

Port Privatization: Commerce and Recreation

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Introduction

The spatial and functional separation of commercial ports and urban activities has become a controversial issue in many of the world's major ports. Hoyle suggested ports typically evolve through a five stage cycle: (i) primitive city port, (ii) expanding city port, (iii) modern industrial city port, (iv) retreat of the city from the waterfront, and (v) redevelopment of the waterfront.¹

Around the world, many commercial ports are either in or moving towards the fifth stage in Hoyle's port evolution model. As such, they face many pressures to redevelop their central city waterfront lands. As port operations move downstream in search for deeper water and landside storage, under-used or abandoned central city port areas are being redeveloped for water-related urban activities, including retail, residential and recreational pursuits. Increasing public demand for access to waterfront amenities coupled with heightened environmental concerns create new challenges in shaping tomorrow's waterfronts.²

In many countries, public ports have gained increased autonomy from various commercialisation and privatisation reforms. As a result, many of these ports are seeking additional, alternative sources of revenues, which may be provided by waterfront redevelopment projects.

Waterfront revitalization began in North America, "in the 1960s and 1970s, the United States and Canada were the cradles of the waterfront-redevelopment movement."³ The most emulated waterfront redevelopment project is Boston's Faneuil Hall and Quincy Market. This project created a prototype of the "festival marketplace" (an explicitly recreation-oriented "people place") that has been reflected in other waterfront redevelopment schemes. Wrenn described Baltimore's Harborplace, modelled after Faneuil Hall, as:

a shopping experience, even if it is first an experience of the sights and sounds of the marketplace, of ships in the harbor besides which it sits, of the colorful pavilion-like quality of the buildings themselves, and of the street performers and musicians who add to the fair-like atmosphere.⁴

Many North American waterfront projects have been developed including: Boston's Charlestown Navy Yard, Battery Park City in New York, Laclede's Landing in St. Louis Missouri, The Embarcadero in San Diego, and Fisherman's Wharf in San Francisco. Canadian ports witnessed similar waterfront redevelopments including: Historic Properties in Halifax, Market Square in Saint John, *Le Vieux Port* in Montreal, Toronto's Harbourfront, and Gastown in Vancouver.

The North American waterfront redevelopment phenomena was diffused to other ports around the world. Initially, waterfront development emerged in European ports such as London and then in Australia and Japan, but over time, increasing interest occurred in developing country ports. For example, Singapore has rejuvenated its historic harbour, historic waterfront buildings in Bombay, Calcutta and Madras are being protected and revitalized, Havana is renovating its port city's architectural heritage, and Cape Town has redeveloped its waterfront.⁵

But public interest in waterfront areas is not only limited to land-side activities. On the water-side, there are increasing numbers of recreational boaters operating in commercial shipping channels and harbours. Given significant differences in the size and handling characteristics of commercial ships and recreational boats using the harbour, conflicts between them in restricted waters are bound to occur.

This paper considers the effect of downstream re-location of Canadian ports on urban waterfront development, port reform and the need for Canada Port Authorities to seek alternative revenue opportunities through waterfront development, and conflicts between commercial shipping and recreational boating.

Pressures for Waterfront Renewal

The linkage between port and city is a historical reality. During the 20th century this linkage has increasingly been severed. Ports required both extensive land areas for storing cargo (primarily containers) carried on larger ships with their requirements for deeper water and spacious vessel

manoeuvring areas. As land acquisition costs soar in urban areas, port authorities seeking additional cargo storage areas are forced to develop downstream alternatives.

The opportunity for urban waterfront renewal on port lands left behind was created by three interrelated factors: changes to cargo-handling technologies (containerization, specialized bulk handling terminals, and intermodalism), spatial needs of modern ports (increased storage space and deeper water for larger ships), and the economic impact of declining port-related employment (leading to the need for generating alternative employment opportunities). The growing separation between the central city and its commercial port was reinforced by the port's downstream migration. A classic example is the Port of London's relocation of its commercial operations from the Docklands area in East London to its downstream terminus at Tilbury. Similar examples can be found in almost all major ports.

