

# Global Transportation Hub



## Annual Report for 2018-19



## Table of Contents

<b>Letters of Transmittal.....</b>	<b>1</b>
<b>Introduction .....</b>	<b>2</b>
<b>Overview of the GTH .....</b>	<b>2</b>
<b>Alignment with Government’s Direction .....</b>	<b>4</b>
<b>Progress in 2018-19 .....</b>	<b>5</b>
<b>Governance .....</b>	<b>7</b>
<b>2018-19 Financial Overview .....</b>	<b>9</b>
<b>For More Information .....</b>	<b>22</b>
<b>Appendix A: GTH Organizational Chart.....</b>	<b>23</b>
<b>Appendix B: Payee Report.....</b>	<b>24</b>

# Letters of Transmittal



His Honour, the Honourable W. Thomas Molloy, Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Global Transportation Hub for the fiscal year ending March 31, 2019.

A handwritten signature in black ink that reads "Don Morgan". The signature is written in a cursive, flowing style.

Honourable Don Morgan  
Minister Responsible for the Global Transportation Hub



May it Please Your Honour:

I am dutifully submitting the Annual Report of the Global Transportation Hub for the fiscal year ending March 31, 2019.

I take responsibility for the financial administration and management and acknowledge my responsibility for this report and provide assurance on the accuracy, completeness and reliability of the information contained within.

A handwritten signature in black ink that reads "Matthew". The signature is written in a cursive, flowing style.

Matt Schroeder  
Acting Chief Executive Officer, Global Transportation Hub

# Introduction

This annual report for the Global Transportation Hub (GTH) presents results for the fiscal year ending March 31, 2019. It provides results of key actions and performance. It also reflects progress toward commitments from the Government Direction for 2018-19, the *Saskatchewan Plan for Growth – Vision 2020 and Beyond*.

The annual report demonstrates the GTH's commitment to effective public performance reporting, transparency and accountability to the public.

## Overview of the Global Transportation Hub

The Global Transportation Hub was established in accordance with *The Global Transportation Hub Authority Act* in August 2013. A statutory corporation with the mandated purpose of:

(a) to support the economic and social development of Saskatchewan by planning, developing, constructing, managing, regulating, operating, marketing and promoting a competitive, economic, integrated and efficient transportation logistics hub that is consistent with safety and environmental standards;

(b) to perform any other duties and carry out any other functions that may be assigned to the authority by an Act or the Lieutenant Governor in Council.

### **Operational Changes**

On January 4th, 2019 the Government of Saskatchewan announced that the GTH would begin its transition to a private operating model. This decision was undertaken with the following primary objectives:

- Engage a management services provider to assume management of the GTH, including responsibility for marketing & sales, property management (or provision of municipal services) and land development;
- Leverage industry expertise and networks to sell land and facilitate increased development and economic benefit to the region; and
- Reduce overall operating and administrative costs.

The goal is to engage a management services provider to assume day-to-day management of the GTH by the end of the 2019 calendar year. Once the management services provider is in place, the GTH will continue to perform regulatory functions such as permit approvals and management of zoning and bylaws.

A request for proposal (RFP) was issued on March 7, 2019 commencing the formal search for a private sector partner to manage the GTH. Myers Norris Penny (MNP) has been retained to assist the procurement process and ensure the transition to a private operating model is handled in a fair and responsible manner.

The planned transition was also accompanied by changes to the leadership and staffing of the GTH, which will contribute to an overall reduction in long-term costs going forward. These changes included the appointment of Matt Schroeder as Acting Chief Executive Officer on January 4, 2019. During the year, the GTH began the process of overall cost reductions through the elimination of staff positions, removal of transit contributions, reduction in marketing spending as well as other required changes.

## Why the GTH?

The role of inland ports and sea ports in supporting Canada's trade and export activities cannot be overestimated. Provincial growth requires infrastructure that meets the needs of modern transport and rail systems. The GTH and the soon to be completed Regina Bypass represent renewal within Saskatchewan's trade and transportation system.

Located about five kilometers west of Regina and minutes from the Regina International Airport, the GTH offers efficient rail and road infrastructure adjacent to the CP Rail mainline and between two major highway systems. The GTH seeks to attract investment and offers land for sale or lease to businesses in the following segments: transportation and logistics, warehousing and distribution, as well as light processing and manufacturing.

During the year, the GTH refocused its energy on exploring growth opportunities in agri-food and value-add agriculture, in addition to the above segments.

With a rich storehouse of natural resources, a strong track record of innovation, and a competitive business environment, Saskatchewan punches above its weight when it comes to international trade, exporting to more than 150 countries.

