



2008 ANNUAL REPORT

**Toronto
Port
Authority**



**Administration
Portuaire
de Toronto**

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Message from the Chairman

Over the past year, the “working majority” of the Toronto Port Authority’s Board of Directors has been hard at work to ensure that this vital organization is delivering results for its stakeholders. That requires us to be accountable and transparent; but it also implies that we bring an urgency and business-like approach to the issues before us.

We take our stewardship role seriously, playing a constructive and proactive role in the improvement of the services we provide to our city, particularly in a time of economic uncertainty.

In conjunction with senior management, the Board of Directors makes sure that the TPA is fulfilling its mandate to administer shipping and transportation activities, to ensure public safety and security, and to enhance and protect the natural gift that is Toronto’s corner of Lake Ontario. Fiscal and social responsibility is at the forefront of our minds as we go about our work.

The TPA board is pleased with where the organization is headed:

- Each of the TPA’s lines of business reported an operating profit in 2008;
- As an entity, the TPA was profitable for the first time since its inception in 1999;
- This positive financial performance allows the TPA to invest more than \$8 million in new capital equipment in 2009, including the planned December launch of a larger ferry;
- This commitment gave Porter Airlines the comfort to proceed with the construction of a new \$45-million terminal, financed entirely by their own balance sheet;
- The annual cost of the TPA Board has been reduced by more than 30% on a year-over-year basis since I became Chairman in 2008;
- The broadly-based Noise Management Advisory Group was launched in November, 2008;
- An independent consulting group has studied noise patterns in and around the harbour and reports that “spike” noise events generated by cars and motorcycles exceeds the noise level associated with commercial aircraft takeoffs and landings at the TCCA;
- Although a handful of local politicians have demanded that the TPA be abolished, with the City of Toronto taking over its duties, a majority of Torontonians (58%) oppose the concept of devolution to the City according to a recent independent poll. Only 14% “strongly supported” devolution.

The only clear setback has been our lack of success in engaging with the City of Toronto on the wide range of issues that we share: resolving the TPA’s Payments-in-lieu-of-taxes, the City’s overdue capital payments, dockwall repair, the TCCA pedestrian tunnel concept, sewage pipe replacement, the proposed TTC maintenance facility, and the Leslie Street Spit landfill habitats.

Although our work is far from done, we are optimistic about where things are headed. In the coming year, the TPA will continue to focus on stewardship and economic renewal in helping Toronto achieve prosperity.



A handwritten signature in dark ink, appearing to read 'Mark McQueen', written in a cursive style.

Mark McQueen
Chairman

Message from the Acting President and Chief Executive Officer

Since I began my term as Acting President and CEO in the Fall of 2008, the TPA has made great strides in strengthening its fiscal position, while continuing its important work in securing the economic prosperity of Toronto.

For the first time since its incorporation in 1999, the TPA is profitable — an achievement that can be shared by every member of the TPA's hard-working staff.

From this position of strength, the TPA will continue to expand its important work in managing our airport and port and the tremendous business, industrial, recreational and cultural benefits that flow from these operations. We will set our sights on ensuring that the waterfront remains a vibrant, secure and dynamic place both for business and for leisure. We will continue to fight pollution and enhance flood protection. Every year, the TPA takes hundreds of tonnes of debris out of the Don River and carries out dredging operations in the Keating Channel to protect the Don Valley from flooding. We will build on the great success of the Toronto City Centre Airport and its role in supporting the economic renewal of downtown Toronto. And we will continue to exercise sound fiscal management of the assets under our stewardship.

Most importantly, we are committed to building partnerships and working co-operatively with the community in which we operate. In doing so, we realize that our mission goes beyond securing economic prosperity. The TPA must also take an active role in helping to improve the quality of life of our friends and neighbours in the harbour community. We plan to continue to improve and extend our relationships with the harbour community in order to gain a complete perspective on our operations as we move forward.

This past year has been a great experience for me and I would like to thank the management team at TPA for their ongoing support and hard work on behalf of all Torontonians.



A handwritten signature in blue ink, appearing to read 'A. J. Paul', written in a cursive style.

Alan J. Paul
Acting President and Chief Executive Officer

Our Mission

Building a better harbour community

At the core of all of the Toronto Port Authority's activities is our desire and commitment to build a better harbour community for those who depend on Toronto's waterfront. If you are a businessperson who relies on secure and efficient transportation services, or a parent whose family enjoys our beautiful waterfront's natural gifts, the TPA is committed to improving your quality of life and providing top-quality transportation services.

