

Bell, Pat JTI:EX

From: Bell, Pat JTI:EX
Sent: Monday, August 22, 2011 9:34 PM
To: 'P.Bell@leg.bc.ca'
Subject: Fw: Port of Prince Rupert Update
Attachments: image001.gif

From: Krusel, Don [mailto:dkrusel@rupertport.com]
Sent: Friday, August 12, 2011 09:36 AM
To: Bell, Pat JTI:EX
Subject: Port of Prince Rupert Update

Dear Minister Bell:

It was a pleasure to have had the opportunity to chat briefly with you during the Council of the Federation Reception on July 21st. As was mentioned at that time, there are numerous exciting developments taking place at the Port of Prince Rupert, all of which are having, and will continue to have, a significantly positive impact on, not only the economy of British Columbia, but also on the economic well being of western Canada as a whole. As per your suggestion, I am providing you with a brief overview of the current situation at the Port of Prince Rupert, as well as an indication of what is to come in the next 5-10 year timeframe.

Port of Prince Rupert has lead the economic recovery:

- **273% Growth in Port Volume in 5 years:** In 2005, when British Columbia's Pacific Gateway Strategy was being formulated, the Port of Prince Rupert shipped 4.4 million tonnes of goods through its port facilities. Last year in 2010, the Port of Prince Rupert experienced a record year of 16.4 million tonnes. The forecast for the current year of 2011 is another record level of 17.5 million tonnes.
- **North America's Fastest Growing Container Port:** In 2010, Prince Rupert's Fairview Container Terminal was acclaimed as the fastest growing container port in North America and the **8th Fastest in the World**. Since the opening of the Fairview Container Terminal in 2007, total volume has increased 132% to an annual volume of 343,000 TEUs in 2010. The terminal has reached 69% of the Terminal's design capacity in only 3 years of operation. Volume is expected to reach 400,000 TEUs this year which will necessitate the expeditious launch of a Phase 2 expansion of the terminal.
- **Only West Coast North American Port to show positive growth in June 2011:** The Port of Prince Rupert was the only container port on the west coast of North America to show year-over-year growth in Imported containers during the month of June. Prince Rupert was up an impressive 16% compared to June 2010 while total imports showed an overall decline of 8.7% for the entire west coast.
- **Container volume hit a record in June:** Prince Rupert's monthly container volume hit an all time record of 46,422 TEUs in July, a 20% increase from the previous year, 2010. Although figures are not yet available for the rest of North America, indications are that volumes were continuing to decline at other ports. On an annualized basis, this is the equivalent of the Fairview Container terminal handling over 550,000 TEUs per annum or 11% above the terminal's design capacity.
- **Port has created nearly 300 new Direct Jobs in Prince Rupert:** In the last four years, the renewed activity at the Port of Prince Rupert, through the expansion of container trade and coal terminal activity, has created over 270 direct jobs at port related facilities in a community with high unemployment and a desperate economy. This does not take into consideration the new jobs that have been created right across the northern transportation corridor with the increased rail traffic and container stuffing facilities in Prince George.

\$4.8 Billion of Port Infrastructure Development over next 5-7 Years:

- **PRPA's 20/20 Development Plan provides for over 70 Million tonnes of new shipping capacity:** The Prince Rupert Port Authority (PRPA) recognized several years ago that there would be a shortage of terminal and port shipping capacity on the west coast of North America due to the rise of China's economic activity. As a result, PRPA created a development plan that takes advantage of the Port's 1200+ acres of greenfield waterfront industrial lands to accommodate the expected growth. The "20/20 Development Plan" envisions the creation of multiple dry bulk, liquid bulk, container, break-bulk forest product, as well as automotive terminals that would increase the shipping capacity at Prince Rupert to nearly 100 million tonnes per annum. This would make Prince Rupert the second largest ports in Canada and one of the largest in North America.
- **\$600 Million phased expansion of Fairview Container Terminal:** Environmental permits are expected to be received for the phased expansion of the Fairview Container Terminal by 3rd Quarter of 2012, with construction to commence by the 4th Quarter of 2012. The first phase of the expansion is expected to be completed by 2014 and increase total annual throughput to approximately 1.3 million TEUs. An additional expansion, expected to be completed in 2017/18 will increase the terminal capacity to over 2.0 million TEUs. Total employment at the expanded terminal will be well over 1,000 direct jobs.
- **\$200 Million Rail / Road Corridor:** In order to provide rail, road and utility services to the undeveloped lands on Ridley Island the PRPA, in partnership with CNR, will build a Rail and Road Corridor loop around the Island. Detailed engineering will be completed by the end of 2011 and environmental permits are expected to be completed by mid-2012 and construction is anticipated to commence in early 2013.
- **\$400+ Million Potash Export Terminal:** Canpotex, the marketing and transportation arm of the Canadian potash industry is in the final stages of planning and engineering, what will become, the world's largest export terminals for potash. The facility, is expected to have capacity to ship in excess of 12-15 million tonnes of potash per year. The engineering and necessary environmental approvals are expected to be completed by the 4th Quarter of 2012 with construction to commence 1st Quarter of 2013 and operations to begin in 2015.
- **\$250 Million Expansion of Ridley Terminals Coal Facility:** Work has already begun on the expansion of the RTI coal facility in Prince Rupert that will increase the terminal's capacity from its current 12 Million tonnes per annum to a projected 24 Million tonnes. Not only is this significant for Prince Rupert, it is the foundation for the expansion of the coal mining industry in Northern BC and the creation of thousands of new coal mining jobs throughout the north.
- **\$400+ Million Coal Terminal Expansion:** Because of increasing demand and the expectation of even further expansion of coal mining activity in northern B.C., RTI, in conjunction with the PRPA, is planning for even greater expansion of the RTI Coal Terminal beyond the 24 million tonnes of capacity mentioned above. Planning is now taking place to add an additional 100 acres of terminal storage as well as a 2nd coal berth that will increase coal handling capacity in Prince Rupert to over 40 Million tonnes, making it the largest such terminal in Canada.
- **\$100+ Million Integrated Logistics Park:** In order to accommodate the demand for container logistics services [warehousing, distribution services, container stuffing, container de-stuffing, etc.] the PRPA has planned the development of a 300+ acre logistics park that will be fully integrated to the Fairview Container Terminal via a private-commercial road and have direct access to Highway 16 and the CN Rail network for unparalleled connectivity to the rest of British Columbia and North America. Not only will this provide an additional marketing tool for in-bound container traffic, it also provides the necessary foundation to continue the expansion of export trade from Northern B.C. by providing an economic platform for container stuffing activities.
- **\$2.5 Billion L.N.G. Terminal Development:** PRPA is finalizing commercial agreements with a world-renowned energy company that has developed LNG facilities around the world, to build and operate an LNG terminal in Prince Rupert in order to provide an export outlet for B.C.'s North-east Shale Gas developments.

