



**TransLink Review:  
The Small Business Perspective**

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**Submission to the TransLink Governance Review Panel**

*May 29, 2006*

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## **INTRODUCTION**

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On behalf of the Canadian Federation of Independent Business (CFIB) and our 10,000 small- and medium-sized business members in British Columbia, we appreciate the opportunity to submit recommendations to the TransLink Governance Review Panel.

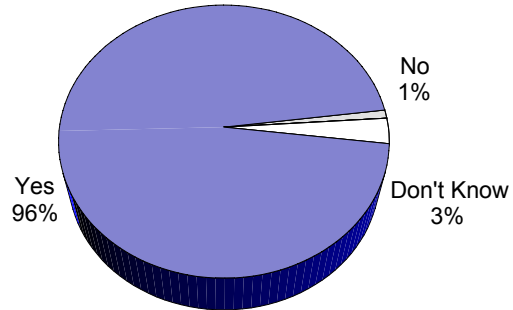
By way of background, CFIB is a not-for-profit, non-partisan political action organization funded solely by our 105,000 independent business owners across the country. CFIB currently has 10,000 members from all over British Columbia representing a broad range of industry sectors including retail, hospitality, manufacturing, business services, construction, wholesale, agriculture, finance, transportation, and education. These members are regularly surveyed in order to determine their positions and priorities. In addition, a CFIB representative meets with each one of our members at least once a year, which provides another opportunity to collect information about the priorities and concerns of small- and medium-sized businesses.

Results from three surveys conducted between February and May are used throughout this submission to give the panel a clear sense of where small business owners stand with respect to issues concerning the governance of TransLink. To conduct surveys such as the ones used in this report, CFIB has a national team of researchers expert in survey techniques and methodology that vet questionnaires for neutrality and ease of response. Data from CFIB surveys are considered highly credible and are used and referenced extensively by all levels of government as well as the financial community, Statistics Canada, and the Bank of Canada. Survey questions referenced in this report are included in Appendix A.

## Small Business Supports the Governance Review

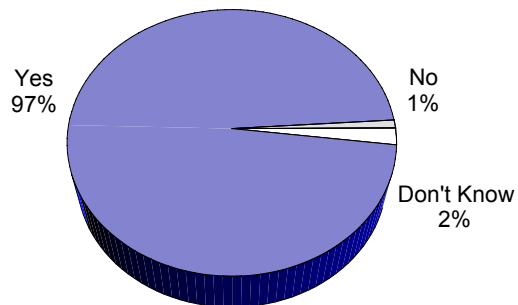
Support for a governance review of TransLink among small- and medium-sized business owners is overwhelming. A survey conducted in March of this year shows that 96 per cent of small business owners from the Greater Vancouver Regional District (GVRD) support a provincial governance review, while only 1 per cent is opposed (see figure 1). These results are accurate to plus or minus 4.7 per cent 19 times out of 20. The vast majority of small- and medium-sized businesses also support a review of TransLink's financing options (see figure 2). Rarely do you see this kind of overwhelming coalescence of opinion around any proposed policy. This is a clear indication that the current system is not serving the needs of the job creators of the region.

