



THE New World Port

COMMUNITY UPDATE

A NEWS REPORT FROM THE PRINCE RUPERT PORT

Fall 2005

BREAKING WAVES

PROJECT MANAGER ANNOUNCED



The Prince Rupert Port Authority awarded the project management services contract for Phase I of the Fairview Container Terminal conversion to the engineering firm Moffatt & Nichol. They will oversee and coordinate the construction contractors. Moffatt & Nichol, the North American leader in the planning, design, and project management of container terminal facilities, has managed the design and construction of more than 100 container terminals worldwide. They also developed the conceptual plan and layout of the Phase I conversion and Phase II expansion of the project.

STEEL PIPE TENDER AWARDED

The Prince Rupert Port Authority awarded the tender for the supply of steel pipes to Pipe & Piling Supplies (BC Ltd.). Pipe & Piling Supplies Ltd. The construction of the new container terminal in Prince Rupert begins with pile driving. Pre-ordering the steel kicks off the process and will allow the wharf construction contractor to begin work soon after mobilization in Prince Rupert.

PACIFIC GATEWAY ACT

The recently announced "Pacific Gateway" act will provide \$590 million of Federal funding to support major transportation infrastructure improvements in BC to help build a national trade gateway and capitalize on trade with Asia. It will also help with the development of marketing initiatives to promote Canadian business, labour initiatives that will address skill shortages, and investments in border management at key entry points for the Gateway. Part of the funding is expected to provide Canada Customs services at the new Fairview Container terminal.

ARMITAGE JOINS BOARD

Federal Minister of Transport, Jean C. Lapierre has appointed Mr. James Armitage to the Port's Board. Mr. Armitage is the Senior Vice-President, Sales and Marketing, at Catalyst Paper, formerly NorskeCanada, in Vancouver, British Columbia. His background includes experience in forestry and publishing. The Port Authority welcomes him to the Board.

EIDSVIK RE-APPOINTED

Mr. Odd Eidsvik has been re-appointed for a second three-year term. Mr. Eidsvik, F.C.A. is the principal of Eidsvik & Associates.

Prince Rupert Container Terminal Construction Progressing

Construction at the Fairview container port location is ready to go. Starting next month, the marine wharf contractor will mobilize its machinery and workforce and start with the expansion of the dock face, the first step in the construction process. The new wharf extension will accommodate three super-post-panamax cranes, which will be purchased, installed and operated by Maher Terminals of Canada Corp. The next steps in the process of converting Fairview into a container terminal will be the construction of the intermodal yard and new buildings. That construction will start in the new year.

The marine wharf contractor will drive and drill 99 piles into the seabed. The planned installation method cuts down on noise and marine disturbances at the site during construction. Each pile is 40 meters long