As Canada's most trade-reliant province, infrastructure is critical to ensure Saskatchewan can connect the world to our abundant industry, food and resources. The GTH has an essential role in that story, stimulating commerce, creating jobs and spurring economic activity that assists in sustaining a high quality of life for the citizens of Saskatchewan.

Currently, we are working with 12 clients who have made the GTH home.



By their investment and commitment, these clients demonstrate that industry understands the GTH has a long-term role to play in supporting Saskatchewan exports.

# Alignment with Government's Direction

The GTH's activities in 2018-19 align with Government's vision and four goals:

## Saskatchewan's Vision

*"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."*

### Government Goals



Together, all ministries and agencies support the Government's four goals and work toward a secure and prosperous Saskatchewan. The GTH contributes to the Saskatchewan Plan for Growth through the following key activities:

- Investing in the infrastructure required for growth;
- Supporting increased trade, investment and exports through international engagement; and
- Assisting in advancing Saskatchewan's natural resource assets and strengths through our transportation design.

# Progress in 2018-19

## **Operating Environment**

The GTH continues to face strong headwinds related to a slower economy, uncertainty related to trade agreements and market access, and a saturated industrial land market for both greenfield land and previously built industrial space in the Regina area. These conditions were exacerbated by public debate related to the development history of the GTH. These challenges created uncertainty on behalf of potential clients and delayed potential investment, resulting in revenue and income targets falling short of budget targets.

In the face of difficult conditions and a slower economy, the GTH continued to pursue opportunities to expand our relationships with current and prospective tenants – locally, nationally and internationally. Our efforts were focused on strengthening key relationships and emphasizing differentiation points with prospective clients, specifically in the agri-food supply chain.

## **Building Locally, Nationally and Internationally**

In February 2019, Colliers International provided an overview of new industrial land sales for the Regina region. During the period of 2010 to 2018 total new industrial land sales according to Colliers records amounted to 838 acres. During the same period the GTH sold a total of 673 acres, representing 80 per cent of all new industrial land sales in the Regina region since 2010. It is clear that industry recognizes the unique opportunity and advantages of the GTH.

Over the past fiscal year, the GTH has taken a more concentrated focus on our role to support growth opportunities in an area of strength for our province: agriculture. With our ability to facilitate manufacturing and improvements in transportation efficiency, we believe there is potential in value-added agriculture and agri-food supply chains that can be unlocked at the GTH.

In June 2018, the GTH hired Stevyn Arnt as Vice President of Business Development and he is in the process of implementing the GTH's strategy to pursue clients in agri-food and value-added agriculture. The Business Development team at the GTH has been building and strengthening relationships with other government agencies and leveraging the commercial real estate industry for lead generation. This resulted in increased interactions with potential clients from Canada and around the world, as the GTH engaged with 225 prospective clients – an increase of more than 300 percent from the 70 different companies approached in 2017-18.

The GTH further supports the value-added, processing and agri-food supply chains through its membership with Protein Industries Canada (PIC) – one of four “super-clusters” to receive funding from the Federal Government. This initiative, which is being led by a consortium of private sector companies, is looking to advance agri-food innovation across the prairie provinces. PIC will invest more than \$150 million into eligible projects from all prairie provinces over the next four years.



## Operational Developments

An Order-in-Council 589/2018 establishing the East Cottonwood Creek Watershed Association (ECCWA) was signed on November 28, 2018 by the Minister responsible for the Saskatchewan Water Security Agency. The ECCWA will establish bylaws and a fee structure to maintain the channel and for future capital work to keep the channel function as originally designed.

The OC identified the following membership:

- o The Rural Municipality of Sherwood No. 159 (two members)
- o The Global Transportation Hub (two members)
- o The Ministry of Highways and Infrastructure (two members)
- o The Grand Coulee Drainage District Representative Corporation (two members)
- o Dream Development (two members)

The City of Regina is in the process of transferring channel easements currently in their control to the GTH. The easements start on the west side of the GTH and travel 2 miles west. The GTH is working with Water Security Agency to obtain the required permits then control of the channel will transfer to the ECCWA. This will allow the ECCWA to have full control of the channel.

The GTH and City of Regina officially signed the Municipal Water, Wastewater & Transportation Infrastructure & Services Agreement on December 4, 2018. This agreement has secured a reputable water and wastewater service provider for our current clients and ensures long term growth opportunities for the GTH.

As of March 1, 2019, the GTH eliminated its contribution towards transit service. This service is now being offered as a user-fee model. The GTH worked with Loblaw and Emterra to identify appropriate options that allow both companies to have their own contract with the transit company without the GTH's financial contribution. This transportation service continues to be provided to workers and companies who require the service, while being fully funded by those companies.

The Regina Bypass continues to reach its milestones for development and is close to completion. Current clients are excited to access this infrastructure and potential new clients are beginning to see its operational benefits as the project further materializes into reality.

