

## **2013 Annual General Meeting Remarks**

### **Geoffrey A. Wilson, President and CEO**

Good morning and thank you for joining us today.

This past year has been an extraordinary one for the Toronto Port Authority. In 2012, we began our second century of operations and made great strides, with many milestones to be proud of.

Importantly, this is our 5<sup>th</sup> consecutive year of financial growth. Our operations are thriving, and each posted a profitable performance in the past year.

Our sound financial position allows us to reinvest in our operations and make further infrastructure improvements that support our customers and community on an ongoing basis.

Last March, we embarked on one of the most innovative and exciting infrastructure projects Toronto has seen in a long time – the Pedestrian Tunnel that will provide predictable, reliable and 1<sup>st</sup> class access between Billy Bishop Toronto City Airport and the foot of Bathurst Street.

We are currently more than halfway through construction. I am pleased to report that the Pedestrian Tunnel is on schedule to open next year, 2014.

The tunnel will not cost the taxpayers of Toronto a single dime. All of the construction has been funded through a \$20 departing passenger Airport Improvement Fee. The tunnel provides a new and important- indeed impressive - new gateway for the City of Toronto, and further enhances our growing status as a world class city of choice, to live, to visit, and do business.

Another of our key initiatives in 2012 was to build a new taxi staging area at Billy Bishop Toronto City Airport. The new area has reduced noise and congestion and drivers have said it is one of the best taxi staging operations in Toronto. That's consistent with our operating goals. And it's just one of many improvements that we have made along Eireann Quay as part of meeting our commitment to the community.

In 2012, the immensely popular Billy Bishop Toronto City Airport carried more than 2.3 million passengers to their travel destinations. Travelers can fly to more than 19 cities in Canada and the United States. In the under 5 million passenger category, Billy Bishop was named one of the 10 best airports in the world by the 2013 SkyTrax World Airport Awards . The airport not only offers excellent, convenient service, it also contributes \$1.9 billion in annual economic output and 5,700 jobs to the Greater Toronto Area's economy.

As you may know, Porter Airlines has put forward a proposal to extend the main runway at Billy Bishop Airport and permit the use of newly developed jet aircraft. The City of Toronto is currently studying the Porter proposal and we are working collaboratively with City staff in their assessment. At the same time, we are conducting our own assessment of the proposal so that we can be in a position later this Fall to outline some of our own considerations regarding this proposal.

The airport's size and scope of operation is limited by its noise envelope - the NEF 25 noise footprint which is imbedded in the Tripartite Agreement. This agreement has three signatories: the City of Toronto, the Federal Government, and the TPA. It is one of the most restrictive airport operating agreements in North America. But it is the one we operate within. And let me be clear, as a signatory to this agreement, and as owner and operator of the airport, we want the airport to be the best that it can absolutely be in terms of how it serves customers, serves the City's economic aspirations, as well as respecting the needs of the community around it.

I want to talk about the environment. The TPA has a strong historical commitment to environmental stewardship on Toronto's waterfront. On a yearly basis, we remove over 150 million pounds of debris from Toronto's inner harbour, keeping navigation safe for ships and pleasure boaters alike. We perform comprehensive environmental assessments on all major projects we undertake to ensure public awareness and engagement.

Together with the Toronto and Region Conservation Authority, the Toronto Port Authority is proud of its role in creating and nurturing the unique Tommy Thompson Park along the Leslie Street Spit. The park that makes up the 5-kilometre-long spit represents some of the largest existing natural habitat in the city. We are investing more than \$1 million in a new wetland and aquatic habitat at the park to protect wildlife.

We recently renewed our commitment to choosing green energy that comes from wind and hydro facilities. All of the TPA's operations obtain their power from 100 percent green renewable energy sources from Bullfrog Power Inc. In fact, Billy Bishop is the only airport in Canada fully powered 100 percent by green renewable energy. The TPA is among the top Bullfrog renewable energy users in the country. We conduct regular energy audits and promote the use of biofuels and new fuel technologies by both ourselves and our tenants. The port and Outer Harbour Marina are both part of the internationally recognized "*Clean Marine*" program. I am proud to say the marina has, for the second time, been awarded the prestigious "5 Green Leaf Anchors Award" by the Ontario Marine Operators Association and had its ranking upgraded to the gold level. We're continually looking for ways to reduce the environmental impact of our operations. We believe the quality of work we perform today is the heritage we will leave for our children.

The 2012 year provided an opportunity for the TPA and the City of Toronto to collaborate on several fronts toward building a better city. We are pleased we are developing a strong and productive working relationship with the City of Toronto. We value that partnership. Together we have been able to conclude two important agreements, among others. We contributed land to the TTC, which is allowing them to construct their new facility at Leslie Street and Lakeshore Blvd. And importantly, we partnered with the City to have new water and sanitary mains constructed into our pedestrian tunnel project. This work saved the City in excess of \$10 million in taxpayers' money, AND it eliminated costly and disruptive duplication of construction in the same neighborhood after our own project was built. That matters to the Community, and we are listening.

We are economic partners too. Our operations contribute to the local economy and create valuable jobs.

And the TPA pays taxes every year to the City of Toronto, as it also does to the provincial and federal governments.

Like other local businesses, we pay property taxes. And like other ports and airports across Canada, the TPA also operates properties that are restricted to a specific single use - the port is a port, the airport an airport. Neither can be developed into a factory or

a condo. Responsible MPAC valuations should reflect this AND City staff have acknowledged this publicly as FACT.

