The Little Port that Could: Changing Port Governance in Prince Rupert, British Columbia, 1945-2014

by

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Abstract

The Port of Prince Rupert, located north of Vancouver, Canada, by approximately 700 kilometers, has experienced rapid growth and development of terminal facilities and road and rail infrastructure over the past fifteen years. This port growth in Prince Rupert is, as residents hope, the cause of future economic growth for the city, with improved transport and tourism-related employment opportunities after a decade of decline following the closure of the Skeena Cellulose pulp mill near the city in 2001. The growth and development of the Port of Prince Rupert is the result of several factors, including economic demand for cargo shipping capacity, a strong willingness by the Canadian federal government and the British Columbia provincial government to support port and transportation infrastructure development, and a new Port Authority governance structure in Prince Rupert that allows for effective management and promotion of the Prince Rupert port. This study examines the Port of Prince Rupert’s history from the perspective of how changes in port governance have been significant to the Port’s development. To conduct research for this study, existing literature addressing trade agreements around the Pacific Rim and port governance models was surveyed. Empirical research for this study examined the history of the Port of Prince Rupert from 1945 until 2014, correlating governance structures noted in practice to theoretical models of port governance in existing literature. This thesis examines the theoretical literature (chapter 2), changes in governance at the Port of Prince Rupert between the end of the Second World War in 1945 and the creation of the Prince Rupert Port Authority in 1999, between 1999 and the start of the Asia-Pacific Gateway and Corridor Initiative in 2006, and continuing changes and development from 2006 to 2014. The thesis concludes by summing up the changes that have taken place in port governance at
Prince Rupert, the theoretical implications of the study, and potential directions for further related research at the Port of Prince Rupert.
Preface

This dissertation is an original intellectual product of the author, N. Byrne. The fieldwork reported in Chapters 3-5 was covered by UBC Ethics Certificate number H13-01791.
# Table of Contents

Abstract ................................................................................................................................. ii

Preface ................................................................................................................................. iv

Table of Contents ............................................................................................................... v

List of Tables ...................................................................................................................... viii

List of Figures ..................................................................................................................... ix

List of Acronyms ................................................................................................................ x

Acknowledgements .......................................................................................................... xi

1. Introduction ..................................................................................................................... 1

   1.1. Research Background ............................................................................................. 1

   1.2. Research Methodology ......................................................................................... 9

   1.3. Thesis Outline ........................................................................................................ 10

2. Port Governance and Globalization .............................................................................. 11

   2.1. Introduction ............................................................................................................ 11

   2.2. Containerization, Globalization and Ports in the Pacific Rim .............................. 12

   2.3. Port Governance Models ..................................................................................... 15

   2.4. Summary .............................................................................................................. 23

3. Prince Rupert, 1945-1990’s ......................................................................................... 28

   3.1. Introduction ............................................................................................................ 28

   3.2. The Post-war Period, 1945-1960s ....................................................................... 31

   3.3. Port Authority under the National Harbours Board, Late 1960s and 1970s ......... 34
3.3.1. Causes of the resource boom in BC ................................................................. 34
3.3.2. Japanese trading companies in Canada ......................................................... 34
3.3.3. Port of Prince Rupert governance ................................................................. 36
3.4. The Prince Rupert Port Corporation 1983 ......................................................... 46
3.5. Summary .............................................................................................................. 47

4. The Prince Rupert Port Authority, 1999-2006 ..................................................... 49
4.1. Introduction .......................................................................................................... 49
4.2. The New PR Port Authority, 1999 ...................................................................... 50
   4.2.1. Membership of the Prince Rupert Port Authority ........................................ 52
4.3. Decline in Traditional Staples Exports from PR and Planning for Change, 1999-2005 . 56
   4.3.1. Planning for cruise ships ............................................................................. 58
   4.3.2. Planning for container shipping ................................................................. 66
   4.3.3. Overseas promotions in Japan and China ................................................. 78
4.4. The Beginning of the Gateway Strategy, 2005 ............................................... 78
4.5. Summary .............................................................................................................. 82

5. The Asia-Pacific Gateway and Corridor Initiative, 2006-2014 ............................ 89
5.1. Introduction .......................................................................................................... 89
5.2. Changes in the Membership of the Port Authority ........................................... 92
5.3. The BC/Federal Government Gateway Strategy and New Institutional Arrangements . 96
5.4. Increase in Bulk Cargo Through the PR Port .................................................... 106
5.5. Tourism ................................................................................................................ 110
5.6. Container Shipping .............................................................................................. 111
   5.6.1. New facilities .............................................................................................. 115
5.6.2. Impact on trade .......................................................... 116

5.7. Summary ............................................................................ 118

6. Conclusion ............................................................................. 120

6.1. Introduction ....................................................................... 120

6.2. Summary of the Thesis ....................................................... 120

6.3. Theoretical Implications ..................................................... 123

6.4. Further Research ............................................................... 126

Bibliography ............................................................................. 127

Appendix A: List of Interviewees ............................................. 141

Appendix B: Interview Questions ............................................. 142

Appendix C. List of Projects Receiving Federal Government Funding Under the APGCI ...... 144
List of Tables

Table 1. Overview of Brooks’ (2004) port governance models……………… 25

Table 2. Key initiatives related to the Port of Prince Rupert……………….. 28

Table 3. Population and income data for Prince Rupert CA.....................66

Table 4. Changes in port governance pre-1999 and post-1999, in relation to external economic environment, major events, and links to other groups and actors………… 87

Table 5. Changes in port governance pre-2006 and post-2006, in relation to external economic environment, major events, and links to other groups and actors………… 90

Table 6. Prince Rupert Port Authority Yearly Tonnage (for bulk cargo and containers). …………………………………………………………………………………………. 107
List of Figures

Figure 1. CP Rail network map, showing most of CP’s routes in British Columbia and Alberta. ................................................................. 3

Figure 2. CN Rail network................................................................. 6

Figure 3. Locations of terminal sites around Prince Rupert.................. 39

Figure 4. Maps of Proposed Container Terminal Developments: (a) Fairview Terminal Phase 1; (b) Fairview Terminal Phase 2, planned expansion.............................. 75
# List of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>BC</td>
<td>British Columbia</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>CN Rail</td>
<td>Canadian National Railway</td>
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<td>COSCO Line</td>
<td>China OceanShipping Company</td>
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<tr>
<td>CP Rail</td>
<td>Canadian Pacific Railway</td>
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<tr>
<td>CPR</td>
<td>Canadian Pacific Railway</td>
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<tr>
<td>GPN</td>
<td>Global Production Network</td>
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<tr>
<td>ILWU</td>
<td>International Longshore and Warehouse Union</td>
</tr>
<tr>
<td>IPG</td>
<td>Initiatives Prince George</td>
</tr>
<tr>
<td>LNG</td>
<td>Liquid Natural Gas</td>
</tr>
<tr>
<td>NDP</td>
<td>New Democratic Party</td>
</tr>
<tr>
<td>NHB</td>
<td>National Harbours Board</td>
</tr>
<tr>
<td>PRPA</td>
<td>Prince Rupert Port Authority</td>
</tr>
<tr>
<td>PRPC</td>
<td>Prince Rupert Port Corporation</td>
</tr>
<tr>
<td>PTA</td>
<td>Preferential Trade Agreement</td>
</tr>
<tr>
<td>TEU</td>
<td>Twenty foot equivalent unit</td>
</tr>
<tr>
<td>TPP</td>
<td>Trans-Pacific Partnership</td>
</tr>
<tr>
<td>TSI</td>
<td>Terminal Systems Inc.</td>
</tr>
<tr>
<td>UCoC</td>
<td>University College of the Cariboo</td>
</tr>
<tr>
<td>USSR</td>
<td>Union of Soviet Socialist Republics</td>
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1. Introduction

1.1. Research Background

Located on British Columbia’s northern coast, in the fjord lands near the Alaska panhandle, Prince Rupert is a small port community of just over 13,000 people in the city’s metropolitan area (2011 Census) (Statistics Canada, 2012). Despite its small size and physical limitations to population growth, as early as the year 1900 visionaries such as Charles M. Hays (of the Grand Trunk Pacific Railway) believed that Prince Rupert could eventually become one of the most important ports in North America due to its proximity to Asia (Hick, 2003). Not only does Prince Rupert have the closest location to Asian ports via the Great Circle sailing route\(^1\), but Prince Rupert also connects to central North America via the CN Rail line that has considerably less steep grades. For example, grades are less than 1% on the northern CN Rail route, versus 2% on sections of the southern CP Rail route in comparison to other routes (see Figure 1 and Figure 2). This railway route is advantageous for several reasons, including giving railway companies the ability to run longer trains to Prince Rupert at greater speeds versus southern railways, and with better reliability, since due to the terrain natural hazards are less frequent than elsewhere, such as along British Columbia’s Fraser Canyon. However, despite Prince Rupert’s natural advantages, it did not develop extensive port facilities or trade connections with central North America for the better part of the 20\(^{th}\) century. With the exception of the years during World War II, when nearby Port Edward hosted American troops and Prince Rupert served as

\(^1\)The Great Circle sailing route is the shortest path between two ports on the surface of the earth, which is a sphere. In the Pacific Ocean, the shortest path for ships from Asian ports to North American ports is through the North Pacific, passing near Russia’s Far East, Alaska, and the coastline of North America (Hick, 2003).
the staging point for naval air patrols out into the Pacific, most of Prince Rupert’s employment and economic activity was centered around commercial fisheries, canneries, and a pulp mill, which was operational from the early 1950’s until the early 2000’s. It was only along with changing structures of port governance, in the second half of the 20\textsuperscript{th} century that Prince Rupert was able to attract investment for, firstly, a bulk cargo terminal and, later, for a container terminal. One recent article, written in a blog called ‘The Daily Gumboot’, describes Prince Rupert as ‘the little port that could’, making reference to its ability to drive major growth in northern British Columbia, not only through its traditional exports of bulk cargo, but through incorporating new activities such as the growth of containers from China (\textit{The Daily Gumboot}, 2012). The argument of this thesis is that Prince Rupert could only take a more pro-active approach to port planning and investment after the establishment of a Port Authority in 1999. Moreover, the increased role of the local port governance since that time allowed it to take full advantage of the Federal and BC governments’ Asia-Pacific Gateway and Corridor Initiative in 2006.
Research for this thesis makes use of literature on port governance, examining how governance changed with time from centralized control by the Canadian federal government based in Ottawa, to the different jurisdiction of the National Harbours Board in 1975, to the Prince Rupert Port Corporation in 1983, and finally to the Prince Rupert Port Authority in 1999. This thesis examines changes in port organization, financial arrangements of port administration, investment in facilities, and ways in which the port’s role was understood in relation to the Asia-Pacific market. Prince Rupert’s role changed with time from initially operating as a solely resource exporting port to operating as part of a ‘gateway’ of Asian containerized goods travelling to the North American market, as well as a tourism stop for cruise ship passengers en route to Alaska. This 50-year development trajectory is chartered through examining details of port organization and investments plans, and the actions of various actors who contributed to port planning and mustering investment financing. The objective of this research was to understand how people directly in charge of the Port of Prince Rupert worked, planned, and
shared information with other people connected to the Port in parts of the private sector or government. The nature of these relationships have changed for a variety of reasons with time, and as a result the Port of Prince Rupert has been better (or worse) off in its ability to access management expertise and investment capital. Differing connections between decision makers have also changed the ways in which the Port and port users consider themselves to be part of an integrated “gateway”, and subsequently whether or not their strategic planning has been regionally integrated, or not. The concept of a “gateway” refers to a common, shared, strategic vision between businesses and levels of government that have direct or indirect interests relating to transportation and exporting, or importing from and to Canada and North America (Government of Canada, 2014). As the Prince Rupert Port Authority has worked increasingly closely and collaboratively with governments (such as the City of Prince Rupert and the City of Prince George, the Province of British Columbia, and the Canadian Federal Government) and businesses since 2006, there is a need to research governance structures in the ports’ administration and planning and how different public and private actors have been engaged and how their roles have changed over time. This research makes a contribution to existing scholarly literature on ports and gateways by creating a better understanding of how the Port of Prince Rupert’s governance has changed over a 60 year period. The first main research question is how the function of the Port of Prince Rupert has evolved with time and who are the businesses, committees, and levels of government that have had the most influence on how the port has developed? The second research question is what are the inland trading patterns connected with the Port of Prince Rupert and how did the Port or different levels of government respond to changes in these trading patterns? Finally, the last main research question asks how successful the Port of Prince Rupert has been at building connections to levels of government and
businesses in North America, and overseas. To answer these questions, it is necessary to draw on a range of theoretical paradigms addressing both the structure of port governance, and also the interpersonal and inter-organizational networks of which the Port of Prince Rupert is a part.

The economy of British Columbia’s Northern region is economically centered around the hub city of Prince George, 700 kilometers east of Prince Rupert and connected by direct road and rail links to Prince Rupert, which is home to a diversified range of industries, frequently directly related to raw resource extraction, processing and export. As will be shown, Prince Rupert, being the closest seaport to Prince George (see Figure 2) has become institutionally close to Prince George in the last 10 years, as a result of shared strategic planning and economic development initiatives, as well as mutual promotion internationally (Hall & Jacobs, 2010). Both cities are still shaped by their past in resource extraction; Prince Rupert as a fishing and pulp mill town, and Prince George as a city reliant on mining and forestry industries. Both Prince Rupert and Prince George have also been defined by their hinterland relationship to the area of Greater Vancouver, which always was
dominant in BC’s transport links in terms of road and rail infrastructure (serviced by both CN and CP Rail), and by functioning as a regional business management center for mining and forestry companies located in British Columbia’s north. Prince Rupert, however, has had less success than Vancouver with creating a diversified business environment in the last few decades and when its main employer, the Skeena Cellulose pulp mill, closed in 2001 the city lost a great deal of its employment, both directly and indirectly linked to the pulp mill. For most of the 20th century, towns in northern British Columbia were resource-dependent company towns as part of a “staples economy”, with a well-paid labour force working for a single main employer (Hick, 2003). Changes in this paradigm have only come about recently, as central government planning gave way to diversified local management, planning and marketing, with individual cities and
towns attempting to attract as much “added value” as possible from resources and transportation opportunities in their region. This resulted in the joint Federal Government/ BC Government “gateway initiative”, begun in 2006. Prince George, in particular, has worked to capitalize on the gateway initiative, by attracting business management and entrepreneurship functions to the city (Initiatives Prince George, 2015). Its success seems to be the result of successfully helping businesses to network amongst themselves, so that services businesses (and workers’ families) require can be provided within the local area (Personal communication, Heather Oland, Initiatives Prince George CEO, 19 Nov., 2013). Since then, economic development and recovery has been almost entirely linked with the Port.

The Asia Pacific Gateway and Corridor Initiative, which commenced in 2006, “consisted of strategic transportation infrastructure projects including British Columbia’s Lower Mainland, their principal road and rail connections stretching across Western Canada and south to the United States, key border crossings, and major Canadian ports” (Government of Canada, 2014). These infrastructure initiatives have been aimed at improving Canada’s ability to transport commodities exported to and imported from Asia through seaports, as well as to improve the ability of Canada’s airports to manage increasing numbers of passengers. While the concept of transportation gateways as a way to facilitate economic development has been in existence for many years, Canada’s Asia Pacific Gateway and Corridor Initiative only began formally in 2006, following a high-level trade mission the year before to China by Canadian government, port authority and private sector delegates (Hick, 2010). In reality though, the Asia Pacific Gateway and Corridor Initiative had longer roots, and was the result in large part of lobbying by Vancouver business interests for a federal funding and planning organization to support transportation-oriented development (ibid). The Asia Pacific Gateway and Corridor Initiative
was aimed at giving the Canadian ports of Vancouver and Prince Rupert a competitive edge over American ports, based around strategic port, road, and rail upgrading. These upgrades allowed for the more efficient transport of commodities to and from both ports, as well as to and from locations of commodity production and consumption, within Canada and the USA, such as southern Ontario, Chicago, and other locations in the eastern USA (Hick, 2010). The plan was that improved transportation infrastructure also could provide a catalyst for economic development by lowering transportation costs for BC exporters in remote locations and by offering the opportunity for related businesses, such as services for long distance trucking, in Prince George to develop as well. Furthermore, an integrated concept of Gateway planning and development has given cities such as Prince Rupert and Prince George and organizations as the Prince Rupert Port Authority, and Initiatives Prince George, the chance to develop more integrated regional plans around transportation and commodity throughput. A list of major port, airport, and road projects funded by the Canadian federal government, under the auspices of the Asia Pacific Gateway can be found at the Asia Pacific Gateway and Corridor Initiative website (Government of Canada, 2014).

Research for this thesis was centered on the Prince Rupert Port Authority in 2013-2014. This research addresses changes through time in port governance; changes in the “staples” economy of British Columbia’s North; global links across the Pacific Rim, and how the Prince Rupert Port Authority has developed connections between the Port and other actors in northern British Columbia. The aim has been to understand how “gateway” transportation corridors have increased in importance for northern British Columbia, providing transportation-related work and economic linkages within the Prince Rupert community. I examine how changes in networks between decision makers have occurred, often due to changes in the institutional structure of
decision making, and how these are related to production and shipping chains of which the decision makers are a part. I also contextualize the governance and management structure of the Port of Prince Rupert with regards to other ports within the Asia-Pacific. Given the interconnectedness of the different actors and institutions of Northern British Columbia, the City of Prince Rupert and other groups with interests in Northern British Columbia also often participated at these Prince Rupert Port Authority events. Interview data, conducted with the permission of the UBC Office of Research Ethics (see Ethics Clearance Certificate in Appendix D) also provided insights, albeit more general ones, into the relations of port-connected actors. For instance, I conducted interviews with staff of the Prince Rupert Port Authority, as well as with management staff of Initiatives Prince George and the International Longshore and Warehouse Union (Vancouver).

1.2. Research Methodology

Research for this thesis was conducted through archival newspaper analysis, a study of scholarly books and articles published on the northern British Columbia region, interviews with members of the Prince Rupert Port Authority, Initiatives Prince George, and a member of the International Longshore and Warehouse Union Canada, and a review of statistical data published on the Port of Prince Rupert. Archival newspaper articles proved very valuable to research as they provided details on all of the main meetings, trade delegations, conferences, public hearings, and other such events that the Prince Rupert Port Authority participated in during the years 1999-2014. Given the inter-connectedness of Northern British Columbia, the City of Prince Rupert and other groups with interests in Northern British Columbia also often participated at these Prince Rupert Port Authority events, and these events were well documented by local news
sources. Scholarly articles related to port governance were helpful in forming research questions and providing a framework for analyzing port governance. Interview data also provided insights, into the relations of port-connected actors. For instance, I conducted interviews with staff of the Prince Rupert Port Authority, as well as management staff of Initiatives Prince George and the International Longshore and Warehouse Union (Vancouver). These interviews were guided by questions found in Appendix B, questions chosen to determine the role of the interviewee in their place of work, and how their organization works in conjunction with other organizations related to transportation.

1.3. Thesis Outline

This thesis is divided into six chapters, followed by appendices. Following the introduction, in Chapter 2 I survey the academic literature dealing with globalization, containerization, port activities, and port governance. Following this, there are three chapters dealing with changes in governance at the Port of Prince Rupert from 1960 until 1999 when the Canada Marine Act was passed, creating a “landlord” model Port Authority in Prince Rupert (Chapter 3), from 1999 until 2006 when the Asia Pacific Gateway and Corridor Initiative was made formal by the Canadian federal government (Chapter 4), and from 2006 until the present day in 2014 (Chapter 5). Finally, chapter six summarizes the research data and draws conclusions about the ways in which changes in port governance regimes at Prince Rupert have altered networks of which the Port is a part, and what possibilities and outcomes for exports and investment have resulted from these changes.

2The “landlord” port model refers to a situation when a not-for-profit Port Authority owns the port land, and leases the land to terminal operating companies. Rents from the leases are used to cover the Port Authority’s operating expenses, and to be re-invested into port development projects (Brooks, 2004).
2. Port Governance and Globalization

2.1. Introduction

This chapter addresses a broad range of theories necessary to understand port development in Prince Rupert. These include literature on the topic of globalization, containerization, global production networks (GPN’s), the structure and organization of container (liner conference) and bulk (tramp) shipping, and inland gateways. Globalization, as a broad set of literature and in connection with the discipline of human geography, seeks to understand how and why places around the world are becoming more interconnected (Coe et al., 2008). This interconnectedness takes the form of communications networks. For example, advances in telecommunications over the past 50 years have made possible the management of multinational corporations. Another key change in ocean shipping during the past 50 years has been the global switch to containerized cargo. Cargo was formerly packaged by dockworkers onto pallets, and loaded individually onto ships. With the advent of containerization, cargo is now packaged into 20-foot long standardized, corrugated steel containers. Containerization began on a large scale during the Vietnam War (1969-1975) as surplus military shipping containers from Vietnam transported Japanese manufactured products on a return trip across the Pacific Ocean to North America. This new technology allowed for more rapid, inexpensive (due to much reduced labour costs) transfer of cargo to and from ships in ports.

In addition to containerization, another set of research relevant to understanding port development in Prince Rupert is theoretical work on the topic of Global Production Networks (Coe et al., 2008). Instead of conceptualizing northern British Columbia as a staples economy, with multinational corporations controlling resource extraction, transportation and processing
from a distance, often from outside of Canada’s borders, northern British Columbia can be understood politically and economically as a network of people and organizations with shared goals, and increasingly strong communication between them. Northern British Columbia can also be understood in terms of domestic actors, and their connections with actors overseas (such as international liner and bulk cargo shipping companies, as well as manufacturers and buyers of Canadian exports). However, for the sake of focus and clarity, this thesis primarily addresses the structure of port governance, examining how changes in governance at the Port of Prince Rupert have occurred with time, and what these changes have allowed for in terms of port development.

2.2. Containerization, Globalization and Ports in the Pacific Rim

During the past 50 years, political decisions to switch from economic protectionism to free trade have been an important influence on and an enabler for port development. The growth of trade between North America and Asia has been an extremely important factor in the economic development of both areas, and it has been supported by seaborne trade. According to Capling & Ravenhill (2011: 554) “the Asia-Pacific region is home to a large and rapidly growing number of preferential trade agreements (PTAs)… (and) the Trans-Pacific Partnership (TPP) negotiators (from the USA) aim to produce a comprehensive, high quality, multi-party agreement to tame the angle of PTAs and be a potential stepping stone to achieving the goal of liberalizing regional trade on a non-discriminatory basis” (ibid). The Trans-Pacific Partnership, currently under negotiation as of 2014, is the latest in a series of agreements to lower commodity tariffs and other barriers to trade between countries of the Pacific Rim, and originated from the “Trans-Pacific Strategic Economic Partnership” agreement, which was formalized in 2006 between Brunei, Chile, New Zealand, and Singapore (ibid). According to Capling & Ravenhill (2011), the
four ways in which the Trans-Pacific Partnership agreement has been distinctive from other free trade agreements are: 1. the agreement links countries in four different regions of the Asia-Pacific, 2. it is an important means of maintaining US influence and control over trade around the Asia-Pacific, 3. the agreement does not simply address only economic markets, but also deals with domestic regulatory policies that impact trade and investment, and 4. it attempts to simplify the current complexity of free trade agreements around the Asia-Pacific region (ibid., p. 558-559). Canada intends to be an active partner in the Trans-Pacific Partnership, since the TPP is expected to lower import tariffs to countries that import Canadian products, including Japan, Vietnam, Malaysia, and Australia (Government of Canada, 2013). These countries import a variety of products from Canada, including fish and seafood, financial services such as banks, insurance companies and asset management firms, chemicals and plastics, information technology and industrial machinery, agricultural products, and wood and wood products (ibid).

