

ANNUAL REPORT 2011



O N E H U N D R E D Y E A R S

Toronto
Port
Authority

Toronto Port Authority

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60 Harbour Street,
Toronto, Ontario M5J 1B7

Tel: (416) 863-2000
Fax: (416) 863-4830
www.torontoport.com

The Toronto Port Authority is a government business enterprise (GBE) of the federal government operating under the statutes provided by the Canada Marine Act and the jurisdiction of the federal Minister of Transport, Infrastructure and Communities.



years Timeline

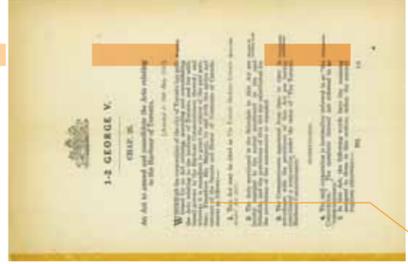
The Toronto Port Authority turned 100 in May 2011.

Since 1911, we have been an active part of life at the water's edge. From overseeing shipping in Toronto's harbour to building one of Toronto's first amusement parks (Sunnyside) to establishing an airport that brings people to the heart of Toronto, we have played a vital role in the transformation that has seen the waterfront grow into the vibrant area it is today.

As we celebrate our centenary, we're looking back at some of our major milestones and achievements.

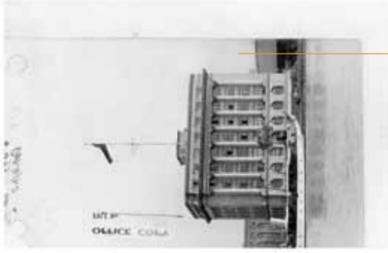
1911

Toronto Harbour Commissioners (THC)
Act receives Royal Assent



1913

Work begins on the THC's 1912 Waterfront Plan. The 50-year plan creates more than 2,000 acres of land along Toronto's waterfront, including the Port Lands

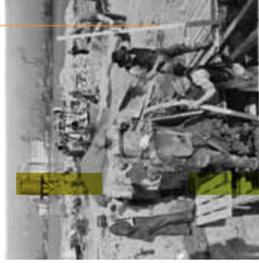


1918

THC moves into newly built Toronto Harbor Commission Building

1937

Construction begins on Toronto Island Airport (now Billy Bishop Toronto City Airport) and Malton (now Toronto Pearson)



1939

First airplane lands at Toronto Island Airport

1940

Toronto Island Airport becomes training base for Royal Norwegian Air Force in exile, becomes Royal Canadian Air Force base in 1943 after Norwegians move to Muskoka Airport



1959

St. Lawrence Seaway opens; Dutch freighter *Prins Willem George Frederik* is the first vessel to reach Toronto after the opening of new waterway. Leslie Street Spit construction happens this year as well

1989

Outer Harbour Marina opens



1999

Canada Marine Act takes effect, creating the Toronto Port Authority as THC's successor

2009

Toronto City Centre Airport renamed Billy Bishop Toronto City Airport

2010

New passenger terminal opens at Billy Bishop Toronto City Airport



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About the Toronto Port Authority

Established in 1911 as the Toronto Harbour Commissioners, the Toronto Port Authority (TPA) is a government business enterprise that owns and operates Billy Bishop Toronto City Airport, the Port of Toronto, and Outer Harbour Marina.

The Toronto Port Authority is also responsible for environmental protection, monitoring and encouraging boating safety, and improving the efficiency of marine navigation in Toronto's port and harbour.

Mission

The Toronto Port Authority's mission is to effectively manage the Port of Toronto, Billy Bishop Toronto City Airport, and Outer Harbour Marina as self-sustaining businesses, allowing us to reinvest funds into transportation infrastructure, marine safety, environmental protection and community programming. In successfully pursuing this mission, the TPA plays an important role in the economic growth and future prosperity of Toronto.

Vision

As the guardian and steward of Toronto's immense waterfront resources, the Toronto Port Authority works closely with the broader harbour community to ensure these resources will provide prosperity and enjoyment for future generations.

Governance

Board of Directors

Mark McQueen, <i>Chairman</i>	Robert D. Poirier
Jeremy Adams	G. Mark Curry
Colin Watson	Craig Rix
Jan Innes	Sean Morley
Jim Ginou	

Senior Management

Geoffrey A. Wilson, *President and Chief Executive Officer*
 Alan J. Paul, *Vice President and Chief Financial Officer*
 J. Mark Richardson, *Vice President and General Counsel*
 Ken Lundy, *Director of Infrastructure, Planning and Environment*
 Gene Cabral, *Airport Director, Billy Bishop Toronto City Airport*
 Angus Armstrong, *Harbour Master and Chief of Security*

Message from the Chairman

The year 2011 was one of the most exciting in the history of the Toronto Port Authority (TPA) and its predecessors.

It was our most profitable year since the TPA was created.

Huge strides were made as we pursued our “good neighbour” policy, with the construction of new sound barriers at Billy Bishop Toronto City Airport, our Lead Summer Partner role at Harbourfront Centre, and strong financial support of several community and charitable organizations.

The start of the construction of the pedestrian tunnel to the Billy Bishop Toronto City Airport was a watershed for a facility that has been physically separated from the mainland for over 75 years.

The City of Toronto has changed immensely since the Toronto Harbour Commissioners was incorporated to harness the rapid changes of commercial transportation in the industrial age to help bring prosperity and growth to this city, province and country. We are deeply proud our sustained and focused efforts have helped, in some small way, to make Toronto a world capital for commerce, culture and innovation.

In our first century, the TPA has been a leader in developing an innovative network of transportation and recreational infrastructure, building a foundation that not only makes Toronto a global business hub, but also a great place to live. As our city changes and grows, we must remain focused on providing the transportation facilities and services that will secure our future prosperity.

Our world-class array of facilities includes the immensely successful Billy Bishop Toronto City Airport, the Port of Toronto, the International Marine Passenger Terminal, and Outer Harbour Marina. Our current task is to improve and expand these vital platforms for our economic growth to make sure the Greater Toronto Area doesn't fall behind its global competitors.

It has been a pleasure to serve as chairman of the TPA board for the last 4 ½ years. The Board, our management team, and every single TPA employee are delighted with these recent accomplishments on behalf of our many stakeholders.

