GREATER VANCOUVER
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Credit Card Merchant Fees

Every year, $44 trillion dollars worth of payments are made in Canada. Only 20% of this value is done with cash, down from 50% in the 1990s. This signals the growing reliance and importance of credit card and debit transactions, not only for consumers, but also for the businesses that rely on these methods to accept payments. However, at $5 billion per year, the credit card fees paid by Canadian merchants are among the highest in the world, costs which trickle down to the consumer regardless of their payment method.

Many of the businesses accepting credit card payments for goods and services are unclear on the inner workings of merchant services providers (MSPs). MSPs are a third party such as Visa and MasterCard who process credit card transactions. The current system has resulted in many businesses paying higher fees for credit card acceptance than necessary. Businesses are enticed to switch service providers on the premise of lower rates. However, as most businesses are unaware of the actual VISA and MasterCard rates - the actual Merchant Discount Rate (MDR) - they are misled to believe that a lower MDR results in savings on their actual credit card transactions. On the contrary, a lower than actual MDR means that the MSP is losing money on every transaction and, thus, has to recoup its losses through the card brand fee and/or non-qualified surcharges, which can vary substantially across different service providers.

The 3 Components to Credit Card processing:

1. Merchant Discount Rate (MDR): This is the base rate charged by the provider. Any rate below the rate VISA charges the MSP for processing one of its credit cards causes the MSP to take a loss on the transaction. In order to recoup this loss the MSP thus has to bump up the rates in 2. and 3.
2. Card Brand Fee (CBF) - 0.10% or more (the actual cost is 0.08% but is rounded up by most MSPs): This fee is used by VISA and MasterCard to advertise their brands, as well as to improve the stability of their networks
3. Non-qualified Surcharge (NQS) - 0.30% is the average value of this surcharge. However, it can vary greatly depending on the base rate offered by the MSP. Certain MSPs will undercut the Merchant Discount Rate (MDR) and then increase the Non-qualified surcharge (NQS) to make up for the loss they incur. Monies raised through this rate are used by major banks to promote their credit card programs and to pay for benefits received by credit card holders. The rate is also charged on keyed transactions, which are considered higher risk, as well as on all Infinite credit cards (i.e. Avion, Aeroplan, etc.)

In 2010, the federal government introduced a voluntary code of conduct for the credit and debit card industry in Canada aimed at alleviating issues of asymmetric information and flexibility. When this code of conduct is adopted by the MSPs, they are expected to:

- to ensure that merchants are fully aware of the costs associated with the acceptance of credit and debit card payments;
- to provide the merchant with increased pricing flexibility to encourage consumers to choose the lowest-cost payment option (i.e. clearly show all components of the total fees, as most credit card agreements do not allow merchants to use incentives to discourage the use of credit card or premium credit cards); and
- to allow merchants to freely choose which payment options to accept.

However, this remains a voluntary code of conduct and, therefore has been adopted only by a limited number of service providers. Its voluntary nature stands to undermine any real benefits to merchants these policy proposals may have. In a 2013 decision, which dismissed a complaint against two large credit card service providers, finding that they had not violated the Competition Act, the federal Competition Tribunal acknowledged the issues in the country's credit card payment system and called for a regulatory solution. They stated that despite finding that the MSPs had not violated the Competition Act, “"…we note that the Tribunal found that Visa's and MasterCard's conduct is influencing the price of credit card services in Canada upwards and having an adverse effect on competition. At the same time, the Tribunal felt that regulation of the industry would provide a more appropriate solution than any remedy that it could provide.”1

Providing merchants with greater flexibility in choosing their MSPs and discriminating against more expensive transactions is seen as an OECD international best practice, a practice currently not allowed in Canada.2

In April 2015, the federal government released *Balancing Oversight and Innovation in the Ways We Pay: a Consultation Paper*, aimed at seeking comments on national retail payment systems. However, there has been no movement on this issue since then, or an indication of the actions the government plans to take post-consultation.

Recommendations

The Federal Government:

1. Consult with the banking industry in changing from a voluntary to mandatory code of conduct, as introduced in April 2010 for the credit card and debit card industry in Canada, thereby ensuring that all parties are required to abide by and comply with the existing code's guidelines for greater transparency, disclosure and flexibility
2. Provide merchants with increased pricing flexibility to encourage consumers to choose the lowest-cost payment option (including the ability to up charge the cost of

1 http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03614.html
2 http://www.oecd.org/competition/PaymentSystems2012.pdf

the credit card transaction), as is consistent with the views of competition authorities across the OECD

3. Work to better educate merchants on their rights and options to battle any informational asymmetry
4. Enact legislation requiring full disclosure by service providers of all costs associated with acceptance of credit and debit payment

Submitted by the Greater Vancouver Board of Trade and the Greater Langley Chamber of Commerce

Enhancing Canada's Air Travel Competitiveness

Air travel is a crucial economic enabler connecting businesses with opportunities around the globe and across the country. It links visitors with tourism operators and helps international students pursue educational opportunities. It is a major job creator with strong spin offs. It facilitates the movement of people and capital, and ensures that Canadian products, especially high-value and/or time sensitive (i.e. perishable) exports, get to market.

