANADA		232,597		213,481
	$	**266,268**	**$**	**253,299**

COVID-19 pandemic (Note 4)
Commitments (Note 8)
Contingencies (Note 16)

Approved by the Board of Directors

HALIFAX PORT AUTHORITY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF CANADA

Year ended December 31, 2021 (expressed in CAD $, 000's)

		CONTRIBUTED CAPITAL		ACCUMULATED OTHER COMPREHENSIVE LOSS		RETAINED EARNINGS		TOTAL EQUITY
BALANCE, JANUARY 1, 2021	$	50,857	$	(6,938)	$	169,562	$	213,481
Net earnings		-		-		13,151		13,151
OTHER COMPREHENSIVE INCOME								
Actuarial gains on defined benefit plans (Note 13)		-		5,141		-		5,141
Unrealized gains on derivatives designated cash flow hedge		-		824		-		824
BALANCE, DECEMBER 31, 2021	**$**	**50,857**	**$**	**(973)**	**$**	**182,713**	**$**	**232,597**
BALANCE, JANUARY 1, 2020	$	50,857	$	**(5,255)**	$	158,430	$	204,032
Net earnings		-		-		11,132		11,132
OTHER COMPREHENSIVE INCOME								
Actuarial (losses) on defined benefit plans (Note 13)		-		(1,443)		-		(1,443)
Unrealized (losses) on derivatives designated cash flow hedge		-		(240)		-		(240)
BALANCE, DECEMBER 31, 2020	**$**	**50,857**	**$**	**(6,938)**	**$**	**169,562**	**$**	**213,481**

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)

		2021		2020
OPERATING ACTIVITIES				
Net earnings	$	13,151	$	11,132
Depreciation and other adjustments		10,715		9,918
Employee benefit obligations		(496)		(216)
Impairment loss (Notes 4 & 7)		600		450
Other assets		(399)		(605)
Provisions		82		278
Net changes in working capital (Note 14)		81		(3,517)
CASH FLOWS FROM OPERATING ACTIVITIES	$	23,734	$	17,440

		2021		2020
FINANCING ACTIVITIES				
Repayments of revolving credit facilities, net of proceeds	$	(1,422)	$	12,755
Repayments of long-term debt, net of proceeds		-		(10,181)
CASH FLOWS FROM FINANCING ACTIVITIES		(1,422)		2,574
INVESTING ACTIVITIES				
Purchase of property and equipment		(13,444)		(20,017)
CASH FLOWS USED FOR INVESTING ACTIVITIES		(13,444)		(20,017)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		8,868		(3)
Cash and cash equivalents, beginning of year		26		29
Cash and cash equivalents, end of year	$	8,894	$	26

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 22, 2022.

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, 2021, 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.

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.

Included in port revenue is receipt of landfill material from third parties recognized as revenue upon receipt and the Authority completing the terms under contract.

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.

Government grants (operating and infrastructure)

Government grants include assistance by government in the form of transfers of resources to the Authority in return for past or future compliance with certain conditions relating to the operating conditions of the Authority. Government grants are measured at fair value and are not recognized until there is reasonable assurance that the Authority will comply with the conditions attached to them and that the grants will be received. The Authority recognizes income-related government grants in the consolidated statement of earnings as a deduction to the related expenses on a systematic basis over the periods in which the related expenses are recognized. The Authority recognizes asset-related government grants, or those related to infrastructure, as a reduction to the carrying amount of the asset in the consolidated statements of financial position and depreciation is recorded on a net basis.

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.

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 $43 (2020 - $138).

The carrying amount of replaced capital assets, and projects under development that are determined no longer feasible 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:

December 31, 2021 (expressed in CAD $, 000's)

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.

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 it's 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 recorded in earnings 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

The Authority as a lessee

For any new contracts entered into, the Authority considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Authority assesses whether the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified as being identified at the time the asset is made available to the Authority;
- the Authority has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Authority has the right to direct the use of the identified asset throughout the period of use. The Authority assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Authority recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Authority, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Authority depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Authority also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Authority measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Authority's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in the substance of fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Authority has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Prior to the adoption of IFRS 16, the Authority followed IAS 17. All leases were classified as operating. Lease payments under an operating lease were recognized as an expense on a straight-line basis over the lease term.

