

For immediate release

Toronto Port Authority responds to public comment
on 2007 financial statements

TORONTO (July 17, 2008) – The Toronto Port Authority (“TPA”) continues to improve its financial performance and accountability as it works to build a better relationship with Toronto’s City Hall.

The TPA rejects unfounded allegations released to the media by the CommunityAIR special-interest group claiming that the TPA’s financial situation is “far worse” than indicated in the audited financial statements for 2007.

In the 2007 financial review, the TPA reported an operating loss of \$1,877,000. This represents an almost 70 per cent reduction in operating losses as compared to 2006.

Owing in large part to the success of the Toronto City Centre Airport and its main commercial carrier, Porter Airlines, the TPA’s financial position improved quite substantially in 2007.

“CommunityAIR’s allegation that the TPA is evading property taxes is patently false”, said Lisa Raitt, President & Chief Executive Officer of the Toronto Port Authority.

In May 2003, the TPA and the City of Toronto reached a legal settlement that provides the TPA with a portion of amounts for past operating and capital payment requests, a stream of ongoing payments and the use of certain harbour-area lands. As part of this settlement agreement, the TPA agreed to make payments in lieu of taxes (PILTS) in respect of the lands the TPA owns and operates, and the TPA and the City of Toronto agreed to use their best efforts to resolve the issues related to the magnitude of PILTS to be paid expeditiously, in accordance with the provisions contained in the Settlement Agreement. It was also agreed that, should there be a dispute on the amount of PILTS to be paid, then until such time as the exact amount has been determined, the TPA may postpone remittance of the disputed amount.

As stated in our recent annual financial report, the TPA retained Public Works Canada in 2003 to review the applications and assist in determining the amounts that the TPA should pay. The TPA took the advice of Public Works Canada and calculated an appropriate PILTS payment for 2007 to be \$666,000 (up from \$485,000 in 2006), which has been noted in the Statement of Revenue and Expense.

In June 2005, the TPA calculated an appropriate PILTS payment for the fiscal years 1999 to 2004 to be \$1,892,000. It remitted a payment to the City of \$73,000, representing the excess PILTS liability over the amount receivable from the City for Harbour User Fees as of December 31, 2004. The total amount the TPA has recognized as a PILT liability as at

December 31, 2007 is \$3,438,000. This is reported in the TPA's Balance Sheet on page 1 of the 2007 Audited Financial Statements.

As a result of disputes concerning PILTS and Harbour User Fees, the City has withheld scheduled payments to the TPA totaling \$10 million to date.

"We anxiously await the release of the decision of the PILTS panel that is adjudicating this situation on behalf of the City and TPA. Once we receive its decision, the TPA will review it immediately," added Ms. Raitt.

More information is available on the TPA website at www.torontoport.com, including the full financial statements for 2007 as well as an auditor's report.

For more information contact:

Lisa Raitt
President & CEO
Toronto Port Authority
(416) 863-2016