



CIVIC AFFAIRS

An independent fact-finding organization
reporting to the public on civic affairs.

October 26, 1954

HARBOUR OPERATIONS

Fellow Citizens:

At the beginning of this month the Toronto Harbour Commissioners brought forward their plan for a lakeshore expressway. It differed considerably from other plans that have been under consideration by the Metropolitan Council and gave added emphasis to the responsibility that faces our elected representatives in committing the taxpayers to such a large capital expenditure.

It is not the purpose of this statement to question the necessity of proceeding with reasonable speed on this important traffic improvement. Nor is it our intention to pass judgment on the relative merits of any of the plans that have come under review. The complex engineering and policy problems rule out any pat solution. It does seem important, however, that the decisions made take account of the interests of agencies such as the port and harbour authority in the lakeshore expressway.

While the expressway issue presents an immediate reason for interest in the work of the Toronto Harbour Commissioners, a more important news item highlighting their role in the community is the conclusion of negotiations on the St. Lawrence seaway undertaking. No one can doubt the strong influence this major development will have in the years ahead on port activities of this City.

What is the Toronto Harbour Commission? Why is it concerned with such questions as the lakeshore expressway and the future development of Toronto Island? How are its responsibilities tied in with the civic management of this great metropolis? These are questions on which there appears to be a need today for more widespread public information and understanding.

The Harbour Commissioners

Control over the port and harbour of Toronto is entrusted to a body of five appointed commissioners. Three of them are named by the City Council for a term of three years. In the ordinary course, the actual selection is made by the Board of Control since it takes a two-thirds majority of Council to overrule their executive recommendation. The City representatives are eligible for re-appointment and the three present members have just recently been confirmed for another term in office. The remaining two commissioners are appointed by the Government of Canada and one of the Dominion's representatives is always the nominee of the Toronto Board of Trade.

Leaving for the moment the new place occupied by Metro, the present method of appointment of commissioners may be said to reflect rather accurately the relative interests of the two governments--national and local--and of private business in the operations of the port area.

Stewardship over the development and operation of the Toronto harbour by a body of appointed commissioners is not of course new. Yet it may surprise people to learn that such an arrangement dates back to 1833 when Toronto was the little town of York. Although it served as the capital of the province, York had then no local self-government of any significance. The commissioners, three in number, were appointed by the provincial government which itself retained responsibility for setting rates and tolls on vessels using the harbour. Initially, the commissioners were granted a sum of two thousand pounds to be applied in constructing works for the improvement and preservation of the harbour and this sum was to be repaid with interest at six percent from the local harbour revenues that the province collected. A further advance of twenty-five hundred pounds was made a few years later and the provincial Governor was authorized to appoint new commissioners to administer the additional expenditures.

In 1850, the province passed new legislation which made the commissioners a corporate body attached to the local government of the City. The number of commissioners was increased to five--two to be appointed by the Common Council of Toronto, two by the Toronto Board of Trade and a fifth by the provincial government on the recommendation of a majority of the locally-appointed commissioners. The legislation noted in a preamble that "the claim of the province for repayment of any balance (of the sums previously advanced) can easily be adjusted in a satisfactory manner" and, having dismissed that subject, went on to authorize the commissioners to borrow additional amounts up to a limit of fifty thousand pounds. As before the debt was to be repaid through the income from harbour rates.

The harbour corporation as we know it today dates from an Act passed by the Federal Parliament in 1911. The essential framework of its operations set out in that Act has also remained substantially unchanged. Under national sponsorship, the corporation was given much wider authority than had been enjoyed by its predecessor. The Toronto Harbour Commissioners have been given the right to--

1. regulate and control the use and development of all waterfront lands within the City. To this end, they can buy, sell, lease or mortgage properties and can expropriate where necessary. Before dealing in Commission-held properties acquired from the Crown, however, they are expected to obtain the consent of the Governor-in-Council at Ottawa.
2. construct and operate docks and channels, plants, warehouses and similar facilities even including railway lines within the port area.
3. make by-laws governing such matters as navigation, construction, use of machinery, stringing of wires, prevention of thefts, imposition of rates, tolls and penalties and other operations relating to port management.
4. take punitive action, if necessary, to recover charges due from shippers.
5. borrow money through the issue of bonds with a maximum term of forty years--using the properties vested in or controlled by the Commissioners as security.
6. appoint officers and engage such help as they consider necessary to carry out the objects of the Corporation.