Canada's unique geography makes this an especially important issue. In a large country, with low population density, and regional economic diversity, air travel serves and a vital link within a broader national transportation network that includes highways, rail, and sea ways. Canada's economy is very dependent on trade making the facilitation of trade an important issue.

However, the high cost of air travel to, from, and within Canada is significantly hampering our global competitiveness, and stunting aviation as a key economic enabler. A lack of competition, barriers to facilitation, and high structural costs have driven up prices for customers, whom data shows, are increasingly sensitive to price. Canada's poor price performance in these areas is apparent and not only deters leisure travelers looking to visit Canada, but increases the cost of conducting both international and inter-provincial business, which directly impacts job growth.

Furthermore, as agreements such as Comprehensive Economic and Trade Agreement with the European Union (CETA) and the Trans Pacific Partnership (TPP) advance Canada's integration into world markets, it is essential that a country spanning three oceans positions its transportation sectors to take fully take advantage of new opportunities. Without access to affordable and reliable air travel, relationships are not made, business is not done, and the economy suffers.

The 2016 Canada Transportation Act review report, *Pathways: Connecting Canada's Transportation System to the World* (the CTA Review),3 underscores the importance of transportation, and the long-term significance of developing a competitive air travel industry. Canada has slipped from 8th to 17th in global rankings for International Tourist Arrivals over the past 15 years, underlining the urgency to this issue.

In order to build the confidence of industry stakeholders it is important to have an open and transparent Air Bilateral priority setting process to guide our single air negotiator. The process needs to be more inclusive of key industry stakeholders so that the limited resources get directed in an efficient way according to industry participants.

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3 http://www.tc.gc.ca/eng/ctareview2014/canada-transportation-act-review.html

There are a number of factors influencing the current condition of Canada's air sector. Therefore, strategies aimed at enhancing the competitiveness of Canadian air travel and strengthening its economic enabling capabilities, must be multifaceted. Primarily, three key areas must be addressed in tandem: competition, facilitation, and costs.

Competition

Greater competition, particularly for international travel, comes from liberalized bilateral air access agreements. In order for an aircraft to fly between two countries both governments must negotiate bilateral air transport agreements, regulating frequency, capacity, ownership, tariffs and other commercial aspects. Currently, there is an international trend toward more liberal aviation regimes known as 'Open Skies', where bilateral—or in some cases multilateral—agreements generally include unlimited capacity between, and beyond the countries involved, and market driven pricing regimes.4

The Canadian government has adopted a Blue Sky policy5 committed to liberalizing air access. Since 2006, of the country's 85 Air Transportation Agreements, about half include more open international air policies. However, many current air access agreements still contain restrictions that significantly limit competition. Mutually beneficial agreements and the liberalization of air access provide an opportunity for increased competition for international travel to-and-from airports around the country. This offers consumers the benefit of greater choice and potentially lower prices.

The benefits of liberalizing Canada's air policy would significantly improve economic opportunities throughout Canada by increasing connectivity of global business. Further liberalized air access agreements would open new international markets, allow more carriers to operate in Canada, and improve price competitiveness of Canada as a destination. It would provide foreign carriers with greater access to the Canadian market, creating jobs on the ground, and provide domestic carriers more opportunities abroad.

However, liberalized air access policies must be perused in conjunction with domestic reforms which allow Canadian carriers and airports to compete in a more-open market. While greater competition will lead to more efficient, market-based outcomes. The process of liberalization should also be mindful of the strategic importance of the domestic industry. Therefore, Canada must also address barriers to facilitation and government imposed cost-structures.

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4 *While the term Open Skies is sometimes used interchangeably with more Liberalized Bilateral Agreements, it is important to note that in many cases incremental steps may be taken to prove benefits to Canada. For example, Open Skies agreements may be 'sun-setted' after a period of trial, or they may transition to full Open Skies over a period of time. These steps would serve to protect the parties to the negotiated agreement from unintended consequences.*

5 https://www.tc.gc.ca/eng/policy/air-bluesky-menu-2989.htm

Facilitation
Facilitation refers to the movement of people, cargo, and planes through an airport. It encompasses physical, legal, and technological procedures and systems. Enhancing facilitation at Canadian airports improves outcomes for airports, airlines, and customers.

Today, significant facilitation barriers are preventing Canadian airports from acting as more viable international hubs. Under-resourced and underequipped security procedures delay passengers and their belongings from entering and leaving airports. Strict visa screening requirements for transiting passengers, who have generally already been vetted by their destination country, prevents first-class airports such as YVR and Pearson from attracting more business. Much like road congestion, these delays and inefficiencies hinder the effectiveness of industry, and slow down the economy.