There has been growing public awareness of the value of the water's edge, particularly in terms of access to this important element of the urban fabric. Improving the waterfront has often served as a catalyst for revitalizing adjacent city centres. In today's fifth stage of port evolution, urban planners and land developers often have a greater impact on shaping the central city waterfront than the demands of maritime commerce. The pressures for waterfront redevelopment have become social, political, environmental as well as economic and commercial.⁶

As discussed below, the beneficial impact of Saint John's Market Square on the city's downtown revitalization efforts is a prime example of waterfront renewal. Urban planners and land developers generally understand the importance of an urban focussed waterfront, while port authorities often do not. As pointed out by Gordon, "port authorities often tried to hold onto the [waterfront] property, proposing new marine uses, such as a superliner terminal in New York or new general cargo facilities in London."⁷ Waterfront land is a non-renewable resource. While the public seeks access and urban-oriented redevelopment of waterfront lands, port authorities often try to retain their waterfront holdings for future cargo-handling. In some cases, in recent years, their resistance to converting waterfront lands to alternative uses has paid dividends with

the rise of cruise ship traffic. These large passenger ships typically seek berths close to active city centres to better serve their tourist-oriented clients.

Canadian Port Development

The separation of commercial docks and the city began in Saint John in the late 19th century and in Halifax in the early 20th century. As railways developed and required more land for their activities, the port of Saint John first moved to the west side of the harbour and later extended into Courtney Bay (developing a shipyard and other related port activity). Similarly in Halifax, railway land requirements led to the development of Ocean Terminals and rail yards to the west of the traditional city centre waterfront and later to the east into the Bedford Basin. In the 1970s, large land area requirements for containerisation forced both ports to develop container terminals by infilling older finger piers. Saint John's current long term plan for cargo-handling in the west harbour involves converting additional under-used finger piers into marginal wharfs and developing downstream towards Partridge Island at the harbour entrance. Halifax is considering major new container terminals either in Bedford Basin (requiring passage under two high level bridges) or across the harbour at the former Canadian Forces Base Shearwater.⁸

In Montreal, growing urban pressures in *Le Vieux Port* coupled with demands for waterfront access and the retention of scenic views of the St. Lawrence River led the port to abandon its initial work on a central city container terminal and move downstream to its Racine Terminal. The Montreal Port Authority subsequently acquired the former provincial port of Contrecoeur as the site of its next container terminal located about 40 km downstream.

In one of Canada's earlier and more controversial waterfront development projects, the former Toronto Harbour Commissioners (THC) converted under-used port lands near the city centre to other urban activities. The port had seen its fortunes wane as its international shipping declined due to ship size limitations in the St. Lawrence Seaway. By the mid-1960s, Toronto's

commercial port activities had moved eastward to in-fill industrial sites near the Don River leaving the central city waterfront area littered with decaying port and terminal facilities. In the 1970s, financial difficulties forced the THC to develop a new strategy - developing residential and commercial projects on their lands closest to the city's downtown. An agreement between THC, the City and a private developer led to the construction of Harbour Square, a dense urban complex of a hotel and several residential towers. In subsequent years, the THC launched other projects, the most dramatic being the World Trade Centre comprised of three 26-storey office towers, two residential towers (25 and 32 storeys) and several low-rise connecting buildings.⁹

The Vancouver Port Authority (VPA) has had operational problems due to extensive urban development around its main port area in Burrard Inlet. In the 1960s, the port created a deep water, off-shore coal terminal at Roberts Bank to the south of the city. In the 1990's, rapid container throughput growth in Vancouver led to the development of a new container terminal (Deltaport) at Roberts Bank. Initially, VPA had a challenge in raising its share of the capital funds required. One revenue generating solution involved the long term lease of 42 hectares of under-used port land near the city centre. VPA called for development proposals for the site based on the provision of a two berth cruise ship terminal and a variety of urban-oriented facilities such as a convention centre, hotels, offices, retail and residential. In 1994, the VPA accepted a proposal to construct a \$750 million waterfront gambling casino combined with a 1,000 room hotel-convention centre. For its share of the right to develop the project on port lands, VPA was to receive a \$60 million cruise ship terminal and a \$30 million payment. Political concerns and a public outcry over the proposed casino led to the subsequent shelving of the project. Despite this set-back, the VPA borrowed the necessary funds and Deltaport was constructed. The port's central city waterfront lands remain to be developed.