Later amendments have (a) re-defined the harbour boundaries, (b) facilitated certain property purchases, (c) authorized re-financing of bond issues, (d) assured the Commissioners of the authority necessary to

operate the two airports, and (e) protected the Corporation against any sudden decline in oil shipment revenues.

Where the City necessarily entered the picture was and continues to be primarily through a financial responsibility. Concurrent with the 1911 Federal Act, the province passed legislation that allowed the City to stand as guarantor of the Commission's bonds. In the earlier years an unhappy position gradually developed. The Commissioners met their obligations through a steadily pyramiding load of debt, while the City itself financed certain waterfront improvements by issuing its own debentures. In 1927, there was a reorganization and an investigation. From that year onward, the City began paying out of its current budget whatever charges the Commission could not handle. In the course of the next twenty-five years, fulfilment of this policy required the payment of more than \$17 million. Since 1943, however, the amount of debt for which the City has assumed responsibility has declined year by year. In 1952, the Harbour Commissioners were able for the first time to pay their way without any recourse to City funds. And, in 1953, they turned over a surplus of some \$200,000 to the City Treasury.

The Government of Canada has also been a large-scale contributor to the development of the Toronto harbour. Ottawa has a recognized responsibility for harbour installations at all Canadian ports. By coincidence, the amounts paid from the Federal treasury for Toronto projects have just about matched the money put up by Toronto taxpayers.

Land Reclamation

An important feature of the work carried on by the Toronto Harbour Commissioners as part of the general waterfront improvement has been the reclamation of marsh lands and a gradual outward extension of the shoreline. While some future work of this sort may be anticipated, in relation to the present concept of the harbour area the major filling operations have been completed. Part of the reclaimed land has been held as the property of the Harbour Commission itself for leasing to commercial enterprises or for its own use. Other blocks of land have been sold outright to companies requiring port facilities. Finally, large tracts have become available for use as park lands, open spaces, roadways and the like.

It was very early seen as appropriate that the City should be ensured of the continuing use of these lands. Consequently, in late 1914 an agreement was signed with the Harbour Commissioners under which the City undertook to pay the annual debt charges on these particular reclamation expenditures over a forty-year term plus a small administrative cost. In 1939, when the work was completed, the total reclamation expenditure had exceeded \$1½ million, of which more than \$1 million had been spent in the first three years. The City will have cleared off the bulk of the debt charges over the next few years and its annual payment, now running at about \$93,000, will scale off sharply. Smaller sums will be required until 1979 at which time the City will be entitled to the use of the lands for a token payment of \$1 per annum.

Contract Services

The City of Toronto has engaged the Harbour Commissioners to look after two civic undertakings which have some association with harbour operations. The Commissioners take charge of the two municipal airports and supply the harbour police and life-saving services.

The agreement for the police and life-saving services was approved by City Council in September 1919. In its first year of operations, the Harbour Police--to use the Commissioners' designation--cost slightly in excess of \$100,000. About one-third of this amount was directed to the purchase of necessary equipment. Before the war, the annual expenditure

operate the two airports. And (a) protected the Corporation against any sudden decline in oil shipment revenues.

Where the City necessarily entered the picture was and continues to be primarily through a financial responsibility. Concurrent with the 1911 Federal Act, the province passed legislation that allowed the City to stand as guarantor of the Corporation's bonds. In the earlier years an unhappy position gradually developed. The Commissioners met their obligations through a steadily pyramiding load of debt, while the City itself remained certain waterfront improvements by issuing its own debentures. In 1927, there was a reorganization and an investigation. From that year onward, the City began paying out of its current budget whatever charges the Commission could not handle. In the course of the next twenty-five years, fulfillment of this policy required the payment of more than \$17 million. Since 1947, however, the amount of debt for which the City has assumed responsibility has declined year by year. In 1952, the Harbour Commissioners were able for the first time to pay their way without any recourse to City funds. And, in 1953, they turned over a surplus of some \$200,000 to the City Treasury.

