

ITB: A Family Affair



The story of Island Tug and Barge is really the story of one well-known company name, two tugboating families and a series of bold, innovative moves.

BY S.C. HEAL

PHOTOS COURTESY ISLAND TUG AND BARGE EXCEPT WHERE INDICATED

In all the annals of BC's tug and barge industry, there is no more unusual story than the founding in 1925 of one of the province's largest companies, its disappearance due to merger in 1970 and its revival in 1995. Reborn, its name and identity are now carried by one of the most vigorous Canadian West Coast companies. This was all accomplished with the original incorporation documents remaining intact throughout, although there have been several changes in shareholdings over the years.

Origins of a Name

Prior to 1925, the coast was served by one significant salvage concern, the Victoria-based Pacific Salvage Company, controlled by brothers Arthur and Newton Burdick. In Pacific's employ was a young man named Harold Barrington Elworthy. Young Elworthy started as an office boy and quickly moved up, despite being fired at least once for showing initiative in an emergency, though it meant countermanding a company rule.

Elworthy was quickly reinstated by Pacific Salvage, but his experience and capacity for managerial good judgement soon led him to go into business for himself. He incorporated Island Tug and Barge in 1925, with one small tug and a wooden scow. In 1926 Elworthy bought out Gardner Towing (also of Victoria), substantially increasing his fleet. The company made progress despite the depression, and around 1934 acquired three large log barges (the former Robert Dollar sailing ships) from Pacific Coyle Navigation.

In 1937 Island Tug established deep-sea towing capability by

acquiring the big ex-U.S. Government steam tug **Snohomish**, but immediately following the war this tug was sold to Argentine interests after delivering six ex-U.S. Army tugs by barge to Buenos Aires. In the meantime a large U.S. Army tug with deep-sea potential had run aground and sunk in Johnstone Straits off Vancouver Island. She was abandoned, so Island Tug salvaged and refurbished her as the **Island Sovereign**, and this became ITB's flagship.

In the late 1950s the U.S. started to send its large fleet of Liberties and other surplus vessels to the scrap yards, and Island Tug had to scramble to find new towing capacity. Its first move was to acquire the ex-Canadian Navy corvette **Sudbury**, followed by two big American-built tugs purchased from the Australian Commonwealth government, named **Caledonian Salvor** and **Cambrian Salvor**. **Caledonian Salvor** became **Sudbury II** and **Cambrian Salvor** retained her original name but was placed into the ownership of a Netherlands Antilles based unit of L. Smit International, the two tugs operating in a joint venture called Transpacific Towing Ltd. (Smit was a big contender for this type of towage, and the arrangement positioned them as co-venturers, rather than competitors in a race which Island Tug would have eventually lost).

A Struggle for Control

The establishment of Island Tug and Barge has always been publicly linked to H.B. Elworthy, but he was backed by the Burdick Brothers who maintained tight control over their ambitious president. The Burdicks control was sufficiently restrictive that when approached

by Senator Stanley S. McKeen (a man with a long history in West Coast towboating and lots of good connections), Elworthy joined McKeen in a partnership of interests. This led to the establishment of Straits Towing and Salvage, another major post-World War II operator. However, Elworthy wasn't a man to take a back seat to anyone, and with him and McKeen sharing the driving seat at Straits, developments were inevitable.

During World War II, Arthur Burdick started to shed his business interests. He'd already disposed of another tug boat business, Dominion Tug and Barge, and his Pacific Salvage Company — a strong player in the railcar barging business — was sold to the McKeen interests at Straits Towing. Burdick also controlled Pacific Dry Dock Company, which he sold to its bigger neighbour Burrard Dry Dock Company.

When the control block of shares in Island Tug and Barge became available from the Burdicks in 1947, H.B. Elworthy was quick to act. He parted company with the McKeen interests and moved back to Victoria. He received some backing from Seattle's Foss Maritime and the McLarens (then of West Coast Shipbuilders), as well as two of his old employees, Norman Turner and Oliver Prentice. This time, at the age of 51, he made certain that he retained an overall controlling interest. He was joined by his three sons, Arthur, Don and Gordon who were to occupy senior management positions until the end of the Elworthy period.

H.B. Elworthy had an unerring sense of the value of publicity and good public relations. He worked with the press and saw to it that when anything newsworthy developed, the media was invited in, on



The 59-foot, 1050-horsepower **Island Wave** (1977, Allied Shipbuilders) one of ITB's coastal tugs, with the 23,000 barrel tank barge **Empire 45**.



