

Painful history is just history as Prince Rupert awaits bright future

Rebirth of terminals to serve cruise and container ships promises an economic boost across northern B.C.

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PRINCE RUPERT - When Mayor Herb Pond first sat me down to bend my ear about his city's prospects, he didn't even mention the failure of the huge Skeena pulp mill, or what at the time was a very faint hope it might be revived.

That was odd, when you consider how in the last eight or nine years the mill's fall to the bottom knocked the economic stuffing out of not only Prince Rupert, but also much of northwestern B.C.

Yet I don't think Pond was deliberately dodging this sad tale in the manner of a politician determined to hear, see or speak no evil. More likely, like most people here, he's fed up with pinning his hopes to Skeena.

And in his rush to tell me tomorrow's news about things he's quite sure are going right, he simply forgot to mention yesterday's news about something that everyone knows went wrong.

Not that it's hard for a newspaper writer to backfill the details about that saga -- and a number of others that have bedeviled this little city. The news pages have been full of it for years -- how the mill, the city's economic mainstay for half a century, hemorrhaged half its workforce and sopped up more than \$400 million in public funds in the late 1990s; how it closed in 2001 with the loss of its 500 remaining jobs; how efforts to revive it subsequently failed.

As for other woes, what was supposed to be a new liquid sulphur plant went under while only half-built.

The port's traditional commodity exports withered, first from the nearly moribund wood products terminal when lumber that used to pass through in multi-storey stacks began to be shipped in containers through other ports; then the same thing happened to pulp, another once-important commodity for the port here. And, of course, the Skeena pulp mill closed.

More recently, the price for Western Canadian coal collapsed and grain shipments through the port sagged, a one-two punch for the side-by-side bulk terminals.

To top it off, a fish-processing plant burned down, and last year even the salmon catch was down.

All of this meant, of course, that nearly one out of every three of the 18,000 people who once lived here drifted away to the northeastern oil patch or somewhere else -- anywhere that had work. The real estate market consequently collapsed, the banks foreclosed on dozens and dozens of homes, and retailers had no choice but cut back or close up.

In short, Prince Rupert has plenty of cause to look back in sadness, in pain, in anger.

But you can't focus on what's behind you when you're looking forward. And that's the favoured direction these days for not only Mayor Pond, but also many others here, especially business people. There's a palpable optimism in the air that makes you wonder if what you thought was the recent past isn't just ancient history.



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CREDIT: Stuart Davis, Vancouver Sun

Don Krusel, president and CEO of the Prince Rupert Port Authority, preaches the opportunity of this northern B.C. city. Behind him is the new cruise ship facility that has sparked a big increase in tourism.

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Prospects for a reincarnation of Skeena Cellulose look better now than when Pond and I first talked a few weeks ago. A court overseeing the mill's bankruptcy has accepted a \$4.8-million bid from a Chinese company, Sun Wave Forest Products. The new owners plan to reopen the mill's most modern and productive line. They'll need about 380 workers -- almost 80 per cent of the number who lost jobs in 2001, and about 40 per cent of the employment peak in the mid-1990s.

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But the mill, once the centre of Prince Rupert's economic universe, is now seen as a lesser light on the horizon. The big beacon heralding the way to better times -- and it's really, really bright -- is shining over the port.

What's most visibly happening at the port, especially this time of year, centres around the cruise ship industry -- a new thing for Prince Rupert, and a big one. But it's out of sight from the residential and business districts, down the shore at the former Fairview Terminal -- where freight shipments of a million tonnes a year in the 1980s had dwindled to less than 20,000 -- that the most significant development is going on.

At long last, Prince Rupert is embracing containerization -- the shipping trend that nearly killed it. And it expects to be handling as many containers as Vancouver by the time the second phase of port expansion is done.

Don Krusel, president and CEO of the Port Authority, says the first phase, already under construction, will cost \$170 million and provide a capacity for 500,000 TEUs (20-foot containers, or equivalents). The second phase will cost roughly twice that, and will quadruple the capacity. That means as many as 500 short-term jobs, and perhaps that many long-term ones -- plus spin-offs -- down the line.

The port expansion is made viable by the spending of \$150 million on highway improvements in B.C.'s northwest, and \$15 million to be put into rail upgrades. It's also tied to the CN takeover of BC Rail, and a sharp change in the attitude of the railway on which the port depends.

