

**TORONTO PORT AUTHORITY  
(Doing Business as PortsToronto)**

**MANAGEMENT'S DISCUSSION & ANALYSIS – 2023  
(In thousands of dollars)**

**April 15, 2024**

*Management's discussion and analysis (MD&A) is intended to assist in the understanding and assessment of the trends and significant changes in the results of operations and financial condition of the Toronto Port Authority (the "Port Authority"), doing business as PortsToronto for the years ended December 31, 2023 and 2022 and should be read in conjunction with the 2023 Audited Financial Statements (the "Financial Statements") and accompanying notes. All dollar amounts in this MD&A are in thousands of dollars.*

*The Port Authority presents its financial statements under International Financial Reporting Standards ("IFRS"). The accounting policies set out in Note 2 of the Financial Statements have been applied in preparing the Financial Statements for the year ended December 31, 2023, and in the comparative information presented in these Financial Statements for the year ended December 31, 2022.*

**Introduction**

The Port Authority is a federal business enterprise continued pursuant to the *Canada Marine Act* as successor to The Toronto Harbour Commissioners.

The Port Authority is responsible for operating the lands and waterlots it owns and/or administers in support of local, regional and national social and economic objectives, and for providing infrastructure and services to the marine and air transport sectors to facilitate these objectives.

The Port Authority is governed by a Board of Directors appointed by three levels of government pursuant to section 14(1) of the *Canada Marine Act*, and section 4.6 of the Port Authority's Letters Patent. At full complement, six directors are appointed by the Governor-in-Council, as nominated by the Minister of Transport in consultation with the user groups; one director is appointed by the Governor-in-Council as nominated by the Minister of Transport; one director is appointed by the Province of Ontario; and one director is appointed by the City of Toronto. There are four (4) Committees of the Board of Directors, namely the Audit & Finance Committee, the Governance & Human Resources Committee, the Communications & Outreach Committee and the Pension Committee. Ms. Sandra Papatello is the newly appointed Chair of the Board of Directors, effective April 1, 2024, with Ms. Amanda Walton, the former Chair, having timed out on April 1, 2024, pursuant to the *Canada Marine Act*, which limits the tenure of Board members to nine years.

*(In thousands of dollars)*

## **Business & Operations**

The Port Authority's main business units are Port Operations (the "Port"), the Outer Harbour Marina (the "Marina"), the Billy Bishop Toronto City Airport ("Airport") and Property & Other.

The Port Authority owns and operates a 52-acre port facility at 8 Unwin Avenue (the "Port Facility"). This site includes a 126,000 square-foot multi-use building and also houses Marine Terminal 51, which has been repurposed and converted to a film and production studio. Additionally, the Port Facility includes the Cruise Ship Terminal, which services the cruise ship industry and is being used for film production as well as an occasional event space.

The Port Authority continues to promote mixed use at its Port Facility including bulk, general and project cargo handling and storage management, as well as container packing and unpacking services. With its preferred location and proximity to burgeoning construction in Toronto and surrounding areas, the Port Authority will continue to pursue additional opportunities for its Port Facility in 2024 and beyond.

In 2023, 2.312 million metric tonnes ("MT") of cargo moved through the Port of Toronto, which was 1.5% lower than the 2.347 million MT the Port handled in 2022. This ongoing successful performance marked the 7<sup>th</sup> consecutive year that more than 2.2 million MT moved through the Port. There were 234 ship visits in 2023, bringing sugar, salt, cement, aggregate and steel directly to the heart of the City, reinforcing the Port of Toronto's important role in the national supply chain. Also, 45 of the 234 ship visits were cruise ships, which brought 17,802 passengers to Toronto, both records for the Port; making a positive impact and contributing to the City's economic sustainability.

General cargo totaled 123,476 metric tonnes (MT) in 2023, which consisted of steel imports (123,234 MT) and project cargo (242 MT). Ships brought in steel imports from around the world (including rail, rebar, steel plate and coils). Steel imports were down compared to 2022, due to the concern over the possibility of new steel tariffs on steel coming from certain foreign countries.