Prior to the implementation of the Trans-Pacific Strategic Economic Partnership, other major trade agreements included the Asia Pacific Trade Agreement (originally named the Bangkok Agreement, and signed in 1975) and agreements reached through the ASEAN (Association of Southeast Asian Nations) and APEC (Asia Pacific Economic Cooperation) organizations. The Asia Pacific Trade Agreement is the oldest preferential trade agreement between the developing countries of the Asia Pacific, and its function has been to enable mutually beneficial trade liberalization measures that would improve trade between countries in east and southeast Asia (United Nations Economic and Social Commission for Asia and the Pacific, 2014). Furthermore, the Asia Pacific Trade Agreement is significant as it is the only trade agreement to link China and India, which are two of the most important developing economies in the Asia-Pacific region (ibid). Multinational organizations such as ASEAN and
APEC have also worked to decrease tariffs and other barriers to trade. ASEAN was formed in 1967, at a meeting of the foreign ministers of Indonesia, Malaysia, the Philippines, Singapore and Thailand (ASEAN, 2014). One attendee, S. Rajaratnam, the first Foreign Minister of Singapore, claimed that ASEAN brought a difference in perspective, as countries must now ‘think at two levels… not only of our national interests, but posit them against regional interests’ (ibid). This regionalization of southeast Asia has ‘combined the collective wisdom’ of the different nations under ASEAN’s realm, and helped to bring about the conditions for stability and progress (ibid). Later, in 1992, ASEAN member countries also formed the ASEAN free trade area (AFTA), which included all ten member states by 1999 (ibid). Tariff reductions occurred on a gradual basis for member states that joined late, such as Brunei, Myanmar, Laos, and Vietnam (ibid). In addition to ASEAN, the Asia-Pacific Economic Cooperation organization (APEC) was founded in 1989, at the behest of Australian Prime Minister Bob Hawke, to improve economic cooperation between countries of the Asia Pacific area (APEC, 2014). APEC, which includes Canada and the USA, not only addressed issues of free trade between countries, but also dealt with environmental concerns connected with economic growth in the Asia Pacific area, social problems and inequalities connected to trading patterns, health concerns, and the structure of trade and governance (public-private partnerships around the Asia Pacific, for example) (ibid). Organizations such as ASEAN and APEC have been key to decreasing protectionist trade policies around the Asia Pacific Region, resulting in easier development of trans-Pacific supply chains based on ocean shipping. As importing and exporting products within the Asia Pacific area have become less costly due to liberalized trade policies, demand for ocean shipping and port facilities has grown (APEC, 2014).
2.3. Port Governance Models

Port governance refers to the institutional structures of political and financial control as well as decision making for ports, and is often divided along private versus public arrangements (Rodal & Mulder, 1993). Since the 1980’s, the structure of port governance in many countries has changed drastically from primarily public to primarily private or semi-private ownership and control (Brooks, 2004). Brooks (2004), and Rodal & Mulder (1993) provide governance models illustrating a progression of devolution in port management, from complete government ownership and control, to “Consultation”, or the control of a port by a government corporation, to “Partnership”, where the port is managed by a not-for-profit organization and has wide control over operations and land leases, to “Privatization”, where the port is entirely owned and operated by a public or private for-profit entity. This framework of port governance models has been used to analyze port governance structures in the USA and Canada, as well as the UK, Australia, India and Hong Kong (Brooks, 2004). Baird (2000) notes several reasons for port privatization, including the need to reduce port costs, which traditionally were high due to expensive, inefficient, high-labour costs that often constrained national capacity to engage in trade. Over time, the ideology has emerged that private sector and more market-oriented ports could be more efficient, and better able to engage with a variety of global port users, such as shipping lines and other potential investors. This shift has been driven by the need to reduce public sector expenditures, a desire on the part of levels of government to open ports up to competition and resulting market mechanisms of improving efficiency, and, in some cases, the desire on the part of some levels of government to gain revenue from the sale or lease of former public operations. By building on the port privatization matrices developed by Baird (2000) and Brooks (2004), the following subsections overview research on four different types of port governance, from wholly
public, to government corporation, to not-for-profit private or autonomous management, to public or private for-profit management. Table 1 shows the various combinations of organizational structures, funding arrangements, and private sector involvement in each of the port models.

**The Government “Service” Port Model.** While current academic literature is very rich on the processes of devolution (well-documented in studies of UK ports, see Baird, 2000), privatization, and the forms of ownership and control that are now seen in seaports, there is a lack of research on what constituted the initial, pre-privatization stage of government control. Management of port operations and land by a port authority is not a new phenomenon, and according to Sherman (2000), public port authorities have been commonplace in the United States since the early 1900’s. In Canada, for the last century, ports have been managed either by port authorities and harbour commissions, the National Harbours board, or Transport Canada, giving them varying degrees of operational autonomy, although broad control was typically retained by Federally appointed organizations, such as Harbour Commissions or Port Authorities under the National Harbours Board (ibid). According to Brooks (2007), Brooks (2004) & World Bank (World Bank, 2014), public sector control of ports, typically by way of Federally-appointed ports and harbour commissions with private provision of port maintenance and services, including but not limited to dredging, pilotage, and bunkering, was the typical government “service port” operations model pre-privatization. Under these conditions, government port commissions acted in the public interest and controlled piers, wharves and waterfront land, using public funding to develop and maintain the waterfront, while collecting revenue from private users of the waterfront (ibid). The balance of revenues and expenditures was then returned to the Federal government (ibid). According to Brooks (2004) this approach to
port management could result in efficiency and streamlining of port development within the public interest, but, due to a lack of competition and private sector involvement, such an approach could also lead to inefficient operations. For ports that were rapidly developing in a country where private sector involvement is likely to be less stable than public ownership, control and general operations of the port, the government “service port” model may serve as a first step towards further port development (ibid). However, while the World Bank Port Reform Toolkit accepts this model of institutional port structure to be useful, it stresses that reforms should be directed towards increasing the port’s connections with the private port services sectors, such as non-government.

Under the government “service port” model, the extent to which a port could develop significant volumes of trade and port-related employment was largely dependent on political decisions made by levels of government not directly dependent on the port itself. These decisions determined the extent to which waterfront infrastructure could be developed and maintained, and what types of cargo (if any) the port could specialize in. With the “service port” model, there was a substantial risk of port development projects becoming “white elephants”, when new port infrastructure was built but not ultimately used, or used only at a fraction of its intended capacity, and did not provide significant economic benefits to the port or region besides employment during the project’s construction phase. However, in situations where there was a lack of private capital available to invest in the development of port facilities, provincial or federal levels of government might need to support and manage the construction of new infrastructure as they were the only institution capable of supporting this development.

**“Tool Port” Model.** The “Tool Port” is thus named because of private sector involvement in the port, providing necessary services to the operations of a government-
controlled and operated port. In this model of port governance, a Port Authority is legislated to take charge of not only land and infrastructure ownership, but also large parts of port operations, employing labour and using its own equipment to transfer cargo (Brooks, 2004; World Bank, 2014). The only difference between the Tool Port model and the Service Port Model, according to Brooks (2004) and the World Bank (2014) was the fact that stevedoring labour was provided from private sources, institutionally separate from the Port Authority, and there might be a greater role for private companies to play in providing services to the port, although the specific extent of this role was not delineated in the writing. Some of these services that the private sector could provide include towage services, maintenance dredging, information technology, environmental and ship safety, and warehousing and storage (World Bank, 2014).

The “Landlord” Port Model. Out of all of the potential options for institutional arrangement of seaports, the landlord port model seems to offer the greatest possibility for independent action on the part of different actors with a stake in the success of a port. Here, the port authority is the owner of the port land, and collects rent from the port users, such as private terminal operators or various warehousing and logistics companies (Brooks, 2004; Noteboom & Rodrigue, 2012). These companies are responsible for all of the capital equipment and labour employed within the port, while the port authority can “add value” to and facilitate this process by assisting companies in developing connections with local labour and unions, and local suppliers of goods and services necessary for operations (ibid). In this model of port governance, the port authority is not directly involved in operational control of the port, but instead deals with long-term development and strategic visions for the port, employing a team of analysts to study market trends for commodities being shipped through the port in order to determine the optimal recipients of future investment (Slack & Fremont, 2005).
On the level of port authority management, the port authority in this model also is involved in multi-scalar networks of governance in order to attract public funding, and to find ways of interfacing public goals to the port’s own interests (ibid). Port authority management, often in the form of a board of directors, may be at least in part appointed from public and private sector stakeholders, and functions as the “bridge” for communications between the port and these stakeholders (Haugstetter & Cahoon, 2010). Haugstetter & Cahoon (2010) argue that there are three critical factors that enable effective communication between the port authority and other institutions and actors within the port authority’s professional network: firstly, there are common norms of communication and business practices between the port management and private and public sector employees; secondly, there are common and coordinated meetings and activities where employees and management of the port frequently meet with employees and management of other organizations to share knowledge and interface organizational routines; thirdly, internal structures within the port authority work to retain and develop knowledgeable and skilled individuals who are able to add value to the port authority and collaborating organizations. One problematic aspect of the landlord port authority model of management, however, is the need for close communication between the port and its tenants. While the interests of terminal operators and the port are often aligned, in the event that market conditions or political considerations change substantially, it is possible for discord to emerge, or for non-complimentary marketing actions to be taken (Brooks, 2004). Therefore, communication between the port authority and its tenants must remain a high priority (ibid). On a local, regional or national scale, the port authority and its tenants must communicate efficiently in order to “market” or otherwise inform members of the public, private sector, and government of the port’s operations and investments. (Brooks, 2004). At an international level, the port authority
and its tenants must coordinate their efforts in trade delegations, marketing the port to potential investors and shipping lines (ibid). Complexity can develop within the landlord port authority model when terminal operating companies at a port also operate terminals at other ports that may exist in a state of partial competition with each other (Haugstetter & Cahoon, 2010). For example, a terminal operating company may operate container terminals on both the North American East and West coasts, both of which have containers from Asian origin transiting to markets in the densely populated areas of the United States' east coast. A loss for the ports of one coast may be a gain for the ports of the other coast, hence the terminal operating company's interests do not necessarily align perfectly with the specific port authorities' interests. An example of this situation is Maher Terminals, the terminal operating company at Prince Rupert, which also operated a container terminal in New Jersey, USA (Prince Rupert Port Authority, 2014). In order to understand and mitigate the potentially damaging effects of such a scenario, the port authority must constantly communicate with its tenants and employ a team of analysts to gather information about economic conditions affecting the flows of global shipping (ibid). Besides the port authority’s tenants, networks of collaboration may also extend to the port authority’s labour unions, which may be invited to participate in trade delegations and investment discussions, depending on the strength of the collaborative relationship between the port authority, terminal operating tenants, and labour (ibid). The cohesiveness between these actors depends on the degree to which they share a similar strategic vision for future port development; should this vision be simply the expansion of all aspects of port operations, then collaboration is generally possible without a great degree of friction between these actors (Haugstetter & Cahoon, 2010).
The Private service port model. When public governance decides to completely relinquish its control of port activities and privatize port land, regulatory functions, and operations, then a private service port is created (Brooks, 2004). Alfred Baird conducted extensive research on processes of port devolution from public to private sector, specifically examining the “UK Experience” of port privatization beginning in the 1980’s (Baird, 2000). The reasons for wholesale devolution of formerly public ports include: a need to expand trade through improving port efficiency, the ideology that private-sector management, guided by economic market conditions, could best meet changing trade conditions, the political pressure to reduce public sector expenditures, and the desire to reduce labour costs, which can amount to over 50 percent of the total port operating costs, according to Baird (1998). Secondary objectives include encouraging competition between ports, and expanding the share of port ownership beyond the public sector (ibid). Within the UK, transitioning to this model of private ownership has been fraught with numerous problems. Firstly, the sale of public ports to private management almost always was done at a discount, such that the ports were sold at rates spectacularly below their “real” market value (ibid). Secondly, the imperative to spread out ownership of ports by large-scale employee shareholding simply resulted in a greater tendency towards private monopoly, as private management companies bought up employees’ shares during a series of takeover bids following privatization (ibid).

Baird (2000) also discusses the issue of regulation, arising in the case of wholly-privatized ports, where the government plays little to no role in overseeing port operations, resulting in risks of corporate monopolies, and in un-controlled environmental or social externalities. Wholly-privatized ports also seem to ignore the question of “public goods”, and what should or should not be free for the public at large to use; precedent from Roman laws
indicates that, through history, the foreshore was considered open for everyone to use freely, while under the authority of the government (ibid). Yet another problem facing wholly-private ports has been the issue of whether privatization necessarily leads directly to new investments on port land, and more employment and cargo throughput. As described by Baird (2000), some of the privatized ports in the UK found themselves under the control of management that treated the port land as a speculative asset, one that would be more profitable to hold without development, either until it could be sold, or simply held for its use on paper as collateral against a loan to the company. Research into port privatization, and levels of competitiveness and efficiency between ports typically takes the form of form of both institutional and economic factors analysis, examining revenue flows to various actors based on the quantity of TEU’s handled (Tongzon & Heng, 2005; Cheon et al., 2010).

With reference to the Port of Prince Rupert, and all major ports in Canada, complete privatization has never taken place, and the Canadian government has always been the main source of project funding capital, and at times the locus of planning and decision making for the port. Due to the Prince Rupert Port Authority’s not-for-profit mandate, the Port Authority has been able to maximize the amount of capital that is re-invested into the Port infrastructure and development. Furthermore, by designating the Prince Rupert Port Authority as a not-for-profit institution, the Canadian federal government has been able to ensure that rents collected by the Port Authority are re-invested into port development and promotion. If the Prince Rupert Port Authority were to be completely privatized, then according to Baird (1998) any investment or promotion activities by the Port Authority would only be undertaken if these were in the economic interests of the Port’s managing company. Depending on the business mandate of the Port’s private managing company, under conditions of complete privatization, revenues derived
from land it holds in Prince Rupert could be reinvested elsewhere instead of in Prince Rupert. This would result in a mismatch between the needs of the business owning and controlling the Port, and of the local business, labour, and political interests geographically situated around the Port.

2.4. Summary

In sum, the institutional structures by which ports are controlled can take a variety of forms. Typically, these forms are studied based on whether the control of finances, political decisions, and land around the port falls under public or private domain, as described by the Brooks (2004) model. Ports are governed under a range of public and private arrangements, from fully public government service ports, to mostly public “tool ports” (with the exception of “private” labour contracting), to autonomous “landlord ports” (where the port authority leases port land to private terminal operating companies, and labour is provided by an external source, typically a labour union), to fully private ports (where the port is managed by a for-profit company).

As will be shown in later chapters, the Port of Prince Rupert has, with time, changed in its proportions of public versus private control, although it has also changed with regards to geographic centralization versus decentralization of port governance. Prior to 1999, the Port of Prince Rupert was tightly controlled both politically and financially from Ottawa, first both politically and financially as a Port Authority under the National Harbours Board, and later as a financially restricted Port Corporation. In both cases, the Prince Rupert Port Authority did not make major decisions locally and could not invest directly in the construction of new port facilities. Then, with the passing of the 1999 Canada Marine Act, the Prince Rupert Port
Authority became more autonomous from Ottawa (although still relying on federal funding opportunities and programs), existing as a not-for-profit entity that marketed itself and collected rents from terminal operators at the Port. This autonomy meant that major strategic decision-making was undertaken locally, and the Port Authority had considerable success marketing the Port to a wide variety of port users and investors. Research for this thesis will also examine the surrounding economic conditions in which the Port of Prince Rupert changed in terms of its port governance structures, and the role of the federal and provincial governments, as well as other private actors, in bringing about changes.
<table>
<thead>
<tr>
<th>Organization</th>
<th>Government Service Port Model</th>
<th>Tool Port</th>
<th>Landlord Port</th>
<th>Private Sector Service Port</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administered and controlled by a government-appointed port commission</td>
<td>Administered by a government-appointed port commission or Port Authority, with private sector involvement for certain services necessary for the operation of the port</td>
<td>Administered by an autonomous, not-for-profit Port Authority, that is neither public nor private, but with the oversight of a government-appointed board of directors</td>
<td>Administered and controlled by a wholly-private, for-profit Port Authority</td>
<td></td>
</tr>
<tr>
<td>Funding arrangements</td>
<td>Funded solely from a branch of government responsible for owning and administering the port</td>
<td>Mostly public funding from government, but revenue also generated from private port users</td>
<td>Funding and investment is controlled by the Port Authority, and comes from a variety of sources, including private terminal operators and port revenues</td>
<td>Funded entirely by private investment and revenues</td>
</tr>
<tr>
<td>Government Service Port Model</td>
<td>Tool Port</td>
<td>Landlord Port</td>
<td>Private Sector Service Port</td>
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<tr>
<td></td>
<td>from private port tenants, and borrowing from private and public sources. The Port Authority also promotes port development projects to public and private investors.</td>
<td>users</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Role of private sector actors</td>
<td>Negligible</td>
<td>Services provision at the port: dock labour, maintenance and transportation services</td>
<td>Private actors lease and develop land that is owned by the port (terminal operators) or provide transportation and other services</td>
<td>Ownership, control, management, operations, and planning for the port</td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td>Government Service Port Model</td>
<td>Tool Port</td>
<td>Landlord Port</td>
<td>Private Sector Service Port</td>
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<td></td>
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<td>necessary for the operation of the port</td>
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To determine which models of Brooks’ (2004) framework are best fitted to describe governance for the Port of Prince Rupert over the past 70 years, the empirical material is split into three time periods: a) 1945-1999; b) 2000-2006; and c) 2006-2014. Each period involved significant changes to Prince Rupert’s port governance, as evidenced by 1) organizational structure; 2) funding arrangements; and 3) the role of private sector actors, such as railways and port terminals. Chapter 3 deals with the commencement of the study period in 1945 to the start of the Prince Rupert Port Authority in 1999.
3. Prince Rupert, 1945-1990’s

3.1. Introduction

Between 1945 and 1999, the Port of Prince Rupert experienced changes in port governance correlated with a growth in bulk cargo exports from Canada to Asia. The purpose of this chapter is to examine the external environment driving these changes, including the growing demand for bulk resources from Asia as well as public and private interest for terminal development at Prince Rupert. This chapter will also assess whether changes in port governance represented greater or lesser geographic centralization of control over the Port, and whether these changes resulted in different funding arrangements for Port facilities, labour, or governance.

These indicators relate to Brooks’ (2004) models of Port governance. These are summarized in Table 2, indicating the key initiatives and connections between the Port and other actors in the Port’s external environment.

Table 2. Key initiatives related to the Port of Prince Rupert

<table>
<thead>
<tr>
<th>Port Governance type</th>
<th>External environment</th>
<th>Major events</th>
<th>Links to other actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945-1960: Private ownership of most of the port foreshore by CN Rail, with some sections of land around the Port owned by the City of</td>
<td>1960s interest by Japanese trading companies in BC resources, but PR lost to increased coal terminal development in the Port of</td>
<td>1965 Report on a Harbour Development Policy for Prince Rupert.</td>
<td>Close connections between the Port and the City of Prince Rupert (via the City’s Port and Industrial Development Committee).</td>
</tr>
<tr>
<td>Port Governance type</td>
<td>External environment</td>
<td>Major events</td>
<td>Links to other actors</td>
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<tr>
<td>Port Governance type</td>
<td>External environment</td>
<td>Major events</td>
<td>Links to other actors</td>
</tr>
<tr>
<td>Prince Rupert. “Tool Port”: public ownership of Port land and terminal facilities. Partially local control over Port land (by City and City committees), partially central control (by CN Rail).</td>
<td>Vancouver.</td>
<td>Late 1960s and early 1970s private interests connected with the City and lobbying Ottawa for inclusion of Prince Rupert under the National Harbours Board jurisdiction.</td>
<td>Private companies such as Western Wharves; PR Chamber of Commerce; CN Rail (a major owner of Port foreshore land).</td>
</tr>
<tr>
<td>Port Governance type</td>
<td>External environment</td>
<td>Major events</td>
<td>Links to other actors</td>
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<tr>
<td>“Tool Port”: public ownership of Port land and terminal facilities, by CN Rail and National Harbours Board. Centralized control over Port land existed in both the National Harbours Board, and in the Crown Corporation of CN Rail.</td>
<td>Vancouver. Strong demand from Alberta and Saskatchewan for bulk terminal construction at Prince Rupert.</td>
<td>Development Ridley Island coal terminal site; 1981 attempt to construct a petrochemical export terminal but lost this to a terminal in Port Moody, Vancouver.</td>
<td>Wider ownership of Ridley Island terminal development; competition with Vancouver; role of Alberta provincial government; federal government support for building Ridley Island Terminal.</td>
</tr>
</tbody>
</table>
3.2. The Post-war Period, 1945-1960s

Prior to and during the war years, Prince Rupert was managed by a Harbour Commission appointed by the Federal Ministry of Transportation, and had a dry dock (owned by CN Rail) and a ship building industry, serving to build cargo and light navy ships, in addition to fishing and cannery industry from before the early 1920’s (Campbell, 2004). Young (2008) and Hick (2003) note that, from the 1930’s onwards, ports in Canada were typically under the jurisdiction of the federal government, and railways such as CN Rail were not the primary leaders of port development, although CN Rail later contributed extensively to the construction of additional infrastructure to service bulk terminals in North Vancouver.

During World War Two, Prince Rupert and nearby Port Edward were heavily involved in the war effort, with Prince Rupert serving as a staging base for Royal Canadian Air Force air patrols over the Pacific Ocean, and nearby Port Edward hosting American troops who went on to combat the Japanese in the Aleutian Islands (Hick, 2003). Prince Rupert had an ideal location for the armed forces, since it was the northernmost Pacific port accessible by rail from the Canadian...
and United States industrial and population centers. During the war years, the major source of revenue for Prince Rupert was the military. However, no new major Port infrastructure projects were built during this time (Hick, 2003).

Following World War Two, Prince Rupert experienced several years of decline, as there was no demand for use of the drydock facilities for repairing or producing further ships, and soldiers stationed in the area moved elsewhere for civilian employment (Hick, 2003).

The next major inflow of investment to the Prince Rupert area came with the 1953 opening of the Skeena Pulp Mill, on Watson Island near the city, which operated for the next fifty years, and provided the city with over 700 jobs and an annual income of $3 million in taxes to the City of Prince Rupert (Hoffman, 2013). During this time, another pulp mill opened in Ketchikan, Alaska, and CN Rail provided an “aqua train” (train car transporting) service from Prince Rupert to Ketchikan, primarily for the transport of processed pulp to markets in the United States (Wheatley & Gordon, 1969). For this service, CN Rail transported train cars by barge between Prince Rupert and Ketchikan, before re-assembling trains back in Prince Rupert and using the (then) under-utilized former Grand Trunk Pacific mainline to transport the pulp products back to distribution and packaging centers in the United States Midwest (ibid). For both the pulp mills at Watson Island and Ketchikan, CN Rail served as the main transportation provider (ibid). During these years, CN Rail, the City of Prince Rupert, and the North Pacific Cannery controlled large sections of waterfront land around the city and before the 1960’s they did not make any plans for export-oriented port facility development (Hick, 2003). With the closure of drydock facilities in Prince Rupert, and with the rise of post-war industrial development in Japan through the 1950’s and into the 1960’s, the Prince Rupert Port was not under an appropriate structure of management to make long-term strategic decisions regarding
port land use planning, and could only watch as the first major deliveries of coal shipments to Japan were sent out through Vancouver, its competitor port. No development or serious planning for bulk terminals at Prince Rupert was undertaken post-war through the 1950’s, as Prince Rupert relied on its pulp mill, cannery, and port, rail and road transportation employment to sustain itself.

During the 1960’s, there was a marked lack of local enthusiasm in Prince Rupert by the local government, business interests, and CN Rail to attract investment or to “market” the port as a place for international shipping: the sole focus seems to have been on attempting to smooth internal political divisions between these actors. This was expressed through conflicts in land ownership, and the economic and political interests of those owning the land. As well, there were a number of initiatives to build connections with the British Columbia provincial and Canadian federal governments, which might be willing to supply funding for development. These initiatives failed, however, and Hick (2010) blames the failure on provincial government policy favouring development of infrastructure near Vancouver, such as at Roberts Bank, instead of at Prince Rupert. Funding from these sources, leading to expansion of port facilities, was a necessary precursor to securing a greater number of port calls by shipping lines and increasing employment opportunities at the port. This was particularly the case during the 1960’s and 1970’s much of the existing shoreline infrastructure was in decline, and those with a desire to improve the port had neither the legal ownership rights or the capital funding to do so. During this time, commissions were formed by the City of Prince Rupert and local business interests, and separate studies were undertaken by CN Rail to determine the best future use of port lands, and how the structure of Port governance could be improved.
3.3. Port Authority under the National Harbours Board, Late 1960s and 1970s

3.3.1. Causes of the resource boom in BC

Between 1960 and the mid-1980’s, British Columbia experienced a combined resource-exporting and infrastructure-construction “boom”, that resulted in a flurry of activity as coal mines responded to new demand from Japanese metallurgical producers, grain producers supplied high demand from India, China and the Soviet Union, rail lines improved infrastructure and their quantity of rolling stock, and Canada’s west coast ports developed new terminal facilities. Throughout this time, local, provincial, and federal governments worked together with varying degrees of coherency, often as a result of differing visions for the future, commissioning studies and infrastructure projects seen to be in the best interests of their constituents and the other interests they represented. In British Columbia, the time between the 1960’s and the 1980’s was one of growth in staples exports to the Asia-Pacific, fuelled by growing demand for coal and metals by Japan, as well as lumber and wood products for both the United States and Japan. In order to transport these raw or semi-processed materials, both the public and private sectors in British Columbia made a concerted effort to adjust planning and investment decisions accordingly in order to meet the Asian demand.