# Governance

The GTH board of directors (board) is responsible for setting direction and guiding the inland port authority in fulfilling its mandate as well as setting goals and objectives for corporate performance. The board reviews performance and assists in the development of key strategic and development priorities.

## Board members

**Terry Baker, Chair** – Mr. Baker, ICD.D is the President of Franklin Land & Cattle Co., a century old mixed farm located in West Central Sask. A non-practicing Civil Engineer, he was the former Chair of the Saskatchewan Wheat Pool, the founding Chair of Viterra, and the former chair for the Saskatchewan Health Research Foundation. Mr. Baker currently serves as Chair of Agrivita, Canada’s national not-for-profit corporation promoting health and safety research and its effective application to the agricultural sector.

**Nithi Govindasamy, Vice-Chair** – Mr. Govindasamy is a long-time civil servant, who retired as Deputy Minister, Ministry of Highways for the Saskatchewan government in 2017. His 35-year public sector career included leadership roles in the Ministries of Agriculture in both Saskatchewan and Alberta. Most recently, Mr. Govindasamy served as a senior advisor at the GTH where he introduced the organization to his national and international agriculture network.

**Zahra Al-Harazi** – Ms. Al-Harazi has unparalleled leadership, entrepreneurship, and global business experience. Among her professional resume, Ms. Al-Harazi is the former CEO of Foundry Communications, the Canadian Ambassador to UNICEF, and co-founder of the tech start-up, Elangogo. In addition to serving on numerous boards and organizations, she has achieved international recognition and countless awards including being recognized as Woman of the Year by Chatelaine magazine, Canada’s Most Powerful Women by WXN and received the Queen Elizabeth II Diamond Jubilee medal for contributions to Canada in 2012.

**Lionel LaBelle** – Mr. LaBelle, C.Dir has an extensive entrepreneurial background having assumed a leadership and ownership role in a cross-section of public and private corporations focused on agribusiness, construction and manufacturing. From 2008-17 he was Vice Chair of Sask Water board of directors and from 2008-14 he was President and CEO of the Saskatchewan Trade and Export Partnership (STEP). Since leaving STEP Mr. LaBelle has completed projects as a private consultant working for government as well as private corporations with a focus on export development, strategic planning, public policy implementation & corporate governance.

**Sandip Lalli** – Dr. Lalli, FCPA, ICD.D is a senior executive with a vast array of financial management and global business experience. Currently, she serves as President and CEO of the Calgary Chamber of Commerce. Prior to taking on this role, various international corporations entrusted her with strategic planning and execution of their most important initiatives. Known for her communication skills and visionary leadership, she has repeatedly been called upon to identify opportunities for growth and assess business risk.

**Brian Manning** – Mr. Manning brings an impressive resume of public service leadership and advisory skills spanning the Canadian prairies. Most recently, he served as the Deputy Minister to the Premier of Alberta before assuming advisory roles for a number of provincial enterprises including founding President of SaskBuilds. His career in the Alberta public service began as President and Managing Director of Alberta’s Agriculture Financial Services and went on to include serving as deputy minister in Agriculture, Finance, Treasury Board and Executive Council. Prior to that, Mr. Manning spent 21 years working with the Manitoba Department of Agriculture.

**Doug Moen** – Mr. Doug Moen, Q.C. brings an impressive resume of public and private service to this role. Mr. Moen began his career at a private law firm in Prince Albert, SK. He worked on Parliament Hill for a time before starting a successful 33-year career with the Government of Saskatchewan which culminated with a seven-year stint as Deputy Minister to the Premier and head of the Saskatchewan public service. Mr. Moen’s management skill and leadership experience greatly benefits the GTH.

**David Sutherland** – Mr. Sutherland brings a wealth of private business expertise following a 30-year career with one of North America’s most successful steel manufacturers. He is the former president and CEO of IPSCO Inc - a Regina-based steel and pipe company acquired by SSAB. In leading the company, he gained acclaim as one of the top Industry CEOs in North America. He is currently Chairman of United States Steel Corp. and Graham Construction, Director for GATX Corporation, and a Member of the Board of Directors of Imperial Oil Ltd. He is a former member of the Board of Governors of the University of Saskatchewan.

**David Watson** - Mr. David Watson is the former President of Orient Overseas Container Line (OOCL) Canada, a large integrated International container transportation, logistics and terminal company. His 43 years’ tenure with OOCL and their associated companies saw him in numerous senior executive management positions in Canada, Hong Kong, Australia and Europe with extended experience in the Trans-Atlantic, Trans-Pacific and Asia-Europe trades. His knowledge of the international maritime industry and network of contacts, including major importers, exporters, freight forwarding and global supply chain logistics are of particular benefit to the GTH.