The modern incarnation of Island Tug and Barge grew partially from Shields Navigation, which was founded by Peter Shields (left). Peter's son Bob Shields (right) is now the president of Island Tug and Barge.



his terms. With the aid of publicity films and printed materials that circulated to associations, underwriters, clubs and schools, Elworthy built ITB into something of an icon, establishing the company in the public eye and drawing youth into the industry.

Sale, Merger and Disappearance

In 1960, control of Island Tug passed to McCallister Towing of Montreal, with the Elworthy, McLaren and Foss interests all selling out. Harold Elworthy and his three sons remained on ten-year employment contracts, and by 1970, ITB was in control of a large fleet with important positions in railcar and log barging, oil distribution, woodchip hauling, and a scheduled general cargo service upcoast.

But 1970 was the year for mergers, and out of this came a great reshuffling of the BC coastal towing business. In the first big merger, Straits Towing (controlled by the McKeens and F.B. Brown) and Rivtow Marine (headed by the Cosulich brothers) came together as Rivtow-Straits, eventually to revert to Rivtow Marine. A second merger followed in a matter of weeks and this involved Island Tug and Barge, and Vancouver Tug Boat Company.

VanTug, as it was widely known, was a company of similar stature to Island Tug, and they came together to form Seaspan International Limited. Van Tug was controlled by Dillingham Corporation of Hawaii, while McAllister Brothers (ITB's parent at the time) had become an operating division of Montreal's Genstar Corporation. The absentee owners were almost certainly advised by local man-



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The **Coal Island** was one of the early vessels in Shields Navigation's fleet. Note the cable-laying drum just forward of the wheelhouse.

agement in bringing about Seaspan's birth, but as a result all vestige of Vancouver Tug Boat Company and Island Tug and Barge was obliterated. Soon after, Dillingham sold its interest to Genstar. Although Genstar was a keen, efficient company, the local touch was gradually eliminated as people retired or died off. As well, the new corporate credo was a less than perfect fit for the Elworthys, and they did not remain for long.

But Seaspan prospered, and in 1977 acquired Gulf of Georgia Towing Company, which left the industry dominated by Seaspan and Rivtow. In the meantime Seaspan's parent, Genstar, had been expanding its interests on non-marine fronts, including a move to take over Canada Trust, Canada's biggest trust company. But others had different ideas.

To gain control of Canada Trust, a hostile offer was made for Genstar by Imasco (a holding company whose fortune came from the

tobacco industry). The offer succeeded and then Imasco set about selling off non-core assets including Seaspan and its sister business Vancouver Shipyards. To the considerable surprise of everyone, the successful bidder, in 1987, was a local financial syndicate headed by Peter Shields, a small but successful Vancouver tug boat operator and professional engineer.

Raising the Ante

At the time of the Seaspan takeover, Shields was operating his own business as Shields Navigation Ltd., and it was in possession of two very important accounts: the area's telephone and hydroelectric companies each with extensive submarine cable installations. Investing in the right equipment and know-how for the job, Shields Navigation had guarantees of long-term employment in servicing these underwater cables, giving Shields a strong economic base upon which to build.

Shields took over the presidency of Seaspan International, but wisely kept his own smaller company independent, installing his son Bob Shields at the helm of Shields Navigation. Seaspan International became a group with Vancouver Shipyards and a sister shipyard business in Victoria, plus some smaller subsidiaries.

During the Shields reign, Seaspan wound up various international ventures in favour of investment closer to home, and fresh initiatives were launched based in Vancouver, one of which was to be the door opener to Seaspan's next major change in fortunes. In the early '90s, American entrepreneur Dennis Washington arrived on the scene. Among other investments, he acquired the highly-respected family

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firm C.H. Cates and Sons, which until then had enjoyed a virtual shipberthing monopoly in Vancouver harbour. After Cates was taken over by Washington, Seaspan decided to give them competition in ship-berthing. Washington's record indicates that he was never the man to deliberately seek to destroy his rival or himself in ruinous competition. He was a man who was prepared to share the market, but would expect the largest share. In any event, in a further reshuffle Shields and his one remaining partner sold their controlling interest back to a reformed Genstar group who in turn sold to Washington. Each sale was profitable for the vendor and Washington acquired complete ownership of Seaspan and the two shipyards.

Building a Family Business

While Peter Shields was busy with Seaspan, Bob Shields was busy building the family business. A certified skipper and capable manager, Bob Shields grew up working the tugs, but also found time to pursue a university degree. "I started working on the tugs in the summer months in about grade nine, I guess," explains the younger Shields. "It was one of those classics — you're in high school, coming out of the year and looking forward to summer vacation with all your buddies, but I was directed to the back seat of a vehicle and delivered to a dock." Summers aboard the tugs continued throughout high school and into university, from which Shields graduated with a Bachelor of Science in economics. "Then I went full time on the tugs, to finish writing my tickets," he explains. He wrote his mate's ticket right after university, then wrote his master's ticket a couple of years later. "About six months after that our operations manager retired, and

that was about the time that dad got involved with Seaspan, so it was time to go into the office," Shields points out.