The Government of Canada has also been a large-scale contributor to the development of the Toronto Harbour. Ottawa has a recognized responsibility for harbour installations at all Canadian ports. By coincidence, the amounts paid from the Federal Treasury for Toronto projects have just about matched the money put up by Toronto taxpayers.

Land Reclamation

An important feature of the work carried on by the Toronto Harbour Commissioners as part of the general waterfront improvement has been the reclamation of marsh lands and a gradual outward extension of the shoreline. While some future work of this sort may be anticipated, in relation to the present concept of the harbour area the major filling operations have been completed. Part of the reclaimed land has been held as the property of the Harbour Commission itself for leasing to commercial enterprises or for its own use. Other blocks of land have been sold outright to companies requiring port facilities. Finally, large tracts have become available for use as park lands, open spaces, roadways and the like.

It was very early seen as appropriate that the City should be assured of the continuing use of these lands. Consequently, in late 1911 an agreement was signed with the Harbour Commissioners under which the City undertook to pay the annual debt charges on these particular reclamation expenditures over a forty-year term plus a small administrative cost. In 1939, when the work was completed, the total reclamation expenditures had exceeded \$17 million, of which more than \$1 million had been spent in the first three years. The City will have cleared off the bulk of the debt charges over the next few years and its annual payment, now running at about \$93,000, will scale off sharply. Smaller sums will be required until 1979 at which time the City will be entitled to the use of the lands for a token payment of \$1 per annum.

Contract Services

The City of Toronto has engaged the Harbour Commissioners to look after two civic undertakings which have some association with harbour operations. The Commissioners take charge of the two municipal airports and apply the harbour police and life-saving services.

The agreement for the police and life-saving services was approved by City Council in September 1919. In the first year of operations, the Harbour Police--to use the Commissioners' designation--cost slightly in excess of \$100,000. About one-third of this amount was directed to the purchase of necessary equipment. Before the war, the annual expenditure

remained for several years at just over \$70,000. The expenditure has climbed steadily since the war's end until now it runs around \$200,000 yearly. There is, of course, a regular but fluctuating requirement for the replacement and improvement of equipment. The total annual expenditure is repaid to the Commissioners from City funds.

Just prior to the war, Toronto established two public airports--the large airfield at Malton and the smaller Island airport. While these are both revenue-earning enterprises, they have not proven to be money-makers.

Very shortly after its establishment, war conditions required the Department of Transport to take over the Malton airport and the Canadian government has continued in control ever since. Periodically, it has been suggested that the present leasing arrangement with the federal government should in one way or another be brought to a conclusion. The nominal rental was never intended to be permanent and the tremendous proposed expansion of facilities at Malton recently announced by the Department of Transport would at least seem to invite new negotiations.

As matters stand, the significant airport financing results from the Island operations. Except for the war years, there have been annual current deficits to be made up by the City treasury and, every year, there have been debt charges to be met in addition. By 1941, the debt charges had risen to a level of some \$68,000 and the outlay has continued about the same every year since. The deficits on current operations have fluctuated but in general have tended to increase. In 1953, in addition to meeting debt charges taxpayers were required to subsidize the airport operations to the tune of \$25,000 while the current deficit budgeted for this year stands at \$32,000. From the time the airports were started to the end of 1953, the City has paid out \$945,000 in debt charges and has made a further net contribution to current operating expenses.

The Interests of the Harbour Corporation in Civic Affairs

Like everyone with a share in Toronto's development, the Harbour Commissioners have a general concern with good civic government. In the nature of the corporation's responsibilities, however, they have certain more specific interests.

