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Ministry of Finance
Ministry of Competition, Science and Enterprise

GOVERNMENT ACTS TO ENSURE PORTS' COMPETITIVENESS

VICTORIA – Government is introducing a property tax relief initiative for Lower Mainland port operators, Finance Minister Gary Collins and Competition, Science and Enterprise Minister Rick Thorpe announced today.

This more competitive tax strategy was developed after months of extensive consultations with the ports industry and affected local governments.

“For years, Greater Vancouver port terminal operators - tenants of port properties - have been concerned about escalating municipal property taxes, which have discouraged new investment and hampered their ability to compete,” said Collins. “Our initiative works to restore a competitive investment climate for B.C. ports while at the same time protecting local governments from decreased tax revenue through compensation.”

“Ports are a vital link to British Columbia’s economy, accounting for billions in cargo moved in and out of the province and tens of thousands of jobs across the country,” said Thorpe. “It’s critical that we act now to ensure ports are competitive, or risk missing out on large scale investments in critical transportation infrastructure.”

Currently, property taxes for lower mainland ports are substantially higher than those paid by west coast U.S. ports. For example, according to a report commissioned by the Greater Vancouver Regional District entitled Competitive Factors Influencing Greater Vancouver Ports, occupiers of port district property in Washington pay a state legislated fixed rate, which is approximately one-quarter of the property tax rate of most Lower Mainland municipalities.

The current provincial initiative applies to 15 terminals in the Lower Mainland and includes:

- capping the property tax rates that port terminal operators pay on existing ports facilities for five years with the aim of helping to level the playing field with competing ports south of the border
- introducing a 10 year tax rate cap on new investment in ports facilities to encourage infrastructure growth
- exempting berth corridors from property taxes to restore their traditional tax exempt status

Government will compensate local governments for lost municipal revenue due to the property tax rate cap on existing facilities. In 2007 the province will enter into consultations with the affected municipalities and ports operators to assess whether the program is achieving its objectives.

“We’ve repeatedly approached local governments and previous provincial administrations about doing something to encourage competitiveness for British Columbia’s ports,” said B.C. Wharf Operators’ Association president Brad Eshleman. “This is the first time tangible steps have been taken to ensure that port facilities - like the one we operate - have the environment they need to grow and invest in British Columbia.”

While the current strategy involves only Lower Mainland ports, other port operators and port communities have expressed an interest in becoming involved. As a result, government will immediately engage in discussions with the ports and municipalities with the intent of developing options in time for the 2004 property tax year. B.C. is also looking for federal involvement in the long-term strategy for ports competitiveness. The Minister of Transportation has been in direct contact with the federal transportation minister on this matter.

In addition, there has been concern expressed by industry about the way port terminal properties in the Lower Mainland are assessed. As a result, the Minister of Sustainable Resource Management has initiated a review of the assessment of port land in British Columbia.

1 factsheet(s) attached.

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