



June 5, 2017

The Honourable Marc Garneau
Minister of Transport
House of Commons
Ottawa, Canada
K1A 0A6
[By email to marc.garneau@parl.gc.ca](mailto:marc.garneau@parl.gc.ca)

Dear Minister Garneau:

Re: Sale of 30 Bay for \$96 million: PortsToronto should be accountable to the public

Waterfront for All is an umbrella organization of citizen groups (listed on the attached information sheet) interested in maintaining and revitalizing Toronto's Waterfront. The Waterfront is the jewel of the city; we support its on-going revitalization co-funded by the three levels of government and managed by Waterfront Toronto through a combination of public sector contributions from all three levels of government and major private investment. This multi-decade city-building project has brought and will continue to bring great value to the economic and cultural future of the Greater Toronto Area and Canada.

It is one of the largest and most significant waterfront revitalization projects underway in the world today. As this occurs, opportunities arise for the re-use and in some cases sale of publicly-held lands to contribute in important ways to the overall revitalization process, based on community priorities.

We write to express our specific concern about what will happen to PortsToronto's recent \$96 million windfall from the sale of its 1.8 acre 60 Harbour/30 Bay site, which closed in May, 2017. There must be accountability and transparency as to what will be done with this huge amount of money. What happens will set a precedent for the sale of other public assets.

As you know, the site comprises PortsToronto's headquarters at 60 Harbour Street and a large parking lot on Bay Street in the heart of the downtown Waterfront (together called "30 Bay" in this letter). It's probably the most valuable undeveloped lot in Canada on a square-foot basis.

The money should not be spent by PortsToronto at cross-purposes with on-going efforts by all three levels of government to revitalize the waterfront. There should be wide consultation and coordination with other stakeholders as to spending priorities. Yet PortsToronto does not propose to do this. That is bad management.

As you know, lots of funding is needed for the revitalization of Toronto's waterfront. Much must come from the sale of government land around the harbour. As just one example, Toronto's Jack Layton Toronto Island Ferry Terminal needs to be rebuilt. Most of the project remains unfunded. As it happens, the \$96 million windfall from the sale of 30 Bay, a block away, roughly approximates the amount needed. This is a port-oriented project well within PortsToronto's limited statutory mandate under the *Canada Marine Act* (the "Act"). It hasn't offered to help out.

Funding is urgently needed for many other projects, including, as another example, waterfront transit. Who decided PortsToronto's spending priorities, whatever they are, outrank other needs?

The \$96 million should have gone into the coffers of the federal government, earmarked for waterfront revitalization in consultation with the federal government's co-funding partners, the City and Provincial governments, as well as local councillors and residents. If it is too late to do that, we suggest PortsToronto fully engage with other stakeholders as how the money is spent, as suggested below. Then funding priorities can be determined in an accountable, responsible and democratic manner

PortsToronto is largely unaccountable. Its main priority is expanding Billy Bishop Toronto City Airport to increase its own revenues. Unlike Waterfront Toronto, which has undergone repeated and rigorous external audits and reviews, PortsToronto is not subject to meaningful external review, and certainly none by any entity reporting to the City, Province or the people of Toronto.

Perhaps nothing so clearly illustrates the problem as PortsToronto's repeated and indignant assertions in recent weeks that it was entitled to sell 30 Bay and spend the money as it pleases because 30 Bay was "private property owned by PortsToronto" (2016 Annual Report, p. 7). PortsToronto went so far as to put the words **not a federally owned property** in underlined bold letters in a letter dated May 11, 2017 to Norman Di Pasquale, Chair of NoJetsTO which had dared to question whether it was the best custodian of the large proceeds of the sale of the property.

This insistence that 30 Bay was "private property" is not only legally dubious, but more important, counterproductive. The stakeholders on the waterfront are not five-year-olds in a sandbox. Consultation and coordination among different levels of government and other stakeholders are essential. All such assets are ultimately the taxpayers', to be used for the benefit of the public, not to expand the empire of particular bureaucrats.

PortsToronto "owned" the 30 Bay property as a custodian for the taxpayers and people of Canada. It describes itself as a "*federal government* business entity" (italics added). As it rightly says in its "Vision", PortsToronto is a "guardian and steward of Toronto waterfront resources" (2016 Annual Report p. 4, 5).

We are sceptical PortsToronto ever bought the land at 30 Bay from the taxpayers free and clear at a market rate with taxpayer knowledge and consent, free of government subsidy or backing. It has disclosed no particulars of any such transaction so far as we know.