We are proud of the role the TPA plays in creating a vibrant waterfront community. I am pleased to report we have largely achieved our goal of building a modern, innovative network of transportation infrastructure on the waterfront as well as a healthy balance sheet for our shareholders: the people of Canada.

In 2011, the TPA's overall net income nearly doubled to \$13.9 million from \$7.3 million the previous year. This growth in net income is being derived from the enormous popularity of Billy Bishop Toronto City Airport. In 2011, Billy Bishop Toronto City Airport earned \$4.5 million in net income from operations (on total revenue of \$17.7 million), up nearly 2½ times from net income of \$1.7 million reported in 2010. Including Airport Improvement Fees, airport revenue totaled \$32.2 million in 2011 and \$ 23.3 million in 2010, with total net income of \$19.2 million and \$11.7 million in 2011 and 2010 respectively.

Last year, the airport welcomed over 1.5 million passengers through its gates to become the ninth busiest airport in Canada. The 1½-minute ferry ride to the island airport is a unique experience, but improved access is necessary to ensure the airport continues to evolve along with its growing popularity. The response of the airport's new passenger base is at the heart of our most exciting infrastructure project: the \$82.5-million pedestrian tunnel now under construction at the foot of Eireann Quay.

The airport tunnel is an innovative project that will not only improve access and assure our passengers continue to have a pleasant experience, but it will also enable the City of Toronto to improve water supply to the Toronto islands, while also saving Toronto taxpayers \$10 million by joining our construction project. Importantly, the tunnel's construction and operation is being financed entirely through airport user fees paid by passengers and through a public-private partnership with Forum Infrastructure Partners.

As for our remaining business units, after three years of volatile market conditions brought on by global economic uncertainty, the Port of Toronto recovered nicely last year, more than doubling its net income from operations to \$1.2 million in 2011 from \$464,000 a year earlier. The Outer Harbour Marina remains a profitable and popular facility for pleasure-craft operators, maintaining a healthy operating net income of \$1.2 million in 2011, allowing the TPA to move forward on a program of major improvements to its slips and facilities.

It is important that the fruits of the TPA's business success flow to the broader harbour community. I'm pleased to report that we continued our commitment to Payments in Lieu of Taxes to the City of Toronto in the amount of \$2.2 million in 2011 to help revitalize and protect the services we share with our neighbours.

This is the fourth consecutive profitable year for the TPA. Our success allows us to re-invest in the things Torontonians want: 100 per cent green electricity across all of our facilities, better access to the Billy Bishop Toronto City Airport, a robust arts and cultural community, improved shipping and marina facilities, and a clean, safe waterfront for families to enjoy.



Mark McQueen
Chairman



Message from the President and Chief Executive Officer

As President and Chief Executive Officer of the Toronto Port Authority (TPA), I'm proud to report that 2011 – our 100th year – was filled with tremendous achievements to help secure our city's future prosperity. Our success and ongoing commitment to innovative infrastructure development, environmental protection and economic growth will help transform Toronto's waterfront into one of the finest urban enclaves in the world. In partnership with our neighbours and stakeholders, we are engaged in building a waterfront community that can compare with the beauty and vibrancy of other great world cities.

Toronto's waterfront is much more than a collection of parks, beaches, piers, warehouses and condominiums. We are a seamless community of families and businesses that rely on each other: schools, art galleries, restaurants, theatres, and important hubs for shipping, marine travel, air travel – the engines of economic growth and prosperity.

The TPA's primary goal is to be a faithful and visionary steward of our harbour community, protecting and enhancing our most important transportation and recreational assets for future generations to enjoy. In 2011, the TPA celebrated 100 years of developing our waterfront legacy into a community.

A successful steward sees opportunities, and works with its partners to make sure we receive the full advantage of those opportunities. In a competitive global economy, our

future prosperity depends on the TPA taking swift action to maintain Toronto's stature as one of the best places to do business. But we also live in a world where waterfront communities can only thrive with healthy mixed-use communities, recreation facilities, and cultural attractions – the beating heart of city life.

Working closely with our community partners, the TPA made great progress in strengthening our harbour community in 2011. We were proud to be the lead partner of the Harbourfront Centre's *Hot Spot Summer* series of concerts and cultural festivals on Queens Quay, which brought some of the most exciting artists from around the world to our waterfront.

To mark our centennial, we asked Torontonians to celebrate with us. The TPA launched the very first water-borne movie series in North America, *Sail-In Cinema*. For three warm nights in August, hundreds of people gathered at Sugar Beach at the foot of Jarvis Street to watch water-themed movies under the stars. Dozens of boaters did likewise, mooring just off shore. *Sail-In Cinema* was so popular that we have decided to make it an annual fixture on Toronto's summer calendar.

The success of Billy Bishop Toronto City Airport has driven the balance sheet and public profile of the TPA over the past seven years, due to its convenient location at the foot of Bathurst Street and world-famous customer

service. Between 2006 and 2011, the number of commercial passengers grew 68 times, from 22,000 a year to over 1.5 million in 2011.

Last year, Billy Bishop Toronto City Airport welcomed a second commercial carrier. To accommodate the growth in passenger traffic, the TPA has begun construction on a pedestrian tunnel to connect with the mainland underneath the Western Gap. The tunnel, which will be paid for by passengers through the Airport Improvement Fee, will complement our unique ferry service and help even out passenger flow during peak travel times.

The TPA has worked closely with neighbourhood groups and the City of Toronto to implement the tunnel project, conducting an in-depth Environmental Assessment process and a series of public consultations. This is an important piece of infrastructure that will provide benefits beyond simply improving access to the airport. It will help the entire harbour community by improving water services (in partnership with the City of Toronto) and easing traffic congestion at Eireann Quay.

The TPA continues to work closely with other members of our harbour community toward achieving our common goals. In 2011, we reported on 16 independent expert recommendations to help mitigate ambient noise from the airport, which were successfully implemented, including a community consultation committee to discuss community concerns.

The TPA also unveiled major improvements to Outer Harbour Marina, Toronto's largest marina, including new slips that can accommodate larger vessels, wider walkways and improved power supply.