# 2018-19 Financial Overview

Global Transportation Hub  
Management's Responsibility for the Financial Statements  
For the Twelve Month Period Ended March 31, 2019

The accompanying financial statements are the responsibility of the management of the Global Transportation Hub (GTH). They have been prepared in accordance with generally accepted accounting principles for the public sector, using management's best estimates and judgments, where appropriate. Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements and other financial information contained in this report.

Management is also responsible for maintaining a system of internal controls, policies and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The GTH board of directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The GTH's external auditor, Deloitte LLP, expresses an independent opinion on these statements and their report follows.

On behalf of the GTH,



Matt Schroeder  
Acting President and Chief Executive Officer

## Independent Auditor's Report

To the Members of the Legislative Assembly  
Province of Saskatchewan

### Opinion

We have audited the financial statements of Global Transportation Hub Authority (the "GTHA"), which comprise the statement of financial position as at March 31, 2019, and the statements of revenue, expenses and changes in accumulated surplus, change in net financial liabilities and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the GTHA as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards ("PSAS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the GTHA in accordance with the ethical requirements that are relevant to our audit of the 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.

### Other Information

Management is responsible for the other information. The other information comprises the financial results review, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the GTHA'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 GTHA or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 of not 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 GTHA'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 events or conditions that may cast significant doubt on the GTHA'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 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 GTHA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.



Chartered Professional Accountants  
Regina, Saskatchewan  
May 28, 2019

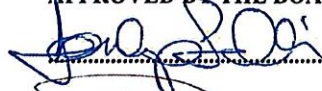
**Statement 1**


**GLOBAL TRANSPORTATION HUB AUTHORITY  
STATEMENT OF FINANCIAL POSITION  
As at March 31, 2019  
(thousands of dollars)**

	<u>2019</u>	<u>2018</u>
<b>Financial assets</b>		
Accounts receivable	\$ 425	\$ 599
	<u>425</u>	<u>599</u>
<b>Financial liabilities</b>		
Bank indebtedness (note 4)	9,776	7,105
Accounts payable	488	2,714
Payable to Ministry of Highways and Infrastructure (note 10)	2,860	2,860
Deferred revenue	3	3
Term debt (note 4)	<u>32,000</u>	<u>28,000</u>
	45,127	40,682
<b>Net financial liabilities</b>	<u>(44,702)</u>	<u>(40,083)</u>
<b>Non-financial assets</b>		
Prepaid expenses (note 5)	2,515	114
Inventory of land (note 6)	25,546	25,481
Tangible capital assets (note 9)	<u>30,611</u>	<u>32,424</u>
	58,672	58,019
<b>Accumulated surplus (Statement 2)</b>	<u>\$ 13,970</u>	<u>\$ 17,936</u>

Contractual obligations (note 7)  
Contractual rights (note 8)  
(See accompanying notes to the financial statements)

**APPROVED BY THE BOARD**

  
..... Chair, Audit & Finance Committee

  
..... Director

Statement 2

**GLOBAL TRANSPORTATION HUB AUTHORITY**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGE IN ACCUMULATED SURPLUS**  
**For the Year Ended March 31, 2019**  
(thousands of dollars)

	<b>2019 Budget (Note 3)</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>			
Land sales	\$ 7,650	\$ -	\$ -
Land leases (Note 8)	-	342	231
Property tax	2,074	2,485	2,109
Transit	125	139	130
Permits and fees	86	10	83
Other	24	205	28
	<u>9,959</u>	<u>3,181</u>	<u>2,581</u>
<b>Expenses (Note 12)</b>			
Land and development costs	1,651	-	1,207
Authority management	2,026	1,559	1,497
Permits and fees	72	5	60
Professional services	166	412	427
Operating expenses	4,546	5,171	4,248
	<u>8,461</u>	<u>7,147</u>	<u>7,439</u>
<b>Annual (deficit) surplus</b>	<u><b>1,498</b></u>	<u><b>(3,966)</b></u>	<u><b>(4,858)</b></u>
<b>Accumulated surplus, beginning of year</b>	17,936	17,936	22,794
<b>Accumulated surplus, end of year (Statement 1)</b>	<u><b>\$ 19,434</b></u>	<u><b>\$ 13,970</b></u>	<u><b>\$ 17,936</b></u>

(See accompanying notes to the financial statements)



Statement 3

**GLOBAL TRANSPORTATION HUB AUTHORITY**  
**STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES**  
**For the Year Ended March 31, 2019**  
(thousands of dollars)