The Authority as a Lessor

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. During the year, the Authority recognized $25,180 (2020 - $22,902) in port revenues on the statement of earnings. 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, 2021, the Authority did not have any finance lease agreements.

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.

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 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.

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.

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. New standards, interpretations and amendments thereof, adopted by the Authority

The Authority assesses new accounting pronouncements to determine whether there could be a material impact on its consolidated financial statements annually. As at December 31, 2021, there have been no accounting pronouncements by the IASB that would have a material impact on the Authority's consolidated financial statements.

4. COVID-19 pandemic

The coronavirus pandemic ("COVID-19") has continued throughout 2021. COVID-19 has spread globally and continues to have a significant impact on general economic conditions on a global scale. The Authority has been closely monitoring the public health risk associated with the COVID-19 pandemic and remained on high alert throughout

2021. The Authority continues to work closely with the Public Health Agency of Canada (PHAC) and Transport Canada to monitor the situation to assess the impact on its operations.

Cargo operations
Cargo operations and support services have been deemed essential and as such, cargo vessel operations have been maintained throughout the pandemic. Cargo volumes rebounded during fiscal 2021 with an overall increase of 24% compared to prior year.

Cruise and ancillary operations at the Halifax Seaport
Consistent with 2020, the 2021 Cruise Season remains suspended due to a no sail order put in place in response to continuing impacts of COVID-19. The no sail order was lifted in November 2021 and cruise ships are expected to return in 2022. However, uncertainty remains given the current state of the pandemic. Event hosting did not occur in 2021 as social distancing rules remained in effect throughout the year. As a result, port revenues and operating costs associated with these activities continued to be impacted in 2021.

Real estate operations
Tenants continue to experience the impact of COVID-19, however, real estate operations have not been directly impacted in 2021, with the exception of event hosting noted above.

The preparation of the Authority's financial statements requires management to make critical judgements, estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. The potential impacts on the Authority's most significant estimates and judgements of COVID-19 include, but are not limited to, increased risk of further impairment charges to the carrying amounts of long-lived assets, and increased volatility in fair value measurements and future employee benefits, as a result of fluctuating market inputs. Other potential impacts of COVID-19 include, but are not limited to, increased concentration risk, particularly related to the Authority's cruise business from prolonged cessation of cruise vessels in Canada and increased credit risk resulting in increased expected credit losses on accounts receivable.

During the year, the Authority recorded an impairment loss of $600 on event hosting and cruise related infrastructure assets due to COVID-19 (Note 7). For CGUs (or assets where the lowest level of cash flows are considered independent) identified with indicators of impairment, an assessment of the recoverable amount of the CGUs was performed by comparing to their carrying values using a discounted future cash flow model taking into account the COVID-19 pandemic. The discounted cash flow model represents a level 3 fair value measurement within the IFRS 13 fair value hierarchy. Estimated cash flows are management's best projections using current and anticipated market conditions covering the useful life of the long-lived assets identified for testing. Significant estimates and judgements applied in the model include determination of a discount rate (4 – 7%), length of forecast period (20 – 40 years), recurring capital expenditures, and assumptions about future revenues and costs. The COVID-19 pandemic and its impact on the economy are expected to last several years. These projections are inherently uncertain and continually evolving in an unpredictable manner which present many variables and contingencies for modelling.

Actual future results may differ materially from the Authority's current estimates as the scope of COVID-19 evolves or if the duration of business disruption is longer than currently anticipated.

December 31, 2021 (expressed in CAD $, 000's)

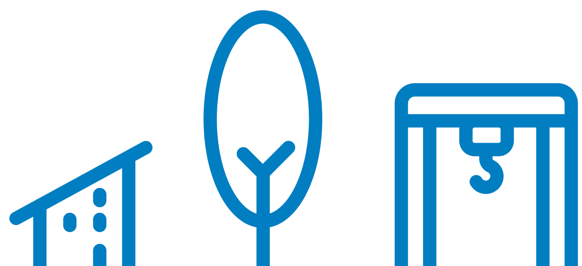
5. Other operating and administration expenses