Being a good neighbour

The Toronto Port Authority values the input of all members of the harbour community and the City of Toronto. We have made concerted efforts to improve communications and co-operation with this community. Transparency and accountability in our business activities form the foundation of our commitment to being a good neighbour and opening the door to a constructive dialogue. In striving to improve the quality of life and the economic opportunities within the harbour community, we count on the input of Torontonians not only to guide our present activities, but to shape our future.

Stewardship to benefit future generations

The Toronto Port Authority's most important goal is the protection and enhancement of our amazing waterfront resources for our children. This includes cleaning up the sludge and debris in the Don River and in the Inner Harbour along the waterfront. It includes caring for and expanding our network of parks and recreation areas such as the Leslie Street Spit. And it includes a dedicated, vigilant effort to make the harbour community safe and accessible to Torontonians of all ages. With sound management and a constructive partnership with the City of Toronto, Waterfront Toronto, and business and residential communities, the TPA is looking forward to a sustained period of growth and improvement that we will be proud to hand over to future generations.





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2008 Financial Performance

The Toronto Port Authority provides an array of transportation and shipping services to Southern Ontario businesses and families, as well as recreational marine services. Our duties also include providing security and clean-up services for a safe and pollution-free harbour.

Our mandate is to deliver these services in a cost-effective manner to enhance the vitality and quality of life of Toronto's harbour community. But we are also obliged to be self-sufficient in doing so, meaning that the TPA can not be subsidized like other government operations. Net income is reinvested in infrastructure throughout the TPA's various operations through capital improvements.

For the past decade, the TPA has made strategic investments in improving our cargo facilities, marine passenger terminals and the Toronto City Centre Airport to better serve our customers and community in the 21st Century. We are pleased to report that these investments are bearing fruit. In 2008, the Toronto Port Authority was profitable for the first time since its inception in 1999.

Financial Statement as of December 31, 2008*

Revenue (in thousands)		2008	2007	Expenses (in thousands)		2008	2007
Port Operations		\$4,357	\$6,083	Port Operations		\$4,234	\$4,919
Outer Harbour Marina		\$2,506	\$2,177	Outer Harbour Marina		\$1,267	\$1,222
Toronto City Centre Airport		\$11,020	\$5,119	Toronto City Centre Airport		\$7,690	\$6,478
Property and Other		\$1,976	\$1,699	Property and Other		\$842	\$790
Investment Income		\$450	\$110	Corporate Services		\$3,413	\$3,252
TOTAL		\$20,309	\$15,188	Charges on Gross Revenue		\$612	\$404
				TOTAL		\$18,058	\$17,065
Net income (in thousands)		2008	2007				
	Net Income (Loss) from Operations	\$2,251	(\$1,877)				
	Payments in Respect of Land Disposition	\$2,334	\$2,859				
	Payments in Lieu of Taxes	(\$2,045)	(\$666)				
	Amortization of Capital Assets	(\$1,677)	(\$1,733)				
	Net Income (loss)	\$863	(\$1,417)				

*The Toronto Port Authority's financial statements are audited by Deloitte & Touche LLP. A full Auditor's Report of the 2008 fiscal year is available at www.torontoport.com.

Our Commitment to Toronto: The Toronto City Centre Airport

The Toronto City Centre Airport, located at the foot of Bathurst Street, across the Western Gap, provides a safe, convenient location for scheduled short-haul flights to a growing number of North American locations. The TCCA also serves Torontonians as a base for aviation training, charter air travel and life-saving emergency medical evacuations or "medevacs."

In spite of the economic downturn over the last year, the continued growth of the TCCA illustrates that downtown Toronto can still be an engine of economic prosperity and growth.

In 2008, a \$45-million expansion of TCCA's passenger terminal facilities began, funded by private-sector tenants. The first phase of the new terminal is scheduled to open in late 2009 and will provide travellers with better service, enhanced facilities and an improved travel experience. This project has created hundreds of direct and indirect jobs for Torontonians.

The terminal expansion is largely the result of the monumental success of Porter Airlines, which has redefined customer service in the airline industry with scheduled flights to Ottawa, Montreal, Quebec City, Halifax and Thunder Bay as well as U.S. destinations like New York City and Chicago. Porter – and its growing fleet of Canadian-built Bombardier Q400 aircraft – is proud to call the TCCA its home base.