Operations at the Marina remained positive and consistent in 2023. Demand for winter storage remained strong in the 2023-2024 winter season, and summer berthing renewals brought the Marina to a 100% occupancy level, with an ongoing waiting list. Recreational boating continued to be a favoured activity in Toronto with many new boaters coming from condominiums within close proximity to the downtown core.

The Airport had a strong 2023, with total passengers hitting 2.036 million, up from 1.732 million in 2022, an increase of 17.6%. Passenger volumes in 2023 were at their highest level since 2019, when passengers totaled 2.774 million.

The Port Authority is an important part of the Southern Ontario Gateway as one of five ports of significance in the province, while the Billy Bishop Airport is one of the key members of the Southern Ontario Airport Network (SOAN) with the capability to provide international and regional service. In this regard, the Port Authority remains an important gateway in supporting the economic health of Southern Ontario.

(In thousands of dollars)

## **Financial Considerations**

### **Financial Results in 2023**

The financial results of the Port Authority remained strong in 2023 with ongoing recovery at the Airport complemented by the consistent performance of the Port and Marina.

The overall financial performance of all of the Port Authority business units was very good in 2023. This is reflected in the Statement of Operations, as provided in Note 16 of the Audited Financial Statements and the Dashboard on page 4 of this MD&A. The Net Income from Operations and AIF revenues (before certain specific items) was up in 2023 to \$37,156 from \$30,358 in 2022, a 22.4% increase.

### **Key Financial Ratios:**

#### **Financial Liquidity**

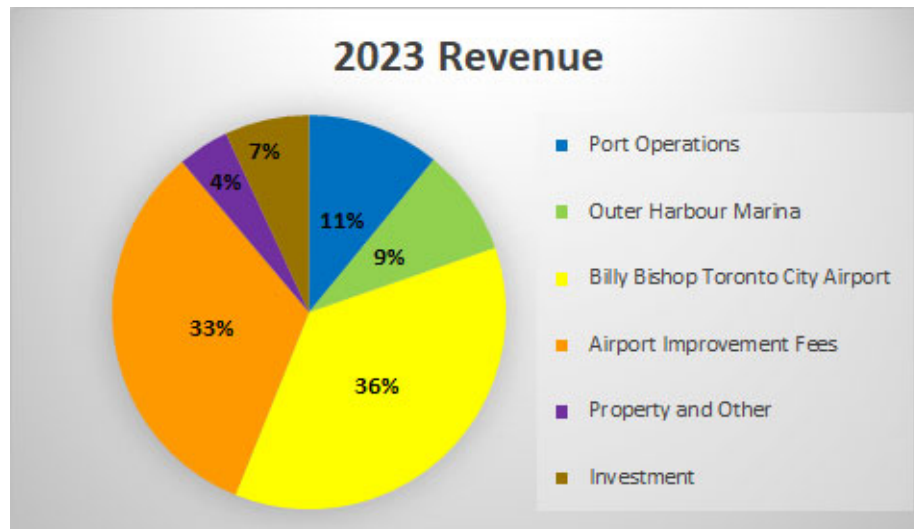
The financial liquidity of the Port Authority remains positive, with a Current Ratio (Current Assets divided by Current Liabilities) of 1.43 as at December 31, 2023. This is lower than the Current Ratio as of December 31, 2022 of 1.91, due primarily to more long-term investments being held as of December 31, 2023, as opposed to December 31, 2022, \$51,275 versus \$34,299, respectively.

#### **Financial Performance**

The financial performance ratio was slightly lower in 2023 with a Margin (Net Income (Loss) divided by Gross Revenue) of 12.2%. The ratio was 14.7% in 2022.

#### **Financial Leverage**

As to financial leverage, the Port Authority's debt to equity ratio increased slightly to 53.1% in 2023 as compared to 52.7% in 2022. This reflects the additional accrual of a provision for Leslie Street Spit Hardpoint J, in 2023.