"BC Rail was always an impediment to Prince Rupert's port development," Krusel said. "A lot of sawmills and pulp mills were on BC Rail's line, but because the rail company was provincial, it didn't have to [tie in] to CN.

"Some could actually see the CN tracks from their windows, but because of pricing policies and a lack of agreements, they couldn't get their product here."

Now they can. And CN is an investor in the new port, putting \$30 million into the first phase.

The old port largely served the region and, for many years, not very well. The drying up of regional products and the waning of the port moved in lockstep.

The revival, however, is based on national, not regional, needs. It's to stock the shelves of Wal-Marts and Home Depots and other retailers in communities across the continent, and to ship out all kinds of products made in those places to Asia and beyond.

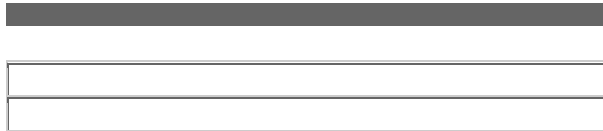
"We don't have a local market," Krusel said. "And that's actually an advantage."

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CREDIT: Stuart Davis, Vancouver Sun

Prince Rupert Mayor Herb Pond (left), Tourism Prince Rupert manager Bruce Wishart (centre), and Ches Koziol, owner of Pegasus Scooter Rentals, near the city's cruise ship facility. The scooter business was one of three tourism enterprises that started up during just one week this spring.



It takes 30 hours less for a ship from Asia to get here than to Vancouver, he said. Because all containers on board are destined for inland cities, there's no sorting to be done. All can be quickly loaded and moved out, and can be in Edmonton, or close to it, by the time a competing ship is tying up in Vancouver.

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Yet the national port will also provide opportunities for local and regional manufacturers.

In the past, explained Jim Rushton, the city's economic development officer, "a small manufacturer had to be able to fill a ship in order to get a ship to come in here.

"Now they'll just have to be able to fill a box."

This, said Krusel, "gives companies in northern B.C. -- all the way to Peace River country -- a chance to move up the value chain. They'll have very favourable rates to Asia."

Krusel is already hearing about plans for local or regional companies to do more high-value finishing of forest or fishery products, for example, or start exporting things such as bottled water.

"So this is transformational infrastructure. It will change all of northern B.C."

By comparison, the new cruise ship terminal, built by the community for just \$9 million, is small potatoes. But it, too, is goosing new businesses. About 20 tourism-related companies have opened or expanded this year, with four holding grand openings in a single week this spring, just before the first liner of the year arrived.

Bruce Wishart, manager of Tourism Prince Rupert, relishes the story of its growth.

It started with a boarded-up cannery on the waterfront, in the midst of three others that still operate. The ground floor became a series of arty shops; the upper floors office space for the port and tourism authorities and much more.

A big, floating passenger ramp was built to extend between two of the working fish plants, where disembarking passengers can watch boats unload. The roads and parking areas were paved last year, with work continuing even as the cruise ships arrived.

"We'd work right to the point where a ship came in," Wishart said. "Then we'd pack it all up and be a cruise-ship port. As soon as they left, we'd be working again."

Last year, 36 ships came. Each stayed six to eight hours, while passengers spent around \$80 each -- several million in total. This year, it's 51 big ships and 20 smaller ones, and initial tracking shows that each visitor is spending even more.

Several craft businesses, as well as cultural and eco-tours have spun off from this. Cow Bay, a once down-in-the-dumps part of the city, has been delightfully reinvented as a neighbourhood of quaint little shops and restaurants, and visitors can stroll from there to any part of downtown.

Wishart said the city was already getting about 400,000 visitors a year by car, but it needed the extra 100,000 or so from cruise ships to provide a better base for businesses.

He expects the number of visitors to double by 2010, and he notes that even general retailers are beginning to expand or to reopen stores that were closed during the grim years.

Pond said the cruise ship success has been important for the city not just for the money it has brought in, but also because it provides a much-needed psychological boost. Citizens turned out in huge numbers for the first ship's arrival last year, and the sight brought tears to many eyes, he said.

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But in a later chat he cautioned that a lot of skepticism is still to be found along with the optimism about the projects that aren't yet done deals.

"We have an odd phenomenon where the outsiders are all excited, but a lot of townspeople are scared to hope. . . . We've had our hopes dashed before."

No doubt a little skepticism is prudent -- if, as I hope, it proves to be unfounded, it never hurts to be pleasantly surprised.

But I'm one outsider who's still excited. The prospects for Prince Rupert's rebound look real to me.

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