Waterfront Developments: The Toronto Harbour Commissioners have been intimately associated with virtually every phase of Toronto's physical development along the lakeshore. In the early days, the Commission in large part took the place of an industrial commission and even today harbor properties constitute the chief site for new industries within the City proper. They can offer strategic locations of particular advantage to companies that ship extensively by water. The Commission also participated in the construction of the waterfront viaduct and the development of the Union Station. Fleet Street and the Lakeshore Road were made possible by their land reclamation schemes. The Commission-owned Maple Leaf stadium and Sunnyside were built on harbour lands. The harbour corporation rents the amusement concessions at Sunnyside and, incidentally, makes a tidy profit from this undertaking each year.

The Island: Anyone familiar with the harbour area will realize that the eastern peninsula and the Island together create the protected bay within which the entire port activities are centred. The original Act of City incorporation of 1834 defined the Port of Toronto as including the peninsula and the whole of Toronto Island. When Federal legislation established the present Commission, however, and gave it such sweeping powers, Island jurisdiction was confined to the "docks, shores and beaches of the Island". The explanation of the Harbour Commissioners' preparation of a plan for future island development was that they were asked to do so by the City.

There were two obvious reasons for the invitation. First, except perhaps for the Parks Department, the harbour administration has more actual contact with the Island--more opportunity to see its problem at first hand--than any other civic agency. Secondly, some types of Island use could prejudice the future character of the port itself.

Transport Facilities: It should be evident that the Toronto Harbour Commissioners have more than an historic interest in traffic routes in the metropolitan area. Cargoes landed at or shipped from the port are moved from the dock area by rail or truck. Such movements must be accomplished with reasonable speed or the port will fail to attract the maximum use. In this connection, a considerable increase in truck and rail requirements are bound to follow in the wake of the St. Lawrence Seaway development. Not only will there be an increased volume of goods. Some shift in the type of goods from bulk commodities to general freight is a certainty. In other words, the Toronto Harbour Commissioners cannot realistically plan for their role as a lake and ocean port authority without major regard for the land transport facilities of the Toronto area and the region beyond.

The City's Interest in Harbour Operations

The most direct concern of the City fathers with harbour affairs is, as already stated, financial. It would be quite wrong, however, to leave the impression that accounting is all on the debit side of the ledger.

The development that the City has been instrumental in promoting through its advances has today a considerably larger debt-free value than the net total contributions from taxes. In addition, the assessed value of taxable harbour lands has greatly multiplied. In 1953 taxes paid to the City from properties within the port area amounted to some \$2,700,000--more than seventy-five times the tax yield from the same properties before World War I. Then, too, it should be remembered that the Harbour Commissioners are required by their charter to turn over surplus profits to the City. At present the harbour authority is not having to come to the City treasury for funds. However, the blend of current and capital transactions in which it is involved could easily revert to a current expense on the taxpayers as seaway preparations go forward.

While the City continues to guarantee harbour bonds, its taxpayers hold the residual financial position--making up any sums needed for debt charges or taking over any net surpluses.

The Harbour Commissioners are required by their Act to open their books to inspection by the City and to submit annually a report on the previous year's operations and a budget for the current year. These reports must be presented to the Board of Control so that the net results can be incorporated into the City's own budget estimates.

The Toronto Harbour Commissioners have been supplying quite detailed statements to the Board of Control; but they have not seen fit to include so much information in their own report to the public. The full financial reports supplied to the budget authorities of the City, and to the Government of Canada, afford an automatic check on the honesty of the Commission's financial dealings. Nevertheless, members of Council or private citizens who do not or can not go to the trouble of digging out the typewritten statements filed with the Treasury Department may be at a loss as to the current objectives towards which the Commissioners are working and particularly as to the effect of policy decisions on finances.

More attention might also be given to harbour financing at the City Hall if the City Auditor were in a position to carry out his function to the letter. Strictly speaking, the City Auditor is required to present reports on all the affairs of all boards, commissions and authorities attached to the City government. And he is specifically given access to the Harbour Commission's books. In 1946, however, the City Auditor wrote to advise the Board of Control that he would not be able, because of a curtailment of staff, to carry out the full auditing work laid down by statute. With respect to the Harbour Commissioners accounts, he stated that he was discontinuing the audit and accepting the reports of the external auditors engaged by the Commission. While the outside auditing

...for several years at just over \$10,000. The expenditure has ... steadily since the war's end until now it runs around \$200,000. There is, of course, a regular but fluctuating requirement for replacement and improvement of equipment. The total annual expense is repaid to the Commissioners from City funds.

