

ASSOCIATION OF CANADIAN PORT AUTHORITIES

**Governance Seminar
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**Chairs Remarks
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Good morning and welcome to our regular governance seminar. Normally this is a bi-annual event, but because of the high turnover in CPA boards - over the past year - the board decided that it would be best to host one this year. That said, I believe we all realize the importance of good governance for our respective organizations. Apart from the sensational treatment of governance in the press recently, like Enron, Worldcom, Nortel and others – governance is, indeed, a critical part of everything we do. The question is what does good governance mean for this beast called a Canada Port

Authority? CPAs came into being a short 6 years ago with the introduction of the Canada Marine Act. I won't go into the CMA and what that all means for us, but I would like to try to give you some flavour of what we all must deal with on a regular basis as port managers.

Of course, we all know that CPA boards include representatives appointed by key port stakeholders: all three levels of government and the users. But before looking at the governance structure - and before we begin the proceedings over the next day and a half - I think it worthwhile to consider what a CPA 'IS' and 'DOES'. First and foremost, under the CMA, a CPA is mandated to be 'self-sufficient' and 'commercial.' I know we truly are BOTH today. In fact, my fellow CEOs will agree that things work better now under the CMA than they did before the CMA. However, there are a few changes needed as

was confirmed a year ago by the extensive, mandatory review of the Act. We are hopeful that we will get on with the many positive recommendations flowing from that review soon.

While CPAs must be concerned with growing the business of the port, and generating significant economic activity, there is much more on our plate. The Canada Marine Act mandates a CPA with several lofty objectives related to "...local, regional and national economic AND social development, while at the same time safeguarding Canada's competitiveness and trade objectives." Section 4 of the Act goes on to outline other objectives for CPAs such as: satisfying the needs of users at a reasonable cost; maintaining a high level of safety and environmental protection; and managing the marine infrastructure and services in a commercial manner.

When we look at the balance sheet of a CPA we must be mindful of these many divergent imperatives.

In the 17 years I have been in the port system, I have come to realize the many complex - and often intangible issues - we have to tackle on a daily basis.

The Canada Marine Act has really created an entity - the CPA – that is a bit schizophrenic. It is viewed by the PUBLIC sector as private enterprises with specific public policy objectives - which in fact it is; and we are viewed by the PRIVATE sector as public agencies that must provide the highest level of service at the lowest cost - which in fact it does.

Some might say that this is almost an impossible task ... and some days it seems that way.

This brief overview is by no means meant to be an extensive analysis, but simply to convey the fact that CPAs operate in a complex operating environment.

We have business to conduct; public policy to work on; a multitude of stakeholders to consult; regular consultation with all three levels of government; strict compliance with government regulations; and all while a CPA owns virtually nothing. CPAs are primarily landlord ports, but must have as priority number one, the best interests of all those who do business on port lands as well as citizens who live in close proximity to the port. CPAs are, by and large, the primary infrastructure service providers. And, as we all know from numerous media reports recently, all transportation infrastructure capacity is under some strain - in light of exploding worldwide trade. This is impacting CPAs in all regions of the country now and well into the future.

A CPA must be involved with extensive marketing of the Port. CPAs must Act as a trade facilitator for what has been commonly referred to as a 'gateway

for trade and commerce.’ We have many considerations to factor into all our decision-making: international versus domestic; private versus public; local/regional versus national; user versus service provider; and, of course, we too also need to have some net income at the end of the year. Ports are caught smack in the middle of the logistical chain. We see the cargo coming and going. We must act as the ‘honest brokers’ in ensuring that cargo moves efficiently from shipper to receiver. Ports cannot be the weak link in that chain and must always work with all modes (rail and truck) to ensure it does not.

As with any board of directors, it is not always easy to grasp the tangible versus the intangible. However, in a purely private corporation it is fairly straightforward. In a purely private corporation you have to get a return on investment and keep shareholders assured that they will be getting a

dividend sometime in the foreseeable future. For us, in what is referred to as the National Ports System, the 19 CPAs that handle over \$100 billion in cargo annually, it's NOT quite that simple. Our dividends are defined much differently. Our shareholders are really a broad cross-section of stakeholders who view the port from different perspectives depending on where they sit.

These are the challenges for the good governance of Canada Port Authorities. These are some of the things that we need to consider as we hear about the various aspects of governance over the next day and a half. I invite you to look, listen and learn. And don't forget, questions are what make sessions like this work. So please feel free to engage with our distinguished roster of presenters or simply engage in good healthy debate in the hallways and lobby. We

often learn as much in the foyer as we do in the plenary.

Finally, I'd like to thank the Law and Governance Committee of the Association for work done on this Seminar. It also would like to thank the Toronto Port Authority for hosting this event for the second year in a row. It is a great place to hold the event, not just because it's central, but because of the many experts in governance we can draw on in the Toronto area. We certainly appreciate the hospitality of Henry, Lisa and all the TPA staff in making the Seminar a reality. I'd also like to thank our other sponsors, the Montreal Port Authority, Transport Canada, Fraser River Port Authority, the Oshawa Harbour Commission, and last, but not least, the Vancouver Port Authority! Most of all, I thank all of you for attending this important seminar. I hope you will enjoy it and take

back positive insights for the good governance of
your Port Authority.

Thank you.