	<b>2019 Budget (Note 3)</b>	<b>2019</b>	<b>2018</b>
<b>Annual (deficit) surplus</b>	\$ 1,498	\$ (3,966)	\$ (4,858)
Acquisition of tangible capital assets	(804)	(18)	(1,190)
Disposal of tangible capital assets	-	-	88
Amortization of tangible capital assets	810	1,831	790
	<u>6</u>	<u>1,813</u>	<u>(312)</u>
Additions to inventory of land	-	(65)	-
Sale of inventory of land	701	-	-
(Increase) decrease of prepaid expenses	(37)	(2,401)	34
	<u>(37)</u>	<u>(2,401)</u>	<u>34</u>
<b>(Increase) decrease in net financial liabilities</b>	2,168	(4,619)	(5,136)
<b>Net financial liabilities – beginning of year</b>	<u>(40,083)</u>	<u>(40,083)</u>	<u>(34,947)</u>
<b>Net financial liabilities – end of year</b>	<u><b>\$ (37,915)</b></u>	<u><b>\$ (44,702)</b></u>	<u><b>\$ (40,083)</b></u>

(See accompanying notes to the financial statements)

**Statement 4**

**GLOBAL TRANSPORTATION HUB AUTHORITY  
STATEMENT OF CASH FLOWS  
For the Year Ended March 31, 2019**  
(thousands of dollars)

	<u>2019</u>	<u>2018</u>
<b>Cash used in operations</b>		
Annual deficit	\$ (3,966)	\$ (4,858)
Non-cash items in annual deficit		
Amortization expense	1,831	790
Changes in working capital		
Accounts receivable	174	9
Inventory of land	(65)	-
Accounts payable	(2,226)	1,111
Payable to Ministry of Highways and Infrastructure	-	2,860
Deferred revenue	-	(3,121)
Prepaid expenses	(2,401)	34
	<u>(6,653)</u>	<u>(3,175)</u>
<b>Cash flows used in capital activities</b>		
Purchase of tangible capital assets	(18)	(1,190)
Proceeds on sale of tangible capital assets	-	88
	<u>(18)</u>	<u>(1,102)</u>
<b>Cash flows from financing activities</b>		
Issuance of term debt	4,000	4,000
	<u>4,000</u>	<u>4,000</u>
Total cash outflows during year	(2,671)	(277)
Bank indebtedness, beginning of year	<u>(7,105)</u>	<u>(6,828)</u>
Bank indebtedness, end of year	<u><b>\$ (9,776)</b></u>	<u><b>\$ (7,105)</b></u>
Interest paid	\$ 1,187	\$ 845

(See accompanying notes to the financial statements)

## 1. Status of Global Transportation Hub Authority

The Global Transportation Hub Authority (the "GTHA") was established as a Treasury Board Crown corporation by Order in Council 492/2009 dated June 24, 2009. Effective August 6, 2013 the *Global Transportation Hub Authority Act* was passed and gives the GTHA authority over land use, planning and regulation, infrastructure asset ownership and rights to property taxes.

The GTHA holds a mandate to advise on, plan, develop, construct, operate, manage, and promote Saskatchewan's Global Transportation Hub in a manner that:

- creates an investment and operating environment for business that is secure, efficient, coordinated, and orderly; and,
- is consistent with the social and economic development of the province.

## 2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the GTHA is classified as an other government organization. These financial statements are prepared using Canadian public sector accounting standards. The statement of re-measurement gains and losses has been omitted as there were no relevant transactions to report.

The following policies are considered significant:

### a) Revenue

Land sales are recognized as revenue when the risk and rewards of ownership are transferred and the amount can be reasonably estimated and collectability is reasonably assured. Property tax revenues are recognized as they are earned. Land lease revenues are recognized over the term of the lease in the period they are earned. Transit, permit and other revenue is recognized as revenue in the year it is earned.

Deferred revenue relating to building and development permits is billed at the outset of construction and is recognized into revenue as the permitting process occurs throughout construction.

### b) Land and Development Costs

Land and development cost expense are recognized in the year that the associated land sales revenue is recognized.

The cost of land sales relates to the initial purchase, grading costs and contributions to regional infrastructure improvements directly associated with the land sold. Costs related to land development for roads, undergrounds and other infrastructure constructed on common lands are capitalized and amortized over their useful lives.

### c) Inventory of Land

Inventory of land consists of the costs of acquiring land held for sale, grading, utility connections, and municipal reserve costs incurred on any land to be sold. All inventories are held at the lower of cost or net realizable value. Land is held for sale in future periods.

## 2. Significant Accounting Policies (continued)

### d) Tangible Capital Assets

Tangible capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Tangible capital assets, excluding land, with a life exceeding one year, are amortized on a straight-line basis over their estimated useful lives as follows:

Roadways	40 years
Undergrounds	75 years
Storm water management	100 years
Fixtures and equipment	1 – 20 years

Leasehold improvements are amortized over the remaining lease period. During the year there was a change in estimate in the remaining useful life of leasehold improvements and related fixtures and equipment from 127 months (10 years 7 months) to 6 months resulting in additional amortization taken during the year of \$951.