Due diligence work is expected to be completed during 2012 with environmental and engineering work being undertaken during 2013-2014.

- **\$350+ Million Crude Oil Export Terminal:** PRPA is finalizing commercial agreements with a major Canadian Oil & Gas company to build and operate an export terminal for bitumen from the Alberta Oil Sands. The facility will be based on the "Pipeline on Rails" concept, which will see the bitumen being transported to Prince Rupert by unit train on the CNR rail system. Due diligence work is expected to be completed in early 2013 with environmental and engineering work being completed shortly thereafter.

Port of Prince Rupert will add \$2.6 Billion Annually to B.C.'s Economic Output:

- **10,800 Person Years of Employment / \$740 Million in Wages will be created in Northern B.C.:** Over the next ten years, with the full build-out of PRPA's 20/20 development plan and the projects listed above, Intervistas Consulting has estimated that 10,800 person years of employment will be created, generating \$740 Million in wages.
- **Construction activity will create 42,100 Person Years of Employment:** The development of the projects listed above will create 42,100 Person Years of Employment, generating \$1.8 Billion in wages. Additionally, construction activity will add **\$6 Billion of Economic Output** and **\$2.8 Billion of GDP** to the Provincial economy.
- **\$126 Million Annually of additional Tax Revenue:** With the full build-out of the PRPA's 20/20 Vision and the projects listed above, an additional \$126 Million of tax revenue will be generated on an annual basis. \$31 Million Provincial Tax Revenue. \$81 Million Federal Tax Revenue. \$14 Million Municipal Tax Revenue.

Minister Bell, I hope the very brief overview that I have provided for you above will do justice to the exciting opportunities that are being created at the Port of Prince Rupert. No doubt, the Port of Prince Rupert is going to play an extremely important role in British Columbia's economy over the next decade and will be a source of major job creation and growth. Should you desire to have a more fulsome presentation and discussion about the future development plans at the Port of Prince Rupert, I would welcome the opportunity to visit you in Victoria.

Also, as discussed with you, the PRPA would be very interested in participating in the planned trade mission trip to China and India being currently planned for this November.

Regards,

DON KRUSEL MBA, CMA
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Bell, Pat JTI:EX

From: Bell, Pat JTI:EX
Sent: Monday, August 22, 2011 4:33 PM
To: 'P.Bell@leg.bc.ca'
Subject: Fw: Fwd: Jobs Agenda 2011-08-21 V5.docx
Attachments: Jobs Agenda 2011-08-21 V5.docx; ATT00001.htm

From: Hayden, Dana JTI:EX
Sent: Monday, August 22, 2011 03:58 PM
To: Bell, Pat JTI:EX
Cc: MacInnis, Matthew JTI:EX; Parhar, TJ S JTI:EX
Subject: Fwd: Jobs Agenda 2011-08-21 V5.docx

Dana Hayden
Deputy Minister,
Ministry of Jobs, Tourism and Innovation

Begin forwarded message:

From: "Hayden, Dana JTI:EX" <Dana.Hayden@gov.bc.ca>
Date: 21 August, 2011 5:23:32 PM PDT
To: "McDonald, Mike PREM:EX" <M.McDonald@gov.bc.ca>
Subject: Jobs Agenda 2011-08-21 V5.docx

Sorry, use this version instead.

Other one had some comments in it that I didn't mean to send along.

Dana

Pages 5 through 25 redacted for the following reasons:

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