Just prior to the war, Toronto established two public airports--the large airfield at Malton and the smaller Island airport. While these are revenue-earning enterprises, they have not proven to be money-makers.

Very shortly after its establishment, war conditions required the Department of Transport to take over the Malton airport and the Canadian Government has continued in control ever since. Periodically, it has been suggested that the present leasing arrangement with the federal government should in one way or another be brought to a conclusion. The nominal cost was never intended to be permanent and the tremendous proposed expansion of facilities at Malton recently announced by the Department of Transport would at least seem to invite new negotiations.

As matters stand, the significant airport financing results from the land operations. Except for the war years, there have been annual current deficits to be made up by the City treasury and, every year, there have been debt charges to be met in addition. By 1951, the debt charges had risen to a level of some \$68,000 and the outlay has continued about the same every year since. The deficits on current operations have fluctuated but in general have tended to increase. In 1953, in addition to existing debt charges taxpayers were required to subsidize the airport operations to the tune of \$25,000 while the current deficit budgeted for this year stands at \$32,000. From the time the airports were started to the end of 1953, the City has paid out \$945,000 in debt charges and has made a further net contribution to current operating expenses.

The Interests of the Harbour Corporation in Civic Affairs

Like everyone with a share in Toronto's development, the Harbour Commissioners have a general concern with good civic government. In the nature of the corporation's responsibilities, however, they have certain specific interests.

Island Development: The Toronto Harbour Commissioners have been intimately associated with virtually every phase of Toronto's physical development along the lakeshore. In the early days, the Commission in large part took the place of an industrial commission and even today harbor properties constitute the chief site for new industries within the City proper. They can offer strategic locations of particular advantage to companies that ship extensively by water. The Commission also participated in the construction of the waterfront viaduct and the development of the Union Station. Fleet Street and the Lakeshore Road were made possible by their land reclamation schemes. The Commission-owned Maple Leaf stadium and sunways were built on harbour lands. The harbour corporation rents the amusement concessions at Sunnyside and, incidentally, makes a tidy profit from this undertaking each year.

The Island: Anyone familiar with the harbour area will realize that the Island Peninsula and the Island together create the protected bay within which the entire port activities are centered. The original Act of City Incorporation of 1827 defined the Port of Toronto as including the peninsula and the whole of Toronto Island. When Federal legislation established the present Commission, however, and gave it such sweeping powers, Island jurisdiction was confined to the "docks, shores and beaches of the Island". The explanation of the Harbour Commissioners preparation of a plan for future island development was that they were asked to do so by the City.

There were two obvious reasons for the invitation. First, except perhaps for the Parks Department, the Harbour Administration has more actual contact with the Island--more opportunity to see the problem at first hand--than any other civic agency. Secondly, some types of Island use could prejudice the future character of the port itself.

Transport Facilities: It should be evident that the Toronto Harbour Commissioners have more than an historic interest in traffic routes in the metropolitan area. Cargo landed at or shipped from the port are moved from the dock area by rail or truck. Such movements must be accomplished with reasonable speed or the port will fail to attract the maximum use. In this connection, a considerable increase in truck and rail requirements are bound to follow in the wake of the St. Lawrence Seaway development. Not only will there be an increased volume of goods. Some shift in the type of goods from bulk commodities to general freight is a certainty. In other words, the Toronto Harbour Commissioners cannot realistically plan for their role as a lake and ocean port authority without regard for the land transport facilities of the Toronto area and the region beyond.