3.3.2. Japanese trading companies in Canada

Beginning in the early 1960’s, Japanese metallurgical companies began to search for new coal and mineral sources, often by way of intermediary companies known as “Sogoshosha” (Koerner, 1998; Parker, 1997). These Japanese firms differed from Western corporations in that they typically sought long-term contracts with resource producers, adopting a managerial
approach to maximize market share, while Western corporations were more focused on the short-term, seeking to maximize profit per share (Parker, 1997). Sogoshosha, the Japanese trading firms, were also distinct from any firms found in the West, in that they provided buyers with a range of information related to products, as well as many trade-related services (ibid). Their relationship with the companies they seek to supply has been both long-term and less-than-arm’s-length, and they promote investment in suppliers of resources or other commodities that they seek to trade (ibid). Furthermore, sogoshosha were also different from firms in the West through their investment preferences when dealing with suppliers. Instead of seeing majority ownership of the company’s shares, they tended to seek minority shareholdings, in order to establish a strong collaborative relationship, but without as great an amount of risk as if they maintained majority shares (Koerner, 1998). Finally, Japanese trading firms related differently than their American counterparts to the Canadian government. As described by Parker (1997) in his case study of Tumbler Ridge, BC, the long-term contractual relationships between sogoshosha and Canadian mines allowed mines to continue operations even during economic doldrums, thereby allowing municipal and provincial governments to factor in decreased long-term risk in the resources sector into strategic economic plans. Since sogoshosha have sold coal to the entire Japanese steel industry, instead of to single mills, the risk of complete closure of a mine based on insufficient demand for coal has been reduced (ibid). However, despite the differences of sogoshosha investment, in Canada the provincial and federal governments at this time were still primarily tasked with providing funding for infrastructure investment necessary to support staples exports, including but not limited to upgraded roads, railways and port facilities (ibid).
In the 1960’s, sogoshosha trading companies sought new sources of metallurgical coal for steel producers in Japan. At this time, the Canadian coal industry was somewhat dormant, and mines (such as at Crowsnest Pass, BC) that had previously supplied coal for railways were not operating due to the railway switch-over to diesel locomotives (Hick, 2003). The first major contract for a Canadian coal producer with a Japanese buyer was in 1968, when Kaiser Coal (the owner of the Crowsnest mine in southeast BC) signed a contract with the Mitsubishi Trading Company and six other Japanese firms for 40 million tons of coal over the span of 15 years, beginning shipments in 1970 (Wilson, 2010). These shipments were sent via CP Rail’s southern line to the Port of Vancouver’s Neptune Terminals, through whom Kaiser Coal had contracted the coal shipments, and where ships from various tramp bulk shipping companies picked up coal for delivery to Japan (Hick, 2010; Wilson, 2010). Neptune Terminals was the primary choice for coal shipments to Japan since the Crowsnest Pass mine was on the CP Rail line through the southern part of British Columbia, so sending shipments here was far more practical than Prince Rupert, despite the approximately 48-hour sailing time difference to Asia between Vancouver and Prince Rupert (Hick, 2003). This outcome, favouring Vancouver rather than Prince Rupert was also due to the construction of the Roberts Bank coal terminal (part of Port Metro Vancouver) in 1970, which was supported by the BC government. Furthermore, with bulk shipments of commodities such as coal, sailing time and rigid scheduling was not critical, so the Great Circle advantage enjoyed by Prince Rupert was not so crucial (ibid).

3.3.3. Port of Prince Rupert governance

As these initial contracts for coal exports began to be signed and coal exports to Japan via Vancouver started, businessmen, public officials and mining companies in northern British
Columbia quickly took notice of the growing trade linkages between British Columbia and Japan, and the need to plan accordingly. Some contracts between northern mines and Japan were signed in the 1960’s, however, in the early 1960’s, Prince Rupert had no clear form of central port governance aside from the Prince Rupert Chamber of Commerce Port and Marine Committee (Hick, 2003). In 1964, this Port and Marine Committee began consultations with the City of Prince Rupert regarding the possibility of forming a separate Harbour Commission, and these plans came to fruition in 1965 when the City of Prince Rupert formed the Port and Industrial Development Commission (ibid). This Commission continued to function until 1975, when it ultimately became a local Port Authority, under the federal National Harbours Board (ibid). This Port Authority of 1975 must not be confused with the later autonomous Prince Rupert Port Authority, created in 1999. The 1975 Prince Rupert Port Authority was a local administrative body closely connected to the National Harbours Board, with far less authority to make local investment and planning decisions than its later successor in 1999.

At the same time, and acting separately from the City of Prince Rupert, Canadian National Railways commissioned CBA Engineering in 1965 to create a report titled “A Harbour Development Policy for Prince Rupert”, which recommended development of further cargo loading facilities at the Rushbrook site (located near the northernmost point of the city of Prince Rupert, see Figure 3). This site was also chosen by the City of Prince Rupert as best suited for future development of a general cargo facility (Hick, 2003). However, separately from both the City of Prince Rupert’s Port and Industrial Commission and CN Rail, a group of eight politically well-connected businessmen formed a company known as Western Wharves Ltd. in order to determine the location of and plan investments in the development of future port facilities in Prince Rupert (ibid). Each of the members of Western Wharves put forward $50,000 of their
own finances for investment in port development. Then, Western Wharves conducted its own study, determined that the site at Fairview was most suitable for terminal development (contradicting and at odds with planning by the City of Prince Rupert, which favoured the Rushbrook site for further development), and took out leases on the site.

During the late 1960’s and early 1970’s, the City of Prince Rupert’s Port and Industrial Development Commission actively lobbied Ottawa to put the Port of Prince Rupert under the jurisdiction of the National Harbours Board, as opposed to the prior, administrative Harbours Commission. This was advantageous as Ottawa would become an important source of funding for further port infrastructure development – in exchange for less ‘local’ control, as was the case under most Commission-run harbours. It also was an important move because Prince Rupert was subsequently recognized as a key port for later strategic transportation and economic planning, and would be governed under different legislation than its previous status under the Harbour Commissions Act of 1964 (Brooks, 2004). Ultimately, this lobbying proved successful, and Prince Rupert became a local Port Authority under the National Harbours Board on March 9, 1972 (Hick, 2003).
During the years that Prince Rupert was not under the National Harbours Board, the Port lacked access to the funding and support necessary for infrastructure development (Hick, 2003). The National Harbours Board was, at the time, the main organization for Canada’s Port development planning, policy, and engineering of major capital infrastructure projects (ibid). However, even though Prince Rupert came under the jurisdiction of the National Harbours Board and the Prince Rupert Port’s governance was centralized in Ottawa, funding and infrastructure development did not immediately materialize (ibid).

One of the main difficulties in the post-war phase of Prince Rupert’s development was competition with Vancouver. During this time, when major port planning and funding was
conducted centrally by agencies such as the National Harbours Board, it was nearly impossible for the citizens, businessmen and politicians of Prince Rupert to convince Ottawa and Victoria to provide assistance with development, given that Vancouver had a better-developed port already well-equipped to handle existing bulk and break-bulk cargo demand (Hick, 2010). The most “powerful” government that worked to improve BC’s infrastructure in response to greater trading demands was the provincial government under Premier W.A.C. Bennett, in office from 1952 until 1972 as Premier. Bennett’s government established the BC Harbours Board, which worked to identify aspects of British Columbia’s harbours that were in need of investment or regulatory streamlining and improvement (ibid). Not only did the BC Harbours Board examine possibilities for where provincial funding could be directed, but it also advocated on BC’s behalf to the federal government for federal funding. This advocacy was necessary given the attention, at the time, paid to eastern Canadian harbours on the Great Lakes and St. Lawrence Seaway, which received a disproportionate share of funding and attention (at least, such a belief seemed to inform transportation planning policy in the Bennett government, which in the 1970s pursued BC’s and Western Canada’s interests ahead of greater integration with Canada as a whole) (ibid).

Inland of Prince Rupert, from the 1960’s onwards there were several major mining companies active in the Japanese coal trade in northern British Columbia and Alberta, and these companies maintained significant influence over bulk terminal planning in Prince Rupert. Unlike the mining companies located in southern British Columbia, which had to ship coal through Vancouver, due to the difficulties and lack of benefit of using multiple rail lines (first CP Rail, then CN Rail) to ship coal through Prince Rupert, mining companies in northern British Columbia had the choice of either Prince Rupert or Vancouver, since CN Rail provided service to both ports. Figure 1 and Figure 2 indicate the routes that CP and CN Rail used for exports; CN
Rail had a choice of shipping through either Vancouver or Prince Rupert, while CP Rail only had track to Vancouver. Hick (2003) notes that even with the first coal exports to Japan, some Japanese buyers were concerned about the reliability of exports via the CP Rail line to Vancouver, given the mountainous terrain, steep track grades in some sections of the Rocky Mountains, and inclement weather with the risk of mudslides, rockslides and avalanches in some areas. During the 1960’s and 1970’s, the main coal mining companies actively mining in northern British Columbia and seeking contracts with Japanese buyers were Western Canadian Coal Corporation, McIntyre Porcupine Limited, Luscar Coal, and Shell Canada. These coal-mining companies emphasized large-scale, minimal cost extraction of coal from deposits located near to major rail lines, and without the necessity of constructing new infrastructure or tunneling deep underground (Wilson, 2010). In their emphasis of operational scale, these mines were responding to contemporary estimates that high coal prices would remain long into the future, and that operational flexibility in response to changing prices would not be required (ibid).

While some coal moved through Prince Rupert to Japan through the 1960’s and into the 1970’s, Prince Rupert could only stand by as larger amounts of coal traffic flowed from northern British Columbia to terminals at Vancouver, particularly Neptune Terminals in North Vancouver, and Pacific Coast Terminals in Port Moody (ibid). Indeed, in 1970, after a planning and construction period of two years and backed heartily by the BC provincial government under W.A.C. Bennett as well as California-based Kaiser Resources, the owners and operators of the Crowsnest site in southern BC, a new coal terminal was finished at Robert’s Bank, near Tsawwassen, BC, as noted earlier (Roberts Bank Terminal, 2004). This coal terminal was built in response to concerns that demand for coal by Japanese metallurgical producers would outstrip the 30-million tonnes per year capacity of existing terminals in Vancouver’s Burrard Inlet to
supply coal (ibid). At this time, port land around Vancouver was under the domain of the National Harbours Board, and the Board commissioned Swan Wooster Engineering to survey land south of Vancouver for the new terminal (ibid). Roberts Bank was chosen because it had direct, uncongested railway access, it was far from developed land around the city, there was straightforward access for vessels without delays from tides (as in the case of Vancouver’s Port Moody), the water was deep enough (with dredging) to accommodate the largest ocean-going bulk cargo ships, and new road infrastructure creation would only have a minimal disturbance on nearby bird and fish life (ibid). The original terminal was constructed as a 20-hectare island, connected to the mainland via a 5-kilometer long causeway, with both road and rail access (ibid). On the island, coal loading and storage infrastructure was (and still is) managed by Westshore Terminals (ibid). The Roberts Bank coal terminal was the chief factor delaying the construction of terminal facilities at Prince Rupert during this time; while demand for coal would still prompt construction of a bulk terminal at Prince Rupert, construction and opening of Ridley Island, a similar coal-loading facility in Prince Rupert (see Figure 3) was delayed to the very end of the coal export boom years, in 1983 (Hick, 2003).

The provincial and federal governments were also involved in general economic regulation by providing permits for BC mining and oil exploration, as well as for new terminal construction, eg. for natural gas or for petrochemicals. However, during the 1970’s and into the 1980’s, there was little interest in building either a natural gas or a petrochemicals terminal at Prince Rupert. Due to economic conditions, the provincial government denied proposals for terminal development at Prince Rupert in favour of the Vancouver metropolitan area’s Port Moody (Hick, 2003).
While Prince Rupert port development received only marginal support from the BC Provincial government in the 1970s, other provincial governments, particularly those of Alberta and Saskatchewan, actively lobbied for further development of Prince Rupert. Both of these provinces were (and still are) large exporters of grain and coal, and due to the high prices of each during much of the 1960’s through the 1970’s, they were searching for more efficient, lower cost ports of export to Asian markets (Wilson, 2010). Pre- World War Two, the grain elevators at the Port of Prince Rupert were underdeveloped, and given the larger size of bulk cargo ships post-war, were insufficient to handle the growing volumes of grain exports (Hick, 2010). The federal government-owned Canadian Wheat Board, in charge of directing the export of prairie grain, organized grain shipments solely to Vancouver, where provincial wheat pools maintained their own private terminals (ibid). While there was no need for the grain to necessarily be sent via specific grain pool terminals and the general terminal at Prince Rupert (owned by the Wheat Board) was feasible for exports, as a matter of protocol, the Canadian Wheat Board shipped grain to the grain companies’ wheat pool terminals in Vancouver (ibid). Prince Rupert’s grain terminal was, therefore, consistently under-utilized, despite the prodding by Premiers Manning and Thatcher, of Alberta and Saskatchewan respectively, for the Canadian Wheat Board to change its shipment protocols (ibid). Particularly between 1967 and 1971, the government of Alberta consulted with CN Rail, requesting necessary upgrades of CN’s northern route to Prince Rupert in order to improve transportation of coal to Japan (ibid). Moreover, both Japanese buyers and Alberta’s coal producers wanted to improve the security and efficiency of coal exporting infrastructure, instead of relying entirely on the infrastructure of Vancouver’s port and the railways snaking through treacherous mountain terrain in BC’s interior to reach Vancouver (ibid).
Demand for Canadian resources by Japan and other Asian countries continued to grow through the 1960’s and 1970’s, as grain shortages in China and the USSR were filled partly through Canadian grain shipments, and as the steel industry in Japan required ever-greater amounts of metallurgical coal (Hick, 2003). The Canadian Federal Government realized the need for greater infrastructure to assist in resource exports, and in 1978 they set their sights on the (then) underdeveloped Port of Prince Rupert. On March 7, 1978, the Canadian Federal Government announced that it would provide $16.3 million towards the development of road and rail links, as well as construction of one coal and two grain and terminals on Ridley Island (ibid).

Ridley Island subsequently transferred over to Federal ownership from previous Provincial ownership on July 2, 1971, possibly as a result of lobbying by multiple actors including coal-mining companies, the Government of Alberta (which desired greater competition between western ports to keep costs and risks low), and the City of Prince Rupert’s Port and Industrial Development Commission; established in 1966 (ibid). Development of the Ridley Island bulk terminal site began in June of 1978 when CBA Engineering and Carr & Donald Associates were awarded a $140,000 contract to survey Ridley Island and prepare a plan for terminal construction (ibid). Organizations interested in having a stake in developing Ridley Island included Neptune Terminals, Vancouver Wharves, Denison Mines, Teck, and BP (ibid). On April 15, 1981, five Ridley Island terminal development proposals by different companies and groups were submitted to the National Harbours Board (NHB); out of these proposals, the NHB settled on a consortium including Federal Navigation and Commerce Ltd. (of Montreal), Gulf Canada Resources, Esso Resources, and Manalta Coal (ibid). This consortium proposed a development plan with a cost estimate of $100 million. However, all of the private companies, except for Federal Navigation Corporation, dropped out, and the NHB signed the development
agreement with Federal Navigation alone (ibid). In this partnership, a new company known as Ridley Terminals Inc. (RTI) was formed, and Federal Navigation owned 10% of the equity, while the NHB owned 90% (ibid). How this agreement was reached, and the reasons for why the other mining companies dropped out of the development bid are unclear, especially since there was strong demand on the part of British Columbia’s coal mining companies to develop the terminal. Interestingly though, Federal Navigation was a bulk cargo shipping company and ship owner, which was owned and controlled by the Pathe Family of Montreal (Sumner, 2006). This family has been well connected within the Canadian transportation industry, and political alliances with the NHB may have assisted in this deal (Hick, 2003). The Federal Government guaranteed 80% of the loans for Ridley Terminal’s development, while the NHB and Federal Navigation guaranteed the remainder (ibid). Ultimately, Federal Navigation was able to secure loans for construction without taking on any risk, and the terminal was built between 1981 and 1983, with the first coal loaded from the Ridley Terminal on January 7th, 1984 (ibid).

However, Ridley Terminals opened about ten or fifteen years too late, and missed the BC-Japan “coal rush” of the 1970’s. At the time that the terminal opened in 1984, coal prices were already falling, there were problems with price negotiations between mining companies and Japanese buyers, with Japanese buyers offering approximately half the price of the original planned coal prices (Hick, 2003). Since coal mining companies had planned on vast, extensive mining operations to meet high demand, when prices dropped the mines were unable to be flexible and alter operations accordingly, leading to bankruptcies and closures between the 1990’s and early 2000’s (ibid). Ridley Terminals, therefore, was chronically under-utilized for bulk coal shipments for the next twenty years following its construction.
3.4. The Prince Rupert Port Corporation 1983

During the 1960’s and the 1970’s, Federal politics in Canada began to change in a direction suited more towards “hands-off” control over transportation systems, ultimately resulting in the creation of the Prince Rupert Port Corporation in 1983. The impetus for change lay with the MacPherson Royal Commission on Transportation (1959-61), which recommended less centralized government control, more competition between transportation modes, and deregulation of transportation in situations of existing competition in order to improve efficiency (Hick, 2010). Another major influence was the Royal Commission on Government Organization, which released its report in 1963 and recommended decentralization for government departments, with managers free to design management methods best suited to their own tasks at hand (ibid). For the future, the only policies imposed from above would be broad ones, outlining inter-departmental goals and planning directions for the future (ibid). This report, known as the Glassco Report, after the Commission’s head, overturned the centralized port policy planning advised thirty years earlier by the 1932 Gibb report. Glassco saw the legacy of centralized planning as one of chaos and divided responsibility between government departments and other agencies involved in harbour planning and development, and recommended institutional change away from the centralized National Harbours Board to a decentralized harbour commission model (ibid). The Glassco Report resulted in the passing of the Harbour Commissions Act of 1964, although the NHB still retained control over major Canadian ports. However, beginning in 1975, Prince Rupert was managed by a decentralized local Port Authority (under the authority of the NHB), a structure which would not be altered until the passage of the Canada Ports Corporation Act in 1983 (ibid). This 1983 Act established Crown Port Corporations in former NHB ports, with each port having its own Board of Directors, and spending authority
(Vancouver’s Port Corporation had a spending authority of $5 million, while Prince Rupert’s Port Corporation had $500,000 annually) (ibid). While this arrangement allowed Prince Rupert and Vancouver to have more managerial ability to respond to local port operational and development goals and needs, the federal government still retained significant control over port financial matters, limiting Canadian ports’ autonomy to invest their own funds (ibid). Indeed, these changes in managerial arrangements did not seem to produce a noticeable impact on the Port of Prince Rupert. The lack of development or planning initiatives at this time was related to economic downturns in bulk cargo exports, and the lack of opportunities for the Port Authority and, later, the Port Corporation, to control its own financial strategic planning, investments, and marketing.

Under the control of a Port Corporation, very little of significance occurred at Prince Rupert’s Port. Bulk cargo exports slumped with decreased Asian demand for coal and paper products, and the Prince Rupert Port Corporation did not undertake any infrastructure development or planning initiatives.

3.5. Summary

Table 2 indicates that during the years between 1945 and 1999, the Port of Prince Rupert remained as a “Tool Port”, due to its organizational dependence on the federal government for planning and strategic decisions, funding for port development, and some private sector involvement in land and sea transportation (Brooks, 2004). Labour for the Port’s docks was always provided by the International Longshore and Warehouse Union (ILWU), but Port foreshore land remained within the control of the Crown Corporation of CN Rail, and through different forms of decentralized or centralized administration, including committees for the Port
organized by the City of Prince Rupert, a Port Authority (under Canadian federal government’s National Harbours Board), and a Crown Port Corporation. All three forms of Port administration were so closely linked to the federal government, either by direct administration by the federal government, or by having nearly all funding decisions controlled by the federal government, that it is difficult to consider them as separate governing entities. Another characteristic of the years from 1945 to the 1990’s was a lack of coherent integration between “stakeholders” of the Port: there is little evidence of collaborative planning relating to the Port’s future between different levels of government and business interests, and the main infrastructure project during this time, Ridley Terminals, was managed by a federally funded Crown Corporation. The lack of coherency and ability to establish terminal facilities in Prince Rupert was due to the National Harbours Board’s disconnection to the British Columbia provincial government, which was strongly promoting development of bulk cargo terminal facilities around the Port of Vancouver, and did not actively communicate and share goals with the federal government regarding port infrastructure planning.
4. The Prince Rupert Port Authority, 1999-2006

4.1. Introduction

During the 1990’s, bulk cargo exports through British Columbia’s ports remained in a slump, decreasing steadily with lower demand from Asian consumers, mainly due to Japan’s recession in the 1990s and the closure of coal mines in northern British Columbia, particularly at Tumbler Ridge in 2000 and 2003. Within this external environment of declining exports, the Canadian federal government passed the Canada Marine Act (1998), creating autonomous, non-profit landlord Port Authorities in 19 “economically significant” Canadian ports, including the Port of Prince Rupert (Hick, 2010). These landlord Port Authorities have maintained staff and management locally at the ports, and have been overseen by an appointed Board of Directors. They have also collected rents from port users, which were then re-invested into development of port infrastructure and port promotion, a major structural change from the formerly existing Port Corporation, which sent most of its rents back to Ottawa (ibid). This chapter overviews the organization of the new Prince Rupert Port Authority, how it was created in 1999 and who have been its members, the external economic environment for the Port of Prince Rupert and the Port Authority’s diversification towards cruise ship tourism and container shipping (necessitating promotion of Prince Rupert to overseas investors and potential Port users), and the beginning of the Gateway Strategy in 2005, together with its implications for Prince Rupert. As well, this chapter examines Brooks’ (2004) “Landlord” port model, and how the Port of Prince Rupert exhibited these models’ characteristics after 1999 (see Table 4, at the end of Chapter 4).
4.2. The New PR Port Authority, 1999

With the creation of the Prince Rupert Port Authority in 1999, governance over the port of Prince Rupert was formally decentralized from Ottawa. The Port Authority was given the mandate to act in ways that were appropriate to its own interests, summarized by the Prince Rupert Port Authority’s Manager of Corporate Communications, “to improve the efficiency of cargo throughput… operating as a landlord, attracting and investing in terminal operators while building and maintaining connections with public and private sectors that have interests in cargo shipping through Prince Rupert” (M. Gurney, Prince Rupert Port Authority Manager of Corporate Communications, personal communication, Prince Rupert, Dec. 11, 2013). While the new Prince Rupert Port Authority was not constrained by its former $500,000 spending limit (under the Canada Ports Corporation Act of 1983), it was legally bound to maintain a strict $22 million borrowing limit, and it did not have the security of Ottawa’s backing for future loans in the form of loan guarantees (Hick, 2010).