	2021	2020
Security and other services	$ 4,051	$ 3,741
Payments in lieu of taxes	1,608	1,464
Fuel, oil, and electricity	1,185	1,289
Office, insurance and other administrative expenses	194	162
Industry and association memberships	193	245
Advertising	110	109
Community investment and port promotion	102	92
Industry education and professional development	84	71
Travel and hospitality	76	168
	$ 7,603	$ 7,341

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	CHANGE
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%



December 31, 2021 (expressed in CAD $, 000's)

7. Property and equipment

2021 Federal real property:

Beginning balance January 1, 2021	LAND	DREDGING	BERTHING STRUCTURES	BUILDINGS	TENANT IMPROVEMENTS	UTILITIES	ROADS AND SURFACE	MACHINERY	OFFICE FURNITURE & EQUIPMENT	WORK UNDER CONSTRUCTION	TOTAL
Cost, net of grants	$ 38,097	$ 18,233	$ 133,187	$ 76,523	$ 1,705	$ 55,289	$ 54,646	$ 3,820	$ 29	$ 1,208	$ 382,737
Accumulated depreciation	-	-	(43,741)	(35,410)	(1,264)	(32,153)	(40,476)	(1,840)	(13)	-	(154,897)
Net book value	**38,097**	**18,233**	**89,446**	**41,113**	**441**	**23,136**	**14,170**	**1,980**	**16**	**1,208**	**227,840**
Additions, net of grants	1,722	-	1,089	3,319	-	1,043	364	59	-	8,547	16,143
Transfers	-	-	-	-	-	-	-	-	-	(7,644)	(7,644)
Adjustments:[1]											
Cost, net of grants	-	-	-	(696)	-	-	-	-	-	-	(696)
Accumulated depreciation	-	-	-	696	-	-	-	-	-	-	696
Impairment	-	-	-	(600)	-	-	-	-	-	-	(600)
Disposals	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	(1,982)	(2,100)	(34)	(2,009)	(2,116)	(326)	(5)	-	(8,572)
Ending balance December 31, 2021											
Cost, net of grants	39,819	18,233	134,276	78,546	1,705	56,332	55,010	3,879	29	2,111	389,940
Accumulated depreciation	-	-	(45,723)	(36,814)	(1,298)	(34,162)	(42,592)	(2,166)	(18)	-	(162,773)
Net book value	**39,819**	**18,233**	**88,553**	**41,732**	**407**	**22,170**	**12,418**	**1,713**	**11**	**2,111**	**227,167**

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

December 31, 2021 (expressed in CAD $, 000's)

2021 Other property and equipment:

Beginning balance January 1, 2021	LAND	DREDGING	BERTHING STRUCTURES	BUILDINGS	TENANT IMPROVEMENTS	UTILITIES	ROADS AND SURFACE	MACHINERY	OFFICE FURNITURE & EQUIPMENT	WORK UNDER CONSTRUCTION	TOTAL
Cost, net of grants	$ 5,237	$ -	$ 3	$ 7,159	$ 1,009	$ 1,865	$ 3,903	$ 25,060	$ 14,172	$ 424	$ 58,832
Accumulated depreciation	-	-	-	(2,482)	(919)	(1,109)	(3,242)	(24,863)	(12,785)	-	(45,400)
Net book value	**5,237**	**-**	**3**	**4,677**	**90**	**756**	**661**	**197**	**1,387**	**424**	**13,432**
Additions, net of grants	-	-	-	1,600	-	870	-	389	2,431	4,934	10,224
Transfers	-	-	-	-	-		-	-	-	(5,289)	(5,289)
Adjustments:[1]											
Cost, net of grants	-	-	-	-	-		-	(45)	(28)	-	(73)
Accumulated depreciation	-	-	-	-	-		-	45	28	-	73
Disposals	-	-	-	-	-		-	-	-	-	-
Depreciation	-	-	-	(221)	(42)	128	(102)	(369)	(1,271)	-	(2,133)
Ending balance December 31, 2021											
Cost, net of grants	5,237	-	3	8,759	1,009	2,735	3,903	25,404	16,575	69	63,694
Accumulated depreciation	-	-	-	(2,703)	(961)	(1,237)	(3,344)	(25,187)	(14,028)	-	(47,460)
Net book value	**5,237**	**-**	**3**	**6,056**	**48**	**1,498**	**559**	**217**	**2,547**	**69**	**16,234**
Ending cost, net of grants	45,056	18,233	134,279	87,305	2,714	59,067	58,913	29,283	16,604	2,180	453,634
Accumulated depreciation	-	-	(45,723)	(39,517)	(2,259)	(35,399)	(45,936)	(27,353)	(14,046)	-	(210,233)
Net book value	**$ 45,056**	**$ 18,233**	**$ 88,556**	**$ 47,788**	**$ 455**	**$ 23,668**	**$ 12,977**	**$ 1,930**	**$ 2,558**	**$ 2,180**	**$ 243,401**