**Figure 1: Do you support a provincial review of TransLink?**



Source: CFIB Parking Tax Survey II, March 2006

**Figure 2: Should the review include an examination of TransLink's financing options?**



Source: CFIB Parking Tax Survey II, March 2006

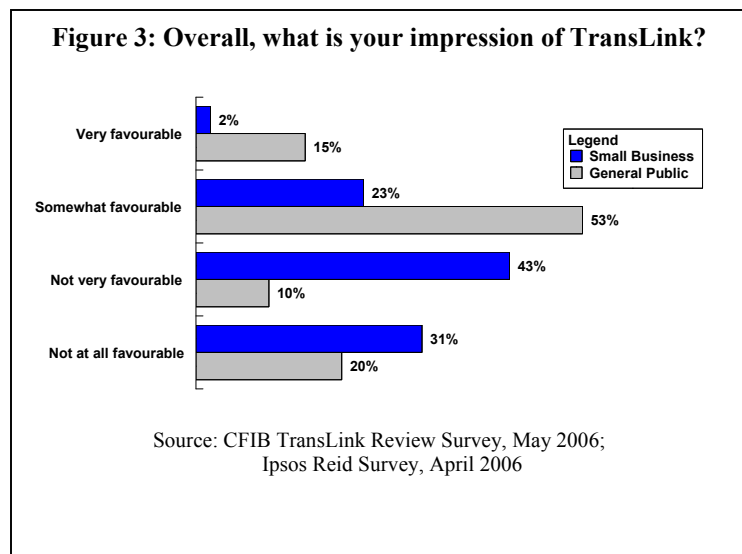
## **PROBLEMS WITH THE CURRENT STRUCTURE OF TRANSLINK**

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There are a number of serious deficits plaguing the organization of TransLink: lack of political accountability, lack of adequate financial oversight, lack of meaningful consultation with small business, lack of transparency, and lack of a clearly defined, functional relationship with the provincial government. Each of these deficiencies was illustrated in the recent decision to introduce a parking area tax; a tax that has such serious flaws that most agree it should be scrapped at the earliest opportunity. The tax is discussed in some detail at the end of this section.

### **Lack of Meaningful Consultation with Small Business**

Small- and medium-sized business owners in British Columbia are responsible for 61 per cent of private sector employment and create most of the new jobs in the region. The vast majority of these job creators (81 per cent) have fewer than five employees. Working long hours, often on slim margins, owners of small businesses take significant personal financial risks that many of us are unprepared to take. Beyond creating jobs, providing essential goods and services, and contributing greatly to the ambiance of local neighbourhoods, the vast majority of SMEs (96 per cent) also make charitable contributions to local causes. The concerns of these business owners deserve consideration when it comes to transportation policy. Yet evidence strongly suggests that they have been left out of the consultation process around transportation and, to the extent that they have been consulted, their views have been disregarded.



Inadequate consultation has led to a trust deficit between small business and both TransLink and the provincial government with respect to transportation policy. Between late March and early

April Ipsos Reid conducted a poll for TransLink. One of the questions asked of the general public concerned their impression of TransLink. While the overall favourable opinion of TransLink among the public has fallen since 2005, the majority (68 per cent) of the general public still have a favourable impression of the organization. When asked the same question at roughly the same time (May 2006), small- and medium-sized business owners had a much more negative view, with the vast majority (74 per cent) indicating an unfavourable view of the organization and only 25 per cent reporting a favourable view (see figure 3 above). A different question on the same Ipsos Reid survey shows 22 per cent of the general public reporting a worsening of their view of TransLink compared to a year ago. Small business, more attentive to TransLink’s policies, has a far bleaker assessment with 65 per cent reporting their view has worsened over the past year (see figure 4). These results suggest that TransLink is now seriously out of touch with the job creators of the region—the same sector that is shouldering a large share of the financial responsibility for transportation.

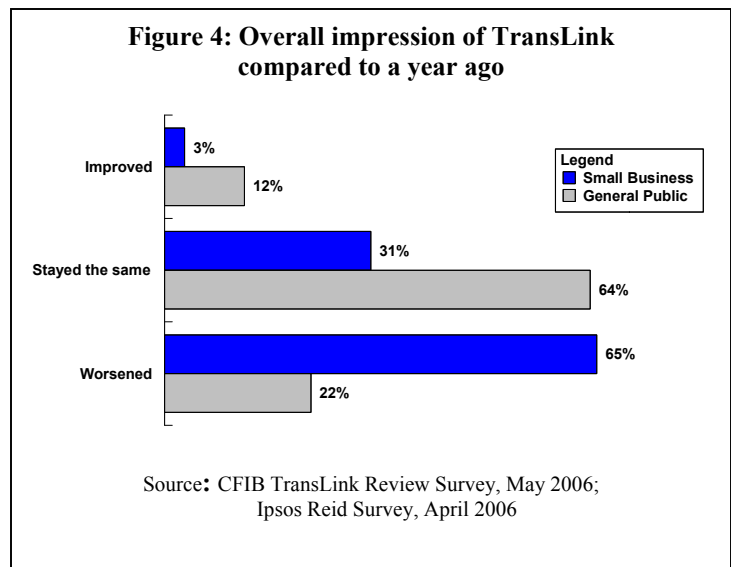


Table 1 below provides some more information regarding the specific concerns of small business owners. The marks that TransLink receives from small business on consultation, understanding how its decisions impact small business, tax rates, value for money of services provided and accessibility of information about its operations are nothing short of embarrassing.