### e) Pensions

GTHA employees participate in the Public Employees' Pension Plan (PEPP) which is a defined contribution pension plan. The GTHA follows defined contribution plan accounting for its participation in the plan. Accordingly, the GTHA expenses all contributions (7.25% of employee salaries) it is required to make in the year.

### f) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Revenue, Expenses and Change in Accumulated Surplus in the period in which they become known.

### g) Financial Instruments

All financial instruments are measured at amortized cost.

### h) Amendments to Standards

The following new standard was adopted:

*PS 3430, Restructuring Transactions (effective April 1, 2018)*

There was no significant impact to the financial statements or notes upon adoption of this new standard.

The following standard amendments that may impact GTHA and are not yet effective for the year ended March 31, 2019 have not been applied in preparing these financial statements:

*PS 3280 Asset Retirement Obligation (effective April 1, 2021)*, a new standard will provide guidance on principles for recognition, measurement, presentation, and disclosure of legal obligations associated with retirement of tangible capital assets from productive use; and

## 2. Significant Accounting Policies (continued)

*PS 3400 Revenue (effective April 1, 2022)*, will provide the guidance for recognition, measurement, and presentation of revenues common to government other than tax revenues and government transfers.

The GTHA plans to adopt these new standards in the fiscal year in which it becomes effective. Management is currently evaluating the impact of these amendments on the financial statements, however does not anticipate a significant impact on operations from adoption.

## 3. Budget Approval

The budget figures are presented for comparison purposes. The GTHA's 2018-19 budget was approved by the Board of Directors on December 6, 2017.

## 4. Bank Indebtedness and Term Debt

A line of credit operating loan of \$15 million (at prime rate less .50%) has been approved. The balance outstanding as at March 31, 2019 is \$9,776 (March 31, 2018 – \$7,105), and is repayable on demand. Prime rate at March 31, 2019 is 3.95% (March 31, 2018 – 3.45%).

Term debt is as follows:

	<u>2019</u>	<u>2018</u>
Royal Bank Loan with interest at prime rate less .50%	<u>\$ 32,000</u>	<u>\$ 28,000</u>

The loan term was extended during the year; the loan is repayable in full on the earlier of receipt of the net proceeds on sale of developed land or March 31, 2020.

## 5. Prepaid expenses

During the year, an agreement was signed with the City of Regina to provide water, wastewater and transportation services. An initial payment of \$3,350 was made to compensate the City for actual benefits received to date and the GTHA's portion of planned future projects based on the GTHA's current impact. The portion that relates to the future expense associated with planned projects is recorded as a prepaid expense.

## 6. Inventory of Land

Of the estimated remaining 717 acres to be sold or leased, 508 acres were assembled and are currently held by the Ministry of Highways (MHI). As this land is sold to clients, MHI is compensated by the GTHA for all costs incurred. The remaining 209 acres are held by the GTHA.

## 7. Contractual Obligations

Contractual obligations include:

	<b>2019</b>	<b>2018</b>
Clean Landscapes (EcoCare)	\$ 1,223	\$ 1,713
Walker Projects	498	318
<b>Total</b>	<b>\$ 1,721</b>	<b>\$ 2,031</b>

The above contractual obligations do not include those contracts which are paid on a usage basis. The GTHA has entered into a five-year contract with First Canada for the provision of transit service that is paid on a usage basis and expires on May 4, 2019. The GTHA has also entered into three separate contracts with the City of Regina: two five year contracts expiring December 31, 2019 for the provision of fire services and assessment and collection of property taxes, and a contract expiring December 31, 2040 for the provision of water and sewer servicing for which service fees are calculated based on up to date information each year.

During 2014-15 the GTHA entered into a 15-year lease for head office space. Non-cancellable operating lease payments are as follows (thousands of dollars):

2020	\$ 97
2021	101
2022	101
2023	101
2024	101
Thereafter	605
<b>Total</b>	<b>\$ 1,106</b>

During the year ended March 31, 2019 the Authority recognized \$136 (2018 - \$115) as rent expense related to operating leases. This expense includes common area and property tax expenses, which vary from year to year.

## 8. Land Leases Including Contractual Rights

The GTHA received land lease revenue in 2018-19 pursuant to land lease agreements which expire in 2027, with remaining minimum lease payments of \$2,763 to the end of the lease term.