The new Port Authority was essentially an outgrowth and alteration of the former Prince Rupert Port Corporation. During the change from Port Corporation to the Prince Rupert Port Authority, the Canadian Federal Government forgave the Port $5 million out of $15 million in outstanding debt (Hick, 2010). According to the CEO of the Prince Rupert Port Authority, who began his work there with the Port Authority’s creation, the process of divestiture from centrally-controlled Port Corporation to a mostly-autonomous Port Authority was designed to focus decision making capability on the local scale, with a local CEO and managerial staff, as well as a local Board of Directors (D. Krusel, Prince Rupert Port Authority CEO, personal communication, Dec. 12, 2013). The Canadian Federal Government’s Appointments and Nominations website (2014) noted that Prince Rupert was one of 19 Port Authorities designated
at this time under the *Canada Marine Act (1999)* and that these Port Authorities acted since 1999 in place of the Canadian Federal Government to manage port land use. Prince Rupert, along with the other 18 port authorities covered in the *Act* (such as the Port Metro Vancouver, the Nanaimo Port Authority, and the Fraser River Port Authority, among others), was primarily responsible for the management of port land, which was granted to the Port from Provincial land holdings or from Federal Crown Land (ibid). As well, the Port Authorities were also free to acquire the management of new land in their own name (ibid).

In October of 2002, the CEO of Prince Rupert Port Authority, Don Krusel, made news by being harshly critical of the *Canada Marine Act* to a federal review panel. When speaking to the panel, Krusel noted that smaller ports in Canada, such as Prince Rupert, were at a severe disadvantage as a result of the Port’s taxation relationship to the municipality of Prince Rupert (Mettrick, 2002a). Specifically, Krusel claimed that the Port of Prince Rupert was forced to generate 22 cents per tonne of cargo in order to cover municipal taxes, whereas the Port of Vancouver only needed to generate 3 cents (ibid). Since the Port Authorities had to collect revenue from cargo in order to be able to re-invest in terminal facilities, a relatively lower profit per tonne of cargo shipped had put the Prince Rupert port at a competitive disadvantage. Instead of the current system in place at Prince Rupert, Krusel argued that the federal government should pay municipal tax payments on behalf of the port authority, since this would benefit the Prince Rupert Port Authority, and would be keeping in line with the existing system in place for the St. Lawrence Seaway in eastern Canada (ibid). In addition, to allow for fair competition, Krusel recommended other amendments to the *Act* including federal government support for infrastructure improvements (such as road and rail access to the ports), permitting port
authorities to pledge property to obtain loans, to allow port authorities to retain the proceeds of property sales, and funding support for all security requirements (ibid).

In sum, the Prince Rupert Port Authority was given its current role and structure by the Canada Marine Act (1999), which established the Port as a “landlord”, leasing and developing port land, but institutionally separate from the federal government, both with regards to management and financial control. This separation allowed the Prince Rupert Port Authority greater freedom for strategic planning, and for investing in its own projects.

4.2.1. Membership of the Prince Rupert Port Authority.

An important dimension of the new port governance was the input of new professional analysts and official Board of Governance members who could better consider and plan strategically for the port’s future activities. There have been essentially three levels of members comprising the new Prince Rupert Port Authority. The most common employees have been business analysts and service specialists who studied current market conditions and news in all aspects of business relating to shipping, and who wrote reports and provide support to managerial staff. Managerial staff have been involved in meeting collectively and with a broad spectrum of private and public groups and individuals, both in Canada and further abroad (particularly in Japanese and Chinese port cities), and planning strategic five-year plans for the Port of Prince Rupert. These plans dealt with expected future opportunities and challenges for the Port and its tenants and users, and what the Port Authority might do to advance its interests. Finally, all of the Prince Rupert Port Authority’s operational decisions have been overseen and approved by a Board of Directors. The Board of Directors contained people from a variety of public and private sector backgrounds who, according to the Prince Rupert Port Authority’s
Manager of Corporate Communications, were chosen for their ability to “add value” in various ways to the work that the Port Authority does (interview with M. Gurney, Prince Rupert Port Authority Manager of Corporate Communications, 05 Dec., 2013).

According to the *Canada Marine Act* (1999), the Board of Directors for the Prince Rupert Port Authority must be appointed by several sources, such as the Federal Minister of Transport (who appoints the Chair of the Board), the combined City of Prince Rupert and the District of Port Edward which appoints one individual, the Province of British Columbia appoints one individual, and the port users which nominate the four remaining individuals (usually from the private sector, representing rail or terminal operating companies with a strong interest in the Port), who are in turn appointed by the Board’s Governor in Council (ibid). As stated previously, the people represented in the Board of Directors have been in good standing with the companies and any other interests they represent, and have been deemed able to “add value” to the Port Authority’s strategic planning process. They normally serve as Directors for terms no longer than 3 years, although their terms may be renewed (with the backing of the various interests the Directors represent) for a maximum of 9 consecutive years (ibid).³

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³A Director might also be removed from their position in the case of three conditions, 1. the Director’s death or personal decision to resign, 2. the decision to remove the Director is made by the authority that appointed them, or 3. the Director is no longer eligible to hold their position due to a conflict with section 16 of the *Canada Marine Act* (Canadian Federal Government, 2014). This section of the Canada Marine Act stipulates that the following people cannot be made directors of a Port Authority: individuals who take the position of mayor, councilor, officer or employee of a municipality; an individual who is a member of the legislature of a province, or an officer or employee of a Crown Corporation of a province; a Senator or a Member of Parliament or other officer or employee of the Federal Public Administration, including a member of a Federal Crown Corporation; an individual who is not a resident Canadian (as defined in subsection 2(1) of the *Canada Business Corporations Act*); an individual who is a director, officer or employee of a person who is a user of the port; an individual who is under eighteen years of age; an individual who has been declared mentally incompetent by a court in Canada or elsewhere; or an undischarged bankrupt (ibid).
Another important development in the early years of the Prince Rupert Port Authority’s existence was the appointment of Brian Mitchell to the Port Authority’s Board of Directors (Daily News, 2000). Mitchell was appointed directly by Federal Transportation Minister David Collenette (Liberal), after a long career within the maritime industry (ibid). Mitchell’s background was as a chartered accountant, having received his Bachelor of Commerce degree from UBC in 1964, then proceeded to work in Canadian Stevedoring Co. from 1968 until 1998, followed by a position as a director of Logistec Corporation (ibid).

During the autumn of 2002, there were two new appointments to the Prince Rupert Port Authority Board of Directors. The first was Odd Eidsvik, a chartered accountant who started his own firm, Eidsvik & Associates, and who was also the past president of the Prince Rupert Chamber of Commerce and Hecate Strait Rotary Club (Daily News, 2002a). The next appointment, in late September, was David McGuigan, who served as the municipal representative for the Prince Rupert Port Authority Board of Directors (Journal of Commerce, 2002). McGuigan was the founder and principal of D. K. McGuigan and Associates, a business management consulting company with a focus on economic development in the Prince Rupert area, and he was also the co-founder and chair of the North Coast Oil and Gas Task Force (ibid).

More members were appointed to the Prince Rupert Port Authority Board of Directors in June of 2004, strongly representing interests involved in grain production and transportation. These members were Walter Paszkowski, from Sexsmith, Alberta, who was the owner of a seed farm and retail seed outlet, and who spent 12 years in the Alberta legislature in various offices such as Minister of Transportation, Minister of Agriculture, Food and Development, and Minister of Municipal Affairs (Ritchie, 2004a). The other new Board member was Dale MacLean, the executive vice president of Taymor Industries in Vancouver, who previously held
senior marketing and logistics positions with two major Canadian rail carriers involved in the movement of intermodal containers (ibid). Both of these members were nominated for their posts by a port users’ group committee (as per legislation under the Canada Marine Act, 1999) and were selected due to the voice they could provide in future port planning related to potential growth in bulk grain traffic and containerized cargo through Prince Rupert (ibid).

In sum, within the Prince Rupert Port Authority, there have been three “tiers” of staff, including analysts, management, and the Board of Directors. The newly hired analysts working for the Prince Rupert Port Authority typically studied economic trends, problems, and opportunities related directly to the Port, and also to Port users and their businesses. These analysts prepared reports of their findings, and met regularly with management staff. Management staff often worked with long-term strategic planning related to the Port, and considered the feasibility of plans on a variety of initiatives from container port expansion, to infrastructure projects related to the bulk terminal at Ridley Island, to cruise tourism. Finally, the Port Authority’s Board of Directors comprised a group of people appointed from a variety of backgrounds, selected for their ability to “add value” to the Port in various ways. Typically, members on the Board of Directors had extensive careers in government or business fields related to transportation, or international trade. The Board of Directors had the authority to approve (or revise) plans by the Port Authority’s management, and might be called on to provide advice with strategic planning. The Prince Rupert Port Authority, consisting of an autonomous, non-profit organization acting as a landlord for the port’s land, fitted exactly with Brooks’ (2004) model of a “Landlord” port for this time period.
4.3. Decline in Traditional Staples Exports from PR and Planning for Change, 1999-2005

Following the Prince Rupert Port Authority’s creation in 1999, its task at hand was to deal with a serious slump in bulk cargo exports, along with a drastically under-utilized general cargo terminal at its Fairview terminal, shown in Figure 3 (Edmonton Journal, 1999). Exports through Prince Rupert had declined dramatically by 30 percent overall in the two years before the Port Authority took over from the Port Corporation: lumber exports dropped due to a weak Japanese housing construction market after 1997, from 225,000 tonnes in 1997 to 167,000 tonnes in 1998; coal exports dropped by 25 percent between 1997 and 1998 to 5.2 million tonnes; grain exports dropped by 40 percent to 2.9 million tonnes (due in part to a 5-month shutdown of the Prince Rupert Grain terminal) (ibid). Then, between 1999 and 2000, the Quintette Coal Mine in the Tumbler Ridge district municipality of BC closed, and this closure resulted in a further 45 percent drop in coal exports through Prince Rupert, with more losses expected as the Bullmoose Coal Mine (also in Tumbler Ridge) closed in 2003 (Dawson, 2000a). Due to these declines in Prince Rupert’s formerly standard commodity exports, and as required of the Port Authority by the Canada Marine Act, CEO Don Krusel and the Prince Rupert Port Authority managerial and communications staff created a plan in the year 2000 for Port Authority land use and possible long-term uses (Dawson, 2000a). This plan specified the need for diversification in Prince Rupert’s port services and exports, since at the time bulk commodity exports were in decline (ibid). Due to the fact that container traffic represented a high-value, stable source of income for the port, the Port Authority’s first major strategic move was to move towards the development of a container terminal, and second, to work with the City of Prince Rupert to attract Alaska cruise ship tourism, which had seen double-digit growth over the past ten years (ibid). As noted earlier,
the relatively new break-bulk containerized cargo traffic, a sector that had been growing by 50% per year through the 1990’s, was entirely missed by the Port of Prince Rupert in that decade, despite the fact that it was in an ideal location to efficiently handle large container ships with a deep-water harbour and no channel depth or width restrictions, and that other west-coast ports, such as Seattle, Tacoma, and Los Angeles, were nearing capacity to handle the volume of containers (ibid). Furthermore, the diversification plan also considered whether or not bulk liquid cargo transport from Alberta through Prince Rupert could be a part of future port land use planning, although no definite plans were made (ibid). A later report, released in April 2000 by the Canadian Press noted the cooperation between the Prince Rupert Port Authority and CN Rail on plans for port upgrades. Communication between the two resulted in a tentative plan by CN Rail to spend an additional $10 million to upgrade the northern rail line to allow trains to and from Prince Rupert to transit with double-stacked containers (Canadian Press NewsWire, 2000).

In July 2002, news from the Prince Rupert Port Authority’s annual meeting was not very positive, however. The Fairview terminal, which had previously handled all of Prince Rupert’s forest products exports, ceased to have any activity after the Skeena Cellulose pulp mill closed in September 2001 (Canadian Press NewsWire, 2002). Previously, Skeena Cellulose marketed its exports to Japan, but with the Japanese economy deteriorating and with a decreased annual allowable cut for forestry in British Columbia, the mill was no longer profitable to operate (ibid). Furthermore, globally, pulp exports increasingly became containerized, and handling them by way of general cargo facilities, such as at the Fairview terminal, was gradually being phased out of practice (ibid).

In sum, bulk cargo shipments through Prince Rupert began to slump, starting in the 1980’s with decreasing Japanese demand for coal, and this decline reached a nadir in 2003 with
the closure of the coal mines at Tumbler Ridge, British Columbia. This slump in exports, combined with the closure of the Skeena Cellulose pulp mill in 2001, forced the newly-formed Prince Rupert Port Authority to consider other options for the Port to pursue, with regards to container shipping and cruise ship tourism. With the Prince Rupert Port Authority, strategic decision making for the Port was localized, and in response to a downturn in bulk cargo exports, the Port Authority actively sought out other forms of revenue, especially in the form of tourism. While the bulk cargo sector was mostly outside of the control of the Prince Rupert Port Authority, the Port Authority only had the capability to attract revenues by way of cruise tourism and break bulk container cargo.

4.3.1. Planning for cruise ships

With the Port of Prince Rupert facing declining bulk commodity exports, such as coal in the early 2000’s, the Prince Rupert Port Authority continued to struggle to improve its competitive standing and transport connections to the rest of BC. For instance, a news release by The Vancouver Sun in June 2000 contained an interview with Shaun Stevenson, Prince Rupert Port Authority’s Vice President of Trade Development and Public Affairs, who responded to questions about the air transportation service to Prince Rupert (Nutt, 2000). Before July 6, 1999, Prince Rupert was served by two airlines, AirBC and Canadian Regional Airlines, which had two and three flights (respectively) daily to and from Prince Rupert (ibid). However, both companies decided to retreat from Prince Rupert, and the only Vancouver flight remaining was a once-daily flight operated by Canadian Regional Airlines (ibid). Since a lack of airline service to a port of call is a serious problem for cruise ship companies, and since it also detrimentally affected the general business competitiveness of the port, the Prince Rupert Port Authority formed a study
group with other stakeholders to address this problem (ibid). Other stakeholders included the City of Prince Rupert, the Chamber of Commerce and economic development commission, and they collectively met with Canadian Regional Airlines (a wholly-owned subsidiary of Air Canada) (ibid). However, the results of this meeting were not fruitful, since Canadian Regional Airlines claimed that the demand for flights to Prince Rupert did not justify any more service. This position, not surprisingly, was met with strong opposition by other Prince Rupert stakeholders, who protested that Canadian Regional’s monopoly status had detrimentally affected the local economy (ibid). Therefore, the study group began work immediately to attract another airline to provide service to Prince Rupert (ibid). This was ultimately successful, and Hawkair began to provide service to Prince Rupert.

Later in the summer of 2000, the Port Authority and the City of Prince Rupert approved the development plans for a large cruise ship dock, which would cost as much as $6 million (Dawson, 2000c). Overseeing this project, the Port and City agreed to a four-member working committee consisting of two representatives of the Port and two from the City of Prince Rupert (ibid). The location of this new cruise ship dock was planned for Cow Bay (also known as the Rushbrook terminals site shown on Figure 3), beside existing fish processing plants and a commercial fisheries dock (ibid). Both the Port and City in Prince Rupert planned to spend $1.5 million each on the cruise ship terminal project, with additional costs being covered by provincial and federal levels of government (ibid). However, as this project planning progressed into 2001, questions were raised by other waterfront interests, such as the Prince Rupert Waterfront Society, about the viability of putting a cruise ship dock in front of two existing fish processing plants (Dawson, 2001a). The planned dock would jut out into the harbour, and narrow the water access routes for fishing boats to arrive at the plants (ibid). The Prince Rupert
Waterfront Society objected that this would increase congestion among waterfront users, as well as preclude potential expansion of the processing plants’ facilities, and result in future difficulty in leasing the plants’ properties if the current tenants were to leave (ibid). A representative of the Waterfront Society, Howard Gray, also claimed that meetings for planning the cruise ship dock were closed-door, and that the Waterfront Society was not invited for input (ibid). This might indicate that the planning process for waterfront development was not entirely inclusive, with those skeptical of the benefits of a cruise ship terminal not given voice in the planning process.

In early 2001, the cruise ship terminal continued to be the main topic of planning for the Prince Rupert Port Authority, together with the City of Prince Rupert. As planning continued, the projected cost of the cruise ship terminal rose from the $6 million projected in 2000, to between $10 and $12 million in total (Dawson, 2001b). The Prince Rupert Port Authority and the City of Prince Rupert worked closely for planning this project, and jointly hired the Florida-based design firm, BEA International, to create sketches of what the future terminal would look like (ibid). In February of 2001, the City, Port and BEA International held a public meeting to showcase sketches of the terminal to members of the Prince Rupert community and, according to Dawson (2001b), the response was favorable with residents asking how they could assist in lobbying the government for funding to complete the terminal project, slated for completion ahead of the 2003 cruise ship season. In March 2001, the Prince Rupert Port Authority sent their manager of business development and communications, Shaun Stevenson, to the Sea Trade Cruise Conference in Miami, Florida, in an effort to attract big cruise liners to the city (Dawson, 2001c). While the Port and City agreed to jointly work together to build a cruise ship terminal, planning was conducted at this time without the commitment of a major cruise line to actually call at the Port (ibid). During the Florida convention, Stevenson reported that the Prince Rupert delegation
was able to meet with most of the major cruise lines operating in Alaska and in other parts of North America, and they discussed development plans, as well as sought and received feedback from the cruise ship lines (Smith, 2001). This feedback from the cruise ship lines dealt with not only the design of the new terminal and whether the terminal would meet the operating specifications of the lines, but also ways in which the Port and City could work together to create a marketable tourism experience for cruise ship passengers (ibid).

Unfortunately, a month later in early April, the pocket cruise line Cruise West, which had previously been considering using Prince Rupert as a home port for one of its vessels for the 2002 cruise season, announced that it would not go forward with this plan, and would instead base its vessel in Vancouver (Dawson, 2001d). The reason for this change was Air Canada’s lack of willingness to provide a commitment to serve Prince Rupert with at least three flights daily during the cruise season, which was the minimum amount of air transport support that the cruise line required for a distant port such as Prince Rupert (ibid). For Shaun Stevenson, this change was particularly baffling since Air Canada was expected to profit with at least $250,000 to $500,000 worth of cruise ship passenger traffic over the initial season (ibid). However, as a result of these difficulties with Air Canada, the regional airline carrier Hawkair began engagement with the City of Prince Rupert to provide additional air service (Dawson, 2001e).

Throughout the remainder of 2001 and into 2002, the Prince Rupert Port Authority was kept waiting for a response from the Provincial Government, over whether or not it would assist in backing the plan to develop the cruise ship terminal, although all the other stakeholders (the Port Authority, City and federal government) had committed (Mettrick, 2002a). Money from the federal government was slated to come from Western Economic Diversification funds, which existed as a federal-provincial cost-sharing program. However, the commitment of both the
federal government and the province was needed to access these funds (ibid). Rhoda Witherly, the chairman of the Prince Rupert Port Authority at the time, stated in a press release that she believed the stalling on the part of the province was simply because the province’s Enterprise Minister Rick Thorpe was not receptive to the project (ibid). However, by May 2002, the province of British Columbia committed $1.5 million to the cruise ship terminal project, allowing the project to move forward (Mettrick, 2002b). Most of the funding for the project eventually came from the federal government, however. The final breakdown was for $1.5 million each from the Port Authority, City of Prince Rupert, and the province of British Columbia, with the remainder of the $16 million project budget covered by the federal government (ibid). As a result of the terminal construction, the Port Authority predicted that within ten years, the Port could host seven vessels each week during cruise season, and this would result in stopovers by 250,000 cruise ship tourists annually, generating 485 local jobs and putting $31.5 million annually into the economy (ibid).

Tourism promotion in Prince Rupert continued to be a major news theme through 2002. One innovative idea was to broadcast a Canadian rail tour on the Japanese Broadcasting Corporation’s daily morning news program (DeBock, 2002). This rail tour was coordinated by the Canadian Tourism Commission, and was set up to promote tourism during a time when much of western Canada’s resource-based interior was facing difficult economic times, with closures of mines and pulp and paper mills (ibid). While the cross-Canada rail journey televised for Japanese audiences would not include Prince Rupert, Prince Rupert was included in the Tourism Alliance for Western and Northern Canada’s promotion campaign, aimed at American tourists who might be interested in travel to more remote locations in Canada (ibid). Promotion work “behind the scenes” also paid off for Prince Rupert directly, since they held successful meetings
with Radisson Seven Seas Cruises. The vice president of planning for this cruise line, Paul Goodwin, commented that his line committed to adding Prince Rupert to the May 2003 cruise ship itinerary, since the line was interested in developing “new and innovative itineraries in our Alaska program” (Daily News, 2002a). However, this one month of port calls in Prince Rupert was not so substantial, since it did not represent any long-term commitment by the cruise line, and was set for a year before the cruise ship terminal’s phase one opening in 2004 (ibid). Better news was that Holland America Westours announced in 2002 that its 1,380-passenger MS Amsterdam ship would call on Prince Rupert on April 28th, 2003 (Daily News, 2002b).

Responding to this news, Prince Rupert Port Authority CEO Don Krusel pronounced that the cruise tourism industry should be integrated into the local economy, and that stopovers by large ships from major lines would be very helpful in giving Prince Rupert and British Columbia’s northern coast better exposure within the tourism industry (ibid). Previously, Prince Rupert had great success in attracting smaller, “pocket cruise ships” carrying between 25 and 150 passengers, and these smaller ships were able to access the Cow Bay tourist area of Prince Rupert directly (Blain, 2002). On shore, a number of tourist activities, such as hiking, guided tours of the city, and historical tours of old cannery sites were planned by the Prince Rupert Chamber of Commerce. In this regard, Maureen Macarenko, the president of the Chamber at the time, stated that the options for passengers were limited but growing, with events such as eco-tours and train tours of the Skeena Valley, a scenic destination near Prince Rupert, planned for future cruise ship stopovers (ibid).

In January of 2003, the question of future cruise ship tourism revenues was once again discussed in Prince Rupert. Holding a meeting at the Prince Rupert performing arts center, Don Krusel, the CEO of the Prince Rupert Port Authority, predicted a growth in the tourism industry
for Prince Rupert, if the city was willing to “step up to the plate” and make an effort to attract tourists (Venis, 2003). At this meeting, a panel comprised jointly of representatives from the City of Prince Rupert and the Prince Rupert Port Authority answered questions from Prince Rupert’s general public regarding the future of cruise ship tourism and the city. The main concern voiced by several people attending this meeting was funding for tourism businesses and ventures. For instance, more amenities needed to be in place for tourists in Prince Rupert, however, without an existing source of funding (either from levels of government or from current tourism) it was impossible to further develop the tourism sector (ibid). Furthermore, even with tourist amenities in place, there was no guarantee that cruise line managements would commit to signing on Prince Rupert as a port of call (ibid). Other Prince Rupert residents attending the meeting expressed dismay at the numbers of families leaving the city, due to the pulp mill shutdown, and fewer jobs at the bulk cargo terminals (ibid).

Later in 2003, in September, there was a large meeting of cruise ship stakeholders in Campbell River, BC, for the “Cruise BC Initiative”. Representatives from the Vancouver Port Authority, Nanaimo Port Authority, Prince Rupert Port Authority, Greater Victoria Harbour Authority, and Campbell River Port-of-Call Partnership, as well as from Western Economic Diversification Canada and the BC Ministry of Competition, Science and Enterprise met to address issues related to sustainable cruise ship tourism along BC’s coast (Duncan, 2003). This meeting resulted in a cooperative set of priorities between the stakeholders, particularly with regards to marketing and branding, communications, and governance strategies related to cruise tourism (ibid).

Early in 2004, the Prince Rupert Economic Development Commission, with the assistance and strong backing of the Prince Rupert Port Authority, organized a cruise ship
workshop for local businesses, in order to plan for how best to meet the demands of the upcoming cruise ship season (Ritchie, 2004a). This workshop responded to a report released by the McDowell Group (a business consulting firm) titled “Cruise Industry Opportunities Assessment and Gap Analysis”, which was commissioned by the Prince Rupert Port Authority (ibid). The entire purpose of the report and planning process was to assist local businesses in adapting to the tourist industry, so that the greatest amount of tourism revenues possible would remain within Prince Rupert to benefit the city (ibid). This workshop was also broadly supported by the cruise ship industry, where representatives of several cruise lines presented and provided input, together with local businesses (ibid). Besides presentations by members of the cruise industry, the workshop also had four “breakout sessions” focused on specific business aspects such as tour packaging and working directly with cruise lines, retail strategies for new and existing businesses, human resources training, and establishing artist cooperatives (ibid). However, according to an interview with the Prince Rupert Port Authority’s Manager of Corporate Communications, this and subsequent workshops focused on improving the local businesses’ responsiveness to cruise tourism were only sparsely attended by local businesses, and few of the resolutions made were actually implemented for the cruise ship tourism season (M. Gurney, personal communication, Dec. 12, 2013).