The Port of Toronto, as it has been for over 100 years, remains a vital link to the world. The majority of cement, salt and sugar needed to support Southern Ontario's construction and food-processing sectors arrive through the port.

Nearly 1.8 million metric tonnes of cargo were shipped through the Port of Toronto last year. With St. Lawrence Seaway cargo forecast to increase in 2012, mostly due to the high cost of fuel, marine transportation has become an environmentally friendly and affordable option, assuring a positive future for the port.

I'm pleased to report that all of our business units are performing well, and that our efforts to integrate with the harbour community to accomplish our shared goals have produced important results that improve the face and fabric of our city. We are well on our way toward building the prosperous, exciting waterfront that Toronto deserves.

All of our achievements would not have been possible without the dedication of our fine employees and the constructive co-operation of our community partners. In addition, I'm grateful for the wisdom and guidance of our hard-working Board of Directors in setting and achieving our goals.

As Toronto prepares to greet thousands of athletes from the western hemisphere in 2015 for the Pan-Am Games, we are entering an exciting time in the history of our city. The Toronto Port Authority will continue our successful role as a custodian and caretaker in building a harbour community that works for everyone.



Geoffrey A. Wilson

President and Chief Executive Officer



Supporting Economic Growth

For more than 100 years, the Toronto Port Authority (TPA) has worked with its partners at the federal, provincial and municipal levels to enhance the economic growth of the City of Toronto and the Greater Toronto Area. Today, Billy Bishop Toronto City Airport and the Port of Toronto act as urban waterfront hubs for Canadian and international businesses to gain easy, convenient and cost-effective access to the heart of Canada's largest city and province.

The Airport

In 2011, a record year for Billy Bishop Toronto City Airport, the airport served 1.55 million passengers, making it the fastest growing airport in North America and the ninth busiest in Canada ahead of airports in Victoria, B.C., St. John's, N.L., and Quebec City, Q.C.

Billy Bishop Toronto City Airport now sees, on average, more passenger traffic in one week than it did in the entire year of 2006. Billy Bishop Toronto City Airport aims to be the premier commuter airport in eastern North America for business and pleasure travel. The airport has been popular with business travellers for its convenience since commercial service improvements were implemented in 2006, however it has seen a dramatic rise in the number of leisure travellers since 2010.

In May, 2011, Air Canada began offering daily service to Montreal out of Billy Bishop Toronto City Airport, providing even greater choice for travellers. The airport now hosts two major commercial air carriers and has gained an excellent reputation throughout the travelling community for fast check-in times, first-class lounge experience and its convenient location close to Toronto's downtown core. In 2012, the airport will have service to 18 destinations throughout Canada and the United States, including a new route to Washington, D.C.'s, Dulles International Airport.



Building Better Infrastructure

Prime Minister Stephen Harper, Finance Minister Jim Flaherty and Toronto Mayor Rob Ford paid a historic visit in the past year to break ground along with TPA Chairman Mark McQueen on the Billy Bishop Toronto City Airport pedestrian tunnel.

The innovative tunnel has captured the imagination of Torontonians since it was first contemplated in 2009. It will be a reality in early 2014 (read more about the tunnel on pages 12 and 13).

The Toronto Port Authority has worked closely with all levels of government as well as business stakeholders to deliver the modern transportation infrastructure Toronto needs to compete with other global business capitals in the 21st Century.

From left to right: Toronto Port Authority Chairman, Mark McQueen; Prime Minister, Stephen Harper; Toronto Mayor, Rob Ford and Finance Minister, Jim Flaherty.

Billy Bishop Toronto City Airport is also a base for air ambulance service and home to a sizable general aviation community that includes approximately 50 private recreational planes and one flight school.

Meeting Commitments

With an airport located near thriving urban communities, the Toronto Port Authority works hard to be responsive to its neighbours. We have implemented several key recommendations to mitigate and reduce the effects of ambient noise from airport operations identified in an independent report in February 2010.

By the end of 2011, Billy Bishop Toronto City Airport had implemented a new, state-of-the-art noise management system similar to that used at major airports worldwide. We also established a noise management office with experienced staff, completed plans for a noise barrier on the airport's north-west side (to be completed in early 2012), and implemented minimum complaint response times.

Overall aircraft activity rose from 108,369 movements in 2010 to 113,715 in 2011. This increase was largely due to scheduled air carrier activity at the airport.

Scheduled air carrier activity accounted for 25 per cent of all aircraft-related complaints registered in 2011 while general aviation and other aircraft accounted for the remaining 75 per cent of aircraft-related complaints received.

The Port of Toronto

The Port of Toronto, which dates back to 1793, is Toronto's gateway to the St. Lawrence Seaway, and marine ports around the world. Serving primarily as a bulk cargo facility, the port is a unique piece of Toronto's economic infrastructure, providing a network of intermodal links to road, rail and air transportation.

The Port also provides premier warehousing and staging services to support downtown Toronto's booming construction activity. The 50-acre facility has more than 225,000 square feet of warehousing space and over 30 acres of paved marshalling area, ideal for short/long-term storage, warehousing and project staging.

The TPA's traditional marine cargo business experienced steady growth in 2011, with nearly 1.8 million metric tonnes passing through the port. Overall bulk cargo shipments rose 17 per cent despite a 2 per cent drop in overseas bulk shipments. The most common cargo in 2011 included salt, sugar, cement and aggregate.

With its unmatched vistas of downtown Toronto and proximity to the city's cultural centre, the port has become a popular filming location for major television dramas and big-screen blockbusters. In what was a record year for the industry in Toronto, filming activity at the port generated \$203,000 in revenue in 2011. Thirty-two productions, including *Rookie Blue*, *Being Erica* and *Nikita* were filmed at the port. We expect film and television activity to continue to grow in the year ahead.



Jacobs Report

In 2010, the TPA released a report highlighting the results of a comprehensive noise management study at Billy Bishop Toronto City Airport undertaken by Jacobs Consultancy Canada Inc. between 2008 and 2009.

The Jacobs Report outlined 16 noise abatement recommendations, all of which the Toronto Port Authority either met or began implementing by the end of 2011.

The full report is available at www.torontoport.com

Investing in the Future

The Toronto Port Authority's vision of being a vital, solution-oriented steward of key waterfront assets begins with investing in the city that we have served for more than 100 years. Since 1911, we have made strategic investments in various facilities and Toronto's waterfront.