A robust facilitation strategy can push Canada toward becoming a global hub of passenger aviation traffic—growing volume, lowering costs and providing new opportunities for industry. The CTA review estimates transit facilitation benefits from easing transit visa requirements alone can increase airline volume by 25-50%.

Costs
Finally, reviewing and reducing government imposed taxes, fees and charges on passengers and the industry would further improve Canada’s ability to develop a more competitive air travel sector. Canadian air travelers face significantly higher fees and prices compared to their U.S. counterparts. This has historically driven some traveling in-and-out of Canada to use nearby U.S. airports such as Sea-Tac and Buffalo-Niagara International Airport; however the trend has been tempered with the depreciation of the Canadian Dollar relative to the USD.

Traveller surcharges have created an environment of “user-pay plus,” where travelers are charged more than the services they are provided. For example, fees such as the Air Travelers Security Charge are taken into general government revenue, rather than directly funding airport security procedures. In other jurisdictions, services such as security are seen as a public good and funded by the broad tax base. Just as highway policing is funded by the general public—as it serves a significant economic and social purpose—so should essential air travel services.

Government revenues from the air sector 2013-14 (M)			
Airport Rent	Air Travellers Security Charge	Fuel Tax	**Total**
$294.4	$661.9	$97.2	**$1,053.5**
Government investment in the air sector 2013-14 (M)			
Airport Capital Assistance Program	Canadian Air Transport Security Authority Budget	Subsidy for 18 TC-owned and operated airports	**Total**
$29.8	$559.1	$38.2	**$627.1**
Difference (M)			**$426.4**

CTA Review (Appendix K, p. 142)

Furthermore, airports pay significant fees to by the governments in the form of Ground Rent. These costs inevitably trickle down to travelers, and raises prices. This is in stark contrast to the United States where the government subsidizes air terminals. While a subsidy may lead to a different sort of market distortion, Canadian air travel still requires more-level a playfield which allows it to compete. High-cost structures lead to higher prices, and risk pushing travelers and revenue to other modes of transport, or to not travel at all.

Lastly, in addition to current restrictive bilateral agreements, facilitation, and cost structures, existing ownership limitations prevent foreign investment in the Canadian airline industry. This restriction prevents Canadian carriers from supporting their balance sheet through foreign investment, and makes it extremely difficult for new competitors to enter the market place.

The Chamber Recommends

That the federal government works with the provincial government to:

1. Pursue mutually beneficial liberalized air access agreements in all bilateral air passenger transport negotiations, and further liberalize existing bilateral air agreements, especially with Free Trade Partners
    a. Conduct periodic reviews of Blue Skies policies to ensure that bilateral access matches demand
    b. Implement 2016 CTA review recommendation of required initial flight frequency with safe and secure partners with progression toward more liberalized air access agreements to provide market certainty
    c. Adopt an open and transparent priority process, inclusive of key industry stakeholders, to determine top priorities as they relate to expanding Canadian bi-lateral air access agreements.

2. facilitate the movement of passengers in, out, and through Canadian airports in order to position the Canadian air sector to better compete internationally by implementing the measures set out in Recommendation 6 of the CTA Review, notably:

    a. Allowing transit without visa for citizens of all but those from a limited list of high-risk countries at all Canadian airports;
    b. Harmonizing immigration and trusted traveller programs with the U.S. and other trusted jurisdictions; and
    c. Streamlining visa processing for all visitors to Canada, including expanding the use of the Electronic Travel Authorization instead of visas for low risk travellers.

3. Develop a high level and overarching national aviation hub and travel strategy, to improve airports' cost competitiveness, and thereby enhance Canada's competitiveness, by:
    a. Examining government imposed cost structures in the form of fees, taxes, airport rent and other charges and allowing airports to operate Arrivals Duty Free to enhance non-aeronautical revenues; and
    b. Increasing funding, and expanding eligibility, for the Airports Capital Assistance Program in order to support safe and efficient local and regional airports and a healthy and connected national air system.

4. Overhaul the regulatory, financing and delivery models for airport security, as set out in CTA Review Recommendation 8, including:
    a. Establishing a customer service mandate and performance standards comparable to competing jurisdictions; and
    b. Ensuring the provision of stable and predictable funding that meets the needs of both increasing passenger volumes and evolving security risks.