So, on these distinct, single use properties, we make a payment-in-lieu of taxes, or a PILT, to the City of Toronto. This is neither new, nor unique to the TPA or to any other port or airport across the country. We all pay PILTs.

Since 1999 The TPA has been in continuous discussions with the City regarding the amount of PILT that Billy Bishop Airport should pay. We both want a resolution. We have offered to pay an amount of \$0.94 cents per passenger, which is the amount Pearson Airport currently pays. This is a much higher figure than the \$0.80 cent amount recommended by an independent advisory panel. And unlike Pearson we don't have the benefit of revenue from air freight operations.

City staff recommended that Council approve this deal as fair and equitable to all parties. On April 3<sup>rd</sup> of this year, City Council chose to ignore their City staff's advice. This is bad politics, and poorly serves the public interest.

We have always been willing to pay our fair share of PILTs, and are fully paid through 2012 based on the \$0.80 amount recommended by the advisory panel. We're committed to resolving the airport PILT issue, fairly, and will consider advice from a new

independent advisory panel decision in the near future. We hope to be able to report on a favourable conclusion to this item at next year's AGM.

We are proud of Toronto's "new" Billy Bishop Toronto City Airport. Our research shows that a majority of Torontonians love the airport.

Billy Bishop Airport has come a long way since it was built in 1939. Though more active than 2006, today's flight activity numbers are still 1/3 below the peak in 1967 when this was Canada's most active airport. Porter and Air Canada's new commercial services have allowed us to revive the airport and make critical investments. Yet remarkably today still almost half of the take-offs and landings – 49% - are from non-commercial aircraft such as personal aviation flights, flight school pilot training, and tours. Importantly, Billy Bishop's location close to downtown hospitals makes the airport critical to thousands of air ambulance flights every year. We are committed to managing a viable commercial airport, to supporting local emergency medevac needs, and to an appropriate and continued recreational aviation presence at BBTCA.

The area around where we stand today is changing. In 1939 there were no condos on the waterfront. Today, the airport area is one of the fastest developing areas in the city.

We operate an important gateway to Toronto in an environment that is largely residential. In respect of our neighbours, we operate a flight scheduling and noise

program that is one of the most stringent in North America among major airports, and was implemented specifically to minimize aircraft noise during sensitive hours. As well, we have invested in a variety of initiatives to reduce the effects of airport noise on our neighbours including one of the world's most sophisticated noise management programs that includes acoustic barriers, a noise management office with dedicated staff, state of the art flight-tracking technology that accurately locates and identifies the sources of aircraft noise, and the publication of monthly noise reports on our website. This allows us to respond responsibly and professionally to the community.

Stakeholder engagement is important to us. In 2011, we set up an airport Community Liaison Committee as a forum for community stakeholders to meet with us and discuss noise, congestion and other airport-related concerns. The committee members are diligent and experienced volunteers and contributors to their community. We have met productively 10 times now since the founding of this Committee – our 11<sup>th</sup> meeting is next week - and the committee has recently established a Noise Subcommittee.

Every year for the past six years, the TPA has conducted a public opinion poll to analyze our progress.

I would now like to introduce John Wright from Ipsos Canada, who will go into detail about this year's poll findings.



Thank you John.

It's important for us to conduct this research annually. It helps guide us with respect to how we can improve and it shows us where we are on track. We are particularly delighted that Torontonians continue to believe that BBTCA is a valuable asset for the city, and that it is great for the economy.

As our success has grown in recent years, so has our role in the community. Since 2011 we have held a unique outdoor film series at Sugar Beach called *Sail-In Cinema*. Over three summer nights, visitors watch 3 great movies projected onto a double-sided floating screen – either from the terrace or a boat in the harbour. And it is free to attend! This year's Sail-In Cinema saw more than 5,500 people and nearly 100 boats enjoy movies under the stars.

We have also continued our commitment to invest in our community by supporting local organisations and programs. In 2012, we were the presenting partner of the Harbourfront Centre's "Uncharted Waters" photography exhibit, which explored the stunning visual landscapes and people of the Toronto harbour and waterfront. We value our partnership with Bill Boyle and his team here at Harbourfront Centre. Starting later this year we are proud to be supporting their environmental school visits program.

We are also proud to support the Canadian Art Foundation as well as Harbourfront Community Centre's "Room 13 Project", a superb program that supports inner city youth through art education in addition to a number of other initiatives across the city.

I want to take a minute to recognize the remarkable efforts and contribution of the TPA Board in the past year. I am grateful for the Board's valuable direction, vision, and guidance. And to the TPA team: I am fortunate to be working with so many skilled, highly experienced and professional people. This is a dedicated team, a committed team - one that understands our vision for operational excellence in all our divisions. And that commitment to excellence serves the City of Toronto and the community.

I also want to thank our neighbours, including those from local neighbourhood associations, for your contributions. Working together, in earnest collaboration, we have been able to build a foundation of open communication and feedback based on our shared vision for our vibrant harbour community.

I want to thank our government partners especially members of Toronto City Council, and Transport Canada in Ottawa for their support of the TPA's efforts to improve our transportation infrastructure. Our initiatives have a direct investment impact on the economic growth and well-being for the people of Toronto.

Finally, to the citizens of Toronto, who have supported our efforts to create a waterfront that includes a modern, sustainable transportation hub that is also an attractive place to live, work and raise a family – thank you.

Toronto's accomplishment, Toronto's pride, Toronto's success. Our future, together.

Thank you

I'd now like to invite Alan Paul, Vice President and Chief Financial Officer, to present his review of the year's financial results.