In 2011, the Toronto Port Authority reinvested more than \$11 million in public infrastructure along the waterfront. Investments ranged from replacement of equipment to the maintenance and restoration of our various facilities.

Highlights of the 2011 investments include:

- More than \$3 million in improvements at Outer Harbour Marina
- Over \$2.2 million for emergency rescue and runway clearing equipment at Billy Bishop Toronto City Airport
- Close to \$1.5 million in restoration of runways and taxiways at the airport
- More than \$700,000 in environmental initiatives and remediation

We are continually pursuing opportunities to make investments that will allow us to better serve our customers, stakeholders and community in the 21st Century. The largest of these investments is slated to begin in 2012 with the construction of a pedestrian tunnel connecting Billy Bishop Toronto City Airport to the mainland. The tunnel has captured Toronto's imagination as one of the most exciting infrastructure projects to be undertaken in the city in decades. It will provide travellers an alternative point of access and help ease congestion during peak travel periods.

It is important to note that not one dollar in taxpayer funds is being spent on tunnel construction. The pedestrian tunnel project will be financed by the Toronto Port Authority through the Airport Improvement Fee paid by departing passengers.

Working with a private sector consortium under a public-private partnership model will ensure that the tunnel project is delivered on time and on budget. The tunnel is slated for completion in the spring of 2014.

The proposed pedestrian tunnel will not only improve access to the airport, it will also carry new water and sewage lines to serve residents and businesses on the Toronto islands following a landmark agreement with the City of Toronto that will save municipal taxpayers \$10 million.

Pedestrian Tunnel Project

In spring 2012, construction will begin on the pedestrian walkway to Billy Bishop Toronto City Airport. The 25-month project will be delivered on time and on budget through an innovative public-private partnership model.

The \$82.5 million project will see the construction of an 800-foot-long pedestrian walkway 10 storeys beneath the Western Gap in Toronto Harbour, along with the creation of a modern pavilion to greet passengers at the foot of Bathurst Street.

With four moving sidewalks that will allow passengers to travel to the airport terminal at a speed of 2.3 kilometres an hour, the pedestrian walkway will be a state-of-art piece of infrastructure that will provide a predictable, efficient and convenient access route for Billy Bishop Toronto City Airport passengers.



Celebrating 100 Years

Established in 1911 as the Toronto Harbour Commissioners, the Toronto Port Authority has been an active part of the city's waterfront from more than 100 years.

To celebrate our centennial year, we welcomed Torontonians to the newest part of the waterfront for *Sail-In Cinema*, a free, three-day movie event. It was the world's first two-sided floating movie experience and saw the brand new terrace next to Sugar Beach transformed into an outdoor movie theatre where sailors and landlubbers alike watched water-themed movies under the open sky, from both sides of the theatre-sized screen.

More than 2,000 people and over 70 boats came to the water's edge to celebrate our birthday and watch movies including *Jaws*, *Finding Nemo* and *20,000 Leagues Under the Sea*.

Sail-In Cinema won Gold at *Marketing Magazine's* Marketing Awards for best event/experiential initiative of 2011. Following the event's overwhelming popularity and success, the Toronto Port Authority plans to make it an annual event.



Building On 100 Years of Success

When it was first established in 1911, the Toronto Port Authority's predecessor, the Toronto Harbour Commissioners, was given the responsibility of developing a structured approach to waterfront development. Through the 1912 Waterfront Plan, the Harbour Commissioners created thousands of acres of what is now considered some of the city's most valuable land.

In 2011, the Toronto Port Authority continued to play a crucial role in protecting the economic prosperity of our region through our dedication to enhancing marine transportation and environmental protection.

As we cross the threshold of our 100th anniversary, our earliest investments continue to return dividends for Torontonians in the form of a thriving Port of Toronto, the enjoyable Outer Harbour Marina, and the popular and convenient Billy Bishop Toronto City Airport.

The future holds great promise: for air travellers who will walk to the airport and benefit from improved access; for local, national and international businesses that depend on shipping and benefit from direct access to Canada's largest city; and for recreational boaters who can sail into one of Canada's largest freshwater marinas and tie-up to state-of-the-art docks.



The 1912 Waterfront Plan

Shortly after it was established in May 1911, through a Federal Act of Parliament, the Toronto Harbour Commissioners created the 1912 Waterfront Plan – a blueprint for waterfront development.

Over the next 50 years, the Harbour Commissioners built more than 2,000 acres of land along 19 kilometres of waterfront, and reclaimed more than 1,000 acres of marshland to create the Port Lands.

Today, the Toronto Port Authority has continued its predecessor's legacy of building land that people can enjoy with the development of Tommy Thompson Park and the Leslie Street Spit. By the time it is complete, Tommy Thompson Park will be one of the largest man-made urban parks in North America.

Working with our Partners

The Toronto Port Authority, and our predecessor the Toronto Harbour Commissioners, has been an important part of the waterfront community since 1911. Throughout our history, we have been honoured and privileged to work with a vast array of Torontonians who share our goals and who live, play and work at the water's edge.

