

Nov. 18,2018

For: Marc Garneau, Minister of Transport
Re: Port Authority - Modernization Review

I understand there is a Federal Port Authority Modernization Review, and I would like to contribute information relating to Toronto Port Authority Governance.

I should say, I worked for Transport Canada, when Otto Lang was Minister of Transport. I had the opportunity of working there during the development of the Canada Marine Act.

In the Marine Act, the Port Authority system was designed to reduce federal expenses of subsidizing port authorities. The theory was that Federal Port Authorities could organize as independent businesses, with their own financing, and self-generated cash flow.

This all sounds good in theory, but it has created problems in Toronto, with the Toronto Port Authority, now Ports Toronto, operating like an independent city state, with federal powers that make it more powerful than the city which provides its cash flow.

I moved to Toronto, around the time the Federal Port Authority system was set up, and have witnessed many problems with having a federal port authority in Toronto. The problem starts with the fact that Toronto is not a busy port with sufficient revenue to finance port authority salaries and operations. When the millennium began, Toronto had a powerful federal port authority, with very little to do, and no money to do anything.

In its first phase, with the leadership of Henry Pankratz and Lisa Raitt, Toronto Port Authority became famous for lawsuits, as a way of paying their salaries. At one point, the Port Authority sued the city for a billion dollars. Mayor Mel Lastman settled for \$100 million, because Toronto couldn't afford to get into a court battle with the Port Authority. With the \$100 million Toronto paid to the Port Authority, Toronto could have bought the Skydome and the CN Tower, and financed a Metronome Music Center on the waterfront, but Toronto couldn't even consider these options. All its spare cash went to the TPA.

Now in the second phase of its development, with a new management team, Ports Toronto is developing Toronto's most valuable parkland into Canada's ninth busiest airport, as Billy Bishop Airport. The airport generates enough revenue to provide a cash flow for the Port Authority, which is good, but a disturbing trend seems to be developing.

Because Toronto's Port Authority doesn't have enough cash flow from the port to sustain itself, it has become a financial vampire in other areas, like selling public assets for private profit. The Port Authority is now building condos on former public property, overlooking Lake Ontario. Valuable parkland, where the island airport sits, is rented to the Port Authority for \$1 a year. The Port Authority has become a monster monopoly game, which it always wins, because it has its own bank, while the city always loses.

The head of Ports Toronto now earns around as much as both the Mayor of Toronto and the Prime Minister of Canada combined. Why? Because the port authority, with its tiny port, has learned how to create income by selling and leasing public property, while providing only a minimal payback to the community. This is not financial self-sufficiency, as the Marine Act originally intended. This is more like a royal rip-off.

The point is, you could give a billion dollars worth of public property to anyone, and anyone could sell it. If the port authority reported to the city of Toronto, their revenues could go to the city. But under the current governance model, the port authority gets it all, and the city of Toronto still can't afford to plug its potholes. We must ask Why?

Personally, I like the folks at the Toronto Port Authority. They seem like good people, but I can't for the life of me figure out how this small public service agency became a towering financial powerhouse in Toronto, without putting up their own money.

It all looks like a financial flim flam to many voters in Toronto. The saddest part is, we have no one to complain to. When we send questions about the Port Authority's self-serving nature to the Minister of Transport, we are told that the TPA operates at arm's length from the federal government. We hear that Treasury Board has some kind of oversight, but they never use it. After all, Treasury Board isn't there to represent Toronto's interests, or to protect Toronto from port authority privateers.

When we complain to the city about island airport noise, the city says they can't do anything because it's a federal responsibility, even though the federal government won't take responsibility. The port authority holds occasional public meetings, but they are tightly controlled to achieve the TPA's objectives, ie. airport expansion.

All to say, the rich get richer and the people of downtown Toronto will never get the community they deserve or the services they need, because the federal port authority keeps getting in the way. It's a sad situation, when a few people have so much power, as if they are some kind of anointed royalty, responsible to no one but themselves.

Perhaps this governance problem can be solved, with a community-oriented board of directors, which is more representative of the community, instead of the narrow self-interests who now rule the port authority, like little kings who want big bank accounts.

There should be a way for the city's interests to be better represented in port authority decisions. Perhaps the city should be given control over the board nomination process, instead of making it such a federal monopoly. Or even better, remove Toronto from the list of Canada Marine Act Port Authorities, and give its duties to Waterfront Toronto. I wish you luck in sorting out this mess.

Sincerely,

Max Moore, Harbourfront Community Association
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