With the decline in bulk cargo exports, the Prince Rupert Port Authority and the City of Prince Rupert began to focus on promoting cruise ship tourism, as a means of revenue generation for the City and Port. To successfully promote cruise ship tourism, Prince Rupert faced several challenges including inadequate air transportation capabilities to other cities (such as Vancouver), improper facilities to receive large cruise ships, and a lack of tourism-related amenities within Prince Rupert. In order to begin to generate interest in Prince Rupert as a cruise
ship stop for ships on the Alaskan route, the Prince Rupert Port Authority sent its manager of business development and communications, Shaun Stevenson, to the Sea Trade Cruise Conference in Miami, Florida in 2001. At this conference, Stevenson was able to connect with representatives of major cruise lines on the Alaska route, beginning discussions on how to attract cruise shipping to Prince Rupert. While the City of Prince Rupert was left to address the city’s lack of tourism amenities, the Prince Rupert Port Authority planned for a new cruise ship terminal, and this plan received backing from the Canadian federal government, by way of the Western Economic Diversification fund, although the province of British Columbia was more hesitant to contribute. This new cruise ship terminal was ultimately completed in 2003. Although cruise ship tourism was strongly promoted as a way of generating revenue for the port and city of Prince Rupert, statistics regarding population within Prince Rupert from 1996 and onwards (found in Table 3) suggest that the closure of the Skeena Cellulose pulp mill dealt a blow to the local economy, that was not even partially countered by cruise ship tourism.


<table>
<thead>
<tr>
<th>Year</th>
<th>1996</th>
<th>2001</th>
<th>2006</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population 15 years and over</td>
<td>12945</td>
<td>10635</td>
<td>9610</td>
<td>10410</td>
</tr>
<tr>
<td>Median Income</td>
<td>$21,328</td>
<td>$22,048</td>
<td>$24,835</td>
<td>$28,256</td>
</tr>
</tbody>
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4.3.2. Planning for container shipping

During the summer of 2000, the Prince Rupert Port Authority worked hard to secure funding from other sources for further port terminal development and, in mid-August, the Canadian Federal Government announced that it would spend $1.2 million to develop harbour
facilities in Prince Rupert and Port Edward (Daily Commercial News and Construction Record, 2000). These funds were to be specifically slotted to address unspecified environmental issues, and ensure that harbour infrastructure was in good repair and operating order (ibid). The port facilities that received this funding were the Fairview, Rushbrook, and Port Edward terminals (ibid.) (see Figure 3).

In June of 2001, the issue of potential future container traffic was again in the spotlight of the Port Authority’s attention. For the fourth straight year, tonnage of bulk cargo through the Port of Prince Rupert had fallen, totaling only 7.6 million tonnes in 2000 (Daniels, 2001). Ridley Terminals suffered severe losses in coal exports, with a drop over the previous year of 36% to 3.9 million tonnes (ibid). Pulp shipments also dropped by 40% after Star Shipping, a bulk carrier formerly making regular calls at Prince Rupert, cancelled service to Prince Rupert (ibid). Due to the continued growth in Trans-Pacific container traffic and a lack of space for container handling in Vancouver, Gordon Payne, president of Seaport Consultants Canada Inc., reported that Prince Rupert would be a much better choice over Vancouver for further container port expansion, due to Prince Rupert’s closer location to Asia, and as a result of a lack of available land for further development around the Vancouver Port (ibid).

With bulk exports through Prince Rupert at one of their lowest levels in the port’s history and only modest expectations for supplemental revenue due to cruise ship tourism, in September of 2002 the Prince Rupert Port Authority began actively searching for a terminal operator to develop the Fairview general cargo terminal, and transform it into a container terminal (Standring, 2002). With decreases in cargo throughput, the number of waterfront longshoring jobs at the Port of Prince Rupert declined from 250 longshoremen and 25 foremen in the mid-1980’s to just 100 longshoremen and eight foremen (two of which held temporary positions) in
2002 (ibid). As longshoremen left to find better, more consistent work elsewhere (primarily in the Port of Vancouver), Prince Rupert’s local economy suffered, since longshore work has been one of the main economic links between ports and the cities around them. Given Prince Rupert’s relatively small population size, this loss of employment was noticeably detrimental (ibid). In response to the increasingly containerized flows of cargo through North American ports, the Prince Rupert Port Authority put out a call for a private terminal operator to develop Fairview terminal. However, at least to begin with, there was no interest by terminal operating companies, and the Port Authority did not receive any proposals in 2002 (ibid). As a result, the Prince Rupert Port Authority began to actively seek out terminal operators, and approached Terminal Systems Inc. (TSI), which was the largest container handling and stevedoring company on the west coast of North America, with an owner having ties to the Asian markets (ibid). TSI put together a complete proposal for Fairview Terminal, and contacted CN Rail to discuss servicing Fairview by rail. At the same time as TSI provided a bid for terminal development in Prince Rupert, it also submitted a proposal for container terminal development in the port of Halifax, Nova Scotia, and was in the process of working on two container port expansion projects in Vancouver (ibid).

In addition to tourism promotion and coordination planning, in early October 2003 Alberta Premier Ralph Klein arranged for a meeting to take place in Prince Rupert between the Alberta and British Columbia Cabinet Ministers (Ritchie, 2003a). Alberta expressed a great deal of interest in shipping an increasingly wide variety of products through the Port of Prince Rupert, including agriculture, lumber and energy products. Moreover, a container port would assist Alberta’s transportation industry given the time and cost savings of shipping containers via Prince Rupert in relation to CP Rail’s southern route (ibid). Containerization plans for Prince Rupert progressed even further in October of 2003 when the Federal Government agreed to
provide $800,000 of a $1.6 million survey (the Prince Rupert Port Authority funding the other half) of the existing Fairview cargo terminal, in preparation to develop a container terminal at the site (Ritchie, 2003b). According to the CEO of the Prince Rupert Port Authority, the Fairview Container Terminal’s planned completion date was 2005, and it would have an extremely significant impact on the local economy. Some of the economic arguments provided by Ritchie (2003b) in favour of the new container terminal investment quoted direct annual benefits as $65 million, indirect benefits as $33 million, induced benefits (recirculation of local dollars) as $65 million, 252 permanent jobs created at the container port, $34.5 million of payroll from the port, $27 million spent during construction, 572 CN Rail container trains per year to Prince Rupert to service the new terminal, and $31 million in annual expenditures by CN Rail (although it was not stated in the article whether this was just local to Prince Rupert, or spread over a broader regional area). In order to help with developing the planned $62 million dollar container terminal at Fairview, the BC provincial government committed $17.2 million, and lobbied the federal government to also commit funding (MacNamara, 2003). CN Rail also offered to improve infrastructure to assist in the development of a container port, committing $15 million to upgrade its line to Prince Rupert so that the line can handle double stacked containers (ibid).

A month later, in July 2004, the Prince Rupert Port Authority named Maher Terminals, a growing international container terminal operating company, as the future terminal operator for the planned Fairview container terminal (Ritchie, 2004c). Organized in two phases, the Prince Rupert Port Authority and Maher Terminals publicized a development plan that would turn the Fairview site into a major container terminal, the second largest by TEU volume in Canada (ibid). According to Frans van Riemsdyk, Maher Terminals’ senior vice president of sales and marketing, the reason for the choice of Prince Rupert was because of its location on the shortest
trade route between North America and Asia, the deep harbour suitable for large ships, and excellent rail connections to the port, and timing as a result of a rapid growth in the container shipping market that outstripped the capacity of southern ports such as Vancouver (ibid). In order to complete the container port project in time, the Prince Rupert Port Authority CEO Don Krusel stated that many tasks had to be dealt with first, including environmental reviews, consultations with First Nations groups and the local government, and engineering and survey work (ibid). Maher Terminals also needed to organize discussions with the ILWU and the BC Maritime Employer’s Association (ibid). The first phase planned was to bring the total annual container capacity to 400,000 TEU, with a second phase to increase the total to 1.2 million TEU annually (ibid).

At the end of 2004, the Port of Metro Vancouver’s vice president of customer development and operations, Chris Badger, reported that the port moved a total of 1.6 million TEU during the previous year, which was only 200,000 less than its maximum capacity of 1.8 million (Simpson, 2005). Other North American west coast ports in the United States were also reporting similar congestion and even bottlenecks with container traffic, and Asian shipping lines were actively seeking alternative ports, while Vancouver planned a total of five expansion projects to boost port container capacity by 300% by 2020, to meet immediate increases in demand over the short term (ibid).

As a result of high demand for container capacity at ports and the lack of supply, the Prince Rupert Port Authority CEO, Don Krusel, stated that he received calls from five of the top ten Asian shipping operations, inquiring about berthing space (ibid). Furthermore, representatives of Japan’s top shipping line, Nippon Yusen, visited Prince Rupert in December 2004 and acknowledged the port to the media as a reasonable alternative to southern ports, with
the advantage of fast rail connections to continental North America (ibid). According to Dave Bedwell, the vice-president of China Ocean Shipping (Canada) Ltd., the main problem with Prince Rupert was simply that its container port was not yet operational to meet the high demand from Chinese shippers (ibid).

However, other shipping lines were less impressed by Prince Rupert; Theodore Prince, the vice president of Optimization Alternatives (a transportation software company) and the former chief operating officer of Kawasaki Kisen K.K. (Japan’s third largest shipping line) remarked that Prince Rupert was “nowhere” and lacked a strong local market that port cities such as Los Angeles maintained, although this was balanced by strong demand for containerized traffic through west coast ports, as well as by infrastructure investments by CN Rail and Maher Terminals (Greenwood & Watson, 2005).

In order to complete the container port, the Prince Rupert Port Authority applied for a $40 million grant from the Canadian federal government, which covered part of the estimated $180 million first phase of container terminal construction (Jang, 2005). Port Authority management lobbied the then Industry Minister David Emerson (Minister from July 20, 2004 until February 5, 2006) and Transportation Minister Jean Lapierre (Minister from July 20, 2004 until February 6, 2006) directly for the funding, justifying the federal government’s involvement by the fact that the new container port would improve job prospects and result in economic spinoffs, as businesses would have greater incentive to locate to northern BC due to easier transportation access to Asian markets (ibid).

However, CP Rail, operating the southern railway route to Vancouver, voiced objections to the federal government subsidizing development at Prince Rupert, since this might “artificially create competition” with both Vancouver and the CPR, especially since Vancouver planned to
rely entirely on private sector financing for its planned $1.4 billion container port infrastructure expansion (ibid). The Vancouver-based Terminal Systems Incorporated (TSI), a terminal operating company, also objected to government funding in Prince Rupert on the grounds that if the market forces existed for Prince Rupert’s development, the private sector should be adequate and no government funding should be required (ibid). Indeed, Vancouver Port Authority CEO Gordon Houston stated to media that Prince Rupert was a “rival competitor” that should “compete properly and not with government subsidies” for containerized cargo business (ibid).

In reply to this challenge, Prince Rupert Port Authority CEO Don Krusel pointed out that while the Port of Metro Vancouver itself did not seek government contributions specifically for dockside port infrastructure, it requested government funding for road improvements to handle an increasing volume of trucks carrying containers to and from the port (ibid). Due to this dispute, a third-party economist examined the benefits of a federal funding for Prince Rupert, and determined that it to be a sound investment for the Canadian federal government, due to the fact Canada would accrue about $2.7 billion in benefits within the first ten years of Prince Rupert’s container port operation (Ritchie, 2005a). Don Krusel added that Canada had always historically been a trading nation, with 80% of Canada’s GDP dependent on trade beyond its borders (ibid). Although trade was significant, Krusel noted that it was inappropriate for nearly all of Canada’s trade with the Asia-Pacific to pass through a narrow corridor through the Fraser Canyon (the only main rail route to the Port of Vancouver to central North America), a trade route that could easily be interrupted due to environmental factors such as landslides, rockslides, or earthquakes (ibid). Furthermore, given the rapid increase in trans-Pacific container traffic, Krusel countered objections to Prince Rupert’s receipt of government investment by claiming that there would “be plenty of business for all of us”. Also, it was important for British Columbia
to work coherently with the federal government in order to secure the greatest amount of benefits from transportation, instead of causing unnecessary division between the west coast ports that would result in container traffic going to US ports instead (ibid).

In order to put pressure on the federal government to provide funding for port expansion projects, both the Prince Rupert Port Authority and the Port of Vancouver hired lobbyists. One of Prince Rupert’s lobbyists was Mark Marissen, the campaign chairman for Paul Martin’s Liberals on the West Coast (Prince George Citizen, 2005). Eventually, the Port of Vancouver also began demanding federal assistance to fund part of a $1.4 billion expansion of a container facility (ibid). At the same time as the Prince Rupert Port Authority and the Port of Metro Vancouver were lobbying the federal government for funding, the University College of the Cariboo (UCoC0 in Kamloops applied to Ottawa for an infrastructure research grant to conduct a cost-benefit analysis to attract an “inland port” or container distribution facility, which would act as distribution points for cargo traffic coming from the Prairies or imported goods from overseas (The Vancouver Sun, 2005). In the research grant application, the University College of the Cariboo listed Kamloops, Chilliwack, and Prince George as possible locations for such an inland port (ibid). Initiatives Prince George president Gerry Offet commented that a Prince George inland port would not be in competition with a similar facility in Kamloops or Chilliwack, since Prince George was more closely tied to Prince Rupert (ibid). This facility would be operational once the container terminal at Prince Rupert was completed (ibid).

In order to allow Prince Rupert’s Fairview container terminal to be built (see Figure 4 for maps of the Fairview container terminal and planned expansion), in April of 2005, the federal and provincial governments announced that each would contribute $30 million towards the terminal project, which was half of the $120 million project total (Lee, 2005). Construction was
projected at this time to finish in 2006 (ibid). Other contributions to the terminal included CN Rail ($30 million), Maher Terminals of Canada Corp. ($60 million in direct infrastructure acquisition and construction), and the Prince Rupert Port Authority (financing $25 million) (Tower, 2005).
As the federal government approved the beginning of construction at the Fairview container terminal, construction and development contracts were signed almost immediately. Maher Terminals (the terminal operating company at Fairview) ordered three 370-foot cranes of the ultra-post-panamax size from ZPMC of Shanghai, China, which were capable of loading and
unloading the largest container vessels in the world (Hoekstra, 2006). For terminal construction, the Prince Rupert Port Authority announced that they had hired Prince George’s Western Industrial Contractors (ibid), which was the first of four main construction contracts (Ritchie, 2006a). The Initiatives Prince George agency also began to study the benefits of an inland container terminal in Prince George, in respond to an expansion of rail traffic along CN’s mainline running from Prince Rupert, via Prince George, into central Canada and the USA (Hoekstra, 2006). The Northern Development Initiative Trust, also based in Prince George, partnered with the BC provincial government and the federal government to hire a Vancouver-based transportation consultant (at a cost of $73,000) to draft a plan for northern BC to exploit spinoffs from Prince Rupert’s container terminal (Nielsen, 2006a). This consulting agency, InterVISTA, held a press conference in early April 2006 and the company’s executive vice-president Mike Tretheway, provided details for the extent of benefits that container traffic could give northern BC (ibid). One important aspect for northern BC was the trucking industry, and services that the trucking industry needed. These services included everything from fuel and repair shops, to motels and diners (ibid). Also, Prince George Airport might benefit from the new Fairview container terminal since it could develop into a regional hub servicing cargo flights to Alaska and Canada’s north, as international cargo was transferred from containers to cargo flights (ibid). Following Western Industrial Contractors’ construction contract, the next major contract awarded by the Prince Rupert Port Authority was to a joint venture of BA Blacktop Ltd./ Pennecon Ltd., to convert the existing bulk handling facility to a container terminal; this contract was the single largest contract for Phase 1 of the Fairview container terminal (Anonymous, 2006). BA Blacktop Ltd. was a North Vancouver-based general contractor specializing in asphalt paving, milling, reclamation services and major transportation projects.
Pennecon Ltd. was one of Newfoundland and Labrador’s largest integrated construction, engineering, and industrial services groups, and specialized in heavy civil construction projects (ibid).

With the closure of the Skeena Cellulose pulp mill in 2001, and the near-closure of Ridley Terminals in 2003 due to nearly non-existent exports of coal, the Prince Rupert Port Authority sought to diversify the capabilities of the port by establishing a container terminal at the Fairview break bulk cargo terminal site. Many factors worked strongly in favour of a container terminal in Prince Rupert, especially a significantly shorter travel time for container ships travelling from Asia, as well as a gently graded railway (operated by CN Rail) connecting Prince Rupert with central North America. Furthermore, Prince Rupert’s harbour was well suited to receiving even the largest container ships, due to the breadth and depth of the channel leading to Fairview Terminal. Planning for the container terminal’s development was conducted entirely by the Prince Rupert Port Authority, and the Port Authority was also responsible for requesting proposals from terminal operators, before naming Maher Terminals as the future terminal operator. Constructing the Fairview container terminal was a joint project between the Prince Rupert Port Authority, Maher Terminals, CN Rail, and the BC provincial and Canadian federal governments. Since the planning process was entirely conducted by the Prince Rupert Port Authority, the role of the federal government (which had previously been directly involved with the management and planning of the Port of Prince Rupert) was to support the port’s development plans (Hick, 2010).
4.3.3. Overseas promotions in Japan and China

Overseas marketing of the port was also in the mandate of the new Port Authority, and in June 2000, the Prince Rupert Port Authority hosted a trade delegation from Japan, as Japanese representatives were interested in the possibility of improved transportation opportunities and reduced shipping times and costs through British Columbia’s North (Nanaimo Daily News, 2000). One participant in these trade talks was Prince George’s Pacific Western Brewing Company, at the time one of the few independent brewers not affiliated with large corporations, such as Molson and Labatt in existence in BC, which sought to expand its exports beyond British Columbia and to Japan (ibid). All parties involved in the talks, including the Japanese trade delegates, Pacific Western Brewing, and the Prince Rupert Port Authority expressed the need for a container facility in Prince Rupert to provide opportunities for business expansion and improvements in Asia-Pacific trade opportunities in northern British Columbia (ibid). At these meetings, the CEO of the Prince Rupert Port Authority, Don Krusel, said that the port planned to spend $15 to $20 million in developing a container facility to capture a share of the North American West Coast container traffic, predicted to triple within 20 years (ibid). Krusel also mentioned that the Port Authority would be working with other transportation-related stakeholders to attract container shipments by lumber and forest products producers, located in northern British Columbia and Alberta (ibid).

4.4. The Beginning of the Gateway Strategy, 2005

During early July 2005, a delegation from South Korea visited the port of Prince Rupert, and representatives of Hyundai shipping lines were interested to see the potential advantages that Prince Rupert could offer (Vassallo, 2005). Other visitors to the Port of Prince Rupert during the
summer of 2005 included Jack Layton, the leader of the federal NDP party, as well as representatives from the port town of Honningsvag, Norway, who wanted to learn about the design of Prince Rupert’s cruise ship terminal in order to prepare for a future expansion at their port’s terminal (Ritchie, 2005b). Don Krusel, in turn, made a trip to China in September of 2005 as part of a delegation of 30 senior executives representing Canada’s transportation industry (Ritchie, 2005c). This trip was organized by the federal Minister of Transportation, Jean Lapierre, and it offered Krusel the chance to meet with officials from shipping lines and the Chinese government who were interested in the Prince Rupert container terminal project (ibid). Apparently, the only complaint about Prince Rupert’s planned terminal was that it did not have sufficient capacity to alleviate the container shipping industry’s current demand (ibid). The trade mission to China included stops in Beijing, Shanghai, and Hong Kong to discuss transportation issues, the ability for Canada to act as a “gateway” to North America, and future aviation, marine and intermodal opportunities (ibid).

In early October 2005, Ottawa announced plans to spend up to $590 million on building stronger links between Canada and Asian markets, and develop a “Pacific Gateway” strategy (ibid). For Prince Rupert, this news was exceptionally important, since it indicated that the federal government would be prepared to take the issue of British Columbia’s transportation very seriously, and would ensure greater federal support for Canada’s two west coast ports, Vancouver and Prince Rupert (ibid). Shortly after this announcement, Federal Transportation Minister Lapierre announced the appointment of James Armitage of Vancouver, British Columbia, to the Board of Directors of the Prince Rupert Port Authority (Canada NewsWire, 2005). Armitage’s educational background included a Bachelor of Arts degree in economics from the University of Western Ontario and a master’s degree in business administration from
the Stanford Graduate School of Business (ibid). He was the president and associate publisher of 
The London Free Press, president of Southam Metro Newspapers and a management consultant 
(ibid). At the time of his appointment to the Prince Rupert Port Authority Board of Directors, he 
was the senior vice-president of sales and marketing for Catalyst Paper Corporation (ibid). With 
time, business leaders were increasingly appointed to the Prince Rupert Port Authority’s Board 
of Directors.

During December 2005, Conservative Party leader Stephen Harper toured British 
Columbia and stopped at Prince Rupert (Ritchie, 2005d). Harper promised that, for the future, 
the Tories would “create regulatory, investment and security environments for western ports to 
handle dramatically higher Asia-Pacific trade, including federal funding for ports and the 
removal of borrowing limits for port authorities” (ibid). However, in early January of 2006, local 
First Nations groups launched a legal action with the Prince Rupert Port Authority, demanding a 
stake in the project including mandatory inclusion of First Nations workers at the container port, 
and a share of the revenues based on the fact that the Tsimshian still held title to the Fairview 
container terminal land (Hume, 2006). While the Tsimshian claimed that they were “not 
consulted” during the terminal planning process, it is unclear as to why they waited until the last 
minute to field objections and tie up federal approval for the container terminal development. 
Although the Tsimshian First Nations group filed a notice in a federal court regarding the 
container terminal, this did not serve as anything more than a legal protest, with no binding 
power to halt terminal development; in late January, 2006, the federal government cleared the 
Fairview Terminal’s environmental assessment, the final procedural hurdle before construction 
could begin (Jamieson, 2006).
In May 2006, the Prince Rupert and District Chamber of Commerce continued its efforts to integrate the city into the northern Canadian business community by joining the World Trade Centre Edmonton (Ritchie, 2006b). The Prince Rupert Chamber of Commerce was offered free membership at the May 2006 “Meet the North Conference”, held in Edmonton, with the goal to build a voice for the “North” that “cuts across provincial and territorial boundaries… (to provide a single unified voice that will be heard at all levels of government” (Ritchie, 2006b, p. 1). The World Trade Centre Edmonton was one of 300 World Trade Centers around the world, and the philosophy behind these organizations was to operate outside of political concerns and to support all those who built trade (ibid). A delegation from the city of Edmonton and the city’s Economic Development Commission, airport and tourism bureau visited Prince Rupert late in 2005 to study ways in which Edmonton could expand its transportation-related business activities to take advantage of the improved trade connection to Asia that Prince Rupert could provide (ibid).

Likewise, in early June 2006, a delegation from Prince George arrived in Prince Rupert to tour the port and discuss with people from the City and Port Authority ways in which the two cities could mutually promote each others’ transportation and logistics businesses (Nielsen, 2006b). Both containers and wood pellet exports were mentioned in the article as being particularly of interest to the Prince George delegation, which included Mayor Colin Kinsley, Councilor Don Zurowski, city manager George Paul, Initiatives Prince George (IPG) president Gerry Offet, IPG chair David George, and IPG corporate affairs manager Kathie Scouten (ibid). Their tour included visits to Ridley Coal Terminal, the Prince Rupert Grain Ltd. facilities, meetings with Prince Rupert city council and municipal staff, the Prince Rupert Port Authority, and Prince Rupert economic development staff (ibid).
With greater frequency of connections between representatives of Canadian Port Authorities, levels of government, and trade-related businesses and their Asian counterparts, collaboration to secure benefits of trade became more common. As time passed, the Prince Rupert Port Authority began to play a significant regional role, maintaining communication by way of meetings and conferences (such as the “Meet the North Conference” in Edmonton, in 2006) with cities, towns, businesses and organizations (such as Initiatives Prince George, for example) throughout northern British Columbia and Alberta. To facilitate this regional planning around improved transportation and trade linkages (which the Canadian federal government deemed to be in national interests), Federal Transportation Minister Lapierre introduced the Pacific Gateway Act in the House of Commons in October of 2005. Although this collaborative “gateway” planning regime purported to be highly inclusive and representing the interests of all people in northern British Columbia, the Tsimshian First Nation of Prince Rupert raised objections about the new container terminal plans, claiming that they were not consulted during the planning process and the terminal infringed on their territorial rights.