These results reveal small business to be starkly critical of TransLink’s performance and are extremely worrisome for anyone concerned about the economic health of the GVRD and British Columbia’s reputation as a jurisdiction that is open for business. Complacency in the face of survey results as dramatic as this is a perilous course indeed.

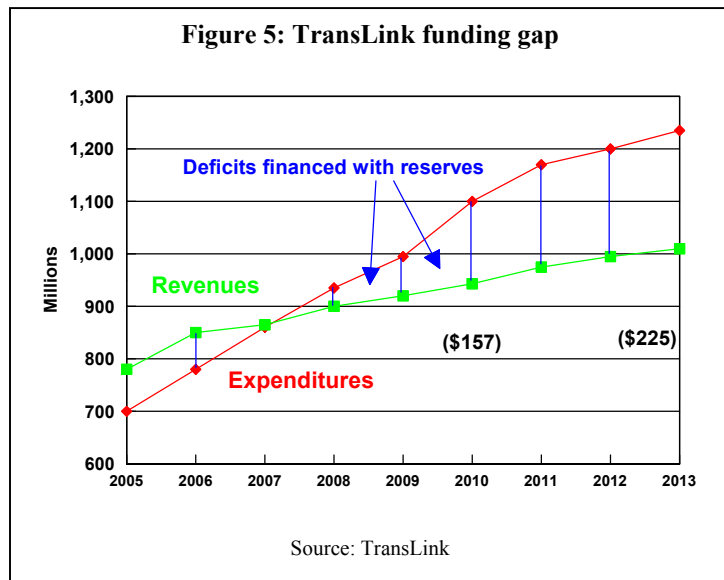
**Table 1: Small business evaluation of TransLink’s performance**

	Good	Fair	Poor	Don’t know
Consultation with small business	<1%	8%	84%	7%
Understanding of how its decisions impact small business	1%	6%	89%	4%
Tax rates	<1%	7%	83%	10%
Value for money of services provided	3%	27%	61%	9%
Accessibility of information about its operations	3%	21%	52%	24%

Source: CFIB TransLink Review Survey, May 2006

### Lack of Adequate Financial Oversight

While TransLink claims wide support for its transportation plan, we question how deep this support really is when there are no corresponding proposals for who will be paying the bills nor any information about how big those bills are likely to be. TransLink is proceeding as if support for transportation entails support for transportation at any cost, which is simply not the case. If residents, for



example, were asked to pay the projected deficit, this would mean an average annual \$370 increase in property taxes. How would this affect support for the transportation plan? We do not know because this type of question is not being asked. However, we do know that the proposed vehicle levy of \$70 was incredibly unpopular and a \$370 annual property tax increase makes this levy look like chump change.

Small business owners are concerned about the lack of financial oversight of the organization. TransLink has a 10-year plan that includes spending plan with no corresponding revenue sources as of 2010. The projected deficit rises to \$225 million by 2013 from \$157 million in 2010 (see figure 5 above). These deficits are significant. For example, the 2013 deficit represents over 25

per cent of current expenditure. No competent business owner would propose a plan with rising deficits and no solutions to cover its costs. No publicly traded firm would dare propose such a plan to its shareholders. Why is TransLink proceeding with such a proposal?