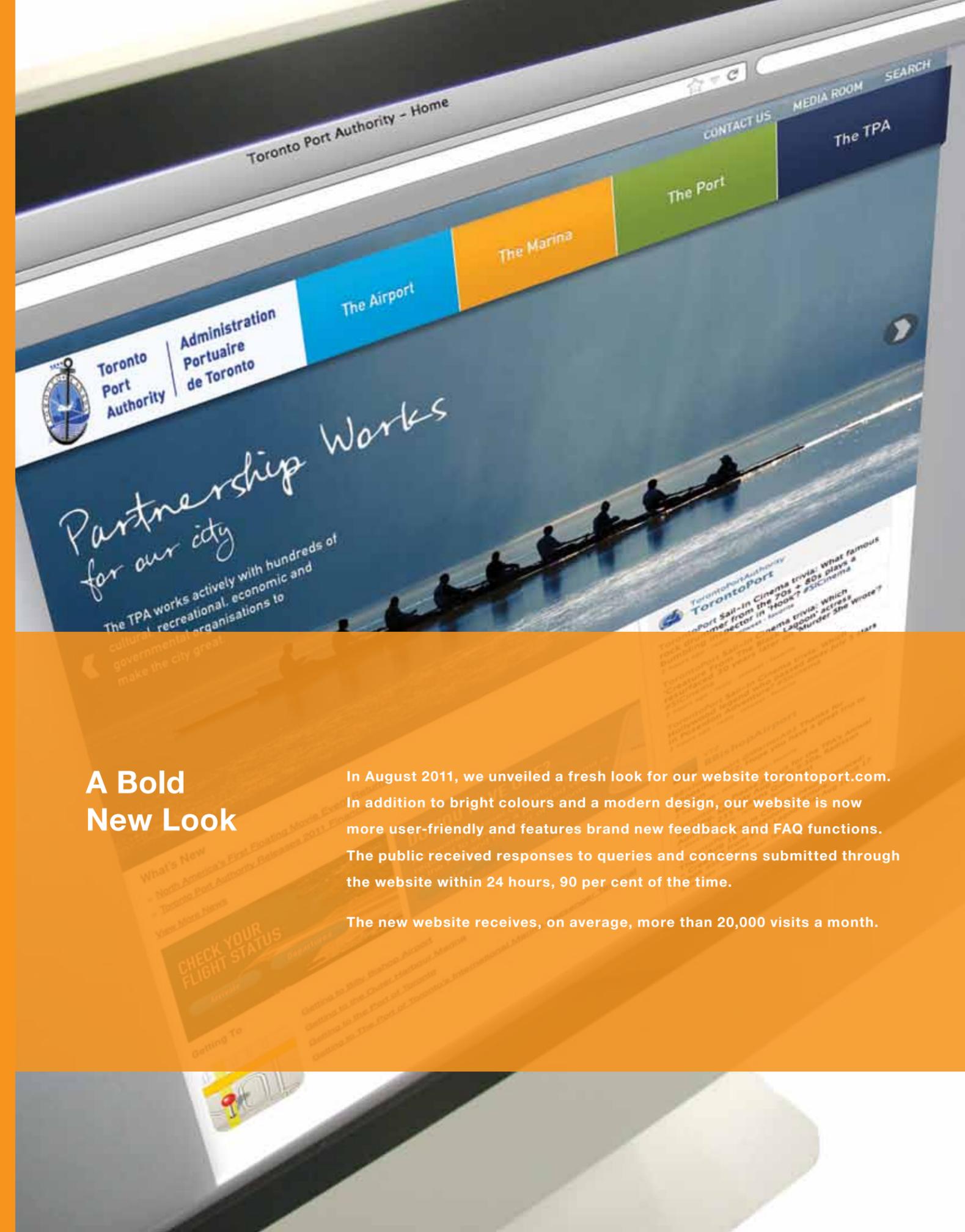
The TPA is proud to support the many diverse organizations that make the waterfront such a thriving community. In 2011, we were the Lead Partner of Harbourfront Centre's *Hot Spot Summer* series of outdoor events at Queens Quay. The free summer series brought hundreds of thousands of people to the water's edge for dozens of weekend concerts, festivals and cultural celebrations.

We also helped support youth initiatives on the waterfront, pledging funding to the Harbourfront Community Centre's art studio program *Room 13*. The donation is consistent with our financial support for cultural activities throughout the city.

Real community engagement goes beyond being a sponsor. The Toronto Port Authority sees itself as a leading voice in the direction of our waterfront. And one of the obligations of being a leader is to listen closely to others in our community.

Public Outreach

As part of our ongoing efforts to reach out to the residents and businesses near Billy Bishop Toronto City Airport, the TPA established a Community Liaison Committee in 2011. The Committee is designed to provide our neighbours with a forum for discussing issues and concerns relating to airport operations. The Committee follows best practices of community engagement efforts at other airports, meeting four times a year and exploring matters ranging from managing airport noise to improving transportation access.



A Bold New Look

In August 2011, we unveiled a fresh look for our website torontoport.com. In addition to bright colours and a modern design, our website is now more user-friendly and features brand new feedback and FAQ functions. The public received responses to queries and concerns submitted through the website within 24 hours, 90 per cent of the time.

The new website receives, on average, more than 20,000 visits a month.

During the construction of the pedestrian tunnel to Billy Bishop Toronto City Airport, we will be establishing a Construction Period Liaison Committee. The Committee will be a working group that discusses and builds consensus around topics ranging from concerns on construction to effective communication with the community.

The Toronto Port Authority has taken important steps in connecting with our stakeholders through social media. We are able to stay in touch through Twitter and Facebook, which we have also used to promote various events such as *Sail-In Cinema* and the *Hot Spot Summer* at Harbourfront Centre. Come visit us at www.facebook.com/theTPA, www.twitter.com/torontoport and www.twitter.com/bbishopairport.

Working closely with the business community ensures that the Toronto Port Authority is better equipped to address our city's economic needs more effectively. The TPA supports the city's economic growth by working collaboratively on developing the waterfront in a sustainable fashion.

The TPA works closely with stakeholders including the City of Toronto, Waterfront Toronto, the Toronto Board of Trade, Invest Toronto and dozens of important employers along the waterfront and across the city to make sure Toronto remains competitive in a volatile global economy.

The Recreational Boating Community

Nestled in the serenity provided by Tommy Thompson Park, Outer Harbour Marina offers an escape from city life. Local boaters do not have to travel far to experience tranquility, breathtaking scenery and a world-class marina. One of the largest freshwater marinas in Ontario and the largest in Toronto, Outer Harbour Marina provides

extra-wide slips, ample free parking and state-of-the-art facilities. A large majority of the marina's boaters have been loyal customers for many years.

Every recreational boater who operates a "powered" vessel within the TPA's jurisdiction, which extends from the mouth of the Humber River to Victoria Park Avenue, is required to have a Powered Vessel Operator's Permit. Obtaining the permit is easy and convenient, with boaters having the option to apply for their permit online.

The TPA's Powered Vessel Operator's Permit education program, which includes on-water testing, takes place at Outer Harbour Marina from mid-May to mid-September. In 2011, 710 new permits were issued to boaters and 5,124 permits were renewed.

Please visit www.torontoport.com/marina for more information on these services.