Today, the VPA faces renewed threats to its extensive container and bulk handling facilities and terminals located in Burrard Inlet. Political pressures are rising to convert port-related industrial sites from commercial use to residential and recreational purposes. At least one

local politician has been heard calling for the removal of all port operations from Burrard Inlet to make it into an inland recreational sea. The costs and complexities of re-locating all of the port's terminals from Burrard Inlet are staggering.

Canadian Waterfront Redevelopment

As pointed out by Hoyle, “the Canadian urban system as a whole provides a remarkable laboratory for the wider study of the [waterfront redevelopment] phenomenon.¹⁰ Hoyle's comments are based on the diversity of opinions expressed by various community groups, associations, and organizations on waterfront issues in many Canadian port cities.

Redevelopment has occurred on portions of waterfront lands in Canadian ports. In some cases, the port authority responsible for these lands was involved in either leasing the lands or, transferring waterfront lands to other agencies (either public or a public-private partnership) for development.

An early Canadian example of a port's successful transition from a commercial operation to an international centre for water-oriented recreation and yachting is Kingston, Ontario - the site of the 1976 Sailing Olympics. The port of Kingston had long served local and regional shipping needs. However, the 1959 opening of the St. Lawrence Seaway signalled an end to the port's commercial shipping, as the Seaway's main channel was located on the US side of the St. Lawrence River rather than through Kingston harbour. For its 1967 Centennial project, Kingston developed a park and marina near the city centre waterfront replacing abandoned rail yards. This facelift led to other waterfront related developments. Kingston was designated the site of the 1976 Sailing Olympics. This led to a joint federal/provincial/municipal initiative to replace derelict docks in Portsmouth Harbour to the west of the city centre with a modern yacht racing facility and marina (260+ berths). The Olympic Harbour was subsequently transferred to

Kingston. This facility and many other marinas (both private and municipally developed) in the Kingston area still serve as a focus for international Olympic calibre yacht racing (the annual Canadian Olympic Regatta Kingston - CORK).

In Halifax, the 1976 creation of the Waterfront Development Corporation focussed on revitalizing the downtown waterfronts of Halifax and Dartmouth. The primary aim was the restoration of Halifax's Historic Properties - a shopping, dining, and office complex extending along the central waterfront to encompass the ferry to Dartmouth terminal and the Marine Museum.

Public-private partnership was the key to developing Market Square on a former general cargo pier on Saint John's central waterfront. Market Square was designed to serve as a catalyst for the revitalisation of Saint John's decaying urban core. This mixed use complex involved a partnership of federal, provincial and municipal governments with a private developer. Modelled after Boston's Faneuil Hall, Market Square is a low-profile, people-oriented project atop a rebuilt waterfront pier. The site contains a hotel, convention centre, residences, retail, library, and provincial museum. Although Market Square had a positive impact on revitalizing Saint John's uptown area leading to the further development of retail facilities, an aquatic centre, and the Harbour Station hockey arena, it was not a success for the private developer. While the public-sector partners achieved their goals of urban revitalization and recouping their investments through taxes, the private developer was eventually bankrupted by the high carrying costs of the project's 66 year lease.¹¹

On Toronto's waterfront, concerns about public access led the federal government in 1972 to acquire 40 hectares of waterfront land in the west end of Toronto Bay for an urban park. In 1978, the federal government created the Harbourfront Corporation to develop the site on a cost recovery basis. Harbourfront's plan for mixed land uses including residential, commercial and recreational was seen by the public as a significant shift from the initially proposed waterfront park. Over time, as Harbourfront's financial burden grew and government subsidies declined, the

focus shifted to urban land development with the construction of several high-rise buildings on the site. Public concerns about the growing wall of tall buildings along the waterfront led the City of Toronto to impose a development freeze. In 1989, a recommendation of the Royal Commission on the Future of Toronto's Waterfront led to the dismantling of the Harbourfront Corporation and designating the remaining waterfront land as parks.¹² Similar water-related redevelopment initiatives have been undertaken in Vancouver's Gastown district and the Fraser River waterfront in Burnaby.