## 9. Tangible Capital Assets

	Net Book Value, beginning of year	Cost, beginning of year	Additions	Disposals	Cost, end of year
Leasehold improvements	\$ 1,004	\$ 1,310	\$ -	\$ -	\$ 1,310
Roadways	16,628	18,611	-	-	18,611
Undergrounds	11,413	12,150	-	-	12,150
Storm water management	2,788	2,921	-	-	2,921
Fixtures and equipment	331	567	18	15	570
Leased land	260	260	-	-	260
	<b>\$ 32,424</b>	<b>\$ 35,819</b>	<b>\$ 18</b>	<b>\$ 15</b>	<b>\$ 35,822</b>

	Accumulated Amortization, beginning of year	Amortization, current year	Disposals	Accumulated Amortization, end of year	Net Book Value, end of year
Leasehold improvements	\$ 306	\$ 961	\$ -	\$ 1,267	\$ 43
Roadways	1,983	465	-	2,448	16,163
Undergrounds	737	162	-	899	11,251
Storm water management	133	29	-	162	2,759
Fixtures and equipment	236	214	15	435	135
Leased land	-	-	-	-	260
	<b>\$ 3,395</b>	<b>\$ 1,831</b>	<b>\$ 15</b>	<b>\$ 5,211</b>	<b>\$ 30,611</b>

## 10. Payable to Ministry of Highways and Infrastructure

The amount payable to the Ministry of Highways and Infrastructure (MHI) was formerly held as deferred revenue for the use of land to obtain borrow material to be used in road construction. During 2017-18 the MHI relinquished this right and the Authority agreed to repay this amount as designated parcels of land are sold.

## 11. Financial Instruments

The GTHA's financial assets consist of cash and accounts receivable. Financial liabilities consist of accounts payable, customer deposits and debt.

### *Financial risk management*

The Board of Directors ensures that the GTHA has identified its major risks and ensures that management monitors and controls them. The Board of Directors oversees the GTHA's systems and practices of internal control, and ensures that these controls contribute to the assessment and mitigation of risk.

The GTHA has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk and liquidity risk.

#### a) Credit risk

The GTHA is exposed to credit risk from the potential non-payment of accounts receivable. The GTHA's receivables are primarily from the companies who have purchased land or property tax revenues receivable.

## 11. Financial Instruments (continued)

The carrying amount of accounts receivable represents the maximum credit exposure as follows:

	<b>2019</b>
Accounts receivable	\$ 425

The GTHA manages its credit risk surrounding accounts receivable by dealing solely with reputable customers and ensuring security.

### b) Interest rate risk

Financial liabilities with variable interest rates expose the GTHA to cash flow interest rate risk. The GTHA's debt outstanding as at March 31, 2019 has a variable interest rate.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

As at March 31, 2019 had prevailing interest rates increased or decreased by 1% it would result in a change in annual interest payments of \$418.

### c) Liquidity risk

Liquidity risk is the risk that the GTHA will not be able to meet its financial obligations as they become due.

The GTHA manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities.

The term debt and line of credit operating loan are the principal instruments used to monitor and manage the liquidity risk, as discussed in note 4.

## 12. Expenses by Object

	<b>2019</b>		
	<b>Budget</b>	<b>2019</b>	<b>2018</b>
Salaries & benefits	\$ 1,722	\$ 1,612	\$ 1,797
Purchased goods and services	5,080	2,517	4,007
Interest	849	1,187	845
Amortization	810	1,831	790
<b>Total</b>	<b>\$ 8,461</b>	<b>\$ 7,147</b>	<b>\$ 7,439</b>

## 13. Pension Contributions

During the year, the GTHA contributed \$78 (2018 - \$99) to PEPP.