4.5. Summary

Following the creation of the Prince Rupert Port Authority as an organization financially and legally separate from the Canadian federal government’s direct control, the Port Authority began to act in the role of landlord, port development planner, and local and regional economic development promoter. As a landlord, the Prince Rupert Port Authority inherited land and existing terminal facilities from the Prince Rupert Port Corporation (formerly the Port Authority under the National Harbours Board), and was responsible for collecting rents from the private and crown corporations operating terminal facilities on land under the Prince Rupert Port
Authority’s jurisdiction. These rents in turn were used to pay municipal taxes, as well as for the Port Authority’s employees’ and directors’ salaries and facilities development, improvement and upkeep. Surplus rents were held by the Prince Rupert Port Authority to invest as the Port Authority deemed fit, typically in new terminal facilities development (in partnership with the private terminal operator (or city in the case of cruise ship terminal facilities) and other stakeholders such as provincial and federal government levels and CN Rail), and in activities and initiatives (such as meetings, conferences, and trade delegations) that promote the Port of Prince Rupert and its related businesses. The Prince Rupert Port Authority also became responsible for the Port’s future strategic planning, hiring a team of analysts to study trends in trade and maritime shipping, so as to best advise the Port Authority management staff for future investment and promotion decisions. These planning decisions made by the Port Authority management staff were then “run past” the Port Authority’s Board of Directors, who provided “value added” input from the perspective of other port users. In this way, strategic decisions made and enacted by the Prince Rupert Port Authority would best represent the consensus understanding of what is best for the Port, and a broad spectrum of related port users. Finally, the Prince Rupert Port Authority worked as a local and regional economic development promoter. Through a variety of media, the Prince Rupert Port Authority collaborated with a wide scope of industries and levels of government to attract investment in northern British Columbia. These media included numerous press releases, public meetings and news conferences, internet advertising and promotion, and hosting and participating in international trade delegations.

As opposed to direct federal control over the Port of Prince Rupert during the time when Prince Rupert was under the National Harbours Board, from 1999 through 2006 the federal and provincial governments were primarily involved in regulating and facilitating port development.
One main regulatory control that governments exercised was environmental assessments, and the legal scope covered by environmental assessments seemed to be large enough to include decisions of First Nations’ territory jurisdiction. The federal government was also responsible for the *Canada Marine Act*, which delineated the institutional structure of the Port Authority, and its role and responsibilities. Both the federal and provincial governments were highly involved in facilitating port terminal development in Prince Rupert, but also in Vancouver too. Federal and provincial funding for port and infrastructure development was often channeled through the Western Development Initiative Trust organization, although approval for funding from these levels of government was granted typically by a decision made by the federal and provincial Ministers of Transportation. While federal and provincial transportation ministries did give funding decisions close scrutiny, it seems as though there was a great deal of trust between the Ministries and Port Authorities, that decisions made by the Port Authorities would be in the best interests of the federal and provincial governments. So, there were no reports of either level of government declining to fund a major port project. Much of this funding was very considerable, and the federal government showed itself willing to cover as much as half of total project expenditures in Prince Rupert. This funding was necessary to facilitate port terminal and infrastructure development in Vancouver and Prince Rupert.

Prince George (frequently represented by the City, Initiatives Prince George, and private transportation and export related businesses based in the city) typically worked in collaboration with Prince Rupert (the City of Prince Rupert and the Port Authority) on issues related to trade, tourism, exports and investment promotion, lobbying federal and provincial governments for funding, and joint planning with the goal of creating added-value business networks in British Columbia’s North. Particularly as container port planning and construction progressed, delegates
from the Prince Rupert City and Port Authority met with their counterparts regularly (both individually, and as part of broader networking ventures such as World Trade Centre Edmonton) to keep each other updated on opportunities for business. This resulted in a Prince George company being awarded one of the four major contracts for the construction of the Fairview container terminal. Both Prince Rupert and Prince George are physically connected by CN Rail’s upgraded main line, providing Prince George with an opportunity to operate as an intermodal and transshipment hub, packaging a variety of locally produced commodities for export to Asian markets, or receiving imported commodities and re-packaging them for air or road shipment to other destinations in British Columbia or northern Canada and Alaska.

The two main long-term private sector beneficiaries of terminal development at Prince Rupert during the time period from 1999 to 2006 were the terminal operating company, Maher Terminals, and CN Rail. Maher Terminals successfully submitted a bid to the Prince Rupert Port Authority to operate the Fairview container terminal, as well as to jointly invest in the terminal’s construction (along with the Prince Rupert Port Authority, the BC provincial government, the Canadian federal government, and CN Rail). Maher Terminals will, therefore, be the organization in charge of container terminal operations at Prince Rupert in perpetuity. CN Rail, recently privatized in the 1990’s, will also benefit from container terminal development at Prince Rupert since it owns the rail line linking Prince Rupert to Prince George and the rest of central and eastern North America. Depending on the union agreements and on company policy, other private sector businesses in Prince Rupert may also see indirect and induced economic benefits, as the container terminal contracts them for services, or workers at the terminal spend wages within Prince Rupert.
Brooks’ (2004) “Landlord” port model is an accurate representation of the current organization of port governance at the Port of Prince Rupert, since the passing of the Canada Marine Act of 1998. This Act resulted in a landlord Port Authority in Prince Rupert, charged with the task of developing port land in such a way as to maximize the amount of cargo throughput at the port. As a landlord, the Prince Rupert Port Authority became the owner of parcels of waterfront land around Prince Rupert, and began both promoting the Port of Prince Rupert (both as a location for further terminal development, and also as a destination for cruise ship tourism), and collecting rents from private port tenants (such as terminal operators). Under this arrangement, the two central roles for the Prince Rupert Port Authority became port development planning and port promotion. To accomplish these roles, the Prince Rupert Port Authority employs analyst staff to study Port-related business and government trends and decisions. These analysts then report to a team of executives, who are actively involved in creating planning and investment decisions for the Port’s future. These decisions are then approved or modified by the Port Authority’s Board of Directors, composed of people who have worked in a broad set of public and private sector positions. In addition to planning work, the Prince Rupert Port Authority executives regularly meet with senior representatives of the Provincial and Federal governments, as well as with businesses, to exchange information and plan for the future. This demonstrates a much more proactive approach to port planning and investment attraction than had previously occurred during the time of the Prince Rupert Port Corporation or the Prince Rupert Port Authority (under the National Harbours Board), with a focus on using the agency of local leaders of the Port Authority.
Table 4. Prince Rupert port governance post-1999, in relation to external economic environment, major events, and links to other groups and actors

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<th>Port Governance type</th>
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<tr>
<td>“Landlord Port”</td>
<td>Stagnant resource exports, and closures of coal mines at Tumbler Ridge.</td>
<td>Prince Rupert Port Authority begins a diversification strategy, to investing and promoting cruise ship tourism and planning for a container terminal.</td>
<td>Provincial and federal governments of British Columbia and Canada: seeking joint investment in cruise ship terminal, and container terminal development. CN Rail: joint investment with the Port Authority and governments for the Fairview container terminal. Private actors: success in attracting Maher Terminals to develop and operate the new Fairview container terminal; regular communication between the Port Authority, First Nations, International Longshore</td>
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5. The Asia-Pacific Gateway and Corridor Initiative, 2006-2014

5.1. Introduction

Following first five years of the Prince Rupert Port Authority’s existence as the landlord, promoter and planner for the Port of Prince Rupert, the Port began to experience a time of growth (in exports, employment, and infrastructure investment) and increasing integration into the “Asia-Pacific Gateway and Corridor Initiative”. The Asia-Pacific Gateway and Corridor Initiative was an integrated set of planning and policy controls focused on improving trade between North America and the Asia-Pacific region (McMillan & Stalk, 2012). During this time, between 2006 and 2014, the Prince Rupert Port Authority’s governance structure (as a “landlord” according to Brooks, 2004) remained the same, although the Port Authority expanded its staff to include a team of specialized analysts. With analysts conducting research on all aspects of the external environment affecting port operations and planning, and executives regularly meeting with all groups and actors with an interest in the Port, the Prince Rupert Port Authority began to be increasingly interconnected with other municipalities and private actors. These private sector actors included, most notably, Maher Terminals (the terminal operator that received the contract for the Fairview container terminal), CN Rail, and China Ocean Shipping Company (COSCO Line). Furthermore, the Prince Rupert Port Authority began to take a very active part in developing infrastructure for the gateway, marketing the port overseas in China and Japan as the Port’s executives participated in trade missions overseas, and investing in projects such as the new Fairview container terminal and the Ridley Island road, rail and utility corridor (see Table 5).
Table 5. Changes in port governance pre-2006 and post-2006, in relation to external economic environment, major events, and links to other groups and actors

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<td>Prince Rupert Port Authority from 1999 until 2006.</td>
<td>Beginning of Port Authority participation in trade delegations and conferences.</td>
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<td>“Landlord Port”</td>
<td>Strong growth in exports of bulk and containerized cargo through Prince Rupert.</td>
<td>Opening of the Fairview Container Terminal.</td>
<td>Success for the Port Authority in attracting China Ocean Shipping Company (COSCO) to make regular calls at</td>
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5.2. Changes in the Membership of the Port Authority

Following 2006 a new set of Board of Directors were appointed, each with substantial business experience relevant to the Port’s new role as an added-value transport hub for container shipping from across the Pacific Rim. For example, late in September of 2007, the Honourable Lawrence Cannon, federal Minister of Transport, Infrastructure and Communities, announced that Kerry L. Hawkins would be appointed to the Prince Rupert Port Authority Board of Directors (Canada NewsWire, 2007b). Mr. Hawkins’ background included a degree in business
economics from North Dakota State University, and he had recently retired as president of Cargill Limited, a Canadian agricultural, food and processing company, where he had worked since 1964 (ibid). Hawkins had also been a member, director and chair of several other boards, including the Conference Board of Canada, the Canadian Council for Aboriginal Business, the C. D. Howe Institute, the National Marine Industrial Council, the Business Council of Manitoba, and Prince Rupert Grain Limited (ibid). As of the date of his appointment to the Prince Rupert Port Authority Board of Directors, he was also a member of the boards of directors for TransCanada Pipelines Ltd., NOVA Chemicals Corporation, National Leasing Group, and Manitoba Blue Cross (ibid).

In late April 2009, John Baird, Canada’s Transport and Infrastructure Minister, announced the appointment of Raymond Castelli of Vancouver, British Columbia to the Prince Rupert Port Authority’s Board of Directors, for a term of three years (Anonymous, 2009b). Castelli, who was born and raised in Prince Rupert, earned a bachelor’s degree in business administration at Simon Fraser University and studied in the international executive program at INSEAD in Fontainebleau, France (ibid). Following his studies, Castelli gained wide ranging experience in both the public and private sectors, serving in the Canadian government for over six years as a senior advisor to the prime minister, as well as to the minister of Indian and Northern Affairs (ibid). Later, Castelli worked as an executive manager at the Vancouver office of Alcan Aluminum, which was a company heavily involved in trade with Asia (ibid). During his work with Alcan, Castelli gained business experience in Asia, cultivating connections in China, Japan, Hong Kong, Korea, Malaysia, Singapore, and Thailand (ibid). As of the time of his appointment, he was the chief executive officer for Weatherhaven, a portable shelter manufacturing company with exports to over forty countries worldwide (ibid). Castelli also was
on the board of governors of the BC Business Council, the province’s largest business association, and was also a member of the Working Opportunity fund, one of Canada’s largest venture capital funds (ibid).

In early March 2012, the Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, announced that Jennifer Clarke of Vancouver, British Columbia, would be appointed to the Prince Rupert Port Authority Board of Directors for a three-year term (Canada NewsWire, 2012a). Clarke was picked, according to Lebel, because of “her vast experience and knowledge in business development and capital procurement” (ibid). Clarke’s qualifications included a Masters in journalism from the University of California, and a Bachelor of Arts degree in history from Yale University (ibid). As well, Clarke was a certified member of the Institute of Corporate Directors (ibid). She started her career in the 1970’s as a producer and journalist for a variety of television stations in the USA and Canada, and she later worked as an instructor at the University of British Columbia, teaching fourth-year undergraduate political science courses (ibid). Clarke also was a senior counsel with Fleishman Hillard Canada, where she worked to provide strategic communications and public affairs advice (ibid). Later, in 2003, Clarke founded JPC Strategies Ltd., a firm specializing in providing project management and advice on various issues, including public policy, infrastructure financing and development, governance, regulatory matters, and government relations (ibid). Clarke also served as a councilor at the City of Vancouver for nearly 10 years, and she has been part of a variety of government and community boards (ibid). Another appointment to the Prince Rupert Port Authority Board of Directors occurred in April of 2012, when Minister Lebel appointed Chief Elmer Derrick to the Board (Canada NewsWire, 2012b). Chief Derrick’s qualifications include a Bachelor’s degree in education from the University of Alberta, and a Bachelor’s degree in
political science from Carleton University (ibid). At the time of his appointment, he was working as the chief negotiator for the Gitxsan Treaty Society, and in recent years he co-chaired the Northwest Powerline Coalition, which worked to promote development in northern British Columbia with the construction of energy-related infrastructure (ibid). Chief Derrick also worked as the spokesman for the Northwest Forest Coalition, providing advice to corporations, levels of government, and non-governmental organizations with interests in developing business relationships with aboriginal organizations (ibid). In addition, Chief Derrick worked with the Province of British Columbia as regional development officer for the North Coast region, and he taught political science and economics at Northwest Community College, followed by a teaching position in First Nations Studies at the University of Northern British Columbia (ibid). In the 1970’s, Chief Derrick worked in Ottawa for the Assembly of First Nations, and served as director of operations for Aboriginal Affairs and Northern Development Canada in Toronto (ibid).

In mid-February of 2013, Denis Lebel, Minister of Transport, Infrastructure and Communities, announced that Robert Bruce Ellis Hallsor would be appointed to the Prince Rupert Port Authority Board of Directors for a three-year term (Canada NewsWire, 2013a). Hallsor’s background was in the legal profession, and he worked as a managing partner at British Columbia’s Crease Harman law firm, which is a large firm with 30 partners and employees (ibid). As well, Hallsor was a past president of the Victoria Bar Association, a past national chair of the Canadian Bar Association section on Wills, Estates, and Trusts, and he had worked for the provincial government. Hallsor’s educational qualifications include a Juris Doctor law degree from the University of Victoria, and a bachelor of arts in History from the University of British Columbia (ibid). Besides his professional qualifications, Hallsor was very active in community
work, being a founding member of the British Columbia College of Social Workers, sitting on the Provincial Child Care Council from 2003-2011, and serving as an honorary counsel for Scouts Canada in British Columbia and the Yukon (ibid).

According to Michael Gurney (Manager of Corporate Communications, Prince Rupert Port Authority, personal communication, Prince Rupert, Dec. 12, 2013), due to the close connections between members of the Port Authority’s Board of Directors and the Port Authority’s Executive, Board members were able to contribute and add value to the Port Authority’s future plans. Each of these appointed members were able to contribute to planning, and the implication was that plans for the Port’s promotion and infrastructure investment were well-coordinated with the plans of a broad range of government levels and private sector actors. Between 2006 and 2014, the focus for appointments to the Prince Rupert Port Authority’s Board of Directors was on individuals experienced in business (notably agricultural products and pipelines), law, and Aboriginal affairs. This indicated a likely greater focus in the future for agricultural exports from the Port of Prince Rupert, and terminal or other infrastructure projects that could be built on Aboriginal territory.

5.3. The BC/Federal Government Gateway Strategy and New Institutional Arrangements

With the Fairview container terminal construction underway in late-2006, Prince Rupert began to attract the interest and optimistic speculation of decision makers across Canada, and even from Alaska. In early November 2006, Prince Rupert hosted the “Change Brings Opportunities” conference of about 350 people, consisting of representatives from communities and organizations interested in the potential benefits of the Prince Rupert container port (Ritchie,
One of the advantages, according to Prince Rupert Port Authority CEO Don Krusel, was that CN Rail would be transporting many empty containers *en route* from North America to Asia via Prince Rupert, and since shipping companies preferred to fill containers instead of having them transported empty, therefore exporters along the line would be able to take advantage of very favorable shipping rates to Asia (ibid). These containers could be filled with a very wide variety of products, all exported from northern British Columbia, including forest products, water, agricultural products, and seafood (ibid). As of early January 2007, the Prince Rupert Port Authority had already commenced the Fairview container terminal’s Phase Two expansion, planning design engineering tasks, consulting with local native tribes, and commissioning an environmental assessment from Jacques Whitford Environmental Consultants (Wilson, 2007).

In early February 2007, Don Krusel, as well as representatives from the provincial and federal governments, CN and CP Rail, Vancouver ports and the Vancouver Airport Authority visited China and toured Yangshan Port in Shanghai (a new port development with a projected capacity of 20 million TEU’s by 2020) (Ritchie, 2007a). According to Krusel, at the time of this meeting the advantages offered by Prince Rupert were well known to Chinese shipping companies, who were very enthusiastic about the opportunities offered by the port. However, James Moore, Parliamentary Secretary for the Asia Pacific Gateway, noted that it was necessary to finish infrastructure development in Prince Rupert quickly, since the Panama Canal expansion was set to finish by 2012 and would offer North America’s east coast ports the opportunity to compete with west coast ports for the largest container ships (ibid).

Anticipating a steady flow of container traffic through Edmonton as a result of Fairview container terminal’s opening, in late March of 2007 Edmonton’s mayor Stephen Mandel asked the Edmonton Economic Development Corporation to set up a separate “Prince Rupert
Committee” to ensure that Edmonton would have the infrastructure available to make the best use of new logistics opportunities (Finlayson, 2007a). Edmonton was seeking value-added economic opportunities by way of creating an inland intermodal hub for the city, facilitating international importing and exporting businesses within Alberta (ibid). While cities such as Edmonton and Prince George saw intermodal opportunities in the new container port at Prince Rupert, Mike Round, an employee of the Ketchikan chamber of commerce in Alaska, also remarked that he saw opportunity for Alaska in Prince Rupert’s growth in port activities (Atkinson, 2007). Round noted that resource exports from Alaska, especially in seafood, forestry products and minerals, could be brought down by ferry along the Alaska marine highway to Prince Rupert, and then transferred to trains or loaded onto ships in Prince Rupert for access to both the US and Asian markets (ibid). This would prove to be a major advantage over the usual practice of shipping goods from the Alaskan Panhandle region by barge to Seattle or Tacoma, Washington: Prince Rupert could offer savings in both time and shipping cost (ibid).

To complement the opening of the container port at Prince Rupert, in late November 2007 Prince George celebrated the opening of CN Worldwide’s new Distribution Centre and Intermodal Terminal, where shipping containers would be emptied and filled, providing additional employment for the city (Schumacher, 2007a). Guests at the opening ceremony included representatives from the Prince Rupert Port Authority, the Prince Rupert Chamber of Commerce, and the BC Ministry of Economic Development (ibid). This new, 84,000 square meter facility was the result of a $20-million investment by CN (ibid). Products were planned to arrive at the facility either by train boxcar or container, or by truck to any of the warehouse’s 38 bay doors (ibid). Goods destined for Prince George and the surrounding area were to be unloaded in the facility, and Canadian products to be shipped overseas to Asia would be loaded into
containers at the facility (ibid). Annually, this facility was able to accommodate up to 25,000 containers, with potential for expansion (ibid), and products handled included lumber, panels, wood, pulp and paper, and various palletized and bagged goods.

Another important meeting hosted by Prince Rupert was the 51st annual AGM for the Association of Canadian Port Authorities, held in the town in August 2009 (Baker, 2009). Topics discussed at the meeting include coordination and organization of ports and supply chains in the economic recession, sustainable, environmentally-friendly transportation, and the future of the cruise ship industry on Canada’s west coast (ibid). Following this meeting, less than a month later, a delegation of Chinese investors toured Prince Rupert (Lamb-Yorski, 2009a). These visitors were hosted jointly by the Initiatives Prince George Development Corporation, Prince George Airport Authority, Prince Rupert Port Authority, and the Prince George Logistics Park, and the visit was publicly advertised as the Northern Pacific Gateway Trade and Investment Forum (ibid). This delegation consisted of eighteen senior executives representing Chinese investment interests, and they spent the afternoon of September 21st touring Prince Rupert and asking specific questions about investment opportunities in northern British Columbia (ibid). Later in the year, in December, 2009, another investment meeting took place in Prince Rupert between Conservative MP, John Weston, and business and community leaders of Prince Rupert (Lamb-Yorski, 2009b). Weston visited Prince Rupert to announce $3 million worth of federal funding for local projects in Prince Rupert, and he spoke at a round-table event organized by local economic development officer Nellie Cheng (ibid). During the meeting, Weston mentioned that there were around 250,000 Canadians living in Hong Kong and Taiwan, and these people would be very helpful to developing business connections with Asia (ibid). Lax Kw’Alaams Chief Councilor Gary Reece was at the meeting with Weston, and expressed the desire of the
local aboriginal community to be involved with port development and exports, although needing assistance to connect with Asian markets and investors (ibid).

In early January of 2010, Prince Rupert hosted yet another delegation from China, consisting of seven delegates from Putian City, representing the city and two lumber companies buying lumber from the Coast Tsimshian Resources company owned by the Lax Kw’Alaams band (Lamb-Yorski, 2010a). Putian City was important to Prince Rupert because it had the only port in China with a special authority to import lumber and logs, and therefore had a natural business partnership opportunity with Prince Rupert and northern BC’s forest products export industry (ibid). This delegation toured Ridley Island, the Fairview Container Port, and the Prince Rupert industrial park (ibid). Eric Sankey, representing Coast Tsimshian Resources, reported that discussions between the company and the Chinese delegation dealt with cutting timber export costs, and concerns regarding hauling, loading and export limits (ibid). The Chinese delegation also met for two hours with City officials from Prince Rupert and Port Edward, as well as representatives from Quickload Inc., Maher Terminals, Prince Rupert Port Authority, the Ministry of Forests, and lumber companies from Terrace (ibid).

In March of 2010, questions began to appear in the news over the possibility of privatization for Ridley Terminals, which was operating as a crown corporation under the Canadian federal government (Baker, 2010). Dan Veniez, the former head of Ridley Terminals, announced in a letter to the Minister of State for Transport, Rob Merrifield, that he “had received unsolicited expressions of interest from world-class terminal operators who wish to invest in Ridley Terminals’ potential” (ibid). At this time, a consortium of BC coal and lumber companies (including Peace River Coal and Western Coal Corporation), together with private investors, were seeking to buy Ridley Terminals from the federal government (ibid). However, elected
officials in northwestern BC were debating the merits of privatization, and were discussing what, if any, proper privatization process should occur such that competition for the terminal would result in the best outcome for residents and business interests in northern British Columbia (ibid). In response to privatization interest, mayors in northern BC requested that the federal government publicize any plans for Ridley Terminals, and Transport Canada began discussions with the Prince Rupert Port Authority to transfer ownership of Ridley Terminals to the port (Hamilton, 2010). One possibility under consideration at the time was to have Ridley Terminals owned and operated by a group of terminal users (such as northern BC resource extraction companies) in partnership with the Prince Rupert Port Authority. This cooperative stake in terminal ownership at Ridley would allow the Prince Rupert Port Authority to increase its asset base, and thereby its ability to borrow funds for future development and investment (ibid).