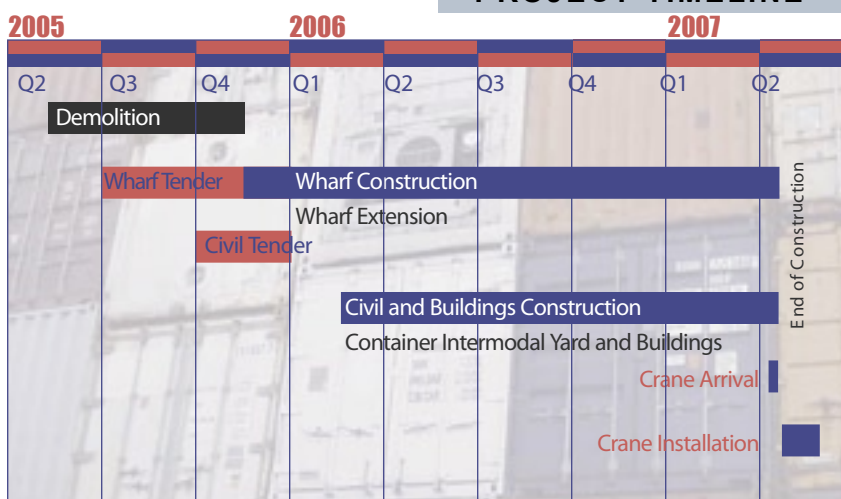
Aerial view showing dock extension

Authority is building North America's newest container port. On the shortest land-sea link to Asia, Prince Rupert will create the world's first throughput container facility. This will permit the transfer of containers virtually directly from ships to awaiting trains, which will then travel on to eastern destinations such as Chicago, Toronto, and Memphis. With an annual projected capacity of 500,000 TEU's, the new container facility is expected to significantly alleviate congestion at existing West Coast ports. The container terminal is expected to create significant economic opportunities for Canadian exporters all across the north. With the now shorter distance to Asia, the production of a variety of value-added products can be shipped cost-effectively through the Port of Prince Rupert to an ever expanding Asian marketplace.

and one meter in diameter. They are driven 10 meters deep into the seabed, approximately 16 meters out from the existing caisson and spaced every four meters along the length of the extension. Once in place, the piles are filled entirely with concrete. The deck extension is designed to BC Earthquake code standards.

The Prince Rupert Port

PROJECT TIMELINE



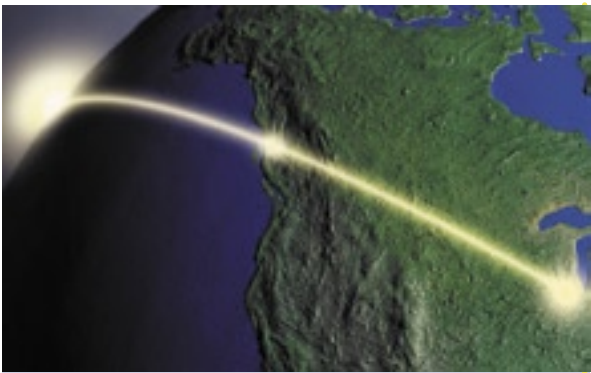
STRATEGIC ADVANTAGE

Closest North American Port to Asia

Prince Rupert is 435 nautical miles closer to Shanghai than Vancouver, and over 1,000 nautical miles closer than Los Angeles, making it the closest North American port to Asia. This creates a significant competitive advantage

for shippers choosing the Prince Rupert option, as shorter distances imply faster turnaround times for both ships and the containers themselves. Prince Rupert is the closest entry point on the land bridge to the US Mid-West, the main destination point for containers entering North America from Asia.

On the R



NEW WORLD MARKETS

Interest in Prince Rupert's New Container Port extends worldwide. The Port Authority hosted a number of incoming delegations over the past year.

May

Indonesia



Mr. Bunyan Saptomo, Consul General of the Republic of Indonesia and Mr. Hery Saripudin, the consulate's Head of Economic

Affairs, visited Prince Rupert to learn more about the opportunities to come from the new container terminal. The Indonesians are familiar with Prince Rupert because Indonesia is one of the world's largest wheat importers. Over 2 million tonnes of grain have been exported through Prince Rupert Grain to Indonesia over the past decade.

July

Korea

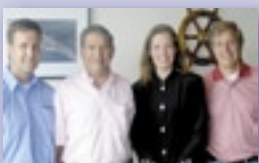


Mr. Choong-joo Choi, Consul General of the Republic of Korea discusses the benefits of shipping through Prince Rupert with Mr. Don Krusel. Mr. Choi visited Prince Rupert with a Korean shipping line to learn more about the new container

facility and the opportunities for backhaul. Shippers are interested in what our region has to offer in terms of exports to Asia, as Prince Rupert's attractiveness as a container port increases if we are able to fill containers for the trip back to Asia.

August

Colombia



Mr. Felipe Laserna, CEO, of La Comercializadora and Mr. Hernando Martinez, CEO, of Molino El Lobo visited Prince

Rupert for the first time in August. They were accompanied by Tracy Kowal, from James Richardson International. They were updated on the container port initiative. Columbia imports about \$200 million in agricultural products from Canada each year.

