

## CASE STUDY BACKGROUNDER

### Environmental Governance and Infrastructure in the Gulf of St. Lawrence: The Confederation Bridge Project

- Illustrates how environmental considerations are subsumed to economic development desires
- Good example of shifting risk from public to private sector
- State used to prepare ground for private sector to flourish
- Root of public environmental consciousness in the Gulf

The Confederation Bridge is a major piece of infrastructure in the Gulf of St. Lawrence. Stretching across the Northumberland Strait linking the provinces of Prince Edward Island and New Brunswick, it is the longest bridge over ice covered waters in the world at 13km. The bridge was built over the course of five years beginning in 1993 and opened in 1997. It was also the result of a public-private partnership (P3) where the private sector financed, built and received a 35-year contract to operate it after which ownership reverts to the federal government. Annual payments of \$42 million dollars would be paid by the Government of Canada during its 35-year operation and Strait Crossing International, the winning builder, would be able to collect and keep tolls for its use.

The Confederation Bridge is also a toll good. This is a situation where people can be prevented from its use if they do not pay the toll and where payment for use by one person does not reduce its availability for others to use. Under such a scenario, the private sector is faced with a set of incentives to maximize profits within the limited time available to not only recoup their initial investment but to maximize their return on investment. Conversely, pressure exists to minimize costs to construct the bridge including minimizing environmental concerns since not doing so would entail added costs and negatively affect profits.

This case study explores how tight control of the decision-making process leading to the Confederation Bridge's construction created the conditions for a successful P3 as measured in economic terms. Yet this state directed set of network relations did little to effectively address environmental concerns including ice formation and ice out conditions, as well as, issues of sedimentation which were of great concern to local fishers. So concerned was the Government of Canada with not shouldering the financial costs and associated construction risks for this mega project in an economically depressed region that it did whatever it could to procedurally pave the way for its construction. This included short decision-making windows and the selective and minimal release of information thereby minimizing opportunities for resistance. For its part, the federal government would reap short term political gains and rid itself of operating a ferry service.

#### Reflections

The Confederation Bridge case study offers us important insights on the importance of incentive structures for toll goods and the importance of windows of opportunity. The early



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1980s in Canada was the beginnings of a paradigmatic shift with the acceptance of neoliberalism and its emphasis on a small state role in the economy thus necessitating privatization, deregulation and devolution. It also coincided with the election of a new federal Conservative government with deep ties to Atlantic Canada and a desire for new approaches for development. The Confederation Bridge presented such an opportunity. To ensure its construction though, tight control of the process was needed, and the state proceeded to do so. In essence, the case study is an example of when federal state interests dominate local interests in order to obtain a particular outcome. By controlling the information and process, the desired outcome could be achieved. Thus, the state cleared the underbrush to allow private sector forces to maximize their return on investment to offset their risk in the project, something the state had no appetite for.

From an environmental governance perspective and seen in isolation, construction of the fixed link represents a low point in environmental governance of the Gulf of St. Lawrence. It was a loss in that environmental considerations were minimized. Baseline data did not exist while few studies were conducted to examine environmental effects. Worse yet was the fact that what information was produced remained largely out of the public view and controlled by proponents. An environmental assessment was only initiated after federal officials were legally directed to do so. Defining the issues as an engineering one and in proposing engineering fixes to mitigate any negative environmental issues worked to ensure the fixed link's construction.

This paints a bleak picture for opposition forces and the Gulf polity more broadly. Yet, it was the Confederation Bridge's construction that helped civil society actors grow and learn for future issues they would encounter such as with the *Irving Whale* recovery and the current PEI *Water Act* deliberations. In essence, the Bridge's construction was formative in establishing and coalescing an environmental consciousness on the Island. While seemingly inward looking, insular it was not with groups reaching out to national organizations for help throughout the process. Furthermore, it was instrumental going forward for bringing into focus the importance of political considerations and the challenges they posed. Inadvertently, the Canadian federal state gave root to public environmental consciousness in the Gulf.

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Figure 1: Interests and Processes