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

December 31, 2021 (expressed in CAD $, 000's)

2020 Federal real property:

Beginning balance January 1, 2020	LAND	DREDGING	BERTHING STRUCTURES	BUILDINGS	TENANT IMPROVEMENTS	UTILITIES	ROADS AND SURFACE	MACHINERY	OFFICE FURNITURE & EQUIPMENT	WORK UNDER CONSTRUCTION	TOTAL
Cost, net of grants	$ 35,972	$ 18,233	$ 96,094	$ 76,303	$ 1,705	$ 54,325	$ 51,565	$ 3,675	$ 29	$ 27,060	$ 364,961
Accumulated depreciation	-	-	(41,775)	(33,819)	(1,214)	(30,148)	(38,348)	(1,521)	(7)	-	(146,832)
Net book value	**35,972**	**18,233**	**54,319**	**42,484**	**491**	**24,177**	**13,217**	**2,154**	**22**	**27,060**	**218,129**
Additions, net of grants	2,125	-	37,093	809	-	964	3,081	145	-	18,435	62,652
Transfers	-	-	-	-	-	-	-	-	-	(44,287)	(44,287)
Adjustments:[1]											
Cost, net of grants	-	-	-	(139)	-	-	-	-	-	-	(139)
Accumulated depreciation	-	-	-	139	-	-	-	-	-	-	139
Impairment	-	-	-	(450)	-	-	-	-	-	-	(450)
Depreciation	-	-	(1,966)	(1,730)	(50)	(2,005)	(2,128)	(319)	(6)	-	(8,204)
Ending balance December 31, 2020											
Cost, net of grants	38,097	18,233	133,187	76,523	1,705	55,289	54,646	3,820	29	1,208	382,737
Accumulated depreciation	-	-	(43,741)	(35,410)	(1,264)	(32,153)	(40,476)	(1,840)	(13)	-	(154,897)
Net book value	**$ 38,097**	**$ 18,233**	**$ 89,446**	**$ 41,113**	**$ 441**	**$ 23,136**	**$ 14,170**	**$ 1,980**	**$ 16**	**$ 1,208**	**$ 227,840**

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

December 31, 2021 (expressed in CAD $, 000's)

2020 Other property and equipment:

Beginning balance January 1, 2020	LAND	DREDGING	BERTHING STRUCTURES	BUILDINGS	TENANT IMPROVEMENTS	UTILITIES	ROADS AND SURFACE	MACHINERY	OFFICE FURNITURE & EQUIPMENT	WORK UNDER CONSTRUCTION	TOTAL
Cost, net of grants	$ 5,237	$ -	$ 3	$ 7,155	$ 1,009	$ 1,854	$ 3,903	$ 24,978	$ 13,078	$ 65	$ 57,282
Accumulated depreciation	-	-	-	(2,301)	(877)	(1,021)	(3,140)	(24,457)	(11,991)	-	(43,787)
Net book value	**5,237**	**-**	**3**	**4,854**	**132**	**833**	**763**	**521**	**1,087**	**65**	**13,495**
Additions, net of grants	-	-	-	4	-	11	-	82	1,094	1,584	2,775
Transfers	-	-	-	-	-		-	-	-	(1,225)	(1,225)
Adjustments:[1]											
Cost, net of grants	-	-	-	-	-		-	-	-	-	-
Accumulated depreciation	-	-	-	-	-		-	-	-	-	-
Disposals	-	-	-	-	-		-	-	-	-	-
Depreciation	-	-	-	(181)	(42)	(88)	(102)	(406)	(794)	-	(1,613)
Ending balance December 31, 2020											
Cost, net of grants	5,237	-	3	7,159	1,009	1,865	3,903	25,060	14,172	424	58,832
Accumulated depreciation	-	-	-	(2,482)	(919)	(1,109)	(3,242)	(24,863)	(12,785)	-	(45,400)
Net book value	**5,237**	**-**	**3**	**4,677**	**90**	**756**	**661**	**197**	**1,387**	**424**	**13,432**
Ending cost, net of grants	43,334	18,233	133,190	83,682	2,714	57,154	58,549	28,880	14,201	1,632	441,569
Accumulated depreciation	-	-	(43,741)	(37,892)	(2,183)	(33,262)	(43,718)	(26,703)	(12,798)	-	(200,297)
Net book value	**$ 43,334**	**$ 18,233**	**$ 89,449**	**$ 45,790**	**$ 531**	**$ 23,892**	**$ 14,831**	**$ 2,177**	**$ 1,403**	**$ 1,632**	**$ 241,272**