Port Land-side Survey

Conversion pressures on Canadian ports from nearby urban municipalities is occurring in many locations. A recent survey undertaken for this paper of the 19 major commercial ports designated as Canada Port Authorities (CPA) under the *Canada Marine Act* showed that 70 percent of them are experiencing urban pressures to convert commercial waterfront land to other uses. The most common alternative use cited in the survey was public access to the waterfront, followed by demands for residential use (high rise and townhouses), parks, recreational walking trails, and waterfront roads. Some of the port managers' comments about waterfront conversion include:

The most significant pressure is from adjacent municipalities and their Official Community Plans. These exercises tend to be driven by public opinion, hence parks and access to the waterfront become high priority, high profile issues.

[There is] a complete lack of understanding by the communities that their port serves the interests of 6 million Canadians, not just them, and their actions/requests can have a severe detrimental effect on families/communities 2-3,000 km away.

These comments echo an earlier study of Canadian ports that found urban planners and municipal councils more interested in waterfront rejuvenation as a support to city centre revitalization while port managers focussed on redevelopment for commercial cargo-handling and

shipping services.¹³ Urban planners tend to seek the “highest and best” uses for land. In the community *versus* ports debate, there needs to be a clear understanding of local *versus* regional concerns as well as short *versus* long term implications.

Canadian port reform led to the recent *Canada Marine Act* that changed the ports’ financial basis. Canada Port Authorities (CPA) are no longer eligible for federal financial support, but rather are expected to be economically viable and borrow needed funds from commercial lenders. They cannot use federal ports lands as collateral for their loans, only the revenues generated from the leasing and use of these lands.¹⁴ Within specified limits, CPAs are permitted to establish subsidiary corporations for ancillary activities. Financial constraints coupled with enhanced commercial freedom has led many CPAs to seek redevelopment opportunities for under-used port lands to generate revenues for capital projects.

Port redevelopment plans include recent proposal calls: in St. John’s to develop the harbour’s tourism potential, for Halifax’s Seawall project to revitalize under-used transfer sheds and marginal wharfs, and Saint John Port Authority’s participation with other waterfront land development partners in preparing a harbour land use and implementation strategy.¹⁵ Other Canadian ports are involved in local plans to increase waterfront access and convert port lands, including the Reichmann’s proposed waterfront Technodome project in Montreal, Vancouver’s quest for a third cruise terminal and ancillary activities, and the continued threat (evident during the recent Toronto Summer Olympic Games bid) to close down the Toronto Port Authority and convert the port’s remaining commercial lands to residential and recreational uses.

Port Land Use Plans

The *Canada Marine Act* of 1998 requires Canada Port Authorities to undertake a land use plan to outline the objectives and policies for the development of the properties they manage, hold and occupy. These plans consider relevant social, economic and environmental matters as well as city planning regulations effecting neighbouring port lands. The *Canada Marine Act* expects

public consultation in the preparation of the port's land use plan. As pointed out by Hoyle, "community groups provide a significant influence on the processes of change in waterfront zones. Such groups constitute a source of ideas; they influence the pace and pattern of change and development."¹⁶

The CPAs' land use plans involved the public in varying degrees, ranging from providing a review period and one public meeting to extensive involvement with stakeholder groups and multiple public meetings. One of the key lessons gleaned from the public consultation process is that "even the simple matter of learning more about the port fosters greater understanding and cooperation in the future."¹⁷ In some cases, such as Toronto, there was considerable opposition to the port's land use plan. In other cases, such as Fraser Port Authority, criticism revolved around the process rather than the contents of the plan.

Various CPAs used their land use plans to identify specific needs. For example, several ports used their land use plan to focus on land acquisition and disposal. Land constrained ports considered how to specialize their operations to optimize the use of limited port lands. For example, the Vancouver Port Authority focussed on developing higher-value container shipping. But even they recognized the importance of diversity and have hesitated in becoming too specialized. Most ports were not looking at new uses for their lands. For example, the Saint John Port Authority recognized the need for public access to the waterfront and indicated it would consider supporting various waterfront initiatives provided they did not erode or compromise the port's land holdings and commercial facilities and activities.¹⁸ Despite CPAs' basic conservatism in considering alternative land use, many port cities, such as Vancouver, Halifax, Toronto, Hamilton, and Oshawa, are looking at developing their waterfronts for new commercial uses including offices, restaurants, retail and entertainment activities.