# For More Information

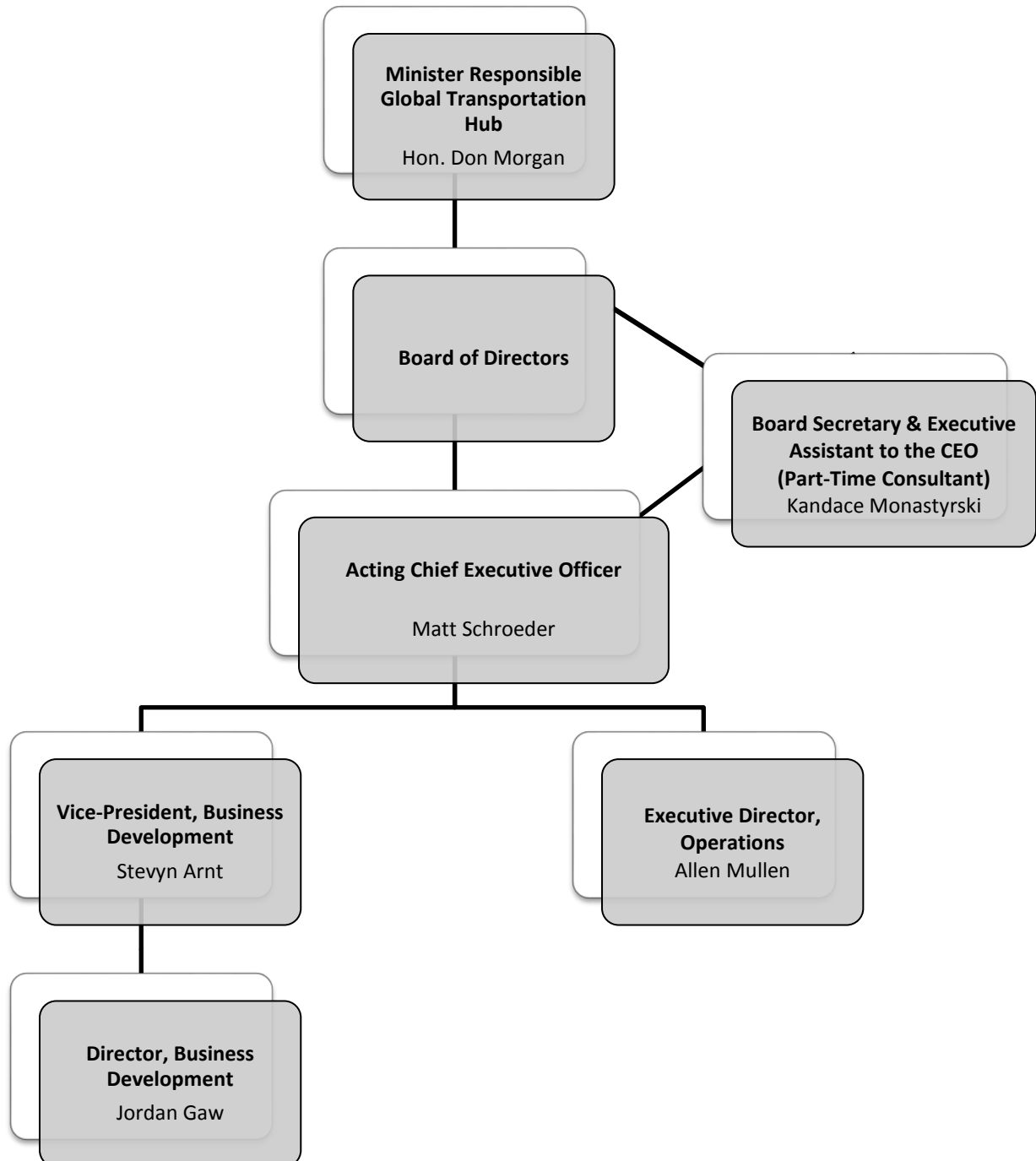
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# Appendix A: GTH Organizational Chart

Subsequent to March 31, 2019, the organizational structure of the GTH has continued to evolve. The organizational chart below is effective as of June 30, 2019.



# Appendix B: Payee Report

## Employees

Individual payees are reported where remuneration paid to them totals at least \$50,000. Remuneration includes salaries, wages, bonuses, payments in lieu of notice, vacation payouts and other taxable benefits paid to employees with a minimum threshold of \$50,000.

Payments of pension funds to, or on behalf of, active or retired employees are not reported.

<b>Employee</b>	<b>Remuneration</b>
ARNT, STEVYN .....	124,631
BROSSART, KELLY .....	111,878
FLANAGAN, LOU .....	60,643
GAW, JORDAN .....	118,821
HARMS, AMY .....	67,958
MONASTYRSKI, KANDACE .....	79,135
MULLEN, ALLEN .....	162,421
SCHROEDER, MATTHEW .....	180,683
RICHARDS, BRYAN .....	456,612
WILKE, ASHLEY .....	58,298

## Suppliers and Other Payments

Individual payees are reported where the sum of payments to them total at least \$50,000.

<b>Vendor</b>	<b>Remuneration</b>
CITY OF REGINA .....	3,746,280
COLLIERS INTERNATIONAL .....	67,500
ECOCARE LTD.....	525,556
ERNST & YOUNG ORENDA CORPORATE FINANCE INC.....	79,500
FIRST CANADA ULC.....	204,482
HOOPP REALTY INC. ....	127,132
MCKERCHER LLP.....	92,106
MINISTRY OF CENTRAL SERVICES.....	75,054
MINISTRY OF FINANCE. ....	216,504
MINISTRY OF HIGHWAYS & INFRASTRUCTURE.....	2,508,394
RBC ROYAL BANK VISA .....	50,857
RECEIVER GENERAL.....	61,531
SASKPOWER .....	50,124
WALKER PROJECTS INC.....	453,590