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

December 31, 2021 (expressed in CAD $, 000's)

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 $175,016 (2020 - $174,772) and $9,638 (2020 - $10,121) respectively. Leases for land and buildings under non-cancellable operating lease agreements have varying terms, break-clauses and renewal rights.

8. Commitments

Capital projects

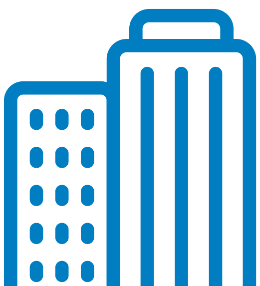
During the year, additions to property and equipment totalled $13,444 (2020 - $20,017). At December 31, 2021, contractual obligations for capital projects are estimated at $2,240 (2020 - $2,502) for the construction and purchase of property and equipment. Included in the foregoing amounts are the following projects which individually are estimated to exceed $1,000:

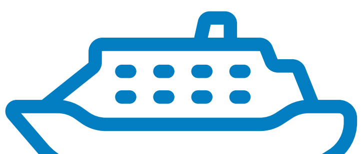
PROJECT DESCRIPTION	SPENDING TO DATE	COMMITMENTS AT YEAR END	TOTAL AUTHORIZED COST
Inter-Terminal Rail Solution [1]	$ 193	$ 166	$ 50,000
Marine Container Examination Facility	887	158	15,120
Shed 23	2,684	226	4,500
Shed 20	2,470	184	2,675
Port Management Information System	1,275	48	1,630
Fairview Cove Electrical Substation	784	42	1,052
	$ 8,293	**$ 824**	**$ 74,977**

[1] During the year, the Authority and Transport Canada entered into funding agreements for eligible project costs under the National Trade Corridors Fund to optimize trade flows through the Port of Halifax. These projects include: an inter-terminal rail solution; and construction of a marine container examination facility. In addition to funding by the Federal Government, other government partners and third parties will be responsible for a portion of project expenditures.

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 ongoing basis to ensure that the risks are appropriately managed. These potential risks include credit risk, liquidity risk and market risk.





December 31, 2021 (expressed in CAD $, 000's)

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 an allowance based on the 'expected credit loss' model for receivables each period. The Authority mitigates credit risk by actively monitoring the aging of accounts receivable and regularly follows up on overdue accounts.

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:

RECEIVABLES		2021		2020
Trade receivables and accruals	$	5,485	$	4,536
Less: allowance for doubtful receivables		(278)		(234)
	$	**5,207**	**$**	**4,302**

The credit quality of financial assets that are neither past due nor impaired are also assessed using the 'expected credit loss' model and information included in this assessment 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 $278 (2020 - $234). The Authority makes use of the simplified approach in accounting for receivables and records the loss allowance as a lifetime expected credit loss as the receivables do not have a significant financing component. These are expected shortfalls in contractual cash flows, considering the potential default at any point during the life of the financial instrument. The Authority uses historical experience, external indicators and forward-looking information to calculate the expected credit loss. Receivables are written off when there is no reasonable expectation of recovery, during the year this amounted to $105 (2020 - $118).