Study Outlines Job Outlook

The Prince Rupert Port Authority, together with the Prince Rupert Economic Development Corporation, commissioned a study that found that Phase I of the new Fairview Container Terminal construction and operation will create 585 person years of construction employment, more than 100 full time terminal positions, a multitude of job increases at existing business, and the creation of new businesses.

All told, the study forecasts the creation of 1,000 new jobs per year throughout the two phases of the project, until 2010. Many activities will create expanded opportunities for existing business including ships agents, tug operators, freight forwarders, trucking, and refrigeration services.

New businesses will be required in the region given the differing nature of container versus bulk transportation methods. Those include container storage and repair, bonded warehousing for customs

Category	Expansion Opportunities
Shippers	Ships Agents, Freight Forwarders, Customs Brokers
Ship Servicing	Repair, Waste Management, Ship Surveyors, Tug Operators
Container Handling	Refrigeration, Marine Cargo Surveyors, Handling Equipment Repair and Parts
Transportation	Local and Long Haul Trucking, Tug and Barge
Government	RCMP, Coast Guard, Customs, Immigration
Other	Security Services

activities, and container stuffing operations. Even more new business possibilities develop outside of activity related to the facility itself, given the now shorter distance to Asia for exporters. Opportunities for product exports arise in the forestry, fisheries, and manufacturing sectors. Niche producers can now access cost-effective transportation for their products to Asia. Some of the products exported out of the North American West Coast now by container include waste paper, pulp, cotton, malting barley, alfalfa pellets, hay cubes, and frozen food.

New Business Opportunities

- Bonded Warehouse for Customs Inspections
- Container Stuffing Operations
- Container Repair and Storage
- Bunkering

Container Port Benefits Far Reaching

The Prince Rupert Port Authority expects most of the economic benefit derived from the container port to be regional in nature. The forestry industry is one that could repositioning itself as the demand for value-added wood products increases in Asia. Although companies are re-locating to Asia because of low labour costs, the demand for capital intensive goods in Asia is rising, creating the opportunity for the sale for products produced using capital intensive methods or skilled labour.

To kick-start development related to the new container port, the Alberta government contributed \$2.75 million worth of land to develop an inter-modal container facility in Grande Prairie that will speed up the flow of goods from northern Alberta. Approximately 400,000 tonnes of special crops (includes pulse crops such as beans, peas, and lentils) are exported via container off the West Coast each year, and could be stuffed in regional facilities, to fill containers flowing back from the US Midwest.

How Do You Open a New World of Opportunity?

Bursaries for Education

The Prince Rupert Port Authority provides two bursaries, of \$1,500 each, to high school students in Prince Rupert, to assist them in the pursuit of their higher education goals. The 2005 recipients were Anna Robinson of Prince Rupert Secondary and Gregory White, of Charles Hays Secondary.

By Supporting Community Achievement

Ambassador of the Year Award

Mr. Don Krusel was awarded the Community Ambassador Award at the Prince Rupert Chamber of Commerce Celebration of Excellence night. The award is presented to the person who's activities throughout the year assisted most effectively in ensuring that Prince Rupert would be best represented on the world stage. Lauren Payne (left), from the Crest Hotel, the sponsor of the award, presented the award to Mr. Krusel.



Horizon

2006 Brings New Cruise Lines

Next summer, Prince Rupert will enjoy the addition of Holland America Lines, Royal Caribbean Cruise Lines, and Silversea Cruises to its 2006 lineup, joining Norwegian Cruise Lines, Celebrity Cruises, and Radisson Seven Seas from 2005. Prince Rupert will have 51 ship calls in 2006, a 2% increase over 2005.



"The inclusion of Prince Rupert as a destination in the Alaska program of an increasing number of cruise lines demonstrates that the cruise industry considers Prince Rupert as a valuable option for their itinerary," said Don Krusel, President and CEO of the Prince Rupert Port Authority. "The growth in capacity and diversity of the tour program, combined with expansion of visitor services and shopping, will only enhance our operations in 2006," he said.