International Waterfront Redevelopment

From an international perspective, the conversion of under-used, central city port lands to alternative urban uses has continued unabated. In the British case, the former port city of Cardiff has transferred its area of enclosed docks and adjacent docklands to an Urban Development Corporation for use as housing, offices and recreational purposes.¹⁹ An earlier 1970's project in the London Dockland area witnessed the development of St. Katherine's Dock as a mixed use tourist attraction based on a marina, pub, hotel and speciality shops. The move downstream by the London Port Authority to Tilbury allowed for the subsequent redevelopment of the Dockland area. The Docklands were serviced by the new Dockland Light Railway and the development of Canary Wharf - a massive mixed use complex focussing on office and commercial development. Both the Railway and Canary Wharf have become major tourist attractions.²⁰

Similar waterfront redevelopments occurred in other major European port cities. For example, Rotterdam preserved its central, historic port as a tourist attraction - the site of the start of the Mayflower's epic voyage to America. Other Rotterdam city-centre waterfront developments include new river bridges and massive mixed use developments involving hotels and office complexes. Malmö, Sweden is witnessing the conversion of its large, abandoned shipyard on the central waterfront into a mixed use project focussed on providing facilities for the new University of Malmö.

In the Australian context, Sydney Harbour is rapidly being depleted of commercial shipping, with the exception of cruise ships and ferries, as the waterfront converts to housing, land-side commercial and recreational activities. Residents in urban developments close to commercial port activities are forcing terminal operators to curtail night-time operations, limit light "spillage" on adjacent properties and reduce their noise and pollution levels. Such constraints are forcing commercial marine activities to move to near-by Botany Bay.²¹

On the other hand, the port privatisation initiatives in various Australian states

encouraged some ports to embrace alternative land uses as a means of generating revenue.²² For example, following port privatisation, Hobart Ports in Tasmania diversified its marine commercial activities to include the redevelopment of Elizabeth Pier on the waterfront (converting a transit shed into a top-level hotel, restaurants and other commercial activities), establishing a fishing centre to use their cold storage facilities to attract New Zealand fishers from the Southern Ocean, encouraging cruise ships to home-base in the port (using the airport to handle transfer passengers), and establishing a deep-water marina to serve larger ocean-going recreational vessels.²³ The reforms undertaken in Hobart have been cited as being the most progressive in Australia.²⁴ Similar accommodation for alternative port land uses have been undertaken by the Port of Fremantle in Western Australia. The port has contributed to the City of Fremantle's tourism potential by converting under-used general cargo wharfs and sheds on the city side of the Swan River into boutiques, cafes, restaurants, and a new marine museum.²⁵

The introduction of commercialisation and privatisation to ports governance around the world has generated interest and development activity in alternative port land use. In the Canadian case, as discussed below, the port reform process did not move major ports too far to the economic right. The result is that CPAs have tended to be conservative in considering radical changes in land uses on their waterfront lands. One reason for reluctance to change waterfront uses is that CPAs only manage but do not own federal port lands. The federal government, through Treasury Board and other central agencies, tends to be very slow to allow change of use and the acquisition and disposal of government lands.

Commercial Shipping *versus* Recreational Boating

A recent survey of long distance cruising boats found about 10,000 yachts are travelling the oceans each year.²⁶ The increase in numbers of recreational boats around the world is leading to an growing potential for conflict in harbour and channel use and in major trade routes between

commercial shipping and recreational craft. This conflict is particularly exacerbated by the significant differences in size and handling characteristics of these two types of water craft. One can witness the difficulties larger container ships experience travelling through Halifax harbour towards the Fairview Terminal in Bedford Basin on a pleasant summer weekend. Many smaller craft dart across the larger ship's bow forcing the pilot to blow the steam whistle almost continuously to make passage. Similar incidents can be seen on Canada's west coast where BC ferries are forced to make emergency stops as larger recreational boats meander across their bows.

One pilot suggests it is extraordinary that automobile drivers are licensed before being able to drive on the highway, but boaters, who manoeuvre larger, expensive, and more difficult to handle water craft, are often free to do so with little or no training nor licensing requirements. Larger ships, due to their size, weight, momentum and limited manoeuvrability, particularly in narrow channels and restricted harbours, are often unable to get out of the way of smaller boats. In addition, large ships have many blind spots on their bridge leaving smaller craft near them vulnerable, "to a pilot, one of the most horrifying experiences is watching a small craft disappear from sight under the wide flaring bow of his or her ship when it is underway."²⁷ Typically, larger ships try to set a course and avoid deviating from it so that recreational boaters will know what the commercial ship is doing.