It is the opinion of management that 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, 2021 includes the following:

December 31, 2021 (expressed in CAD $, 000's)

DECEMBER 31, 2021	CARRYING VALUE	2021	2022 AND THEREAFTER
Non-derivative financial liabilities:			
Bank indebtedness	$ 18,773	$ 18,773	$ -
Payables and accruals	11,369	11,369	-
Provisions	764	-	764
	$ 30,906	$ 30,142	$ 764

DECEMBER 31, 2020	CARRYING VALUE	2020	2021 AND THEREAFTER
Non-derivative financial liabilities:			
Bank indebtedness	$ 20,195	$ 20,195	$ -
Payables and accruals	10,477	10,477	-
Provisions	682	-	682
	$ 31,354	$ 30,672	$ 682

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 $750 (2020 - $1,229).

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 $94 (2020 – $42).

Classification of financial instruments

Classification and initial measurement of financial assets and financial liabilities

The Authority classifies financial assets and financial liabilities according to their characteristics and management's choices and intentions. Financial assets and financial liabilities are initially measured at fair value, adjusted for transaction costs (where applicable), regardless of classification choice and are subsequently accounted for based on classifications described below.

Financial assets, other than those designated and effective as hedging instruments, are classified as either amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Authority does not have any financial assets designated as FVOCI. Financial liabilities are classified as either FVTPL, other financial liability or FVOCI.

The classification of financial assets is determined by both:

- The Authority's business model for managing the financial asset, and
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income, or other financial items.

Subsequent measurement of financial assets
Financial assets are measured at amortized cost if the assets are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and where those cash flows represent solely payments of principal and interest, and that are not designated at FVTPL. After initial recognition, the financial assets are measured at amortized cost using the effective interest method, less provision for loss impairment.

The following financial assets are classified as amortized cost:

- Cash and cash equivalents; and
- Receivables.

Financial liabilities are subsequently measured at amortized cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss. Financial liabilities designated as FVOCI are carried subsequently at fair value.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The following financial liabilities are classified as other financial liabilities and subsequently measured at amortized cost:

- Bank indebtedness; and
- Payables and accruals.

The Authority has designated its derivative asset/liability as FVOCI and recognizes effective portions of the instrument through OCI and ineffective portions through profit and loss.

Fair value of financial instruments
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.

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.

December 31, 2021 (expressed in CAD $, 000's)

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.

	2021		2020	
FINANCIAL ASSETS:	**CARRYING VALUE**	**FAIR VALUE**	**CARRYING VALUE**	**FAIR VALUE**
Cash and cash equivalents	$ 8,894	$ 8,894	$ 26	$ 26
Loans and receivables	5,207	5,207	4,302	4,302
Derivative assets	547	547	-	-
	$ 14,648	**$ 14,648**	**$ 4,328**	**$ 4,328**

	2021		2020	
FINANCIAL LIABILITIES:	**CARRYING VALUE**	**FAIR VALUE**	**CARRYING VALUE**	**FAIR VALUE**
Bank indebtedness	$ 18,773	$ 18,773	$ 20,195	$ 20,195
Payables and accruals	11,369	11,369	10.477	10.477
Derivative liabilities	-	-	277	277
	$ 30,142	**$ 30,142**	**$ 30,949**	**$ 30,949**

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

December 31, 2021 (expressed in CAD $, 000's)

BANK INDEBTEDNESS IS COMPRISED OF:		2021		2020
Credit facility drawn				
Floating rate	$	-	$	439
Fixed rate		18,773		19,756
		18,773		**20,195**
Available credit facility		26,227		24,805
Total authorized credit facility	**$**	**45,000**	**$**	**45,000**

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

10. Credit facilities

The Authority has an unsecured, revolving term credit facility up to a maximum of $45,000 with fixed and floating interest rates that fluctuates with changes in the Bank's prime lending rate. As at December 31, 2021, the amount drawn down under the revolving facility was $18,773 (2020 - $20,195). To minimize exposure to interest rate fluctuations related to the term loan facility, the Authority entered into interest rate swaps agreements during 2020 and effectively fixing the interest rate on $18,773.

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.

CAPITAL MANAGEMENT		2021		2020
Total debt	$	18,773	$	20,195
Less: cash and cash equivalents		(8,894)		(26)
Net debt		**9,879**		**20,169**
Equity of Canada		232,597		213,481
Capital under management	**$**	**242,476**	**$**	**233,650**

12. Provisions

The carrying amount of provisions related to claims and other obligations brought against the Authority at year end were $764 (2020 - $682). 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. Total changes in provisions have been recognized in other operating and administrative expenses during the period. 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 measured at the present value of the expected future cash flows with exception of amounts presented as current liabilities.