In the early '80s Peter Shields had started a company called Standard towing Ltd, which ran a tug for contract towing of Chevron's big new barge **Chevron Haida** (now the **ITB38**), and around 1990 Bob Shields started Seatow Marine. "That was to create a company with a different complexion, where it was partially owned by the employees," he explains. "It was a one-vessel operation with the **Island Warrior** — the old **Seaspan Warrior** out of Seaspan." Soon after that he started International Tug and Barge, in order to purchase the Chevron barge. "It was around the time of OPA90, on the heels of the **Exxon Valdez**, and there were grave concerns about the risks and liabilities of going into oil, so we sought to separate our oil operation," says Shields. International Tug and Barge soon added the **Empire 45** to their fleet (from PetroCanada), and later built the **ITB Pioneer** and the **ITB Vancouver**.

Rebirth of a Giant

In the meanwhile, about the same time International Tug and Barge was getting started, Shields, had an opportunity to start another company similar to Seatow. "We were going to take a small tug, the **Pacific Force**, and run it under the same sort of style," Shields explains. "We were looking for a name to call this new company, and dad happened to come into the office and he said 'I was just going through the corporate records at Seaspan, and we still have the old Island Tug and Barge name, do want that one?' And we said 'that sounds great.'"



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The **Georgia Transporter** (1963, Mckenzie Barge & Derrick) is a self-propelled cable-laying ramp barge, used by Island Tug and Barge to service its continuing contracts with Telus and BC Hydro, as well as other cable-laying projects.

So in a moment of serendipity that would pay dividends, Shields bought the shell of the original Island Tug and Barge from Seaspan (where it had become little more than an archival curiosity), and started his new company. The fact that the initials matched International Tug and Barge's initials was, Shields claims, purely coincidental. "But over time, more for reasons of efficiency than anything else, we started to merge some of the companies," he says.

Seatow was the first, and according to Shields they simply asked "which name do we like the most?," decided on Island Tug, and kept that name. Standard Towing was folded in next, followed by International Tug and Barge once the uncertainties around oil pollution were sorted out. Finally, after separating from a previous partner in late 1990, Shields Navigation was merged into Island Tug and Barge. "Everything just ended up becoming Island Tug and Barge," chuckles Shields.

But by going this route, Shields was able to capitalize on the reputation of a popular company, even though 25 years had elapsed since it had been an active operation. The company adopted the fleet names, colour scheme and logo of the old Island Tug and Barge Company, and what had been history was revived to become fully functional in the 21st century. It was a shrewd move which few others would have had the foresight or been in a position to pursue, and it demonstrated a flair for good publicity worthy of H.B. Elworthy himself.

Not long after selling Seaspan, Peter and Bob Shields initiated an industry-first move which was quickly followed by others. Needing new double-hulled tank barges to meet ISO commitments to the petroleum products industry they went to China for tonnage, sending one of their own tugs over to bring the new barges across the Pacific. Island Tug and Barge has now had several vessels built in China, including the 65,000-barrel oil products barge **Island Trader**, the largest twin-hull tanker barge on the West Coast.

What emerged in Island Tug is a clear leader in the petroleum product distribution business. Combined with the company's long-standing arrangements with BC Hydro and Telus and some degree of general towing, ITB emerges as a sizable and growing company with rock solid foundations — a genuine rival to big-league players Seaspan and Smit Marine Canada. Adding to ITB's strength is that fact that, unlike its competitors, it currently has little direct (and therefore highly vulnerable) involvement in the logging or forest products industries.

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- ITB Pioneer**, 200 by 50 feet, 16,000 barrels
- ITB Vancouver**, 252 by 60 feet, 25,000 barrels
- ITB Provider**, 198 by 54 feet, 15,000 barrels
- ITB2**, 170 by 48 feet, 10,000 barrels

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- ITB5**, 168 by 48 feet (deck and tank, 10,000 barrels)
- ITB503**, 168 by 48 feet (deck and tank, 10,000 barrels)
- ITB501**, 170 by 50 feet, 2,000 tons
- ITB502**, 200 by 50 feet, 2,000 tons
- Delta King**, 216 by 50 feet, 3,600 tons

Looking Forward

Peter Shields has been semi-retired for some years now that Bob Shields is actively running the show. Under the second generation the tradition of innovation continues unabated. The company recently re-acquired the second oldest of the self-loading and self-dumping log barges when it came on the market (the old **Haida Carrier**, now **ITB Carrier**), and converted it for use as a floating maintenance dock at the company's Berry Point maintenance facility. It is also building a new tug, the **Island Scout**, whose hull was piggybacked over from China.