2011 Public Outreach

January 12	Proposed tunnel public meeting
February 16	Community Liaison Committee meeting
May 12	Noise barriers public meeting
May 25	Community Liaison Committee meeting
September 16	Annual General Meeting
September 22	Community Liaison Committee meeting
November 17	Community Liaison Committee meeting



Outer Harbour Marina Improvements

In 2011, the Toronto Port Authority completed a number of substantial upgrades to Outer Harbour Marina.

Nearly a quarter of the marina's slips were replaced with a state-of-the-art docking system, making Outer Harbour Marina the only docking facility in Toronto with extra-wide slips that can accommodate pleasure craft up to 100 feet long.

Other improvements included:

- Resurfacing the marina's main access road
- Installing new high-speed fuel dispensers at the fuel dock
- Creating new barbeque areas, and
- Installing a new 50-tonne travel lift to accommodate the haul-out and launching of larger vessels

In 2012, the TPA will continue with upgrades that include converting nearly 200 slips over to the new docking system, a brand new barbeque pavilion and the introduction of wireless Internet access for marina users.

Environmental Stewardship

The Toronto Port Authority is responsible for protecting the water resources in Toronto's Harbour. It is one of the most important responsibilities when it comes to protecting the quality of life for more than two million Torontonians.

The TPA removes an average of 400 tonnes of floating debris from the Keating Channel and Toronto Harbour each year. In 2011, the TPA dredged nearly 60,000 cubic metres of material from the Keating Channel to prevent flooding of the Don River and minimize siltation in the inner harbour.

In late 2011, the TPA began work to develop a wetland area and fish habitat in Tommy Thompson Park on the Leslie Street Spit. Together with the Toronto and Region Conservation Authority (TRCA), we have refined, developed and completed detailed designs to create new dykes and outer islands conducive to fish,

migratory birds and various wildlife. Construction of the Wetland Creation Project begins in 2012, with completion expected in 2013.

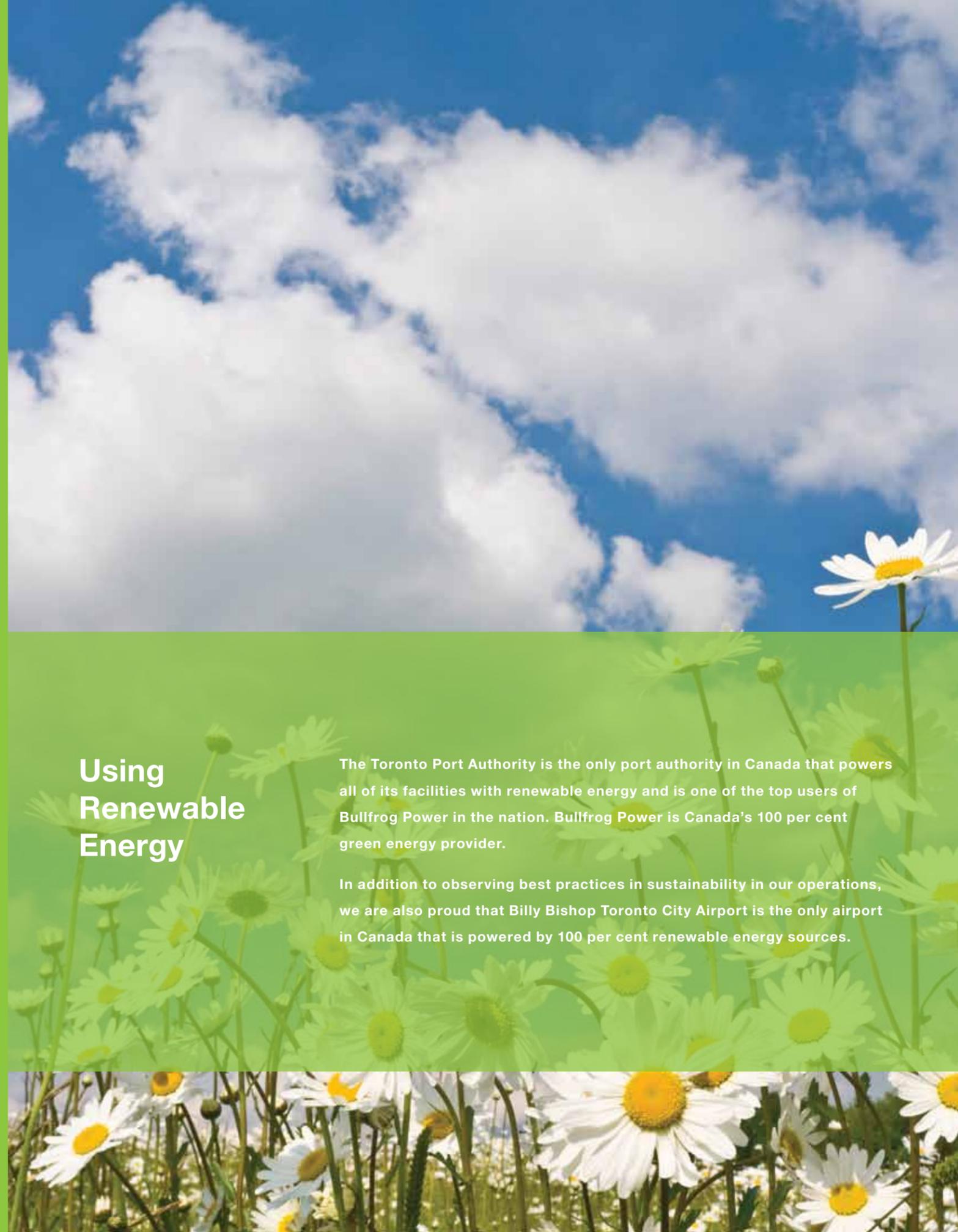
The new habitat will include fish and water level control structures to monitor and manage the movement of fish species and water levels within the enclosed area. The outer islands will protect the dykes from large waves, creating a sheltered habitat area. Utilizing our expertise in lakefill construction and management, and TRCA's expertise in creating protected habitats, the Wetland Creation Project will be an important addition to Tommy Thompson Park.

Since 2010, the TPA has purchased 100 per cent of its electricity from renewable sources such as wind and hydro through Bullfrog Power.