5. increase foreign ownership investment limit for Canadian passenger carriers to 49 per cent on a bilateral basis, with an initial emphasis on the European Union; and

Submitted by the Greater Vancouver Board of Trade, the Richmond Chamber of Commerce, the Whistler Chamber of Commerce, and the Prince George Chamber of Commerce

Reviewing Regional District Accountability

Historical Purpose of Regional Districts

Regional districts were created in 1965 to meet the needs of rural, unincorporated areas that were either completely without services or were using municipal services without contributing to their funding. According to the Union of BC Municipalities (UBCM) and the former Ministry of Community Services, regional districts serve three explicit purposes:

1. to act as local governments for unincorporated areas;
2. to provide political and administrative frameworks for municipal collaboration on the provision of sub-regional services; and
3. to provide regional services

The opt-in model of regional districts ensures local autonomy of municipalities and electoral areas and allows for flexibility in the design of service arrangements. This means that "over time, member jurisdictions can be moulded and re-moulded by member jurisdictions to meet different needs and serve different purposes." (Regional District Tool Kit Fact Sheet, 2005)

The changing demographics, economic, political, social and structural conditions with a region can lead to changes in the importance of the regional district and its primary purpose. This means that every regional district is able to model itself to the needs of its constituents.

However, regional districts have recently found themselves in conflict with the private sector by expanding beyond the scope of their mandate. For example, in 2014, the Greater Vancouver Regional District (GVRD) attempted to institute market and price controls on the solid waste sector through the extreme Bylaw 280 in an attempt to build an incinerator that has since been proven to be an inefficient and expensive method for waste disposal. They also currently serve as a service provider and regulator in the solid waste sector—a clear conflict of interest.

While the GVRD was attempting to implement Bylaw 280, many other regional districts quickly provided their support and intent to follow suit. This would indicate that when one regional government expands outside the scope of their mandate, it sets a precedent for other regional districts.

As seen in these examples above, regional districts have not always made the optimal decisions for their region. To ensure optimal decisions, accountability measures must be taken.

Reviews and Changes to Regional Districts

As these regional bodies have changed over time, there have been periodic reviews to assess whether the system should be changed. Recommendations from those reviews since the late 1960s have been selectively implemented. However, it has been nearly 20 years since the last comprehensive review of regional governments, during which time the role of these organizations has evolved considerably.

In the mid-1990s, the Province under took a three-part reform of the *Local Government Act* that resulted in giving broad powers to regional district boards to undertake activities and services that they feel are important to their regions. The services available to regional districts since this change include:

- Water and sewer utilities;
- Recreation programs and facilities;
- Community and regional parks;
- Libraries;
- Regulatory services such as animal control and building inspection;
- E-911 and fire protection;
- Economic development and film industry promotion;
- Regional growth strategies;
- Airports;
- Television rebroadcast.

The *Environmental Management Act* also gives regional districts the responsibility for solid waste management through Integrated Solid Waste & Resource Management Plans.

The last change made to regional governance structures was in 1999, when the Ministry of Municipal Affairs consulted with the UBCM to alter the *Local Government Act* and the Community Charter. This change was conducted in partnership with local governments and generally lacked input from the business community.

With the last review being over 15 years ago, it would be prudent to review the scope, function, effectiveness and efficiency of the regional district system.

Regional Flexibility and Adaptability

While regional districts were designed to be flexible, most regional district boards also have broad sweeping control of their scope, without any external accountability. Nearly two-thirds of electoral districts have more than 50 percent of their boards appointed by municipal councils. Other regional boards are mostly comprised of directly elected representatives and, therefore, are directly accountable to the electorate for their decisions. Directors of a regional district are expected to make decisions at the board table that are in the best interest of the region—not as representative of the constituency that elected them.

There is also no external body that is responsible for ensuring that regional districts are acting within the scope of their intended purpose. While the Auditor General for Local Government (AGLG) has the ability to perform audits on regional districts, they exist solely in an advisory role, not a supervisory role and have no way of enforcing accountability mechanisms.

While there there are varying degrees of accountability with regional districts across the province, it is prudent to recognize that the ability to customize service provision at the local level is important for communities across B.C. and should be maintained in balance with accountability. Due to drastic differences in communities across the province, implementing a one-size fits all solution for regional districts is not an appropriate course of action. However, flexibility should not compromise accountability—this is a key focus of this policy resolution.

With this flexible opt-in model, the size and scope of some of these bodies have drastically changed. They have evolved beyond service provision and moved into a regulatory and policy space that the regional district system was arguably not designed for, and that exists without any certain accountability mechanisms.

As regional districts are legal considered an independent level of government, there should be direct accountability to an electorate, as there is with our federal, provincial and municipal forms of government. At the moment, only some regional districts are structured to have such accountability.

In light of the lack of external, independent review or direct accountability to constituents, the flexibility in the scope of purpose of regional districts can have unintended consequences, allowing regional districts to expand their reach far beyond what is necessary.

Existing Policy Positions

The Chamber movement in B.C. has clearly identified regional district governance as an issue for industry across the Province. The B.C. Chamber of Commerce has already adopted policy resolutions recommending the modernization of regional district legislation, the elimination of the conflict of interest between municipal governments and regional districts, the assigning of specific service provision responsibilities and a study into the best practices for urban and rural regional districts. However, there is still an absence of policies advocating for new accountability mechanisms, which take into considerations their ever-changing role.