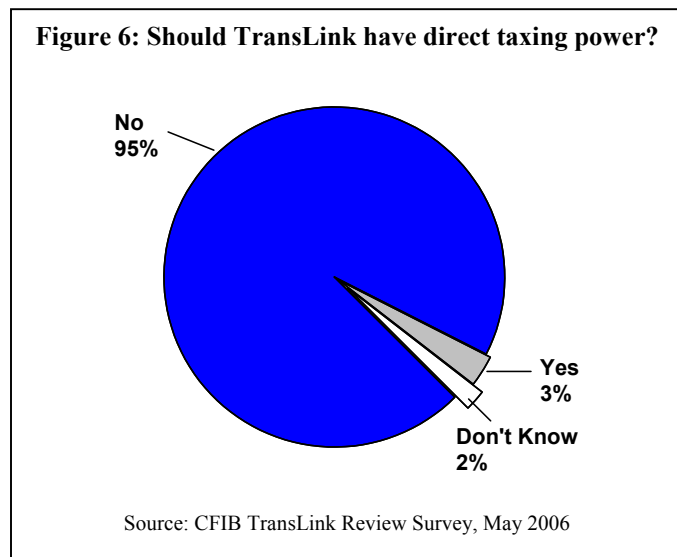
### **Lack of Transparency**

There is too little public information regarding TransLink’s spending. TransLink has repeatedly insisted that there are no cost savings in its budget with which to cover the forecasted deficits or to get rid of the parking area tax. But when CFIB attempted to get some basic information about the number of employees at TransLink so we could judge whether a 12 per cent increase in compensation was reasonable, no one got back to us with the information. If TransLink continues as an organization, we strongly recommend that the organization be regularly reviewed by the Auditor General to ensure that expenses are reasonable and that it is providing good value for the dollars spent. Transportation plans should be required to have corresponding funding proposals so that when stakeholders are endorsing or rejecting a plan they are doing so with full information.

### **Revenue for Transportation**

When asked where additional revenue for transportation projects should come from the two most popular options supported by small business are cost savings in TransLink’s budget (71 per cent) and transfers of revenue from either the provincial or federal budget (44 per cent). Small business has no

appetite for the introduction of new taxes or increases to existing taxes. This is understandable when you consider that real after-tax incomes per person in BC have been stagnant for 15 years.



A clear theme has emerged from the small business community: An appointed board like TransLink should not have direct taxing powers. When asked whether TransLink should have direct taxing power, small business owners responded with an almost unanimous “no” (95 per cent) (see figure 6). A number of survey respondents made comments regarding this point. The relevant comments are summarized in table 2.

**Table 2: Small business comments regarding TransLink taxation powers**

Giving un-elected bodies the power to tax the voters within any community is wrong.

My understanding was that TransLink was created so that they could think as 1 unit without regards to various city and municipal jurisdictions, BUT for them to impose taxes as another form of government is ridiculous.

I do not like the fact that TransLink has become another body that has the power to tax. I think it is unconstitutional.

Regional representatives to TransLink should directly elected as part of the Municipal election process before any direct taxation powers are given to this body.

TransLink amounts to "taxation without representation". It's an end run that leaves those in charge without accountability to anyone. A license to pass the buck.

No unelected body should have the power to tax. The so-called parking space tax is just another property tax on businesses, and taxes that are insensitive to profitability are particularly punishing.

Taxation without direct representation is fundamentally wrong

I am not so much against an authority to oversee transportation, but am vehemently opposed to an unelected body having taxation powers

TransLink should never be given any taxing power or authority.

TransLink should not have direct taxing Power.

Taxation without representation by an unelected body is immoral and should be illegal.

I do not think any un-elected body should have the authority to tax.

No unelected body should have any power over taxation.

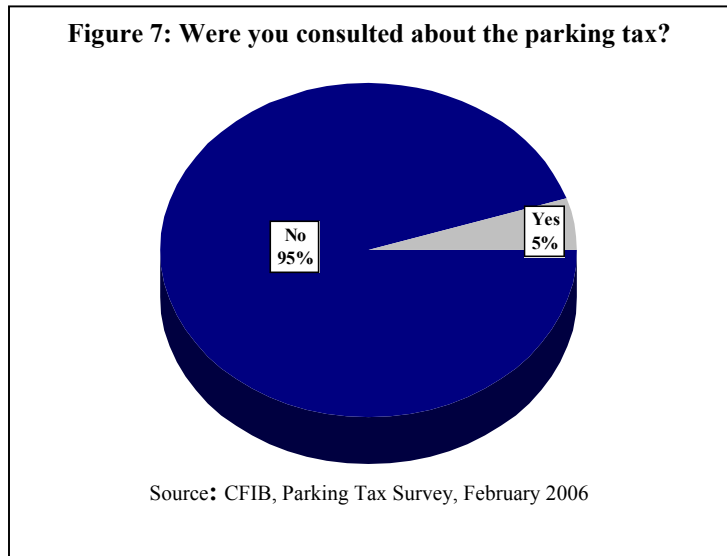
I don't believe that an unelected body should be able to impose taxation. I want my local government to only work for local issues covered by their campaigns. They should not waste time with transit issues.