In mid-April of 2010, Prince Rupert hosted more high-level visitors for round-table talks about the role of the port and city in trade and the Asia-Pacific Gateway and Corridor Initiative (Lamb-Yorski, 2010b). The talks were held at the Prince Rupert city hall, and both David Mulroney, Canada’s Ambassador to China, and Doreen Steidle, Consul General to Hong Kong, spoke about living in China, and that Chinese companies were interested in investment and trade with Prince Rupert (ibid). One company that Prince Rupert was actively trying to build a working relationship with was Sun Wave Forest Products, a potential importer in China, although apparently this was not successful (ibid). Differences in Chinese legal practices (although Hong Kong is the same as Canada) and business climate were discussed at the roundtable, as overcoming these differences would be of great help for Canadian companies seeking greater economic partnership opportunities (ibid).
Another delegation from China visited Prince George in mid-May of 2010, hosted by Initiatives Prince George (Peebles, 2010). These visitors were from the Chinese Federation of Logistics and Purchasing, a state-sanctioned agency dealing with trade and business development between China and the western world (ibid). According to Initiatives Prince George CEO Tim McEwan, the delegation would be visiting both Prince George and Prince Rupert, and the fact that they are an “inbound delegation”, instead of a Canadian one visiting China to market northern British Columbia abroad, showed that the Chinese were interested in and actively pursuing investment opportunities in northern BC (ibid). Besides the Chinese delegation, the Canadian non-profit trade-stimulation organization, Supply Chain Logistics Association of Canada, was in attendance (ibid). This delegation met with groups associated with the Asia Pacific Gateway and Corridor Initiative in northern BC, including the Prince George Global Logistics Park (the airport’s light industrial site developers), CN Rail, Prince George Airport Authority, the Prince Rupert Port Authority, and other, smaller businesses within Prince George (ibid). A list of businesses in Prince George and affiliated with Initiatives Prince George can be found on the Initiatives Prince George website (Initiatives Prince George, 2015).

Early in May, the Prince Rupert Port Authority released the results of an economic impact study (commissioned by the Port Authority) showing the impacts of the Port on the regional and provincial economies (Hoekstra, 2010). This study, conducted by InterVISTAS Consulting Inc., claimed that with regard to taxes, the Port of Prince Rupert generated a total of $35 million annually, including $22 million in federal taxes, $9 million to the Province of British Columbia, and $4 million in municipal taxes (ibid). For labour, according to the study, the Port of Prince Rupert generated 2,700 full-time jobs (in Prince Rupert) and $150 million in annual wages for the regional economies of communities located along the transportation corridor, from
the Port to the rest of Canada (ibid). Out of these 2,700 full-time jobs, 1,300 were in employment directly related to the port operations (such as at Port terminals), 740 were indirect jobs involving supplier businesses providing services (like vessel repairs) to port operations, and 680 were induced jobs providing services such as home construction and retail to workers employed at the Port (ibid).

At the end of January, 2011, the Prince Rupert Port Authority’s CEO Don Krusel participated in the “Growing the North Conference”, which took place in Grande Prairie, Alberta (Laliberte, 2011). In addition to Krusel, speakers at this conference included CANFOR president and CEO James Shepard, Anne Giardini, the president of the Canadian subsidiary of Weyerhaeuser, J. P. Gervais, a senior agricultural economist for Farm Credit Canada, Mike Cory, CN Rail senior vice-president for the Western Region, and John Gorman, the vice-president of Haliburton Group Canada (ibid). The goal of the “Growing the North Conference” was to identify opportunities for communities in northern British Columbia and Alberta to take advantage of the new transportation gateway, and advance local business growth (ibid). Besides keynote speeches by leaders of businesses, there were also private meetings organized for conference participants, including representatives of cities, the Northwest Corridor Development Corporation, and the Northern Alberta Development Council (ibid).

Late in August of 2011, the Canadian federal government announced that it would provide $762,800 of funding for safety improvements at the Prince Rupert Airport (Anonymous, 2011). This funding was provided under the Airports Capital Assistance Program, and was used by the airport to repair pavement joints on the runway, and to purchase a wet/dry chemical spreader for de-icing of airport pavement surfaces (ibid). The Airports Capital Assistance Program invested more than $20.9 million for 27 projects at 23 airports in 2011, and these
projects primarily dealt with safety and infrastructural upgrades on the air transportation side of the airports (ibid).

Another major infrastructure improvement investment for Prince Rupert was the $90 million Road Rail Utility Corridor Project, which was considered as the first phase of a planned $300-million port development at Prince Rupert (Shaw, 2011). This Road Rail Utility Corridor Project was planned as a major upgrade to both road and rail infrastructure around Prince Rupert, in order to help meet the growing demands of container and bulk cargo exports (ibid). Of the $90 million project, CN Rail and the Prince Rupert Port Authority contributed $30 million each, the Canadian federal government contributed $15 million, and the BC provincial government funded the remainder (ibid). BC Premier Christy Clark announced the beginning of this infrastructure project in Prince Rupert, which was her first major policy initiative of her term as premier and a part of the Asia Pacific Gateway and Corridor Initiative (APGCI) set of projects (Meissner, 2011) (see Appendix C).

In October of 2011, the Port of Prince Rupert made headlines across North America as U.S. Federal Maritime Commission chairman Richard Lidinsky stated that he would propose that his board study “possible legislative and regulatory actions against Canadian ports… (since) they may enjoy ‘unfair’ government subsidization” (Simpson & O’Neil, 2011). This announcement was a result of complaints from two senators from the state of Washington, and ports in Washington compete with the Ports of Metro Vancouver and Prince Rupert for Asian cargo inbound to the central United States (ibid). Lidinsky cited Prince Rupert particularly as a growing threat to US ports, particularly the fact that the Fairview container terminal received $60 million of assistance during construction from the BC provincial and the Canadian federal governments (ibid). However, Port Metro Vancouver president and CEO Robin Silvester
responded in the media by claiming that the volume of US container traffic passing through Vancouver and Prince Rupert was nominal in comparison to the quantity passing through US ports, and the quantity that did take the northern route to Prince Rupert was there solely because of “a competitive supply chain in terms of a good service offering, good coordination among port, railroad, terminal, moving cargo efficiently” (ibid).

In late February of 2012, as part of Steven Harper’s Conservative government’s plan to improve infrastructure in Canada for the country’s competitiveness as an Asian “gateway”, the federal government announced a significant, $15 million contribution to the Ridley Island Road, Rail, and Utility Corridor (Canada NewsWire, 2012a). This project was a joint investment between the Government of Canada, CN Rail, the Prince Rupert Port Authority and the BC provincial government (ibid). To improve infrastructure oriented towards transportation for the Asia Pacific Gateway, since 2006 the Canadian federal government regularly partnered with all of the four western provinces, and municipalities and the private sector in these provinces, to provide a total of $3.5 billion worth of infrastructure (of which the federal government contributed $1.4 billion) (ibid). The Prince Rupert road-rail utility corridor consisted of three inbound and two outbound tracks for coal, potash, and other bulk terminal developments, and two additional tracks that formed a loop around the main part of Ridley Island, and one new track that extended off the rail loop towards Ridley Terminals (Nielsen, 2012). Besides the rail tracks and improved road infrastructure around the Ridley Island bulk cargo facilities, the project also planned to include improved electrical and water utility connections into the middle of Ridley Island (ibid). This road-rail utility corridor was planned as the first phase of a $300-million development that includes increasing Fairview’s capacity to 700,000 containers within 5
years’ time, and in the long run to expand container capacity to 2 million TEU annually (similar to the Port of Vancouver’s 2.5 million TEU annually) (ibid).

Early in March of 2013, Canada Newswire (2013a) published more details about the construction plans for the $90-million road, rail and utility corridor at Prince Rupert. This road, rail and utility corridor was the first phase of the Prince Rupert Port Authority’s Gateway 20/20 Plan, which was expected to reach an annual capacity of 100m tonnes (ibid). As part of this project, the BG Group contacted the Prince Rupert Port Authority, requesting that the Port Authority consider a 200-acre section of land on Ridley Island for construction of an LNG terminal, to be used to ship natural gas to Japan, South Korea and China (ibid). For the road, rail and utility corridor, construction was contracted by the Port Authority to Prince Rupert Constructors, a joint venture company between Coast Tsimshian Enterprises (a local First Nations Firm), JJM Construction Ltd., and Emil Anderson Construction Inc. (ibid). This project was planned to employ 90 workers during its two-year construction phase (ibid).

5.4. Increase in Bulk Cargo Through the PR Port

With regards to bulk exports, although most of the news headlines about the Port of Prince Rupert dealt with the new container terminal, exports of traditional bulk goods still accounted for a major part of Port activity. Table 7 indicates the overall trend of growth in bulk cargo shipments through the Port of Prince Rupert. In February of 2007 the Prince Rupert Port Authority reported a very large increase in coal and grain shipments through Ridley Terminals and the Prince Rupert Grain terminal (Ritchie, 2007b). For coal, a combination of new mines opening in northern British Columbia, as well as a stronger Asian demand for thermal coal for electric power generation led to a 177% increase in coal exports over the previous year, to 2.8
million tonnes of throughput in 2006 (ibid). With grain, CN Rail decreased rail shipment costs to Prince Rupert, and a strong global demand for grain (particularly by China and India) resulted in a 52% increase through the Prince Rupert Grain terminal from 3.1 million tonnes in 2005 to 4.7 million tonnes in 2006 (ibid). At this time, the Ridley coal terminal was actively seeking to diversify and gain new customers, and planned to start handling wood pellet exports from the Houston Pellet terminal in May 2007 (ibid). The wood pellet terminal at Ridley Island, under construction as of 2007, was a partnership between Canadian Forest Products, Pinnacle Pellet, and the Moricetown First Nation group (ibid). Table 6 indicates the annual tonnage for each of the terminals operating at the Port of Prince Rupert.

Table 6. Prince Rupert Port Authority Yearly Tonnage (for bulk cargo and containers).
(Source: Prince Rupert Port Authority Performance Snapshots http://www.rupertport.com/trade/performance)

<table>
<thead>
<tr>
<th>Year</th>
<th>Fairview</th>
<th>Prince Rupert Grain (PRG)</th>
<th>Ridley Terminals (RTI)</th>
<th>Other terminals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>126,731</td>
<td>2,290,860</td>
<td>1,816,827</td>
<td>240,156</td>
<td>4,474,574</td>
</tr>
<tr>
<td>2003</td>
<td>107,712</td>
<td>1,228,982</td>
<td>2,697,195</td>
<td>261,380</td>
<td>4,295,269</td>
</tr>
<tr>
<td>2004</td>
<td>155,850</td>
<td>3,128,533</td>
<td>912,889</td>
<td>217,239</td>
<td>4,414,511</td>
</tr>
<tr>
<td>2005</td>
<td>101,861</td>
<td>3,113,950</td>
<td>1,015,032</td>
<td>243,596</td>
<td>4,474,439</td>
</tr>
<tr>
<td>2006</td>
<td>16,712</td>
<td>4,739,447</td>
<td>2,815,008</td>
<td>167,085</td>
<td>7,738,252</td>
</tr>
<tr>
<td>2007</td>
<td>182,796</td>
<td>5,098,402</td>
<td>5,085,771</td>
<td>214,279</td>
<td>10,581,248</td>
</tr>
<tr>
<td>2008</td>
<td>1,826,011</td>
<td>3,759,517</td>
<td>4,847,031</td>
<td>155,289</td>
<td>10,587,848</td>
</tr>
<tr>
<td>2009</td>
<td>2,661,896</td>
<td>5,080,834</td>
<td>4,159,678</td>
<td>271,263</td>
<td>12,173,671</td>
</tr>
<tr>
<td>2010</td>
<td>3,441,018</td>
<td>4,294,104</td>
<td>8,299,868</td>
<td>389,522</td>
<td>16,424,512</td>
</tr>
<tr>
<td>2011</td>
<td>4,113,433</td>
<td>5,042,165</td>
<td>9,638,520</td>
<td>545,118</td>
<td>19,339,236</td>
</tr>
<tr>
<td>2012</td>
<td>5,657,448</td>
<td>4,731,470</td>
<td>11,530,777</td>
<td>370,285</td>
<td>22,289,980</td>
</tr>
<tr>
<td>2013</td>
<td>5,374,767</td>
<td>5,136,603</td>
<td>12,072,211</td>
<td>479,718</td>
<td>23,063,299</td>
</tr>
</tbody>
</table>
In January 2008, the Prince Rupert Port Authority posted statistics of growing cargo throughput over the previous year. According to the Journal of Commerce (2008), during November and December of 2007 the new Fairview container terminal handled a total of 16,703 TEU of containerized cargo. At the same time, the Prince Rupert Port Authority was already beginning the groundwork planning for the Phase 2 expansion of the container terminal, which would include a larger terminal area with capacity for 1,500,000 TEU annually (ibid). Ridley Terminals also experienced an increase in throughput of bulk cargo, with a total of 5.09 million tons in 2007, which was an 80% increase over 2006 (ibid). Ridley terminals began shipping coking coal from Alberta, as well as wood products from Houston, BC (ibid). This growth in bulk cargo shipments reflected a dramatic spike in global demand for coal and petroleum coke, agricultural products, and a growth (particularly in Asia) of new businesses related to container shipping and wood products (ibid).

By June in the following year, bulk cargo tonnage passing through Ridley Terminals had also increased significantly over the previous year, with first quarter tonnage in 2008 at 3.1 million tonnes, a 40% increase over the 2.2 million tonnes shipped by the same time the previous year (Ritchie, 2008). Metallurgical coal exports from northern BC was up by 75.8% over the previous year, and coking coal from Alberta began shipments through Prince Rupert early in 2008 (ibid). Ridley Terminals also began exports of wood pellets in 2008, loading 35,979 tonnes since the service began in the second quarter of 2008 (ibid). Other good news for the Port in mid-2008 included an announcement by Canpotex Ltd. that the company would build a new export terminal at Prince Rupert to boost shipments of potash to Asian markets; in the bid for the potash terminal, Prince Rupert won out over Cherry Point, Washington, mostly as a result of its more
direct, shorter connection to Asian markets (Ebner, 2008). This facility was to be built at a cost of $500 million, with investments by Canpotex, the Prince Rupert Port Authority, CN Rail, and the Coast Tsimshian First Nation (Hoekstra, 2008). Canpotex is an international potash marketing and distribution company owned by several Saskatchewan potash producers (ibid).

In early July, 2009, the question of oil exports from Alberta via Prince Rupert was discussed at the Prince Rupert Port Authority’s annual general meeting at the Crest Hotel, with both the Prince Rupert Port Authority and CN Rail openly in favour and considering the possibility of this scenario (Baker, 2009b). This would require the construction of a liquid bulk terminal, possibly on Ridley Island (ibid). However, despite the fact that this hypothetical terminal would increase the diversity of cargo shipped through Prince Rupert, some members of the Prince Rupert community had voiced concern about the environmental risks of the project, and who would be the party to assume the capital risk related to fluctuations in demand for oil, and oil export patterns (ibid). Also, the Lax Kw’alaams First Nations band chief, John Helin, spoke out against the liquid bulk terminal, due to the environmental risks that an accident could pose to the First Nations’ territory (ibid).

Later in 2012, in September, the Prince Rupert Port Authority announced that it approved Westview Terminal Redevelopment Project, which was a plan to build docks and storage facilities to ship up to two million tonnes annually of wood pellets through the port (Stueck, 2012). At the time of this plan’s approval, Canada had 42 wood pellet plants with a total of 3 million tonnes per year of production capacity; over half of this production, 65%, occurred within BC (ibid). In 2012, nearly all of this production was exported to European markets, with demand in Britain expected to grow by 10 to 15 million tonnes in 3-5 years, and a future market developing in South Korea (ibid). Wood pellets were used for a variety of functions, including
electrical power generation and industrial plants, seeking other sources of fuel besides coal (ibid).

Between 2006 and 2014, bulk exports through Prince Rupert continued to grow steadily. However, none of this growth can be attributed to the Port Authority, since Ridley Terminals operated as a Crown Corporation throughout this time. Instead, the growth of bulk cargo exports was mostly attributable to new mining contracts between coal mining companies in northern British Columbia and Alberta, and coal consumers located primarily in China. The Prince Rupert Port Authority was involved in investing in the road and rail corridor around Ridley Island, along with the Canadian federal government, the province of British Columbia, and CN Rail (Northern Development Initiative Trust, 2012).

5.5. Tourism

The Prince Rupert Port Authority was quite optimistic regarding cruise ship business, and 2008 was the best year on record out of the port’s previous five years of cruise tourism. During 2008, Prince Rupert received port calls from 63 cruise ships (mostly “pocket cruisers”) for a total of 103,635 passengers, compared to 99,135 passengers in 2007 (Northern Development Initiative Trust, 2012). Furthermore, there was a 21% increase in the number of passengers participating in shore excursions, up to 30,962 in 2008 versus 25,621 in 2007 (ibid). But, although people were participating in shore excursions in Prince Rupert, Dr. Ross Klein of Newfoundland’s Memorial University and author of four books on the cruise ship tourism industry, noted that the shore excursions really were not generating sufficient income for the city of Prince Rupert (Baker, 2009). No immediate solution was forthcoming from this report, although Prince Rupert Port Authority’s Cruise Development Officer Phil Westoby noted that the cruise industry in BC had
been working on developing a BC-specific itinerary, similar to Alaska’s specific cruise itinerary (ibid). Also, more coordination between the Port, City and local businesses within Prince Rupert had to be realized in order to see improved local economic benefits from the cruise ship industry (ibid).

While Prince Rupert received regular port calls from small “pocket cruiser” ships, regular port calls from major cruise ship lines for entire seasons seemed to be elusive from 2006 to the present. Even when ships called at Prince Rupert, during the shore excursions, businesses in Prince Rupert were not adequately prepared to receive passengers. Tourism also seemed to have declined in prominence for Prince Rupert during the recent period, as the container terminal opened and began providing employment and revenue for the city.

5.6. Container Shipping

In early May of 2007, Maher Terminals of Canada announced that it reached an agreement with China Ocean Shipping Company to commence ship calls at Prince Rupert’s Fairview container terminal (Journal of Commerce, 2007). The following week, CN Rail also announced that it reached an agreement with Cosco to provide rail service from the Fairview container terminal to North American markets (ibid). While the Prince Rupert Port Authority was actively involved in promoting the port to Cosco and other shipping lines, it was not party to the private agreements signed between Cosco, the terminal operating company and CN Rail (ibid). Cosco agreed to the deal to ship cargo through Prince Rupert, since there was a segment of its clientele that would benefit from quicker access to continental North America, as cargo passing through Prince Rupert was expected to arrive in Ontario at least two days quicker than cargo transiting Vancouver (Wright, 2007). As this deal was signed between Maher Terminals,
CN Rail, and Cosco, CN Rail began partnering with the Memphis (Tennessee) Regional Chamber of Commerce, and the Port of Memphis in an advertising campaign to highlight the connections, via CN Rail’s network, between Prince Rupert and Memphis, and the growing trade-hub connections that Memphis provided as it functioned as a transit point for five major rail lines and a container shipping port (Stueck, 2007).

The Fairview container terminal finally opened on September 12th, 2007 with over 500 dignitaries from around Canada and the world present at the official opening ceremony (Canada NewsWire, 2007a). According to Don Krusel, the Prince Rupert Port Authority president and CEO, the opening ceremony would prove to be an excellent opportunity to showcase the new port and container terminal to business and public leaders around the world, and for northern British Columbia and Alberta the Port of Prince Rupert’s container terminal opening was a “celebration of new opportunities” for export, jobs and development in the region (Finlayson, 2007b). Furthermore, this project was completed on time and on budget, which boded well for the prospects of a Phase 2 expansion of the container terminal (ibid). During the grand opening ceremony of the Fairview container terminal, the Prince Rupert Port Authority also announced the beginning of a “twinning” relationship between the Port of Prince Rupert and the Port of Ningbo, China, which would open the possibilities for greater cooperation in commercial, municipal, cultural, and management dimensions (Ritchie, 2007c).

At the end of October, 2007, the first container ship arrived in Prince Rupert from China (Tower, 2007). The Antwerp, a vessel that was part of CKYH Alliances’ Pacific Northwest Butterfly South Loop service, picked up containers from the Chinese ports of Hong Kong, Yantian, Qingdao, Dalian, and Xiamen, as well as from Yokohama, Japan (ibid). These containers, carrying mostly goods for retailers in the US Midwest and central Canada, were
offloaded in part at Prince Rupert, before the Antwerp left for Vancouver and Seattle, and then completed the loop back to Asia (ibid). The Antwerp was the first of a series of weekly container ship calls at Prince Rupert, and Dave Bedwell, executive vice president of Cosco Container Lines, noted that the carrier would become ‘a long-term supporter of the gateway in Prince Rupert’ (ibid). Almost with equal enthusiasm to the arrival of the first container ship to Prince Rupert, representatives from the Prince Rupert Port Authority, CN Rail, Maher Terminals, and Cosco shipping were on hand to see the double-staked, 9000-foot long CN Rail train departing Prince Rupert on the first of November, 2007, carrying containers out of Fairview terminal, with a final destination of Memphis, Tennessee (Schumacher, 2007a).

As Prince Rupert’s container terminal opened, the Port was still dealing with issues surrounding First Nations’ land claims and compensation for the terminal development. Thus, in January 2008 the Honourable Lawrence Cannon, federal Minister of Transport, Infrastructure and Communities; the Honourable Chuck Strahl, Minister of Indian Affairs and Northern Development; and the Honourable David Emerson, Minister of International Trade and Minister for the Pacific Gateway, announced the appointment of Douglas Eyford as the chief federal negotiator for work with First Nations to resolve disputes over the Fairview Container Terminal’s construction (Canada NewsWire, 2008). Eyford’s background included work as a litigation partner at Borden Ladner Gervais LLP (Vancouver, BC) practicing in civil litigation and alternative dispute resolution (ibid). At the time of his appointment, Eyford was working with Indian and Northern Affairs Canada acting as a chief federal negotiator (ibid).

Later in 2008, with container traffic through Prince Rupert steadily increasing each quarter, the Port of Los Angeles began to directly compete with Prince Rupert. Due to Prince Rupert successfully capturing part of Los Angeles’ market share, Los Angeles Port Authority
began to offer port tenants a $10 incentive payment for every new TEU they brought to the port, either by adding a new service or by luring market share from other West Coast ports (Baker, 2008).

Due to the ongoing economic recession at the time, in May 2009 the Prince Rupert Port Authority reported serious declines in expectations for bulk and containerized cargo throughput (Brethour, 2009). Despite optimistic plans of the past two years to begin work on a Phase Two expansion of the Fairview container terminal, in 2009 the Port still had not fully utilized its existing capacity, and had revised its goal for the year to just attracting traffic equal to 40-50% of the terminal’s total capacity (ibid). Comparing the first quarter of 2008 to the same time period of 2009, due to the global recession of 2008, Prince Rupert experienced a decline of 48% of its container traffic, and this was significantly more than the 23% decline at Seattle or the 21% decline at Los Angeles (ibid).

In early January of 2012, Prince Rupert Port Authority president and CEO Don Krusel announced the Port’s 2020 development plan. China, which was expected to be the world’s largest economy before 2020, was shipping increasing volumes of cargo to the US market, and Prince Rupert would respond accordingly to competitively meet transportation demand (Nielsen, 2012). The Prince Rupert Port Authority’s 2020 plan included expansions to the Ridley Island Industrial site where there was over 1,000 acres of tidewater industrial land, as well as expansions to the Fairview container terminal (ibid). For Fairview, the Prince Rupert Port Authority drew up an ambitious plan to expand container capacity from a maximum of about 750,000 TEU per year, to 1.2 million and then finally to 2 million annually (ibid). As well, the Port Authority planned to develop an import-export logistics park, providing warehousing, transloading, and reloading of containers, in addition to a 150-acre general cargo terminal to
handle a wide variety of dry bulk cargoes, including mineral concentrates, wood pellets, forest products, and miscellaneous project cargo (ibid).

With the opening of Fairview container terminal in 2007, Prince Rupert became the port offering the shortest, quickest container traffic route from Asia to central North America. The container terminal was considered by many people in Prince Rupert to be a major success for the city, in fact, the only economic success since the closure of the Skeena Cellulose pulp mill in 2001. However, First Nations claims to some of the terminal’s land still had not been resolved at the time of the terminal’s opening, so the federal government appointed Mr. Douglas Eyford as the chief federal negotiator to solve disputes with the First Nations in Prince Rupert. The new container terminal at Prince Rupert was very significant to the aboriginal workforce, though, since the longshore workers’ union local insisted on hiring aboriginal workers and other Prince Rupert residents for work at the Fairview terminal (M. Gordienko, President: ILWU Canada, personal communication, Vancouver, 13 Nov., 2013).