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

Information about the financial position of the Authority's defined benefit and other plans as at December 31, 2021 is as follows:

December 31, 2021 (expressed in CAD $, 000's)

	PENSION BENEFIT PLANS 2021	PENSION BENEFIT PLANS 2020	OTHER BENEFIT PLANS 2021	OTHER BENEFIT PLANS 2020	TOTAL 2021	TOTAL 2020
Change in accrued benefit obligation						
Balance, beginning of year	$ 31,103	$ 27,203	$ 2,994	$ 3,072	$ 34,097	$ 30,275
Current service cost (employer)	405	418	(67)	(18)	338	400
Interest cost on benefit obigation	800	835	32	45	832	880
Contributions by plan participants	90	111	25	-	115	111
Remeasurements – actuarial losses from changes in financial / experience assumptions	(2,361)	3,067	(333)	27	(2,694)	3,094
Benefits paid	(659)	(531)	(118)	(132)	(777)	(663)
Balance, end of year	**$ 29,378**	**$ 31,103**	**$ 2,533**	**$ 2,994**	**$ 31,911**	**$ 34,097**
Change in fair value of plan assets						
Balance, beginning of year	$ 28,254	$ 25,598	$ -	$ -	$ 28,254	$ 25,598
Interest income	734	797	-	-	734	797
Employer contributions	550	653	118	132	668	785
Employee contributions	90	111	-	-	90	111
Actual return on plan assets, net	2,700	1,626	-	-	2,700	1,626
Benefits paid	(659)	(531)	(118)	(132)	(777)	(663)
Balance, end of year	**$ 31,669**	**$ 28,254**	**$ -**	**$ -**	**$ 31,669**	**$ 28,254**
Accrued benefit liability at December 31	$ 2,291	$ (2,849)	$ (2,533)	$ (2,994)	$ (242)	$ (5,843)
Less: current portion included in payables and accruals	$ -	$ -	$ (227)	$ (191)	$ (227)	$ (191)
Long term	**$ 2,291**	**$ (2,849)**	**$ (2,306)**	**$ (2,803)**	**$ (15)**	**$ (5,652)**

December 31, 2021 (expressed in CAD $, 000's)

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

	PENSION BENEFIT PLANS		OTHER BENEFIT PLANS		TOTAL	
	2021	2020	2021	2020	2021	2020
Plan expense						
Current services cost (employer portion)	$ 405	$ 418	$ (67)	$ (18)	$ 338	$ 400
Interest cost on benefit obligation, net	106	78	32	45	138	123
Pension expense						
Recognized in earnings	**511**	**496**	**(35)**	**27**	**476**	**523**
Actuarial (gains) losses						
Remeasurements – actuarial (gains) losses from changes in financial / experience assumptions	(2,361)	3,067	(40)	41	(2,401)	3,109
Return on plan assets, net	**(2,740)**	**$ (1,666)**	**$ -**	**$ -**	**$ (2,740)**	**$ (1,666)**
Actuarial (gains) losses immediately recognized in comprehensive income	$ (5,101)	$ 1,401	$ (40)	$ 41	$ (5,141)	$ 1,443

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.

December 31, 2021 (expressed in CAD $, 000's)

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

	PENSION BENEFIT PLANS		SUPPLEMENTAL PLAN	
	2021	2020	2021	2020
Fixed income	30%	35%	-	-
Canadian equity	24%	22%	-	-
Real estate	10%	10%	-	-
Foreign equity	36%	33%	-	-
Cash and cash equivalents	-	-	52%	53%
Balanced segregated funds	-	-	48%	47%
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 BENEFIT PLANS		SUPPLEMENTAL PLAN	
	2021	2020	2021	2020
Discount rate	3.00%	2.60%	2.60%	2.10%
Inflation rate	2.00%	2.00%	2.00%	2.00%
Medical cost trend plan	N/A	N/A	4.50%	4.50%
Rate of compensation increase				
Pension/supplemental plan/other benefit plans	3.50%	3.50%	3.50%	3.50%
Designated plan	2.70%	2.70%	N/A	N/A

The estimated employer contributions expected to be paid into the defined benefit plan and supplemental plan for the next fiscal year are $403.