The TPA is investing in a new larger ferry to complement the existing ferry in order to provide additional comfort and service to airport users. A proposed pedestrian tunnel

underneath the Western Gap connecting the TCCA to the mainland would further improve access, provide potential for utility improvements, and provide a year-round link to the Toronto Islands. The TPA invited the City of Toronto to team up on the project, as the tunnel would provide a conduit for its proposed water main to the Toronto Islands.

The TCCA operates under a three-party agreement between the Toronto Port Authority as operator, and the federal government and the City of Toronto. This Tripartite Agreement prohibits the use of jet aircraft, except for emergency and medical uses, and restricts its hours of operation.

To help enhance the quality of life of others in the harbour community, the TPA is completing a thorough study of ambient noise that may be caused by aircraft using the TCCA. We are committed to working with our neighbours to manage and decrease ambient noise based on the results and recommendations coming out of the study.

The TCCA continues to create jobs and economic opportunities for the City of Toronto and the community. It is expected that commercial passengers will increase again in 2009, above the 508,574 served in 2008, the highest level of passenger traffic in the 70-year history of the airport. This is a dramatic increase from 2006, when only 22,321 passengers used the airport for scheduled commercial flights.

Over and above our current level of service, the revitalization efforts at TCCA will continue to provide Torontonians with faster, better travel.

Toronto City Centre Airport Passenger Traffic (No. of Passengers)

2005	28,519	
2006	22,321	
2007	262,254	
2008	508,574	

Toronto City Centre Airport (No. of Aircraft Movements)

2005	67,872	
2006	75,600	
2007	86,319	
2008	95,375	

Our Commitment to Toronto: The Port of Toronto

The Port of Toronto has served as a powerful engine of Canadian growth, opportunity and prosperity since 1852, when the Grand Trunk Railway was established connecting Toronto with Montreal and New England. This fateful link launched Toronto as a centre of global trade, innovation and manufacturing, bolstered further in 1959 with the opening of the St. Lawrence Seaway.

Managed by the Toronto Port Authority, the Port of Toronto is Southern Ontario's off-ramp to a high-seas highway referred to as "Highway H20", connecting it to every continent on Earth. The Port is a valuable asset with convenient intermodal links to road, rail and air transportation.

Our 55-acre port facility is located at the south end of Cherry Street along Lake Ontario in central Toronto and includes seven marine berths, a Marine Terminal and warehouse, as well as power units for refrigerated containers.

Each year, approximately two million tonnes of cargo pass through the Port. The most common commodities moving down Highway H20 to our Port are sugar, salt and cement, but you can also find everything from wind turbines to Canadian-made locomotives being loaded on or off ships. Cargo that moves by water through the Port of Toronto would have needed an estimated 60,000 carbon-emitting trucks to transport on our congested highways.

We also facilitate the movement of people, safely and comfortably. In 2009, cruise ships are expected to call seven times on the TPA's International Marine Passenger Terminal (IMPT), including the luxury vessel *Clelia II*. These vessels will visit Toronto as part of scheduled vacation cruises of the picturesque Great Lakes, and we're proud to play host to these visiting ships and helping to boost tourism in Toronto.

The Port of Toronto continues to be a vital connection to the world, not only boosting tourism and trade but also helping to ease carbon emissions caused by other forms of transportation.

Cargo shipped through Port of Toronto (in metric tonnes)



Our Commitment to Toronto: A Safe, Fun Harbour For All to Enjoy

The Toronto Port Authority delivers more than just reliable, secure transportation services. We are also responsible for helping to make Toronto a better place to live and relax.

The Outer Harbour Marina, operated by the TPA, is an affordable docking facility for recreational boaters. Located west of the Leslie Street Spit, the Outer Harbour Marina is only 10 minutes from downtown, with 636 slips and power connections for pleasure craft of up to 100-feet long. Other features include free parking, 24-hour security, and shower and laundry facilities.

The TPA strives to provide the safest waterways on the Great Lakes. We also believe that education is the foundation of boat safety. Therefore, the TPA requires boaters to pass a written and practical test to acquire the Power Vessel Operator's Permit, proving they have the necessary skills and knowledge to safely operate watercraft in Toronto Harbour.

The TPA is responsible for keeping the waterways around the Toronto Harbour free of garbage and obstructions for everyone to enjoy. Our crews take an average of over 500 metric tonnes of floating debris and garbage out of the Keating Channel, the Don River and the Toronto Harbour every year so that boaters can safely enjoy exploring the nooks and crannies of Toronto's shorelines.