Using Renewable Energy

The Toronto Port Authority is the only port authority in Canada that powers all of its facilities with renewable energy and is one of the top users of Bullfrog Power in the nation. Bullfrog Power is Canada's 100 per cent green energy provider.

In addition to observing best practices in sustainability in our operations, we are also proud that Billy Bishop Toronto City Airport is the only airport in Canada that is powered by 100 per cent renewable energy sources.



The TPA also follows best practices from around the world to achieve sustainability goals at the Port and prevent pollution at Outer Harbour Marina. These measures include expanded recycling efforts for solid and hazardous material reduction, and education campaigns for port staff, customers, tenants and the general public on equipment maintenance.

These and other environmental initiatives have earned Outer Harbour Marina a rating of 5 *Green Anchor Gold* – the highest available – from the Ontario Marine Operators' Association (OMOA), for following environmental best practices. The marina is one of the few in Ontario to receive this rating.

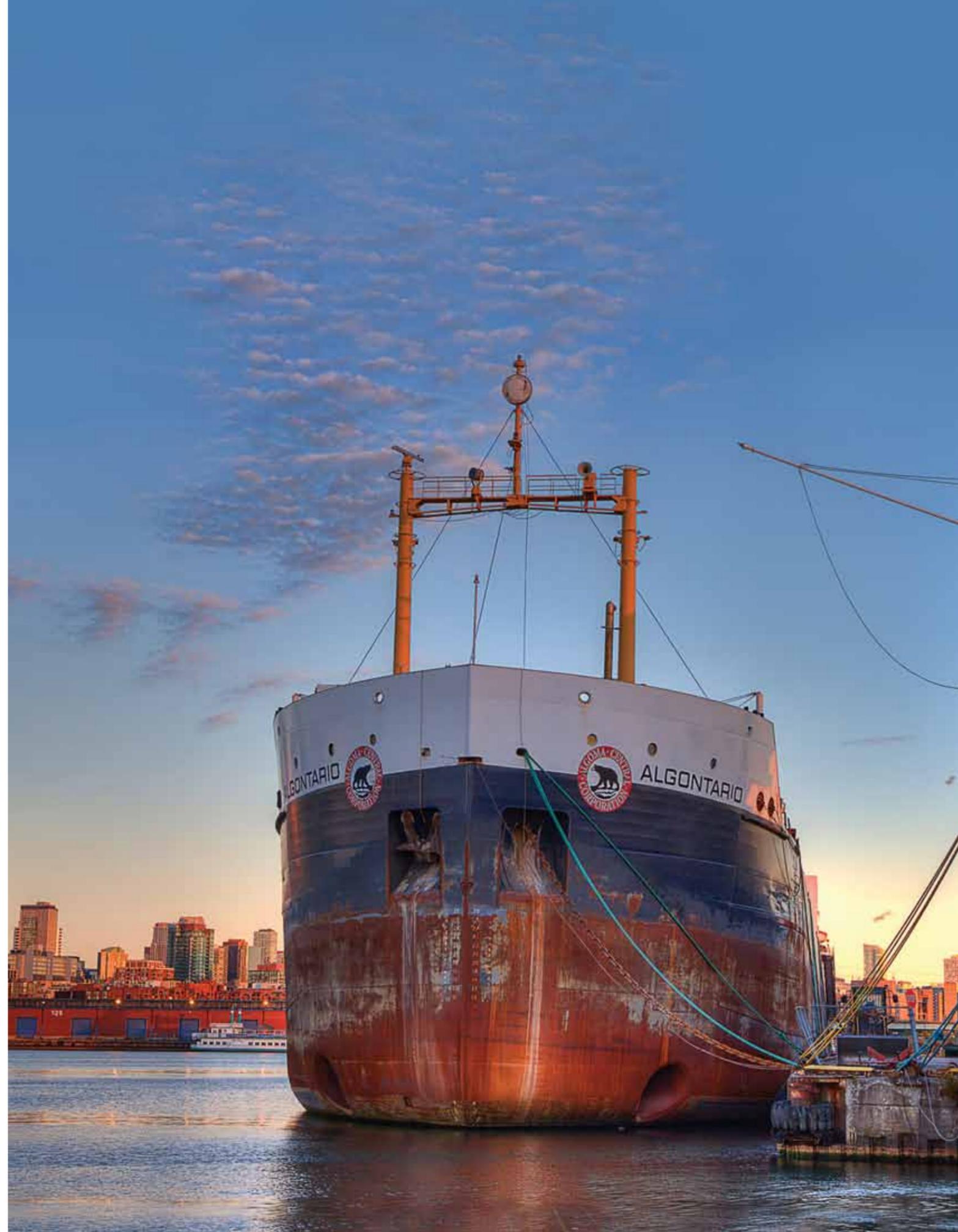
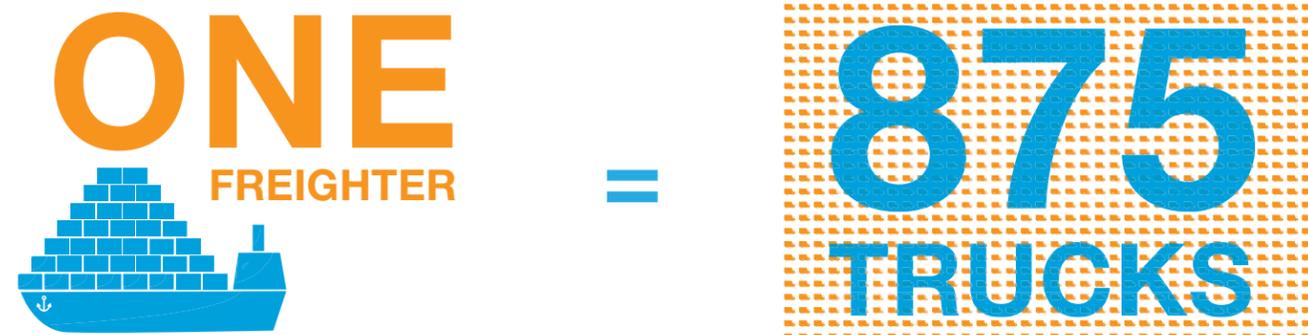
Keeping Vehicles Off Toronto's Roads and Highways

Businesses using the Port of Toronto for shipping mean there are fewer trucks on Toronto's busy roads. A typical seaway bulk freighter can unload in just five hours and carry the same amount of cargo as 875 transport trucks.