Port Water-side Survey

A recent survey undertaken for this paper of Canada Port Authorities found that 40 percent of them experience water-side conflicts between commercial shipping and recreational boaters. The types of water-side conflicts vary from Halifax's difficulties with weekend sailors to ferry and laker interactions with recreational boaters in Toronto harbour to jet-skiers surfing the wakes of larger ships in the Fraser River. A number of other water-related problems identified in the survey included the pollution potential on fishing grounds, conflicts among different types of recreational water users (jet skiers *versus* rowers), sailboat racing, para-sailing routes and so

forth.

Various strategies have been developed by the CPAs' Harbour Masters to reduce these conflicts. These steps vary from Halifax' educational video showing the view the pilot's view from the bridge of a large container ship, to presentations at marinas and yacht clubs, to posting notices of harbour regulation offenders, to posting regulations on the internet, to scheduling times for different recreational craft uses in restricted waters, to banning recreational boaters in the inner harbour, to requiring permits for specific water-related events such as sailboat racing. As the number of recreational boaters increase over time, water-side conflicts will continue to interfere with efficient commercial shipping in major ports. Steps are needed to educate all boaters to the dangers of interfering with commercial traffic in confined waters.

Waterfront Development and Harbour Issues

The redevelopment of waterfront lands continues to be controversial. The *Canada Marine Act* requires Canada Port Authorities to be financially self-sufficient, pay annual stipends to the federal government based on their gross revenues, and make property tax payments to adjacent municipalities. The need for revenue generation is forcing many CPAs to focus on non-port related land development. In turn, this adds another challenge for port managers. Their primary role continues to be providing efficient cargo throughput. Dealing with land-side urban development may cause them to stray from their primary mission. In an increasingly domestic and international competitive situation, can Canada's ports allow themselves to be diverted into secondary, potentially controversial and risky undertakings? Should ports find other ways of dealing with this development opportunity?

The *Canada Marine Act* created barriers to the transition of under-used port lands to non-port related activities. Various federal approvals are required to change such uses, including re-negotiating the CPA's letters patent. The *Act* requires CPAs to develop a land use plan;

possibly to designate surplus port lands. However, as CPAs do not normally gain from the revenues generated from the sale of such lands, it is doubtful any port lands will be declared surplus. To promote waterfront land rationalization, there may be a role for revenue sharing between CPAs and the federal government on the sale of port lands.

One of the main problems facing waterfront landowners (in many cases, the federal port authority) is the multiplicity of jurisdictions affecting their property. The federal government has jurisdiction over all water lots and the submerged lands below the ordinary low water mark while the provinces control all land use above low water. Typically, municipalities have been delegated provincial planning authority to control land use zoning, including the waterfront lands. Although the federal government is constitutionally exempt from abiding by provincial legislation, previous Ministerial directives to the Canadian ports required adherence to municipal planning regulations.

Waterfront redevelopment is an expensive and complex process - one that requires considerable amounts of up-front capital (normally public loans or grants) and time (to convince the development industry to take a risk on property with a previously poor image and to reflect swings in building and economic cycles).²⁸ Planners and land developers understand the complex and political nature of urban development while port authorities may not. In the US, the Port of Oakland experienced financial difficulties in its foray into the land development business, leading to the sudden departure of the port's general manager. The key to successful waterfront redevelopment is determining how to blend the commercial strengths of port managers with the land development skills of urban planners to achieve appropriate and sensitive waterfront rejuvenation to rationalize the use of this increasingly scarce land resource.