Recommendation

The B.C. Chamber recommends the Province of British Columbia:

1. Establish a task force responsible for:
    a. Reviewing the scope, governance and accountability of regional districts with the purpose of increasing clarity of role, effectiveness and efficiency while reducing red tape
    b. Establishing concrete guidelines regarding scope, governance and accountability.
    c. Ensure adequate authority to enforce the above guidelines

2. Include a broad group of stakeholders, including UBCM, the business community, and citizen groups amongst others, during the review process.

Protection of Industrial Land for Future Prosperity

Issue:
With a growing population, and increasing housing demand in Metro Vancouver and other cities around the province, industrial lands have been significantly decreased through both absorption and rezoning over the last 30 years. Much of the land base is lost to market pressure to convert industrial lands to uses such as multi-family residential and commercial developments in order to accommodate ever more population growth. The challenge is that low-cost employment generating industrial lands located near airports, rivers and roadways, that employ tens of thousands of workers, are being lost forever.

The last industrial-land inventory done in 2015 for the Metro Vancouver region showed there is just over 5,600 acres (2,261 ha) total available. Much of this land has severe constraints on development and will not be developed for the long term if ever. At current growth projections and absorption rates, this translates into less than a 15 year supply of industrial land available in the region. There are only 1,000 acres available for large scale logistics which is less than a 10 year supply. This is already contributing to a loss of jobs and revenue for the province. Calgary now accommodates numerous retailers who build large distribution centres there instead of Vancouver because they cannot find adequate land in the Lower Mainland. Outflow development to Calgary is estimated to be at least 50 acres a year and rising rapidly.

The Regional Growth Strategy established by Metro Vancouver in 2011 will make it harder for local municipal governments to rezone industrial lands, but it doesn’t go far enough to ensure important parcels are never rezoned, it doesn’t identify and generate new lands that have been rezoned and it still leaves decision making in the hands of ever-changing municipal politicians.

Background:
Industrial land use is an important issue across the province as populations continue to grow and there are competing demands on available lands. Vancouver’s Lower Mainland is most at risk given its limited size, projected population growth and its strategic border/port location. Various municipalities in the region have rezoned more than 3,000 hectares worth of industrial land to other uses in just the past 30 years.

Site Economics Ltd. completed a study in October 2015 that specifically examined the inventory of trade-enabling industrial land, going beyond previous studies that have explored the supply of all general industrial land in the region. Trade-enabling industrial lands are lands required to support goods movement in and out of the region, housing marine terminals and buildings such as distribution centres and warehouses. To facilitate efficient trade, these activities must be in close proximity to major roads and rail lines.

The study found:

- There are only roughly 1,000 acres of vacant trade-enabling industrial lands available in the region suitable for logistics and goods movement.
- Based on average annual absorption rates and anticipated demand, the supply of vacant trade-enabling industrial land in the region could be depleted within a decade.
- Roughly 1,500 to 3,000 more acres of trade-enabling industrial lands are required in the next five to 10 years to meet the demands of a growing Canadian economy.
- Trade and logistics businesses account for most of Metro Vancouver's industrial economy, and generate the demand for half of all industrial development in the region.
- The total direct and indirect economic impact of every 100 acres of logistics development is equal to approximately $1.9 billion of economic value. The full, long term and ultimate value of industrial land is often not considered by municipalities when they readily rezone those lands.

An additional million people are expected to move into the Metro Vancouver region by 2040. To accommodate this growth, there needs to be a strong local economy, which will require readily available high paying employment generating industrial lands. Lands zoned for industrial use typically generate jobs that pay double the average annual compensation rate per person.

Retaining industrial land is important for long term sustainability for local communities as it ensures high paying employment within the city core and contributes significantly to municipalities by subsidizing the residential tax base. For every $1 in taxes, industrial lands typically receive on average $0.25 in services.

Industrial land is vulnerable as it is often prime ground for commercial, retail, or residential developments because it is typically the cheapest land in any region, after agricultural land, and it is often on or near the waterfront or in growing suburban areas. Metro Vancouver relies on industrial as the office economy is small relative to any big city. It is less than half that of Seattle per capita or per worker and has minimal employment lands compared to any US city.