The measurement date used to determine the Plan assets and the accrued benefit obligation was December 31, 2021.

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, 2019	December 31, 2022
Supplementary pension arrangement	December 31, 2020	December 31, 2023

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, 2021:

December 31, 2021 (expressed in CAD $, 000's)

	INCREASE (DECREASE)	REVISED DEFINED BENEFIT PENSION PLANS	INCREASE (DECREASE)	REVISED OTHER BENEFIT PLANS
Discount rate				
Increase of 25 bsp	$ (1,186)	$ 28,192	$ (21)	$ 2,512
Decrease of 25 bsp	1,239	30,617	21	2,554
Salary rate				
Increase of 25 bsp	119	29,497	N/A	N/A
Decrease of 25 bsp	(117)	29,261	N/A	N/A
Pension rate				
Increase of 25 bsp	1,134	30,512	N/A	N/A
Decrease of 25 bsp	(1,075)	28,303	N/A	N/A
Health care trend rate				
Increase of 100 bsp	N/A	N/A	34	2,567
Decrease of 100 bsp	$ N/A	$ N/A	$ (33)	$ 2,500

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 $393 (2020 - $338).

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.

December 31, 2021 (expressed in CAD $, 000's)

14. Supplemental cash flow information

		2021		2020
Change in non-cash operating working capital				
Trade receivables	**$**	**(905)**	**$**	**1,059**
Prepaid expenses		(121)		(142)
Payables and accruals		**892**		**(3,745)**
Deferred revenue		215		(689)
	$	**81**	**$**	**(3,517)**
Bank indebtedness, net of cash and cash equivalents				
Cash and cash equivalents	$	8,894	$	26
Bank indebtedness		(18,773)		(20,195)
	$	**9,879**	**$**	**(20,169)**
Interest paid	**$**	**243**	**$**	**238**
Interest received	**$**	**13**	**$**	**5**

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:

December 31, 2021 (expressed in CAD $, 000's)

NAME	TITLE	REMUNERATION[1]	DIRECTORS FEES	ALLOWANCE	2021	2020
Thomas Hayes (2)	Chair	$ 35	$ 12	$ -	$ 47	$ 51
Carole-Ann Miller (3)	Vice-Chair	18	20	-	38	38
David Cameron (4)	Director	13	20	-	33	34
André Boudreau (5)	Director	13	11	-	24	27
Deanna Furlotte (6)	Director	8	15	-	23	-
Jim Spatz (7)	Director	8	3	-	11	21
Michelle Awad (6)	Director	4	5	-	9	-
Diana Dalton (7)	Director	2	2	-	4	34
Hector Jacques (8)	Past Chair	1	1	-	2	20
Allan Gray	President, Chief Executive Officer	450	-	11	461	391
Paul MacIsaac	Senior Vice-President	224	-	7	231	270
Michael Davie	Vice-President, Planning & Operations	208	-	7	215	220
Krista Dempsey	Vice-President, Real Estate	198	-	7	205	209
Catherine McGrail	Vice-President, Corporate Services	185	-	7	192	175
Greg Baker	Vice-President, Assets & Infrastructure	185	-	7	192	170

15. Related party and other information (continued)

In addition to renumeration above, other short-term and post-employment benefits provided during the year was $206 (2020 - $246).

(1) Remuneration includes salary and management bonuses

(2) Chair – Governance Committee

(3) Chair – Sustainability Committee

(4) Chair – Human Resources & Compensation Committee

(5) Chair – Audit Committee

(6) Appointed as a Director during 2021

(7) Director resigned during 2021

(8) Term as Director expired during 2021

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.

17. Comparative figures

Certain of the comparative figures for 2020 have been reclassified to conform to the consolidated financial statement presentation adopted for 2021.

18. Subsequent events

Subsequent to year end, the Authority's subsidiary, POSH Management Inc. and Nova Scotia Business Inc. agreed to terminate the agreement for the management of the Port of Sheet Harbour. This termination is effective on March 1, 2022.

HALIFAX PORT AUTHORITY

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