Not only does marine travel reduce traffic congestion on our highways, it is also a more energy efficient way to transport goods. One tonne of freight can travel 240 kilometres on a single litre of fuel by ship, whereas it can only travel 30 kilometres on the same amount of fuel by truck.

With the urban landscape expanding, the port has become an important supply chain hub. Construction materials based at the Port of Toronto's storage and staging areas travel shorter distances to get to the worksite, cutting down on construction costs, traffic and unnecessary fuel emissions.

Billy Bishop Toronto City Airport is conveniently located five minutes from downtown Toronto and right next to two Toronto Transit Commission stops. Complimentary shuttle bus service between the airport and Fairmont Royal York Hotel/Union Station connects travellers to the heart of Toronto and a wide range of transportation links to the Greater Toronto Area and beyond.



Financial Sustainability

The Toronto Port Authority is a government business enterprise that operates on the basis of financial self-sufficiency.

We provide transportation, marine and recreational services as well as fulfil our mandate as an environmental steward that ensures safety in the harbour by operating our business lines in a cost-effective and efficient manner. Our profits are reinvested to improve the infrastructure and services our city needs to be a great place to live, work and play.

In 2011, we marked our fourth consecutive year of profitable growth with record profits that saw net income rise to \$13.9 million, a 90 per cent increase over 2010.

All of our business lines posted a profit in 2011. Billy Bishop Toronto City Airport generated income from operations of \$19.2 million, including \$14.6 million in Airport Improvement Fees. Profitability is expected to continue at the airport in 2012, with passenger volumes expected to climb to almost two million.

Outer Harbour Marina, which is currently undergoing major improvements, saw profits increase to \$1.2 million, a slight increase from 2010. The marina's summer berthing occupancy rate rose to 97 per cent, up from 96 per cent in 2010.

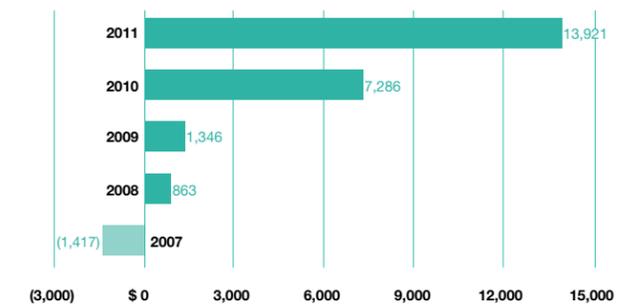
Traditional marine cargo activity at the Port of Toronto began to recover in 2011, after continued volatile market conditions caused by global economic concerns led to a slight operating loss the year before. Net income of \$1.2 million was reported in 2011, as the Port of Toronto continues to be the major entry point for salt, sugar, aggregate and cement to our city. The TPA is actively marketing the port as a construction, supply chain and project staging hub for downtown development.

The TPA's operating ratio, a barometer of profitability, climbed from 1.34 in 2010 to 1.58 in 2011, reflecting our growing revenues and efficient operations.

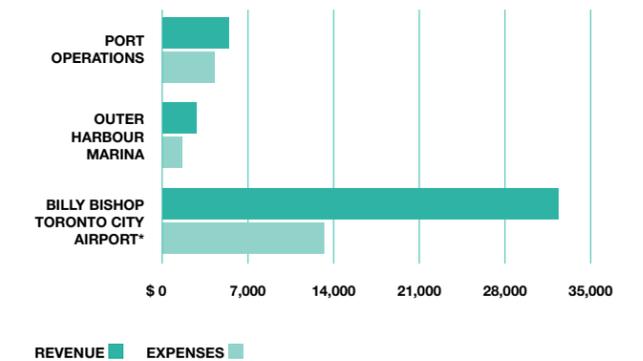
The following financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. The comparative information presented in these financial statements for the year ended December 31, 2010, are restated accordingly.

(Audited by Deloitte & Touche LLP. Full auditor's report available at www.torontoport.com)

Net income/(loss)
(in thousands of dollars)



2011 Snapshot – revenue and expenses
(in thousands of dollars)



* Inclusive of Airport Improvement Fees

TORONTO PORT AUTHORITY**Statement of Revenue and Expenses (as extracted from Note 18 to the financial statements)**

(in thousands of dollars)

**Year ended
December 31**

	2011	2010	2009	2008	2007
REVENUE					
Port operations	\$ 5,398	\$ 4,402	\$ 5,156	\$ 4,999	\$ 6,198
Outer Harbour Marina	2,789	2,568	2,459	2,506	2,177
Billy Bishop Toronto City Airport	17,721	13,313	8,161	7,415	3,275
Property rental and other	1,398	1,383	1,237	1,334	1,584
Investment income	269	358	921	450	110
	27,575	22,024	17,934	16,704	13,344
Airport Improvement Fees, net - for airport capital expenditures					
	14,645	9,962	5,241	3,605	1,844
	42,220	31,986	23,175	20,309	15,188
EXPENSES					
Port operations	4,229	3,938	4,260	4,773	5,481
Outer Harbour Marina	1,598	1,416	1,458	1,335	1,316
Billy Bishop Toronto City Airport	13,178	11,577	8,315	8,528	7,317
Property rental and other	1,339	1,050	1,035	1,065	1,016
Corporate services	4,529	4,574	3,825	3,422	3,264
Charge on gross revenue	1,930	1,318	630	612	404
	26,803	23,873	19,523	19,735	18,798
NET INCOME/(LOSS) FROM OPERATIONS BEFORE THE FOLLOWING					
	15,417	8,113	3,652	574	(3,610)
Adjustment To City of Toronto HUF*	–	–	(2,958)	–	–
Payments in respect of land disposition	1,880	2,087	2,155	2,334	2,859
Lands transferred (macro settlement)	–	(780)	–	–	–
Payments in lieu of taxes	(2,210)	(1,828)	(1,503)	(2,045)	(666)
Loss on interest rate swap	(816)	(306)	–	–	–
Loss due to impairment of capital assets	(350)	–	–	–	–
NET INCOME/(LOSS)	\$13,921	\$ 7,286	\$ 1,346	\$ 863	\$ (1,417)

* Harbour User Fees