The City's Interest in Harbour Operations

The most direct concern of the City fathers with harbour affairs is, as already stated, financial. It would be quite wrong, however, to leave the impression that accounting is all on the debit side of the ledger. The development that the City has been instrumental in promoting through its advances has today a considerably larger value than the net total contributions from taxes. In addition, the assessed value of taxable harbour lands has greatly multiplied. In 1923 taxes paid to the City from properties within the port area amounted to some \$2,700,000--more than seventy-five times the tax yield from the same properties before World War I. Then, too, it should be remembered that the Harbour Commissioners are required by their charter to turn over surplus profits to the City. At present the harbour authority is not having to come to the City treasury for funds. However, the blend of current and capital transactions in which it is involved could easily revert to a current expense on the taxpayers as seaway preparations go forward.

While the City continues to guarantee harbour bonds, its taxpayers hold the residual financial position--making up any sums needed for debt charges by taking over any net surpluses.

The Harbour Commissioners are required by their Act to open their books to inspection by the City and to submit annually a report on the previous year's operations and a budget for the current year. These reports must be presented to the Board of Control so that the net results can be incorporated into the City's own budget estimates.

The Toronto Harbour Commissioners have been supplying data for called statements to the Board of Control; but they have not seen fit to include as much information in their own report to the public. The financial reports supplied to the budget authorities of the City, and to the Government of Canada, afford an automatic check on the honesty of the Commissioners' financial dealings. Nevertheless, members of Council or public representatives who do not or can not go to the trouble of digging out typewritten statements filed with the Treasury Department may be at a loss as to the current objectives towards which the Commissioners are working and the effect of policy decisions on finances.

More attention might also be given to harbour financing at the City Hall. At the City Auditor's position to carry out his function of the letter. In 1923, speaking, the City Auditor is required to present a report on all the affairs of all boards, commissions and authorities attached to the City government. In 1940, however, the City Auditor was the Harbour Commission's books. In 1940, however, the City Auditor was to advise the Board of Control that he would not be able, because of curtailment of staff, to carry out the full auditing work laid down by statute. With respect to the Harbour Commissioners' accounts, he stated that he was discharging the audit and accepting the reports of the external auditors engaged by the Commission. While the outside auditing

- 6 -

alone may be quite sufficient, the City Auditor has continued year by year to draw to the attention of Council his inability to meet the statutory requirement.

With respect to the Harbour Commission, the purpose in introducing these points is to raise one question: Does the City Council keep itself abreast of its own port developments in the way it should? Where growth is gradual, sporadic interest might be thought sufficient. But Toronto is already developing at a rapid rate. And with the opening of the seaway, our port will undoubtedly become the focus of an even more dynamic expansion. In all this, the City Council should surely recognize a growing responsibility.

Should Metro Take Over

An increasing case can be made for the transfer of civic responsibility for the harbour to the Metropolitan Municipality. To begin with, there has always been the point that the enterprise is one developed on behalf of the whole area. Therefore, all the residents should share in underwriting the cost and enjoying the returns. This argument applies equally to the municipal airports. Then, metropolitan jurisdiction over wholesale water supply and sewage disposal involves working agreements with the Commission. Declaration of the lakeshore boulevard as a metropolitan artery also began a new relationship and the Metropolitan Council some time ago agreed to designate the Island as a metropolitan park.

But the arguments are not all on one side. The City proper continues to have the more direct economic concern with port activities while its own local services are still very much in the picture.

Suggested Action

Three years ago, in a statement on separated boards and commissions, the Bureau recommended as follows:

"That the City Council set up a new Standing Committee charged with reviewing and reporting regularly on the affairs of separated boards and commissions."

Application of this plan to the affairs of the Toronto Harbour Commissioners would today serve the following constructive purposes:

- 1) The Committee could ascertain and support the proper harbour interests in expressway developments.
- 2) It could settle the point of the City Auditor's requirements in relation to his statutory responsibility for the Harbour audit.
- 3) It could commission a full report on harbour development in relation to the seaway from the Harbour Commissioners.
- 4) Finally, the Committee could consider and make appropriate recommendations to City Council on the possible future transfer of harbour functions to the metropolitan level.

LaFarell
President

Eric Hardy
Director