## THE PARKING AREA TAX

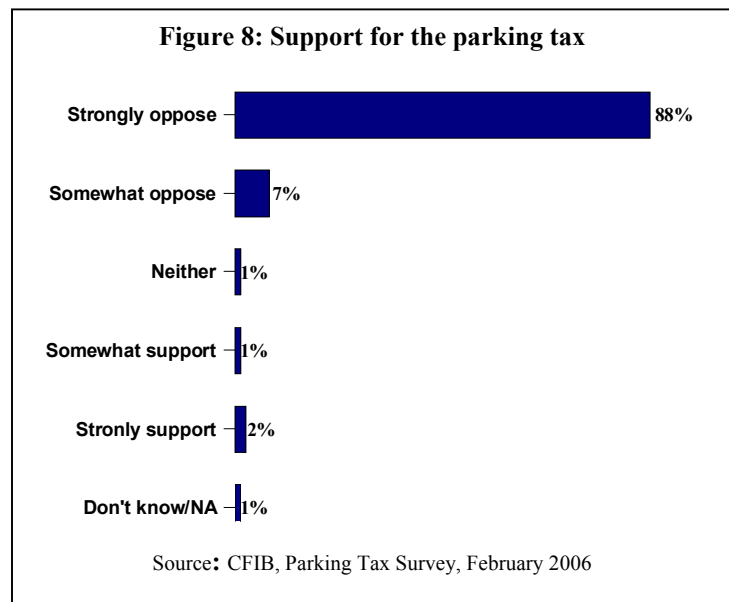
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No discussion of the governance of TransLink would be complete without reviewing the recently imposed parking area tax.

The lack of meaningful consultation with small business owners regarding this tax could not be more clear. When surveyed, 95 per cent indicated that they were not consulted about the tax (see figure 7). Those that were consulted were not heard. Fully 95 per cent of small businesses oppose the tax (see figure 8).



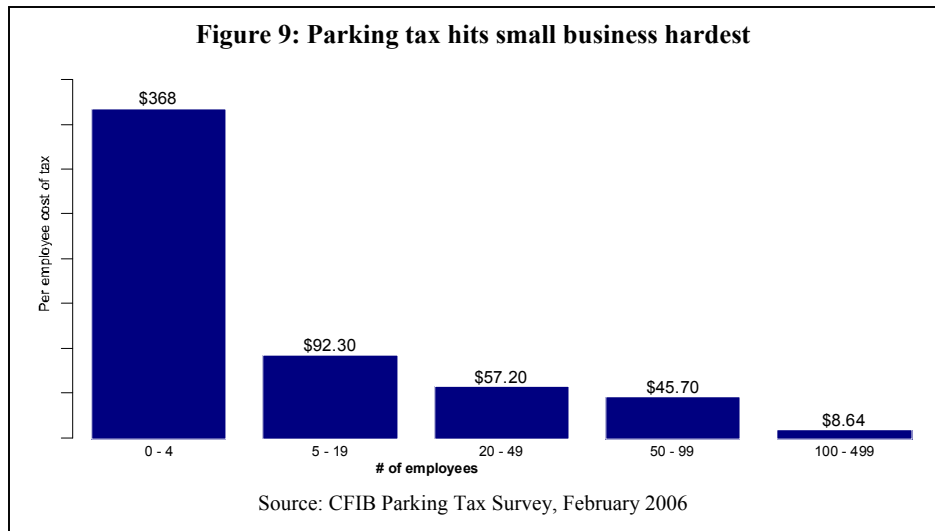
Furthermore, the tax is exceptionally regressive. On a per-employee basis, those with fewer than five employees are paying more than 42 times more than those with over 100 employees (see figure 9).