Annual passenger numbers are also up, to more

than 98,000 in 2006, from 94,000 in 2005, creating the possibility of surpassing the 100,000 mark once the passenger count for the 2006 season is finalized.

The season starts on May 17, 2006, with two ship arrivals from Celebrity Cruise Lines, the Infinity and the Mercury. These two ships together will bring almost 4,500 passengers to Prince Rupert, the most in a single day in the history of the city. At 91,000 dwt and 965 feet in length, the Infinity is the heaviest and longest ship to ever dock at Northland.

2005 Cruise Season a Success

The record 2005 cruise season showed strong growth in the shore excursion program and improved passenger satisfaction.

"In our exit surveys and dialogue with the cruise lines, we saw a clear improvement in guest satisfaction over 2004," said Don Krusel, President and CEO of the Prince Rupert Port Authority. "We attribute that to the operational efficiencies created by the completion of the Phase II improvements to the upland area, the growth in services for tourists arriving by cruise ship, and the strength of the expanding range of shore excursion programs."

In the 2005 cruise season, Prince Rupert hosted 50 large cruise ships, carrying a total of 94,000 passengers. This, the second year of operations at the new Northland Cruise Terminal, represents a 50% increase over 2004 cruise ship traffic. The season started on May 26, with two ships here on the same day. It was the first time Prince Rupert hosted more than one large cruise ship on a single day.

The 2005 shore excursion program also grew, with a record 53% of passengers on tour from a single ship during an August visit, and over 21,000 passengers participating in tours during the season.

City Ambassadors Honoured

Each year, dedicated individuals volunteer to help make Prince Rupert a more accessible place for visitors. This hospitality extends beyond cruise passengers to all those visiting the city.

To thank them for their efforts in increasing cruise passenger satisfaction, the Port Authority, in

partnership with Tourism Prince Rupert and the City of Prince Rupert, hosted the Prince Rupert Ambassadors on a cruise of their own. They made tremendous efforts for Prince Rupert's cruise success over the past year.



Joan Hicks
Ambassador Extraordinaire

Rising Star Mentorship Program

The Prince Rupert Port Authority is a Platinum Sponsor of this Chamber of Commerce mentorship program. This program helps to promote business as a career option and promote entrepreneurship in the community. The entrepreneurial spirit in Prince Rupert will

be a key component in the success of the container port, as the development of export-oriented business is key to creation of business opportunities locally, and to attract shippers internationally. Two Port staff members, Maureen Bader and Mike Jackson, are shown here with their mentees, Katie Basso and Stephanie Martin.



Prince Rupert Port PARTNER PROFILE

Commissionaires BC



Sgt. Ravinder Parmar, Site Supervisor

The Post 9-11 world is one of heightened security, and to compete in the world marketplace, Prince Rupert must take the precautions necessary to maintain the highest standard of safety. The newly enacted Marine Transportation Security regulations require port facility operators to have security present whenever a foreign vessel is at a port facility.

Commissionaires BC first came on board to provide security services to the Port Authority for the opening of the 2004 cruise season. They provide roving patrols when cruise vessels are in Prince Rupert and assist with traffic control in and around the Atlin and Northland terminals. They act as ambassadors to the community for cruise passengers and also patrol other Port properties and man the security gate at the Fairview Terminal site.

Commissionaires BC

- Contracted by the Prince Rupert Port
- A division of Commissionaires Canada
- More than 2,000 in BC
- 17 in Prince Rupert

Qualifications:

Commissionaires BC provides private and public sector clients with complete security packages

- Highly trained personnel
- Advanced use of technology
- Cost-effective delivery

Training Program:

Completes Canadian Government Standards Board requirements

- Includes basic standards training (BST 1-2)
 - Crowd and vehicle control
 - Building security
 - Fire fighting
 - Client, customer, and employee safety



Security Update

Canada has one of the safest and most secure transportation systems in the world. The marine sector, a critical component of this system, supports the vital trade gateway connecting Canada to its international trading partners. The Marine Transportation Security Regulations (MTSR) came into effect in July 2004, as required by the International Ship and Port Facility Security (ISPS) Code. The ISPS code is an international agreement signed by all major trading economies of the world and seeks to establish an international framework of cooperation between governments and key marine industry players to detect and prevent security violations. Complying with the MTSR will, among other things, restrict Port facility access to authorized persons only.