The company stays true to its philosophy, one that encourages constant improvement, high standards of accomplishment, and a strong social contract with its 90-plus employees. "We believe that everything can be improved," says Bob Shields, "and that everything is possible, if you've got the right combination of imagination, creativity and desire. We also believe that at ITB it is a family environment, and our values are based on principles of fairness, trust and consideration of others. Our employees really are the main strength of company, and they are valued." It's a philosophy that extends to the company's dealings with clients and suppliers, and it's a philosophy that seems to be working. Bob Shields chuckles at this suggestion. "Well, it's gotten us this far," he admits. With quality management, top grade equipment and solid employment contracts, the future bodes well for this West Coast family company. 

Marine author S.C. Heal has released his four volumes of the West Coast Maritime Series, which contain a wealth of historic information on the BC coastal towing industry.



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On April 26, 2005, Island Tug and Barge received an award from the Washington Department of Ecology for excellence in marine safety and environmental stewardship. The Exceptional Compliance Program (Ecopro) Award was presented at Seattle's Odyssey Maritime Discovery Centre.

Tank-barge companies receive the Ecopro Award only if they meet or exceed all 26 of Ecology's marine-safety standards for tank barges. Island Tug and Barge is the fifth company to earn the award since the program began in 1999, and the first tug-and-barge company to receive the award.

"Island Tug and Barge has demonstrated its commitment to the environment by voluntarily meeting our state's tough marine-safety standards," said Ecology Director Jay Manning.

Island Tug president Bob Shields noted that his company has served industry and communities along the Pacific Coast for many years, and that safety has always been part of the company's credo. "Our company roots go back 40 years, and that doesn't happen if you are not committed to safety and the environment," he said. "We handle a great deal of the marine petroleum transportation requirements for Western Canada, and that work requires a very high level of management oversight and crew training." Shields gave some of the credit back to the State of Washington, saying that Washington's performance standards offer great guidance for the maritime industry. "Our goal is one of operational excellence and enthusiastic achievement," Shields explained. "Incorporating the Ecopro standards aligns very nicely with our vision and provides excellent direction toward achieving our goals."

Ecology's spill-prevention standards are considered by many to be among the toughest in the world. The standards cover elements such as management practices, maintenance and inspection programs, emergency preparedness, vessel-



Left to right, Stan Norman (Ecology Spill Prevention Section Manager), Jay Manning (Washington State Dept. of Ecology Director) and Bob Shields (Island Tug and Barge President) at the Ecopro Award presentation.

position tracking, voyage planning, security issues, English-language proficiency, and alcohol and drug testing. Manning pointed out that recent maritime casualties around the world have exacted a heavy environmental toll, validating the need for constant improvement to international maritime regulations, training, communication and procedures. He said that the Ecopro Award is for companies that go beyond basic compliance with Washington's marine-safety standards, but that it is not limited to just one award recipient in a given time period. "The Ecopro program helps reduce the risk of oil spills, and we encourage all companies transiting our state's waters to step forward and participate," he explained.

Island Tug and Barge is ISO 9001 certified by Lloyd's Register Quality Assurance program and follows the ISM Code for Safety Management as established by the International Maritime Organization. In 2001, the company was awarded the Pacific States/British Columbia Oil Spill Task Force Legacy Award for Oil Spill Prevention, Preparedness and Response.

— Simon Hill

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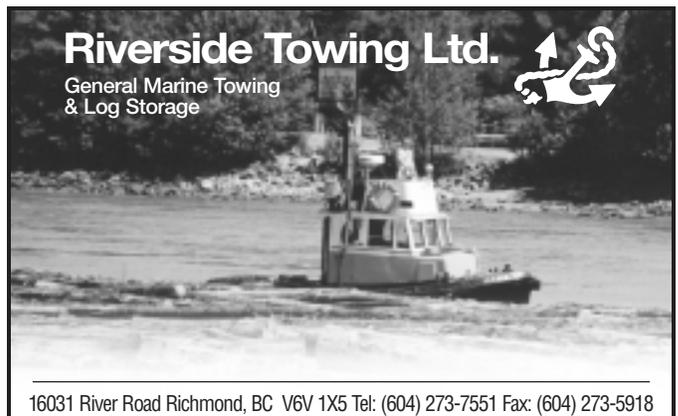
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