TransLink did not investigate how business owners would cope with this additional tax burden. CFIB survey results show that some of the costs will be passed on to customers, some

will come from reduced investment in the business, and some will come directly from the owners' own salaries. But the most shocking impact is that the tax is causing 12 per cent of

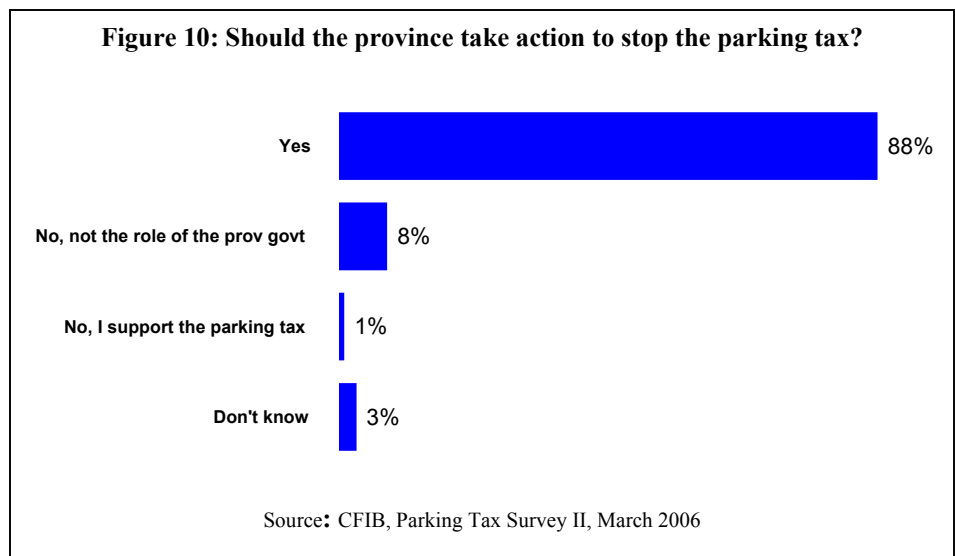
business owners to consider leaving the GVRD. How could TransLink have overlooked these destructive effects?



In fact, the new parking tax is

almost comically inefficient and unfair. Why should businesses be charged “parking tax” for fire lanes, bicycle racks, loading docks, and truck turnarounds? How is it fair to tax a business that happens to provide parking when a competitor relies on street parking? What does this tax do to support the GVRD’s own goal of using transportation taxes to encourage the use of public transit? Furthermore, it now looks like this tax may be so costly to administer, in light of the legal appeals already pending, that it may create an additional deficit.

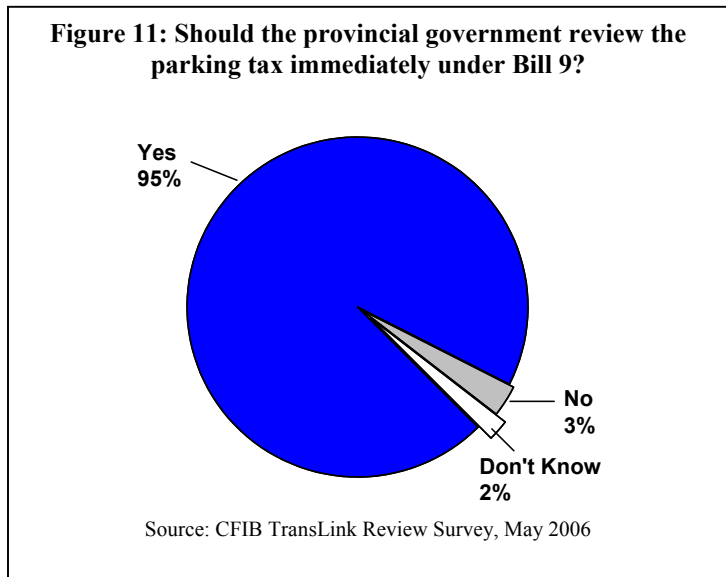
How is it that plans to go forward with the tax are proceeding in light of these issues? Many TransLink staff and board members have indicated that they are aware that this is not good policy, but are frustrated that the



