

Gary Valcour Speaking Notes for Public Information Session

Quality Inn, September 25, 2012

Thanks Mark, and welcome everyone

- We've called this public meeting because we want to give you a better understanding of how the Port Authority works; its history, its process, and its mandate.
- The Oshawa Port Authority is one of 18 Port Authorities across Canada.
- We'll be playing a video for you tonight that explains the history of Oshawa's Port and its role in supporting the local and Canadian economy

Economic Contribution of The Port

- Recently, Prime Minister Stephen Harper commented that “Canada’s economy floats on salt water.” The comment highlights the importance of the marine industry and ports to Canada’s overall economy.
- As part of a national port system that handles over 460 million tonnes of goods a year, the Oshawa Port Authority has a mandate to ensure the port is fully utilized, that it’s economically viable, and generates economic benefits for the city, region, and country.
- Canada’s seaports are key to moving goods and people via complex logistical supply chains extending to seaports in more than 160 countries throughout the world. Every year Canada’s Port Authorities contribute much to Canada’s economy:
 - 460 million tonnes of cargo handled
 - \$162 billion worth of goods
 - 250,000 direct and indirect jobs
 - \$10.2 billion in salaries
 - \$30 billion added to Canada’s GDP
 - \$2.2 billion paid in federal and provincial income taxes
 - \$2 billion paid in consumption tax

- Modern seaports have become critical nodes within a complex system of logistical and industrial centres. Many changes have taken place in the globalization of markets, production and consumption forcing ports to meet new challenges. Ports must be competitive in all they do to become 'ports of call' on international and domestic freight routes.
- Oshawa's port handles roughly 23 million dollars worth of goods annually, generating 8 million dollars in local purchases, and close to 6 million dollars in federal and provincial taxes. To see the port in your community you must look beyond the harbourview and to the business of ports. Canada's major ports are truly economic engines and gateways to trade.

Settlement Agreement

- 2010 the federal government, the Harbour Commission, and the City of Oshawa negotiated a settlement agreement that was an important step in the creation of the Oshawa Port Authority
- There were actually 2 agreements signed, one was the Settlement Agreement and the other was a Land Use, Development and Municipal Services Agreement. In those agreements, the City of Oshawa acknowledged that the port is an industrial port and pledged to encourage its expansion and economic development. The City also agreed to provide Municipal Services, including Fire Services, to the Port lands.
- The industries, many of them of long standing, that already exist at the Port play an important role in driving the local economy
- Port Authority's role is to work to create a stable operational environment that will support all existing businesses and enable them to grow **and** to respond to the needs of potential new customers and ultimately contribute to the economy of the country and the region in a way that does not cost the Canadian Taxpayer any money.
- Letters patent for the new Port Authority were signed January 25, 2012.

- Like most Port Authorities, Oshawa's Port Authority has 7 board members - one appointed by the federal government, one appointee comes from the city, another from the province, and 4 from the port users.
- Following advertising in the regional media, the Port Users group provides a list of at least 8 nominees for consideration by the Minister of Transport. The Federal Transport minister then appoints four people. The federal representative is appointed by the federal cabinet, on the recommendation of the Transport minister. It is the same process by which other Port Authority boards are selected.
- Members of Oshawa's Port Authority board, most of whom are here tonight, are well qualified with experience in agriculture, transportation, logistics, and the legal and business communities.

Process in Which Lease Approved

- In 2007, following a report prepared by the Regional Government which identified biofuel manufacturing as an ideal business for Durham Region, FarmTech approached the Harbour Commission of the day with a proposal. That Commission was composed of a City Representative and two representatives appointed by the Federal Government which happened, at that time, to be Liberal. That Board approved the concept in principle and executed an option to lease which was subject to addressing environmental issues and of course subject to agreement on the commercial aspects of the arrangement.
- Earlier this year, the ***Canadian Environmental Assessment Act, 2012*** came into effect. Under the terms of the new Act, The Port Authority was required to determine whether the project was likely to cause significant adverse environmental effects. To make that assessment the Board looked at the history related to the environmental assessment of this project. Beginning about 4 years ago, an environmental assessment was conducted under the direction of Agriculture Canada and in accordance with the then existing Environmental protection legislation. Contrary to what some have alleged, the public had many opportunities to

comment on the project including a major event at the GM Centre, many City Council meetings, and a 45 day public comment period during which the City Council filed a lengthy submission.

The conclusion of this assessment made by a range of professionals was that this project created no significant environmental concerns.

- Based on that exhaustive and rigorous study, conducted to very high professional standards, the Board concluded that the project was NOT likely to cause significant adverse environmental effects.
- On August 9th the Board of Directors reviewed a wide variety of factors including the legal obligation created by the existing offer to lease, the conclusions of the environmental assessment as indicated earlier, the views of City Council as expressed by the City Representative, and the economic ramifications of a \$200 million dollar project using private money which would generate hundreds of jobs and millions of dollars for the local economy. After considering all these factors, the Board decided to approve a lease arrangement allowing FarmTech Energy Corporation to build an ethanol facility in the Port of Oshawa
- Process was completely fair and democratic,

- Legal matters were discussed, and that's why meeting held in camera – no different than a city council meeting that moves in camera to discuss matters of a confidential nature.
- The Board recognized that the FarmTech facility will be a tremendous economic driver
- Again this process was fair and democratic – and that's why the integrity commissioner ruled last week that there were no reasonable grounds to support allegations to the contrary.

FarmTech

- FarmTech will be building an ethanol facility in the Port of Oshawa because the Port Authority and residents in this community recognize that it will be good for the economy
- FarmTech will generate up to \$100 million annually in the city and region through corn purchases, job creation and local taxes
- The facility has been through a rigorous environmental process, and has satisfied environmental requirements
- We look forward to working with FarmTech to help meet the Port Authority's mandate, by creating new jobs, and generating new investment that will benefit all of us.

I'd ask you now to watch a video the Authority has prepared which will help put the port operations and the layout of the port into perspective for those who might not be familiar with it.