Transport Canada's approach to increasing marine security has a number of objectives, including the safeguarding of marine infrastructure. This includes efforts to prevent potential terrorists or terrorist equipment from entering Canada or accessing the marine transportation system. They have also developed a six-point plan that outlines its activities



Fairview Terminal before demolition

towards enhanced marine security (see box).

Enhancing marine security brings other benefits to the community, such as combating organized crime, enhancing search and rescue capabilities, conserving fisheries resources, and combating marine pollution.

All facilities at the Port of Prince Rupert comply with the terms of the Marine Transportation Security Regulations and will be accessing funding under this program to make further security enhancements.

What a difference a year can make. More so when it is backed up by ten years of planning and hard work. For Prince Rupert, the year 2005 will be remembered as the year we embraced an opportunity laid before us and shaped the foundation for significant change.

We were lucky with the timing of world events, but luck only comes to those who are prepared, and because of that preparation, we were ready to seize the opportunities world events laid at our feet.

Congestion problems all along the West Coast created a positive climate for the new container port model we were promoting; a gateway facility designed as the point of entry to a land bridge between the Asian manufacturing powerhouse and the large consumption areas in the Midwest and East Coast of North America. What had been perceived as weaknesses – a small local population and remote location – have now become Prince Rupert's significant strengths, and we were able to capitalize on the opportunity placed before us to drive this project forward.

It was only this April that we received confirma-

tion of the Federal and Provincial commitments we needed to get this project off the ground. The \$60 million dollars in funding from those two levels of government made this project financially feasible and launched us forward.

CN Rail committed \$30 million dollars to infrastructural improvements locally and on the rail line east of here, as well as over \$150 million in new locomotives and rail cars. They will be working closely with us to market Prince Rupert to the world. In fact, it was CN that spearheaded the development of a dynamic promotional video on the new facility in Prince Rupert which is now played to audiences around the world.

Demolition of the buildings at Fairview is now complete. The first step in the new container port construction process is the wharf extension. That began when we ordered the steel piles. The steel piles will form the foundation of the wharf extension. The wharf construction contractor will be mobilizing soon, and is expected to be working on the site by the beginning of January.

By this time next year, pile driving will have been completed and the conversion of the terminal well underway. The big event will come in mid-2007.

6 Point Plan for Strengthening Canada's Marine Security

1. Clarifying responsibilities and strengthening co-ordination among federal departments.
2. Establishing marine security operations centres.
3. Increasing the Canadian Forces, RCMP, and Canadian Coast Guard on-water presence as well as the Department of Fisheries and Oceans aerial surveillance.
4. Securing fleet communications.
5. Pursuing greater marine security co-operation with the United States.
6. Strengthening the security of marine ports and facilities.

Message to the Community

The wharf extension will be ready to take delivery of three, super-post panamax cranes. These will become the tallest structures in Prince Rupert.

Throughout 2006, we will see the physical transformation of Fairview terminal, but this project will not only transform Fairview, it will rejuvenate Prince Rupert and the entire Northwest Corridor as it brings the Asian market closer to the exporters of the Northwest.

As this year comes to a close and we look forward to the opportunities of the future, let me take this moment to extend to the entire community, on behalf of the staff and Board of the Port Authority, a very Merry Christmas and a new year filled with opportunity.

Don Krusel
President
Prince Rupert Port



For ongoing developments, check our website: www.rupertport.com

We'd like to hear from you!

Please write your comments in the space below (attach a letter for detailed comments), then fax or mail us.

Name: _____

Address: _____

City: _____ Postal Code: _____

Telephone: _____

PRINCE RUPERT PORT AUTHORITY
Opening a New World Of Opportunity