provincial government has not given them alternative funding sources. Small business owners are frustrated that these two levels of government do not seem to be able to work

together and agree on the transportation priorities for the region or how they should be financed. Despite survey results showing that the vast majority of business owners (88 per cent) want the province to take action to ensure the parking tax is not implemented (see figure 10), nothing has been done to date to get rid of the tax that both TransLink and the provincial government have agreed is a bad tax. Lack of cooperation between the two levels of government of the backs of small business is simply unacceptable. More provincial oversight and responsibility are clearly in order.

A more recent and specific survey question asked business owners whether the parking tax should be reviewed immediately under Bill 9 (see figure 11). An overwhelming majority (95 per cent) of business owners want the review done immediately. This should be a top priority for the provincial government.

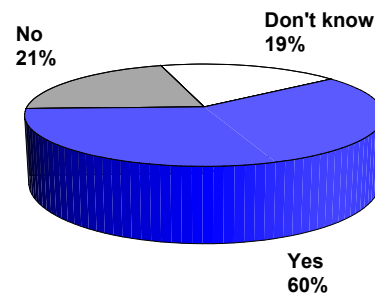


## CONCLUSION AND RECOMMENDATIONS

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Transportation policy is clearly a complex area with no easy answers or quick fixes. But the current arrangement between TransLink and the provincial government is not working for small business not now or into the future. Indeed the future implications of the funding plan are frightening. In addition to highlighting the problems with TransLink, we also surveyed our members regarding the option of having the provincial government take over responsibility for public transportation in the Lower Mainland. Our question is balanced, providing some background and as well as supporting and opposing arguments (see appendix A for survey question). Not surprisingly, relative to our other questions, a significant fraction (18 per cent) of members do not know whether this is an option they support. However, among those who did express an opinion the majority (60 per cent) support this option as providing more accountability and better transportation policy (see figure 12). In light of this response, CFIB endorses exploring this option further.

**Figure 12: Should the provincial government take over authority for public transportation in the Lower Mainland?**



Source: CFIB TransLink Review Survey, May 2006

One of the main themes emerging from CFIB's survey work is that businesses have not been adequately consulted regarding transportation plans. In order to ensure that business owners have their say on this important issue, we have offered to submit their individual survey responses, including comments, to the panel as individual submissions on their behalf. Over 75 per cent of respondents indicated that they would like us to submit their surveys. These individual surveys will be forwarded to the panel separately.

## Recommendations

- The provincial government should take a larger role in overseeing transportation in the region and should explore the option of completely taking over responsibility for public transportation in the region.
- An unelected board such as TransLink should have no direct taxing authority.
- There must be much better financial oversight of transportation spending plans in the region. The Auditor General must regularly review the finances of TransLink or whatever entity takes its place.
- Transportation plans must include full explanations of how they will be funded before the plans proceed. A transportation “plan” with no sources of revenue to cover up to 25 per cent of its costs is no plan at all. No approval of any plan should be permitted without a full accounting for its costs.
- Complete financial accounts of transportation plans for the region should be publicly available.
- A better, more accountable consultation program with small businesses should be put in place.
- The provincial government should immediately review the parking area tax under Bill 9 and the tax should be eliminated by the end of 2006.
- No new taxes or tax increases should be introduced to fund transportation. Additional required revenue should be found in cost savings or through reallocation of existing government funding.

**CFIB Parking Tax Survey, February 2005****n=313, results are accurate +/-5.5 per cent, 19 times out of 20**

1. Were you consulted about the parking area tax?

Yes

No

2. To what extent do you support or oppose TransLink's plan to impose a tax on parking areas?  
(Select one)

Strongly support

Somewhat support

Neither support nor oppose

Somewhat oppose

Strongly oppose

Do not know

3. The parking tax is expected to be set at approximately \$1/square metre per year. Based on this rate, how much will this tax cost your business per year?