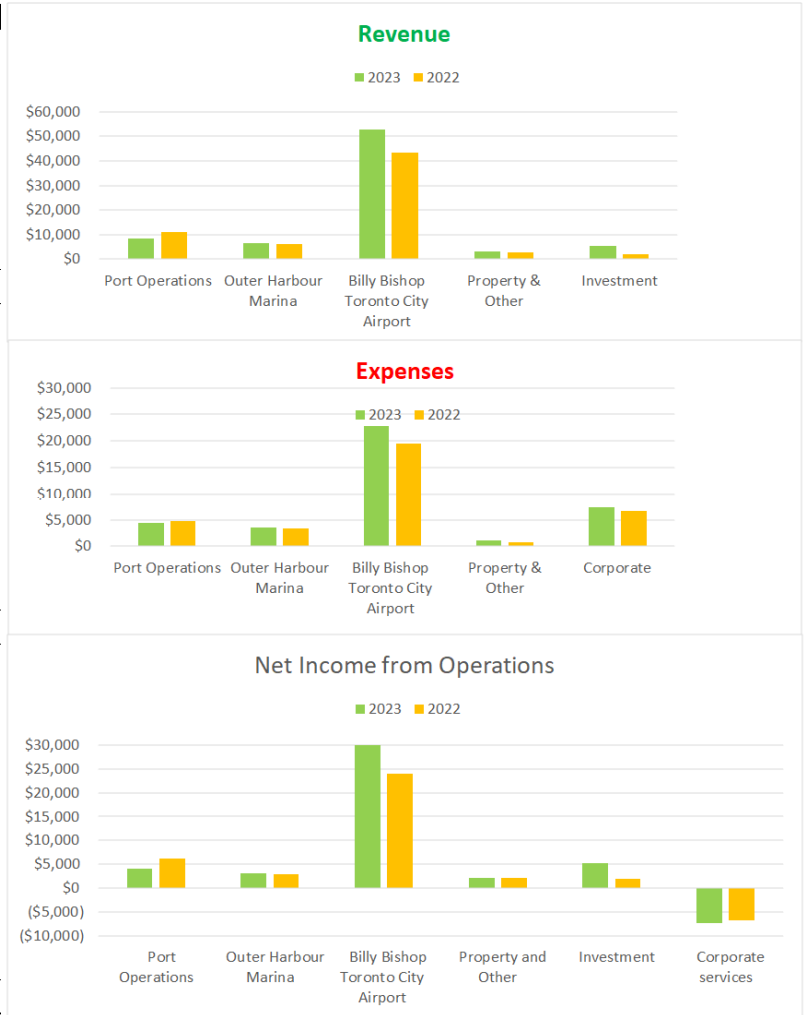
(In thousands of dollars)

Below are extracts from the Consolidated Statements of Operations, Consolidated Statement of Financial Position and gross increase in Capital assets:

**Consolidated statement of operations**

(In thousands of Canadian dollars)

	2023	2022
<b>Revenue</b>		
Port Operations	\$8,344	\$10,952
Outer Harbour Marina	\$6,707	\$6,097
Billy Bishop Toronto City Airport	\$52,788	\$43,500
Property & Other	\$3,242	\$2,906
Investment	\$5,290	\$1,930
Corporate	\$0	\$0
<b>Total</b>	<b>\$76,371</b>	<b>\$65,385</b>
<b>Expenses</b>		
Port Operations	\$4,379	\$4,703
Outer Harbour Marina	\$3,602	\$3,284
Billy Bishop Toronto City Airport	\$22,739	\$19,507
Property & Other	\$1,117	\$794
Investment	\$0	\$0
Corporate	\$7,378	\$6,739
<b>Total</b>	<b>\$39,215</b>	<b>\$35,027</b>
<b>Net Income from operations</b> (before certain specific items)		
Port Operations	\$3,965	\$6,249
Outer Harbour Marina	\$3,105	\$2,813
Billy Bishop Toronto City Airport	\$30,049	\$23,993
Property & Other	\$2,125	\$2,112
Investment	\$5,290	\$1,930
Corporate	(\$7,378)	(\$6,739)
<b>Total</b>	<b>\$37,156</b>	<b>\$30,358</b>



Note: The above does not include Amortization, Payment-in-lieu of taxes, Interest expenses, Gross revenue charge and OCI. Also the above does not include Gain on sale of Parliament Slip (2022), write off of Site Preparations costs (2022) and provision for Leslie Street Spit and Other Obligations (2022 & 2023).

