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Port applauds increase in borrowing limit: Port of Vancouver

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VANCOUVER - The head of the Port of Vancouver is hailing a move by Ottawa to more than double the port's capacity to borrow money on the public markets.

"This ensures that Vancouver will access the capital necessary to invest and expand terminal infrastructure to meet the growing needs of Canadian industry," said Gordon Houston, chief executive of Canada's biggest port.

This month Transport Canada announced plans to raise the port's borrowing limit to \$510-million from \$225-million.

The move is seen as crucial to the port's recently announced plan for a \$1.4-billion upgrade to its container terminal facilities.

"This is important because it allows the port to raise financing without having to get federal approval for every dime," said Jock Finlayson, executive vice-president of the B.C. Business Council, a leading business lobby group.

Mr. Finlayson said it is also evidence of a more sympathetic attitude in Ottawa.

In the past, many in the business community worried British Columbia was getting short shrift from the federal government because of a lack of political clout, a situation that contributed to the province's economic decline in the latter part of the 1990s.

Mr. Finlayson said the decision to raise Vancouver's borrowing limits shows the government of Paul Martin is following through on an election promise to deal with western alienation.

"This represents a shift in the federal government," he said.

Faced with surging volumes of trade, the Port of Vancouver has been struggling with congestion and backlogs. The delays around the port have become so serious in the past two years that the Canadian economy is being hurt, some experts say.

The trouble is, the port has its hands tied in terms of its ability to increase its capacity.

Under federal legislation, the authorities that run Canada's major ports enjoy significant autonomy in day-to-day operations but their access to capital -- including their ability to borrow -- is tightly restricted.

Mr. Houston said the Port of Vancouver has been pressing Ottawa for years to raise borrowing limits.

He said the old \$225-million limit was calculated according to a formula using port cash flow numbers dating back to the early 1990s.

"Given that our cash flow has changed so much since then we asked for the calculation to be re-done," Mr. Houston said.

The port's expansion plan focuses on container traffic, one of the most lucrative forms of freight.

During the next 15 years it is hoping to upgrade its three existing container terminals and build a new one, boosting capacity to four million containers a year from the current level of about two million.

The Port of Vancouver is in a race with ports at Los Angeles, Calif., and Seattle, Wash., to increase its share of West Coast trade. But Mr. Houston worries that unless Vancouver can find the capital to upgrade its facilities, it will lose the competition.