The Vancouver region saw a record breaking $975-million in industrial investment in 2015 and it is estimated that growth and demand for industrial land for distribution centres, transshipment facilities, manufacturing and processing will continue to increase.6 Port volumes alone are expected to double by 2025 with the addition of DeltaPort Terminal 2. We saw major investments in equipment and terminal upgrades in

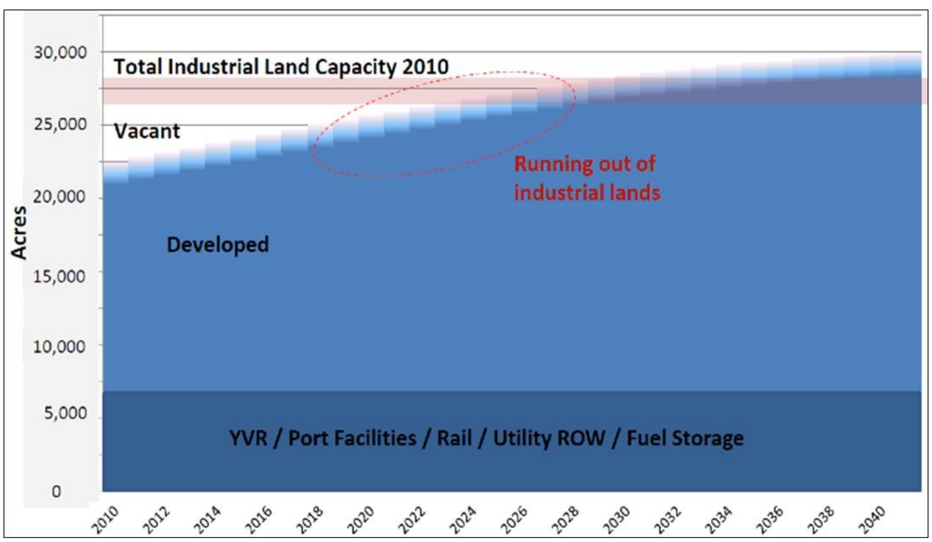
6 Colliers International Research and Forecast Report Year End 2015

2012, 2013 and more is anticipated for years to come, particularly on port lands such as Centerm. The business case for making such investments on industrial lands would be bolstered if there was certainty about the long term status of industrial land. It is important to note that without logistics oriented lands on which to expand the supply chain, the Port will become less competitive and it will harm the overall economy.
In the City of Vancouver, only 10% of their land area restricts residential development and yet those lands hold more than 50% of the jobs. Growth strategies for the Lower Mainland to create density around transit stations represent large scale rezoning of industrial land. This strategy is necessary to accommodate future populations and transit use and shows the need for flexibility in a land use strategy to ensure the right lands are in the right locations. However, there is no provincial strategy or mechanism to ensure the displaced industrial lands are being replaced elsewhere.

The Site Economics Report identifies the following threats to the industrial land supply in Metro Vancouver Rezoning, Incompatible Development, Access – Lack of Rail, Road or Water.

The report also states;

There is very little well located industrial land left in the Metro Vancouver region, as all of the well-located industrial lands have been developed. The inventory of vacant industrial lands tends to be remote and not well suited for the transportation industry. At the current and projected rate of logistics land absorption there will be a significant negative impact from the land shortage before the year 2020 increasing in severity until build out, perhaps by 2025.



SOURCE: Site Economics Report: The Industrial Land Market and Trade Growth in Metro Vancouver, October 2015. Pg. 64.

Industrial land along the Fraser River has been rapidly disappearing. Mills and traditional water access-dependent businesses have gone further up the river or have gone out of business altogether, turning employment-generating land into residential neighbourhoods. Recent examples include:

- a site in Queensborough was converted to a shopping centre and casino,
- the former Canadian White Pines mill site in southeast Vancouver will be a massive new residential neighbourhood, and
- the former Fraser Mills site in Coquitlam is now also a residential development.
- at one time there were thirteen plywood mills on the Fraser River and now there is only one.

Over 1,153 acres of recently purchased port industrial land in Port Moody is under consideration for a special study area under the RGS. Richmond has converted many acres of industrial land to residential/mixed use and has more land under consideration for special study areas within 88 metres of the rapid transit line and in areas which border the town centre (Cambie lands at Garden City and Alderbridge). Also, 230 acres of agricultural land in Richmond is now owned by PMV and has been designated as a Special Study Area in the Port's recently completed Master Plan.

In 2011, Seaspan's Vancouver Shipyards in North Vancouver announced that it had won an $8 billion federal shipbuilding contract. That contract will create over 5,000 direct, indirect and induced high paying jobs over the next 20-30 years. The infrastructure investment alone is at $250 million and that infrastructure will create a world-class shipbuilding facility that can compete globally for future contracts.
They will produce almost $500 million per year in GDP for B.C.'s economy and rebuild a local workforce and expertise in world-class shipbuilding. That opportunity may have been lost if Vancouver Shipyards would have given up on the shipbuilding business after it had been dormant for so many years.

The parcel of industrial land directly beside Seaspan sat empty for many years and was eventually rezoned and is today an auto mall and commercial/retail mix. The remaining waterfront is slated for a new condominium development. The area does generate employment opportunities and is a desirable residential/retail/commercial neighbourhood, but that strategic port side parcel will never generate the economic opportunity like that of its shipbuilding neighbor.

It should be noted, that without question, housing and commercial developments are necessary and have greatly improved many areas creating vibrant neighbourhoods and commercial areas that also create jobs. Many areas like Coal Harbour, False Creek and Richmond have been revitalized and this has made a great contribution to the livability of these areas. However, without an economic land use strategy for the future, the province will be at risk of losing critical gateways to global markets and land parcels in viable locations needed for industry growth.