(In thousands of dollars)

## Consolidated statement of financial position (Summarized version)

(In thousands of Canadian dollars)

	2023	2022
	\$	\$
<b>Assets</b>		
Current assets	80,781	84,054
Non-current assets	292,977	272,800
	<b>373,758</b>	<b>356,854</b>
<b>Liabilities &amp; Equity</b>		
Current liabilities	56,655	44,002
Non-current liabilities	73,006	79,145
Equity	244,097	233,707
	<b>373,758</b>	<b>356,854</b>

## Capital Assets - Gross Increase

(In thousands of Canadian dollars)

	2023	2022
	\$	\$
Port Operations	3,777	1,191
Outer Harbour Marina	2,151	655
Billy Bishop Toronto City Airport	6,147	5,763
Property & Other	942	1,596
<b>Total</b>	<b>13,017</b>	<b>9,205</b>

## ESG Initiatives

The Port Authority has reflected Environmental, Social and Governance (“ESG”) parameters in its strategic priorities, in line with the organization’s commitment to being a strong and responsible contributor to the City of Toronto and the waterfront community. The reporting year not only saw the development of a new vision and business plan for 2024-2028, but also that of an initial ESG roadmap which covers the pillars of monitoring, performance, policies, processes and reporting, among others.

To ensure the continued relevance of ESG efforts and disclosures that prioritize actions, the Port Authority conducted its inaugural materiality assessment in 2023. Inputs were sought from a range of internal and external stakeholders on the thematic areas of importance and the outcomes of this exercise have been used to prioritize sustainability efforts. Topics pertaining to safety, security, climate action, stakeholder engagement and risk management were among those ranked the highest, and efforts will continue to prioritize these elements in the years to come. These components are also reflected in communications, with the Port Authority’s ESG report for 2023 detailing its performance in accordance with GRI Standards, the world's most widely used sustainability reporting standards.

*(In thousands of dollars)*

Being cognizant of the location of its operations on the waterfront, the Port Authority remains unwavering in its commitment to environmental stewardship. This includes doing right by our stakeholders and also extends to our employees. This year, work was initiated on a diversity, equity and inclusion strategy and a pay equity plan. On the governance front, meanwhile, there was refresh of the enterprise risk register to ensure the continued relevance of risk management efforts. The register also includes ESG risks and plans to manage them will be strengthened throughout 2024.

2023 has been critical year for ESG efforts, marking the initiation of some new efforts and the formalization of many others. The Port Authority shall continue to build upon its foundation of environmental and social responsibility in these areas and communicate its performance on topics deemed to be most material on an ongoing basis. More details of the initiatives undertaken in the reporting period are available in the ESG report for the year.

### **Financial Outlook for 2024 – Strategic Priorities: 2024 to 2028**

The 2024 Outlook for the Port Authority is forecast to be strong, with Billy Bishop Airport continuing to see steady growth, the Port expected to have another strong year in terms of cargoes and cruise ship visits, and the Outer Harbour Marina being at or near capacity, with the potential of additional customers continuing to come from other marinas in the area. All of the business units are expected to have a solid 2024 and provide healthy returns to the organization. With a new Vision “Transportation Reimagined” and Business Plan for 2024, the Port Authority plans to invest in its five Strategic Priorities. The organization has many valuable assets and will continue to operate to maximize these assets going forward. As a result, the Port Authority is confident that 2024 will be another solid year financially for the organization.

## **STRATEGIC PRIORITIES: 2024-2028**

