

Chair's Remarks
ACPA Governance Seminar
November 28 & 29, 2005
Toronto, Ontario

Good morning and welcome to the Association's Governance Seminar, our third in as many years. I would like to thank Michele, Lisa and the Toronto Port Authority for once again agreeing to host this Seminar. It is always great to be here in 'Toronto the Good'. I'd also like to thank the Association's Law Committee for putting together a strong program for this year's Seminar. I am pleased to see that we have a number of members of that Committee presenting at the Seminar as well, including the Chair of the Committee, Lorraine Brenton. Thanks for all your good work. Lastly, but not least, thanks to our sponsors Fraser River Port Authority, Montreal Port Authority, Transport Canada (?) and, of course, the Oshawa Harbour Commission – no I didn't have to twist the board's collective arm!!

There can be little doubt about the importance the ACPA Board and, indeed all our members, place on the role of governance in our organizations. Governance seems to have grown into an industry unto itself in recent years with high profile problems in several Fortune 500 companies. It is no less important for the kinds of businesses we operate. In fact, some would argue that it is

more important given the unique nature of the Port Authorities in Canada, operating as commercial enterprises with mandated public policy outcomes. Under the Canada Marine Act, Port Authorities must comply with specific operations regulations, while at the same time work to achieve national and regional economic and social objectives. And, to further pile on the responsibility, it wants Port Authorities to do that while receiving no funds from the federal treasury.

Under the Act CPAs must remain 'self-sufficient' and can only fund operations from its stream of revenues. It cannot pledge assets to borrow for specific port development or marketing. Oh, one more thing, the Port Authority must send an annual stipend to the federal government for the privilege of these obligations under the Act. Any wonder we are still a Harbour Commission! We will hear more about all of that as we move through the various sessions in this Seminar.

In 1999 the CMA placed the governance of Canada Port Authorities under local control with locally appointed boards. The commercialization of Ports and the local governance model has been, by and large, a move in the right direction. While the Association has argued for specific amendments to the Canada

Marine Act, no one will argue that we should go back to the way it used to be before the CMA. But we must continue to work hard to ensure that we have sound business practices in place - based on sound governance principles.

Some have suggested that a Port Authority has the worst of both worlds in the sense that the private sector sees the Port as a public entity – given its agency status – and yet the public sector sees the Port more as a private, commercial entity that must compete in the marketplace. CPAs must ensure that they are good corporate citizens: good stewards of the environment; provide reasonable tariffs for port users; and sensitive to a multitude of needs in the towns and cities in which they do business. On the other hand, CPAs must aggressively compete regionally and locally for business to the benefit of both local and national economies.

The Law Committee charged with developing the Governance program for this Seminar was mindful of all of the above. I believe the program addresses the primary issues for port operators now doing business under the auspices of the Canada Marine Act. Many of these governance issues are also important considerations for local port authorities that are not CPAs, but have similar stresses and strains experienced by CPAs.

With all that said, it is not all gloom and doom for the boards of CPAs. Over the past six years under the Act, the business of Port Authorities has grown and they have proven that they can comply with the regulations under the Act AND achieve important CMA objectives. In fact most, if not all, CPAs have obtained certificates of compliance under the Act with respect to execution of CMA management regulations. All CPAs have made a serious effort to ensure new directors are conversant with the topical issues on their port's agenda. We have so with these types of seminars in the past and individual Port Authorities have done specific governance training as well. It is clear that we have not rested on our laurels with respect to good governance, and we must remain vigilant. That is our duty and one not to be taken lightly.

We hope you will engage in the various sessions and I invite you to participate in the Q and A sessions. Also, we are doing something unique this year and have a 'drop box' for questions that we may not have time to address throughout the various sessions. David Brown will address these questions in the last session of the Seminar tomorrow. This last session is meant to be highly interactive and we encourage you to put questions in the box throughout the day, they will be anonymous and can relate to

any aspect of governance you deem important. In this way we are assured that there are no stones left unturned in our quest to understand the important governance issues before us. David Brown has been with us in the past at this Seminar and has also done individual training sessions for a number of CPAs. So he's well versed in the ways of Port operations as it relates to governance.

And finally, I think you will enjoy our luncheon speakers. Both come from similar agencies that are creatures of the Crown, but operating on their own steam. We have a board member's perspective in Andy Brandt, the Chair of the LCBO Surely a favourite for we Ontarians! And, from the perspective of management, we have Andrew Poprawa, the President and CEO of the Deposit Insurance Corporation of Ontario. We think both will certainly help round out our discussions on governance and give us their unique perspectives based on their first-hand experience.

Thanks again for coming. It is encouraging to see such a good turn out. The Association continues to strive to have high quality events that benefit its members. We trust that you will take away much good information from the sessions and from the sidebar

chats over coffee. Also, please note that the presentations will be posted on the “Members Only” section of our web site very soon.