We don't know what 30 Bay "cost" PortsToronto, because its financial statements don't say. The \$25.6 million asset value for "land" in its financials is a "historic cost basis" for all the legacy real estate properties around the harbour of which it is custodian, including its 50 acre Port of Toronto site at the Eastern Gap, likely to be even more hugely valuable one day.

Can PortsToronto sell these other lands and keep that money too? Is it really up to its six unelected directors to decide what to do with such huge amounts of taxpayer money, and no one else?

Unlike a true owner, PortsToronto can't sell land when it pleases. Under the *Act*, it must ask you as Minister of Transport for permission to do so. It asked you for, and on April 11, 2017 you granted "Supplementary Letters Patent" i.e. permission to sell the 30 Bay site and keep the money. You attached no conditions requiring transparency, accountability or consultation with other stakeholders. You could and should have done so.

Granting ministerial approval is no mere formality. You recently refused PortsToronto's request for Supplementary Letters Patent to allow development of 30 Bay as a joint venture with Oxford Properties. We don't know why the outright sale in May was acceptable while the proposed joint venture was not; there was no public consultation or explanation. The sale of 30 Bay was simply announced in a PortsToronto press release on May 1, 2017.

It's far from clear PortsToronto needs the money more than other government stakeholders or the federal government itself. Of all the government stakeholders on the Waterfront, PortsToronto seems the least in need of funding. It continually assures the public it is self-sufficient, as required by the *Act*. 2016 was its ninth-year consecutive year of profitability. It proudly announced its debt is comparatively low for a port authority at its annual general meeting on May 30, 2017. All its business operations, particularly the airport, are profitable. Profits are up from last year. Presumably that profitability is net of the amortized capital costs of infrastructure (if not, it wouldn't be truly profitable).

With assets of \$257 million and liabilities of \$133 million (much of it incurred to finance construction of the Tunnel under the Western Gap), PortsToronto's balance sheet at year end 2016 was strong, even before the sale of 30 Bay.

What will PortsToronto do with the \$96 million? Its chairman Robert Poirier says "it can and will be used to pay down debt, and enable revitalization of the Port." (2016 Annual Report, p. 7). He does not explain why paying down PortsToronto's debt is higher priority than paying down the federal government's not inconsiderable debt or why whatever projects he has in mind are more important than other unfunded but necessary projects.

PortsToronto should put the question of what will be done with the proceeds of the sale of 30 Bay through a transparent consultation process involving the public and all three co-funders of Waterfront Toronto. The process should probably be managed by Waterfront Toronto which is accustomed to co-ordinating the three levels of government, consulting with the public and reconciling competing waterfront priorities.

In that process, PortsToronto should explain why any spending program it may propose is the best possible use of the funds. If other stakeholders propose other uses for the funds, they should put them forward. There should be frank and full discussion of funding priorities around the harbour and Waterfront, and a collective decision as to the best use of the funds, using alternative dispute resolution methods to arrive at the best decision if necessary.

In the alternative, PortsToronto should propose a spending (or debt reduction) program for the money in a transparent manner, and consult widely with the public and other government stakeholders as to its appropriateness in light of other competing funding or debt reduction needs.

Yours truly,



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Toronto's waterfront is more than our city's edge along Lake Ontario – it's a destination and second neighbourhood for every Torontonians to enjoy. That's why 16 groups have come together to form Waterfront for All – as a new citizens group for everyone interested in the future of Toronto's waterfront.

Over 25 years ago, the Crombie Commission set out nine principles for Toronto's waterfront revitalization. They are as valid as ever. Our waterfront should be: Clean, Green, Useable, Diverse, Open, Accessible, Connected, Affordable, Attractive.

Waterfront revitalization has come a long way, but it's far from complete. Progress on the waterfront needs to be celebrated and supported by citizens, otherwise it may lose momentum or die altogether.

From Etobicoke to Scarborough, we invite citizens and groups from across Toronto to work together to keep the revitalization and beautification of our waterfront moving forward. Waterfront for All strives to represent citizens and groups from across Toronto.

Member organizations:

- [Bathurst Quay Neighbourhood Association](#)
- [Citizens for a Healthy Toronto Waterfront](#)
- [CodeBlueTO](#)
- [CommunityAIR](#)
- [Federation of North Toronto Residents' Associations](#)
- [Friends of the Spit](#)
- [Gooderham & Worts Neighbourhood Association](#)
- [Greater Waterfront Coalition](#)
- [Harbourfront Community Association](#)
- [NoJetsTO](#)
- [St. Lawrence Neighbourhood Association](#)
- [Toronto Boaters Alliance](#)
- [Toronto Island Community Association](#)
- [Toronto Water Taxi Association](#)
- [West Don Lands Committee](#)
- [York Quay Neighbourhood Association](#)