For industrial businesses involved in trade, transportation, warehousing storage, and logistics, proximity to highways, ports, rail yards and airports are of vital importance. The rail-port connection is of national importance to Canada's economy as commodity exports need to be serviced by ports connected to rail lines. Ports typically create a huge demand for storage and distribution centres around them to take marine containers off ships, re-sort and put goods into domestic containers before transporting them from the port inland by rail.

There are increasing competitive global challenges for our BC resource and energy markets. If we can't deliver our products to global markets, we will be surpassed by the competition. Washington and Oregon view their ports as having strategic importance and offer a more competitive regulatory and tax advantage to shippers. BC municipalities often tax heavy and light industry property classes significantly higher than all other classes. This represents a significant competitive disadvantage to BC's industrial business. The lack of available industrial lands compounds the disadvantage significantly.

Metro Vancouver, a corporate entity that delivers regional services on behalf of 24 local municipalities and authorities, is trying to protect industrial lands through a land-use plan called the Regional Growth Strategy (RGS) established in 2011. The plan requires that municipalities get approval from the Metro Vancouver Board before rezoning any industrial land.

There is concern that this process doesn't go far enough to protect critical industrial lands from being rezoned. About 2/3 of the region's remaining industrial land is designated as industrial in the RGS. The remaining 1/3 is included in the RGS's mixed employment lands designation, which also allows commercial development on included lands. That means that the industrial lands in that designation can be rezoned to commercial uses without seeking the endorsement of the Metro Board by way of an amendment to the RGS. Also, all of the lands designated as industrial or mixed employment can be amended to general urban through a minor amendment to the RGS. In fact, since the RGS was adopted in 2011, a further 148 acres of industrial land has been lost.[7]

Further, the RGS process does not identify and generate new industrial land to replace lands that have already been lost. Industrial densification is part of the solution and is starting to happen, but likely won't be enough to meet the projected future demand. Also, the RGS still places decision making in the hands of local politicians who may be under pressure to generate revenue for their municipalities by up-zoning from industrial uses.

So while it is better than nothing, the RGS is not a provincial solution that would give certainty that critical industrial parcels will be preserved well into the future and that would generate viable new industrial lands in the right locations.

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[7] http://www.richmond.ca/__shared/assets/PMV_IndustrialLands_GP_07201541990.pdf

Much as the provincial Agricultural Land Reserve has protected farmland since 1978, a similar mechanism is needed to protect industrial land. In fact, protecting industrial land would have the dual effect of protecting agricultural land, as it eases the pressure of agricultural land being converted.

Conclusion:
Due to the uniquely severe land shortage, preservation of industrial lands cannot be accomplished at the local level. It will require provincial leadership. An economic strategy will need to be initiated by the province to prevent further depletion of critical industrial parcels and to ensure the replacement of lost industrial lands and a potential increase in the size of the industrial land base.

This is an important investment in the future of the province of British Columbia in order to ensure lands are preserved to accommodate growth without inducing further sprawl, and ensure a balanced, sustainable economy for ongoing local job security and prosperity for future generations.

Finally, the BC Jobs Plan outlines the following three pillars:

1. Working with employers and communities to enable job creation;
2. Strengthening our infrastructure to get our goods to market; and
3. Expanding markets for BC products and services, particularly in Asia.

Protecting BC's critical trade-enabling and job creating industrial lands must be a top priority of the provincial government to support the BC Jobs Plan strategy. The Chamber acknowledges that some strategic work in this area has been started by the Province but more attention is needed to;

- identify strategic trade-enabling industrial parcels that are proximate to transportation connections and global gateways that need preserving;
- assess current permitted uses of unusable lands and ensure the right lands are in the right locations;
- determine a process or mechanism to preserve and grow industrial lands while considering local OCPs and allowing for market flexibility; and
- identify ways to recover and increase key logistics oriented industrial land base by identifying under-utilized or contaminated lands currently reserved for rural uses.

THE CHAMBER RECOMMENDS:

That the Provincial Government:
1. take immediate action to review the current inventory of industrial lands in the province;

2. engage in a review of solutions with key stakeholders
3. continue to develop a comprehensive provincial land use strategy, perhaps as part of an overall economic strategy for the province
4. Enact a policy to establish clear provincial oversight and establish a forum for all relevant land use authorities to monitor implementation of newly created provincial policies and regulations.

Submitted by the North Vancouver Chamber of Commerce, Greater Vancouver Board of Trade

Addressing the Housing Crunch through Increasing Supply

Issue

The cost of housing in B.C.'s major centres is rising. Demand for housing is out growing housing supply in both new builds and available rentals. As a result, B.C. residents are feeling the pressure of increased prices. The Canadian Mortgage and Housing Corporation (CMHC) states that housing starts in B.C. are relatively stable while sales are expected to grow in 2016.8 The CMHC also projects a rise in average housing prices across the province, ranging from between $594,600 and $668,000 in 2016 to between $577,700 and $699,700 in 2017.