The Case of Toronto

Waterfront land redevelopment in Toronto continues to be controversial. Earlier, the THC shifted its focus from commercial port operations to waterfront land development. This land

development thrust was identified by the Royal Commission on the Future of the Toronto Waterfront in its recommendation that:

The federal government should enact amendments to the *Toronto Harbour Commissioners Act, 1911* necessary to consolidate all THC terminal activities on approximately 40 hectares (100 acres) of land The balance of THC lands should be transferred....²⁹

The port lands were consolidated in the western portion of the industrial district in the eastern harbour. In late 1991, the THC negotiated the transfer of lands considered to be surplus to port requirements to the Toronto Economic Development Corporation (TEDCO). TEDCO had been created as a separate municipal corporation in 1982 to create industrial jobs, particularly on under-used or surplus city property. The agreement called for a transfer of land from the THC to TEDCO. As the THC relied on the lease revenues from these lands to cross-subsidize its port operations, the agreement called for TEDCO to provide an operating and capital subsidy to support the THC's remaining operations, if necessary. In addition, TEDCO took the lands "as is" with the burden of environmental clean-up (particularly soil remediation) prior to future development.

Toronto's waterfront plans continue to be controversial. The recent bid for the Summer Olympics proposed virtually shutting down the Toronto Port Authority (TPA) to convert the inner harbour to recreational purposes. Commercial cargo destined to/from Toronto was to be handled elsewhere (Oshawa and Hamilton were suggested).³⁰ Public consultations on the future of the Port of Toronto found there was a strong preference to leave the port where it is currently located coupled with an increase in recreation activities and conservation areas.³¹

Toronto's recent waterfront plan, "Making Waves: Principles for Building Toronto's Waterfront" proposes a \$1.5 billion urban redevelopment that includes the port's limited commercial activities. The plan proposes to make the port's former industrial lands held by TEDCO a major focal point for a new mixed use community rather than retaining the lands for

industrial uses.³² The TPA continues to seek the return of 600 acres of industrial land from TEDCO. The TPA filed a Notice of Action suing the City of Toronto and specified municipal officials to regain the lands and other funds.³³

Other Canadian port cities face similar disputes. In the Vancouver case, some of the port's adjacent municipalities in the Burrard Inlet are increasing their industrial property assessments to gain additional property tax revenues from the port and its leased terminals. This tax revenue grab coupled with calls to convert Burrard Inlet to a recreational sea threaten the continued viability of the Vancouver Port Authority. Also in the Vancouver area, the Fraser River Port Authority is finding that as pulp and paper mills shut down, their waterfront industrial lands are being converted to higher value residential uses. This change in land use limits the port's ability to reuse these industrial lands for other cargo-handling activities.

On the water-side, conflicts between commercial ships and recreational boaters continue. However, steps are being taken by Transport Canada to enhance harbour regulations under the *Canada Marine Act* to allow the CPAs' Harbour Masters to better control the situation.

Conclusions

A major challenge facing Canadian ports is pressure to convert under-used waterfront lands from cargo-handling to urban development. Several Canadian waterfront projects have been undertaken with the port authority involved in the land-side development. Restricted revenue generation for CPAs under the *Canada Marine Act* is leading ports to shift their focus to land-side, non-port related activities. Given these urban development pressures, there is a need for an alternative approach to waterfront development in major Canadian port cities - one in which both CPAs and the federal government land owner share in the revenues generated from the urban

development of the port's surplus lands.

Commercialised and privatised ports around the world seek alternative revenue generating opportunities, such as waterfront redevelopment. There is a need to determine the efficacy of encouraging port authorities to participate in complex waterfront development projects. How are major ports coping with this situation? Do enhanced commercial freedoms through port reform help them to participate in waterfront development? What processes are needed to ensure port authorities continue to focus on maritime commerce while dealing with waterfront development? What skills and expertise do port authority managers need to cope with this growing challenge? An in-depth survey of major commercial ports may provide answers to these and other related research questions.

Improving the process of waterfront development requires better communication and understanding between port authorities and city planners. Canadian ports provide an essential cargo-handling function that serves both local and regional needs. Local communities may not fully understand or appreciate this broader port function. Improved dialogue among the parties involved is needed to ensure that ports continue to effectively serve the Canadian maritime transportation industry while releasing surplus lands for alternative urban development to meet the public demand for improved access to the waterfront.

There are conflicts in restricted channels and harbours between larger commercial ships and recreational boaters. These conflicts will inevitably increase in the future as more and more people choose boating as a recreational pursuit. Many of the steps being taken by CPAs and their Harbour Masters should reduce these conflicts a minimum. Such steps by Canadian port authorities may provide models for emulation by others. In turn, port authorities in other countries may have taken more significant approaches to deal with this growing conflict.

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