In addition, the TPA is engaged in an ongoing and thorough dredging program to ensure that debris and sediment do not build up in these waterways, creating the potential for flooding along the Don River Valley.

The TPA also works in partnership with the Toronto and Region Conservation Authority to maintain the Leslie Street Spit conservation area, a natural haven within the city for hikers, bicyclists and bird-watchers. The spit acts as a natural barrier to sand and debris drifting from the eastern part of Lake Ontario, thus protecting the harbour from sediment buildup that can obstruct vessels.

Managing a harbour also means working closely with everyone who lives and works in the harbour community – from businesses and schools to residents and cultural venues. Toronto's waterfront community is an important amenity that adds a new dimension of vibrancy to Canada's largest and most exciting city.

The TPA is committed to co-operating with all members of the harbour community to help improve the quality of life of everyone who lives, works and plays there.

**Summer Berthing, Outer Harbour Marina
(No. of boats)**

2005	496
2006	509
2007	513
2008	543

**Leslie Street Spit Shoreline Protection
(Truckloads of infill deployed)**

2005	18,802
2006	17,178
2007	16,912
2008	15,467

**Debris Taken Out of Toronto Harbour Waterways
(In metric tonnes)**

2005	705
2006	378
2007	276
2008	891

**Dredging of Toronto Harbour Waterways to
Improve Navigation and Prevent Flooding
(Cubic metres of material)**

2005	36,500
2006	41,829
2007	36,290
2008	38,582

What Toronto Thinks

Every year for the past three years, the Toronto Port Authority has surveyed 500 citizens in the City of Toronto to probe their attitudes on our operations and priorities and find out what we can be doing better.

Here are some results from the 2009 survey, conducted in July. Full results are available at www.torontoport.com

Do you think the revitalization of the Toronto waterfront is headed in the right or wrong direction?

Right Direction	64%	
Wrong Direction	14%	
Don't Know/Refused	22%	

Do you agree or disagree with the following statements?

The Toronto Port Authority should help manage the sustainable growth of Toronto.

Strongly Agree	23%	
Somewhat Agree	32%	
Neither Agree Nor Disagree	26%	
Somewhat Disagree	6%	
Strongly Disagree	8%	
Don't Know/Refused	6%	

The Toronto Port Authority plays a vital role in the environmental well-being of Toronto.

Strongly Agree	19%	
Somewhat Agree	42%	
Neither Agree Nor Disagree	24%	
Somewhat Disagree	5%	
Strongly Disagree	5%	
Don't Know/Refused	5%	

The Toronto Port Authority provides important economic benefits to Toronto.

Strongly Agree	18%	
Somewhat Agree	39%	
Neither Agree Nor Disagree	28%	
Somewhat Disagree	5%	
Strongly Disagree	4%	
Don't Know/Refused	5%	

Some have suggested that the Toronto Port Authority should be abolished, and that the City of Toronto should take over running all of the Port's duties - including transportation, public safety, and environmental protection responsibilities. Is this something you would support or oppose?

Total Support	31%	
Strongly Support	14%	
Somewhat Support	17%	
Total Oppose	58%	
Somewhat Oppose	15%	
Strongly Oppose	43%	
Don't Know	11%	
Refused	<1%	

If, as part of this take over, the City of Toronto closed the Toronto City Centre Airport and removed Porter Airlines, how would this increase your support or opposition to the Toronto Port Authority being abolished and the City of Toronto taking over the Port's duties?

Total More	12%	
Much More Supportive	7%	
Somewhat More Supportive	6%	
No Impact	30%	
Total Less	53%	
Somewhat More Opposed	14%	
Much More Opposed	39%	
Don't Know	5%	
Refused	<1%	

How familiar are you with the Toronto City Centre Airport?

Very Familiar	29%	
Somewhat Familiar	41%	
Not Very Familiar	15%	
Not Familiar At All	-	
- You Are Unaware Of It	14%	
Don't Know	1%	
Refused	1%	

And, from your home, do you hear any sound or noise associated with the airplanes that use this airport?

Yes	10%	
No	87%	
Don't Know	1%	
Refused	2%	

Would you say that this sound or noise has a negative impact on you and your life?

Very Negative	8%	
Somewhat Negative	17%	
No Impact At All	73%	
Don't Know	2%	

o Methodology: The poll is conducted by Pollara Strategic Insights, Canada's pre-eminent public opinion research firm. A random sample of 500 City of Toronto residents were contacted by telephone between July 6-7, 2009; the margin of error is $\pm 4.4\%$, 19 times out of 20.