5.6.1. New facilities

With the growth in container shipping through Prince Rupert, local business leaders were also interested in opportunities within the town. In late February of 2008, Shaun Stevenson, the Prince Rupert Port Authority vice-president of business development and marketing, spoke at a luncheon of the Prince Rupert and District Chamber of Commerce and recommended local investment in warehousing, repacking of containers, cold storage, and logistics services (Ritchie, 2008). According to Andrew Hamilton, the manager of business development for the Prince Rupert Port Authority, shippers needed flexibility and to have the ability to reroute cargo in
transit and to treat containers as “moving warehouses”; this flexibility could be realized with the development of logistics facilities and services within Prince Rupert (ibid).

5.6.2. Impact on trade

In mid-January of 2009, the Prince Rupert Port Authority released trade statistics for the previous year, recording trade of 42,555 TEU in the first six months of 2008, which grew by 300% to 139,335 TEU in the second half of 2008 as the Cosco/CKYH Alliance added a second service (DiBenedetto, 2009). Ridley Terminals, however, experienced a decreased amount of cargo throughput in 2008 due to the recession, handling 4.85 million tonnes in 2008, down slightly from 5.1 million tonnes in 2007 (Anonymous, 2009a). Also, throughput at Prince Rupert Grain decreased by 26.3% from 2007, handling 3.8 million tonnes as opposed to 5.1 million tonnes the year previously (ibid). This still represented about 30% of the total grain throughput handled by Canadian west coast ports (ibid).

In mid-January of 2010, the Prince Rupert Port Authority reported moving a total of 265,259 TEU in 2009, which was a 45.9% increase over 2008, despite the global recession (Baker, 2010). Prince Rupert Grain’s exports increased by 35.1% over 2009, to 5,080,834 tonnes, which was the terminal’s highest throughput since 1994 (ibid). Ridley Terminals also experienced a growth of coal exports in the second half of 2009 (although the first half of the year was weak) and total exports for the year was 4,159,679 tonnes, down by 14.2% from 2008 (ibid). Log exports via Prince Rupert also grew in 2009 (by 79.6%) (ibid). However, Prince Rupert experienced a serious decline in the cruise ship industry of 46.8% in passenger numbers, to 55,097 passengers from 31 cruise vessels, versus 103,630 passengers from 63 ships in 2008 (ibid). Prince Rupert Port Authority CEO Don Krusel stated that for 2010, the port would stay
focused on growing container throughput, and progressing with the Phase 2 expansion of the Fairview container terminal (ibid). The other main priority for the Port Authority for 2010 was the development of the Ridley Industrial Park to accommodate greater logistics and service sector growth within Prince Rupert (ibid).

Also at the end of January in 2011, the Prince Rupert Port Authority released statistics for the 2010 year, celebrating the strongest cargo volumes ever on record (Morton, 2011). During 2010, the Port of Prince Rupert handled a total of 16.4 million tonnes of cargo, up by 35% from 2009 (ibid). Most of this increase was from coal exports, but the Fairview container terminal also fared well in 2010, handling a total of 343,366 TEU, which was a 29.5% increase over 2009 (ibid). The Prince Rupert Port Authority also cited Drewry Publishing, an independent marine consulting firm, which listed Prince Rupert as the fastest-growing container port in North America in 2010, and the eighth-fastest in the world (ibid). For bulk cargo, Ridley Terminals handled a record 8.3 million tonnes of cargo in 2010, which was a 99.5% increase over 2009, mostly as a result of Asian coal demand (ibid). However, grain throughput at Prince Rupert Grain decreased 15.5% to 4.3 million tonnes, and log export volumes grew 62% in relation to 2009 (ibid). Cruise ship passenger visits remained steady between 2009 and 2010, with a growth of 0.4% and a total of 55,300 visitors from 25 cruise vessel visits (ibid).

Growth of exports through Prince Rupert continued through 2011, as shown by statistics released by the Prince Rupert Port Authority at the end of January, 2012. In total, 19.3 million tonnes of cargo passed through Prince Rupert during 2011, and this was an 18% tonnage increase over 2010 (Prince George Citizen, 2012). Total coal exports were up 16% over 2010, as Ridley Terminals shipped 9.64 million tonnes in 2011, versus 8.30 million in 2010 (ibid). Container traffic also grew by 59% as a result of strong Chinese demand for Canadian wood products.
(packaged in outbound containers through Prince Rupert), and for a total throughput of 410,0366 TEU (Tower, 2012).

5.7. Summary

During the time period of 2006-2014, the container terminal at Prince Rupert was rapidly developing and being marketed to international shipping lines, as an improved location over other west coast ports for container shipments destined for central North America. News reports often made mention of the Prince Rupert Port Authority hosting or being a part of international trade delegations, often in China or Japan. People participating in these delegations were usually senior members of the Port Authority, the City, transportation-related businesses (such as the terminal operating company, Maher Terminals, and CN Rail), and non-governmental organizations related to economic development (such as Initiatives Prince George). The purpose of these delegations, and similar conferences and meetings was to develop a rapport with private and public sector leaders with work related to transportation, and to identify business needs and niches that could be marketed towards or invested in. These meetings, held as a result of Gateway institutional arrangements, allowed a wide variety of policy makers and planners with interests in the Port of Prince Rupert and northern British Columbia to meet and collaboratively discuss and make decisions for the future.

Within Canada, during this time period, the Prince Rupert Port Authority often participated in conferences and meetings in northern British Columbia and Alberta, focusing on how communities and businesses in Canada’s North could add value and develop economic linkages based on the new “Gateway” transportation system. For example, Prince George had a variety of businesses related to resource extraction, processing, and transportation and logistics,
so these conferences provided a chance for businesses to learn about new cost and time savings possibilities afforded by exporting through Prince Rupert. Prince George also began to further develop transportation and logistics economic linkages as CN constructed an intermodal terminal within the town, for the purpose of road-rail transshipment. A significant portion of the containers exported from Prince Rupert were filled with exports from northern British Columbia, destined for Asia. Although it is difficult to determine exact statistics about these exports, it seems as though meetings and trade delegations to northern British Columbia were necessary for creating business connections to allow for exporting to occur.
6. Conclusion

6.1. Introduction

This concluding chapter summarizes the changes in governance, economic environment, and the major events that have taken place for the Port of Prince Rupert in the years between 1945 and 2014. Section 6.2 summarizes the main events and changes in the economic environment for Prince Rupert. Then, section 6.3 summarizes the changes in port governance structures that have occurred in Prince Rupert, and the implications these have for theory about port governance.

6.2. Summary of the Thesis

Analyzing port privatization models also provides insight into the reasons for how the Port of Prince Rupert was constrained in its development at times in the past, and how at present its abilities to develop port infrastructure are significantly greater. Empirical data from the Port of Prince Rupert (used in later chapters) shows that, while the organization of how the Port has been governed has changed, provincial and federal levels of government have remained the most influential in terms of Port development projects. Although project planning for the Port has become increasingly localized at the offices of the Prince Rupert Port Authority, and while the Port does have revenues to invest in development projects, much of the financial support for new terminal development has been provided by the Province of British Columbia and the Canadian Federal Government. As well, people who contribute to the Port’s planning process as members of the Port Authority’s Board of Directors are also representative of a broad range of public and private sector interests, as a result of their prior employment experience.
Between 1945 and 2014, the Port of Prince Rupert was embedded in a variety of changes sweeping through the transportation industry in northern British Columbia, and the “staples export economy” of the region. Following World War Two, Prince Rupert lost revenue and work opportunities that had been provided by a small ship building industry, as well as by a services sector for the American soldiers stationed at nearby Port Edward. For the next four decades, Prince Rupert’s port languished, and the main employment in the town was at the Skeena Cellulose pulp mill, along with a cannery and local fishing industry. During this time, the Port of Prince Rupert was administered by a federally-appointed port commission (lacking in the ability to make independent decisions regarding investments or marketing of Port land), while CN Rail owned and controlled nearly all of the waterfront land around Prince Rupert. Beginning in the 1960’s, with the “Great Coal Rush” of Japanese sogoshosha trading companies buying coal mined in southeastern British Columbia, the business community within Prince Rupert felt the need to respond. In 1964, the City of Prince Rupert’s Economic Development Commission formed the Prince Rupert Port and Industrial Development Commission, which lobbied the Canadian federal government to establish the Port of Prince Rupert as a national harbour under the National Harbours Board. This eventually occurred, and the Port and Industrial Development Commission became the Prince Rupert Port Authority under the National Harbours Board in 1969. While the National Harbours Board system of centralized federal control over ports provided Prince Rupert with better strategic management, the Prince Rupert Port Authority still did not retain any significant control over planning decisions, investments, or financial matters regarding the Port and land around the Port. All of this remained under the domain of decision-makers based in Ottawa.
Prince Rupert’s response to the “Great Coal Rush” of the 1960’s and 1970’s was slow, as a result of the fact that the Province of British Columbia aided the development of the coal terminal at Robert’s Bank, near Vancouver, and Vancouver had sufficient capacity for bulk cargo exports within its own port. Both CN and CP Rail lines served Vancouver, so the demand for a second port for bulk exports further north in British Columbia was not sufficient. However, the National Harbours Board was able to eventually form a joint partnership with the Federal Navigation Company, and created Ridley Terminals Inc., the crown company constructing and operating a new bulk terminal at Prince Rupert. This new terminal was constructed by the end of 1983, although by this time the “Great Coal Rush” was coming to a close, as mining companies owning mines at Tumbler Ridge were no longer able to sign favorable contracts with Japanese buyers. The mines at Tumbler Ridge continued to decline in exports and profitability through the 1980’s and 1990’s, before closing between 2001 and 2003. At this time, Ridley Terminals’ exports dropped to nearly zero, and combined with the closure of the Skeena Cellulose pulp mill in 2001, Prince Rupert was in dire economic straits.

In 1999, the Canada Marine Act was passed by the Canadian federal government, forming an autonomous Port Authority at Prince Rupert. The new Prince Rupert Port Authority was faced with an under-utilized port, and nearly no exports passing through either the Fairview general cargo terminal, or the Ridley Island coal terminal. To begin with, the Prince Rupert Port Authority focused on attracting and promoting cruise ship tourism at the Port, and jointly invested with the City of Prince Rupert, as well as the Province of British Columbia and the Canadian federal government in a new cruise ship terminal. Combined with marketing efforts by Port Authority members at cruise shipping conferences, the new cruise ship terminal was a moderate success from the standpoint of the Port, although businesses in the city did not seem
prepared to capitalize on tourism. Along with attracting cruise ship tourism, the Prince Rupert Port Authority undertook the task on itself to plan and attract a private terminal operator for a container terminal, located at the Fairview site. This new container terminal, operated by the privately-owned terminal operating company known as Maher Terminals, experienced increases in its throughput of containerized cargo almost immediately after it was completed.

One of the most significant events for the years between 2006 and 2014 was the creation of the Asia Pacific Gateway and Corridor Initiative. The Asia Pacific Gateway and Corridor Initiative became a policy making and planning framework for institutions related to (particularly western) Canada’s transportation systems. This Initiative sought to engage all stakeholders connected to transportation in collaborative planning processes (frequently taking the form of broad participation in conferences, inter-organizational meetings, and trade delegations). Also, the Asia Pacific Gateway and Corridor Initiative worked to connect transportation institutions in collaborative promotion to overseas users of Canada’s transportation services, particularly Asian shipping lines. By all accounts, these promotion efforts were successful, and containerized cargo shipments through Prince Rupert grew to beyond the capacity of the Fairview container terminal by 2012 (Prince Rupert Port Authority, 2013).

6.3. Theoretical Implications

Port governance has typically been researched on the basis of devolution, from centralized public assets to local privatized control. The case of Prince Rupert is slightly different, where the Port changed from public administration (in the form of the National Harbours Board), to “consultation” where the Port was administered by a government Port corporation, and finally to “partnership” where the Port was managed by a not-for-profit
organization with control over land leases (Rodal & Mulder, 1993). Changes in the Port of Prince Rupert’s governance can also be understood in terms of Brooks’ (2004) models of port governance, where ports can take a variety of institutional arrangements ranging from wholly-public “government service ports”, to mostly-public “tool ports”, to “landlord ports” where the port is managed by an autonomous, not-for-profit Port Authority and the terminal operations are privatized, to “private sector service ports” where the port is wholly-privatized, in both its ownership, management, and operations. According to Brooks (2004), and research conducted for this project, the Port of Prince Rupert has undergone changes away from being a mostly-public “tool port” towards being a “landlord port”. As a “tool port”, in the years before 1999, Prince Rupert had little ability for making decisions and investments separately of the Canadian federal government. Since the Port of Vancouver already had facilities for handling both bulk and break-bulk (packaged) cargo, there never seemed to be significant demand for the Canadian federal government to invest in facilities at Prince Rupert, and Prince Rupert’s development was constrained by its institutional reliance on the federal government, as per the “tool port” governance model that it was operating under. The only occasion where the “tool port” governance model served Prince Rupert’s interests was for the development of the Ridley Island bulk cargo terminal, which was only possible with federal assistance.

Major changes to Prince Rupert’s governance model, as the port transitioned from a “tool port” to a “landlord port” administration, were followed by major investments in port infrastructure and cargo throughput. Brooks (2004) does not prescribe a “landlord” port administration as necessarily the most effective method of port development and promotion, but in the case of Prince Rupert such an arrangement appears to have been the case. This research does not critique the port governance models identified by Brooks (2004), but builds on them to
explain Prince Rupert’s recent success. Research into Prince Rupert’s history and development identifies three main factors: 1. increasingly localized control over rents from Port land as a result of the change to the Port Authority governance structure 2. a locally-based, highly-skilled team of analysts, planners, and decision makers that were hired after 1999, whose job was to promote and profitably develop the Port of Prince Rupert, and to efficiently interface the Port of Prince Rupert with other institutions broadly related to transportation, 3. a broad Gateway planning framework after 2006, which encouraged communication and joint planning between businesses, levels of government, and other institutions with interests in transportation and trade connections with Asia.

Firstly, localized control over rents from Port land was significant in allowing for the Port of Prince Rupert to develop, promote itself, and connect with other actors and institutions related to transportation. With Port development, the Prince Rupert Port Authority was able to collect extra rents that may be used for further joint investment in infrastructure projects, or for paying for port promotional activities, and salaries for analysts and executives at the Port Authority. This is a change in function from the Port as an administrative body closely connected to the Canadian federal government’s ministry of transportation, when the Port could not function separately of the federal government. The Port of Prince Rupert’s focus changed from being a subservient administrative entity, to a more independent management and promotional entity.

Secondly, the Prince Rupert Port Authority expanded its staff to include a team of analysts and executives. These staff and executives researched economic and political trends related to transportation, and planned for future development at Prince Rupert. Furthermore, the Port Authority executives regularly met with representatives of other institutions, sharing information relating to transportation planning, and adding value to the broader “Gateway”
system. These analysts and staff frequently have a background in both government and business work, and so are able to more successfully connect and promote the Port of Prince Rupert’s goals to government and business.

Finally, the last key component to Prince Rupert’s success in developing Port infrastructure and substantial volumes of trade has been the Asia Pacific Gateway and Corridor Initiative, and the substantial support that the British Columbia provincial and Canadian federal governments have provided for “Gateway” initiatives. While funding for port infrastructure development sourced from the Port Authority and the private sector (CN Rail and Maher Terminals, for instance) has been important, the majority of project funding still came from the provincial and federal governments.

6.4. Further Research

Further research into governance at the Port of Prince Rupert could analyze the degree to which various levels of government and business interests have held sway over the Port Authority’s decision-making process. While the Prince Rupert Port Authority is formally independent of government and business, its Board of Directors and staff come from a variety of backgrounds that have a strong interest in Port development in Prince Rupert, and generating cargo throughput. For example, how influential was the China Ocean Shipping Company in the planning process of Maher Terminals? As well, the inland transportation hub city of Prince George could be addressed in a similar manner, studying the methods of planning for new infrastructure and business development around the city and the role of powerful actors, such as CN Rail, various levels of government, and business interests (mining and resource processing companies, for example) in developing land.
Bibliography


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http://www.crowsnest-highway.ca/cgi-bin/citypage.pl?city=SPARWOOD


Appendix A: List of Interviewees

Mark Gordienko, ILWU (11 Nov., 2013)
Heather Oland, Initiatives Prince George CEO (19 Nov., 2013)
Michael Gurney, PRPA Manager of Communications (4 Dec., 2013)
Don Krusel, PRPA CEO (5 Dec., 2013)
Ken Veldman, PRPA Director of Public Affairs (5 Dec., 2013)
Evan Smithanik, PRPA Business Analyst (5 Dec., 2013)
Michael Inman, PRPA Business Development & Gateway Coordinator (5 Dec., 2013)
Appendix B: Interview Questions

1. The organization of which the interviewee is a part
   a. Could you please provide an overview of the (organization), and its relations with the port and other groups?
   b. What is the structure of the (organization)?
   c. Who are the “key people” within the organization?
   d. What are the changes in the (organization’s) structure or work mandate over the past 20 years?

2. (Interviewee’s) role in the (organization)
   a. Could you please tell me your work title and job description?
   b. What is your previous work experience?
   c. Do you do any work with connecting and liaising with other groups related to the port?

3. External connections
   a. Could you please point out the major groups involved with the port, and how these have worked to connect the port to groups, businesses, or organizations elsewhere?
   b. What are the international groups/organizations/levels of government that are connected to the (organization)?
c. What are some ways that connections are made between the (organization) and these groups?

d. How have these connections changed over the past 20 years?

e. What are some “connection facilitators” (meetings, forums, trade delegations, etc.)?

f. Could you describe your own overview of the “big picture”: how have these connections (local and international) aligned so as to effectively market Canada as an international ‘Gateway’?
Appendix C. List of Projects Receiving Federal Government Funding

Under the APGCI

1. Prince Rupert Port Container Security Program, $28 million

A Canada Border Services Agency Marine Container Program ensures secure and efficient border services for Fairview Container Terminal. Operations began in Fall 2007.

2. Road, Rail and Utility Corridor, Prince Rupert, $15 million

The project will provide road and rail access, along with utility services, to 1,000 acres of land on Ridley Island in the Port of Prince Rupert. This project will provide the platform for the future development of deep-sea marine terminals for export of Canadian resources to meet the growing demand of Asian markets.

3. Highway Improvements near Vanderhoof, $1 million

A 2-kilometre auxiliary passing lane and intersection improvements for Highway 16, the only direct National Highway link to the Port of Prince Rupert.

4. Ashcroft Terminal, $3.6 million

The expansion of the terminal will facilitate railway access for shippers within the region. The project will provide more train capacity and will improve the movement of goods travelling between the West Coast and the Ontario/Quebec region.

5. River Road, Prince George, $2.8 million

River Road is the primary road access to Canadian National (CN)'s Prince George Intermodal facility. Projects will upgrade and widen 1.9 km between Cameron Street Bridge and Foley Crescent and 1.7 km between Foley Crescent and the CN Fraser River Bridge and install left turn lanes to access the facility. Improved traffic flow along this route is essential to the community and to efficient movement of goods.

6. Twinning of Simon Fraser Bridge, $16.1 million

A project to reduce traffic congestion and make delivering goods between the Port of Prince Rupert container facility and the Prince George Inland Container Terminal more efficient. This bridge opened to traffic in August 2009.
7. Highway 97 Upgrade near Prince George, $6.9 million

Upgrading 4.2 kilometres of British Columbia’s major north/south artery at Wright Station Curve, between 100 Mile House and Williams Lake to four lanes, supports development of the Port of Prince Rupert.

8. Grade Separations, British Columbia, $2.4 million

Grade separations in Smithers (British Columbia) will improve truck and local traffic flow, help attract business to these areas, increase capacity and facilitate efficient intermodal train services.

9. Highway 2 and 41 Avenue Intermodal Access, Edmonton, $75 million

A new interchange will facilitate the relocation of the Canadian Pacific Railway (CPR) intermodal facility.

10. Freeway interchanges and South River Crossing bridge, $95.8 million

Interchanges at Lorne Avenue and Circle Drive South, and Idylwyld Freeway and Circle Drive South will improve access to CN’s intermodal terminal. Building a new six-lane bridge across the South Saskatchewan River will help divert commercial and other through-traffic from the downtown core.

11. Trans Canada Highway Upgrade, $7.2 million

Now complete, the upgraded 4.3-kilometer section between Sorrento and Salmon Arm improves the safety and reliability of the primary highway link for commercial goods between Lower Mainland container ports, Asia-Pacific markets and the rest of Canada.

12. Trans Canada Highway Upgrade, $267 million

Twinning the TransCanada Highway in Banff National Park will strengthen travel and trade between the dynamic economies of Alberta and British Columbia. APGCI has contributed $37 million to this project.

13. 52nd Street SE, CPR grade separation and Western Headwaters, Calgary, $34.5 million

Projects will widen the 52nd Street SE from 114th Avenue to 130th Avenue SE from two to four lanes, and from 90th Avenue to 106th Avenue SE, from two to six lanes; build a grade separation at the CPR rail line and the Western Headwaters Canal; improve intersections; and make storm water upgrades.

14. Global Transportation Hub, $27 million
Partners will relocate the CPR intermodal terminal outside the City of Regina and provide proper road access to the new larger capacity terminal.

15. Highway Interchange and Grade Separation, Portage la Prairie, $21 million

Building an interchange of the TransCanada and Yellowhead highways and a road/rail grade separation at the CN main line—parts of a competitive transportation and logistics system connecting the west coast to North American markets.

16. Centreport Way, Winnipeg, $33.3 million

Integrating a number of the major components of a previous proposal that included improvements to Inkster Boulevard.

17. Regional Transportation Management Centre, $5 million

Staff will control and monitor traffic conditions and provide traveller information on the Lower Mainland’s major highway networks and transit system.

18. Pitt River Bridge and Mary Hill Interchange, $90 million

Now open, this seven-lane bridge connects trade-related and transportation facilities on both sides of the Pitt River to enhance the flow of international goods through the Lower Mainland.

19. City of Richmond, $5.5 million

Widening Westminster Highway and Nelson Road to four lanes as well as upgrading its traffic signals and building a new four-lane section between Wireless Way and Highway 91 will make roads serving Gateway facilities more efficient.

20. Corporation of Delta, $1.8 million

Improving the intersections at Chester Road/Derwent Way, Chester Road/Cliveden Avenue and Nordel Way at Brooke Road and Shepherd Way will facilitate trucking on Annacis Island.

21. Roberts Bank Rail Corridor Road/Rail Grade Separations, $75 million

Road/rail grade separations (up to nine), road closures, network reconfigurations and traffic management measures along 70-kilometres that connect international container and coal terminals with North America’s rail network, will increase road and rail capacity and reduce impact on communities.

22. South Fraser Perimeter Road, $365 million
This 40-kilometre four-lane road will connect Deltaport to Highway 1 and the Golden Ears Bridge and be a designated east-west truck route to enhance international freight movement and reduce impacts on municipal roads.

23. Four Burrard Inlet’s North Shore Projects, $75 million

These infrastructure investments will improve rail and road access to Canada’s Pacific Gateway’s ports and railways and strengthen Canada’s trade connections overseas. Projects in the North Vancouver area are: Brooksbank Avenue Underpass, Neptune/Cargill Grade Separation, Low Level Road Re-Alignment, Philip Avenue Grade Separation, and the Western Low Level Route Extension to Marine Drive.

24. South Shore Trade Area, $49.7 million

These investments will improve rail, port and trucking operations, create jobs and increase mobility. Projects in the South Shore area are: Powell Street Grade Separation and Stewart Street Elevated Structure.

25. Shortsea Shipping Project in the Lower Mainland, $4.6 million

Shortsea shipping reduces road congestion, increases throughput capacity at marine terminals and develops new transportation options—for more integrated and efficient flow of international trade. The completion of the Southern Railway of British Columbia (SYR) rail barge ramp was announced in January 2010.