Enter value

4. What impact will this parking tax have on your business? (Select as many as apply)

Reduce staff hours

Layoff staff

Reduce money invested in business

Reduce my own pay

Increase prices

Reduce parking area

Relocate outside the GVRD

Other (Please specify)

5. Please provide any comments you may have about what you think of this tax and how it will affect your business.

**CFIB Parking Tax Survey II, March 2006**  
**n=430, results are accurate +/-4.7 per cent, 19 times out of 20**

1. The provincial government recently announced that it is planning to conduct a review of TransLink. Do you support a review?

Yes  
No  
Don't know

2. Should the review include an examination of TransLink's financing options?

Yes  
No  
Don't know

3. Currently, the TransLink board is appointed from mayors and councilors in the GVRD. Should the board be directly elected?

Yes  
No  
Don't know

4. Should the provincial government take action to ensure that the parking tax is not implemented?

Yes  
No, I don't think this is the role of the provincial government  
No, I support the parking tax  
Don't know

5. In the next municipal election, how likely are you to vote for a candidate who in their role on the TransLink board supported the parking tax?

Very likely  
Somewhat likely  
Somewhat unlikely  
Very unlikely  
It will not affect my vote  
Don't know

6. The parking tax will generate roughly \$20 million annually. If the tax were to be eliminated, how should the \$20 million be replaced? (Select as many as apply)

- Find cost savings in existing TransLink budget
- Extend the current transportation plan over a longer time period
- The provincial government should transfer the money to TransLink
- The federal government should transfer the money to TransLink
- Municipalities in the GVRD should provide money for TransLink
- An existing tax should be increased (for example an increase in the gas or property tax)
- A different type of tax should be introduced (for example a vehicle levy)
- Other
- None of the above, the parking tax should not be eliminated

7. Comments or stories about how the parking tax will affect your business.

**CFIB TransLink Review Survey, May 2006**  
**n=348, results are accurate +/-5.3 per cent, 19 times out of 20**

1. Overall, what is your impression of TransLink?

- Very favourable
- Somewhat favourable
- Not very favourable
- Not at all favourable

2. How has your overall impression of TransLink changed over the last 12 months?

- Improved
- Stayed the same
- Worsened

3. How do you rate TransLink on the following:

	Good	Fair	Poor	Don't know
Consultation with small business				
Understanding how its decisions impact small business				
Tax rates				
Value for money of services provided				
Accessibility of information about its operations				

4. Should TransLink have direct taxing power (i.e. the power to levy taxes such as the parking area tax)?

Yes

No

Don't know

5. Under Bill 9, passed last fall, the provincial government gave TransLink the ability to collect the new parking area tax. The bill also includes a provision that the tax must be reviewed within 10 years. Should the provincial government review the tax immediately?

Yes

No

Don't know

6. Should the provincial government take over responsibility for public transportation on the Lower Mainland?

Background: In 1999 the provincial government transferred responsibility for Greater Vancouver's public transit and major regional roads to a newly created body called TransLink. The intention of the transfer was to enhance local decision-making and secure good accountability. TransLink is unique. In other parts of the province, the Minister of Transportation relies on the advice of regional transportation advisory committees to identify and prioritize transportation projects.

Supporters say:

- The provincial government is in a better position to oversee and ensure adequate funding for regional transportation plans.
- Having a Minister responsible for transportation provides greater accountability.
- It would require fewer resources than running TransLink.

Opponents say:

- Municipal representatives on a regional board do a better job of looking out for the region's interests than the provincial government.
- TransLink is quicker to respond to local transportation needs than the province.
- TransLink is currently doing a good job of ensuring that transportation priorities are met.

Yes

No

Don't know

6. CFIB will be using the survey results as the basis of our submission to the governance review panel. To ensure that the views of small business are given more consideration, we would be happy to submit your individual survey for the panel's consideration as well.

Would you like your completed survey to be submitted to the TransLink review panel for their consideration?

Yes

No

7. Do you have any other comments or suggestions regarding the TransLink review?