Not only is the price of purchasing a home increasing, but rental vacancy rates across BC are alarmingly low, especially when compared to other Canadian regional centres. All BC centres measured by the CMHC are below 1% vacancy. The next lowest vacancy rates are Guelph, Barrie and Toronto with rates between 1.2% and 1.6%. The continued trend of falling vacancy in BC would indicate increases in demand for rental stock, but insufficient supply growth as of late.

Apartment Vacancy Rates (BC)		
Regional Centre	**2014**	**2015**
Abbostford-Mission	3.1	0.8
Kelowna	1.0	0.7
Vancouver	1.0	0.8
Victoria	1.5	0.6

Source: CMHC Rental Market Report, Fall 2015

Apartment Vacancy Rates (Canada		
Regional Centre	**2014**	**2015**
Barrie	1.6	1.3
Halifax	3.8	3.4
Montreal	3.4	4.0
Saskatoon	3.4	6.5
Toronto	1.6	1.6

Source: CMHC Rental Market Report, Fall 2015

The rising cost of housing and lack of rental stock has been noted to be a barrier to the attraction and retention of labour in high demand regions such Vancouver, Kelowna and Victoria. With an estimated 1 million people moving to the Greater Vancouver region

8 CMHC Housing Market Outlook, October 2015

alone, upward pressure on prices will increase if the supply of housing doesn't increase at a similar rate. 9

The housing crunch in the province's major centres is a multi-faceted issue. The nature of the problem is such that there can be no silver bullet with which to solve the problem, but many solutions working in tandem have the potential to relieve pressures currently exerted on the market. One of these solutions is to increase the supply of homes through density and housing alternatives.

The concept of increasing density is to provide more dwellings per unit of land. This allows an increased efficiency for land use and can increase housing stock for both purchase and rental. Increasing density does not have to be limited to constructing towers, but could include building with the option for "lock off suites", duplexes, triplexes, basement suites, or low-mid rise buildings. In fact, best practices would indicate that a variety of solutions would create a more resilient housing market that allows for people of all economic backgrounds to have access to housing.

Challenges to Increasing Supply

There are barriers that exist at all levels of government. The following is not an exhaustive list of some of those barriers.

Municipal barriers differ across jurisdictions and can include long permitting times or re-zoning processes that can be easily stalled by small groups of residents. But one of the largest barriers to increasing supply of housing is the unpredictability of community amenity contributions. At the moment, municipalities have the ability to demand community amenity contributions (CACs). While CACs provide funding for necessary amenities, the value of these CACs is often unpredictable. The Provincial government has published a guide of best practices on CACs, but it is not enshrined in legislation and is therefore not enforceable. In fact, the Provincial government warns local governments in their guiding document: "It is important that local governments recognize the relationship between CACs and housing affordability and make efforts to balance the opportunity to obtain community amenities with the goal of helping families to secure affordable housing."

The Strata Property Act at the provincial level allows strata to limit the amount of rentals within their jurisdiction, or even ban rentals all together. Removing this ability from stratas would result in an increase in available rental property.
At the federal level, the treatment of rental income as passive instead of active business income has also contributed to a lack of development of purpose-built rental buildings. If there were changes to the federal tax code to allow for rental income to be claimed as active income, there would be a greater incentive to build rental properties. At all levels of government, these barriers should be re-examined as to whether or not the benefit in their specific area is worth the cost to housing.

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9 Metro Vancouver Regional Growth Strategy, 2011

Balancing Industrial and Residential Land Use

When looking at increasing housing supply, it is important to balance the need for economic growth through the preservation of trade-enabling industrial land. A 2015 study by Site Economics Ltd estimated that roughly 1,500 – 3,000 more acres of trade-enabling industrial lands are required in the next five to ten years to meet the demands of a growing Canadian economy. As well, diverse land uses are important for building sustainable communities. Retaining industrial land ensures high paying employment within the city core and contributes significantly to municipalities by subsidizing the residential tax base. For every $1 in taxes, industrial lands typically receive on average $0.25 in services.

Because of this need for industrial uses to provide strong economic conditions, we must look to more efficient uses of currently zoned residential land. This means increasing density and allowing for alternative housing on existing residential lands.

Protecting Equity

Housing is a complex issue that involves more than just housing supply, but includes variety of housing options, job and salary growth, and foreign investment in the region as well. In order to solve this issue, a comprehensive approach is definitely needed by all levels of government. Preferably, this approach will stabilize the market while preventing the loss of equity for current property owners. With such high demand for housing in BC, it makes sense to incent increased housing supply through density as a preliminary measure to stabilize the market.

The Chamber recommends that the Province work with municipalities to:

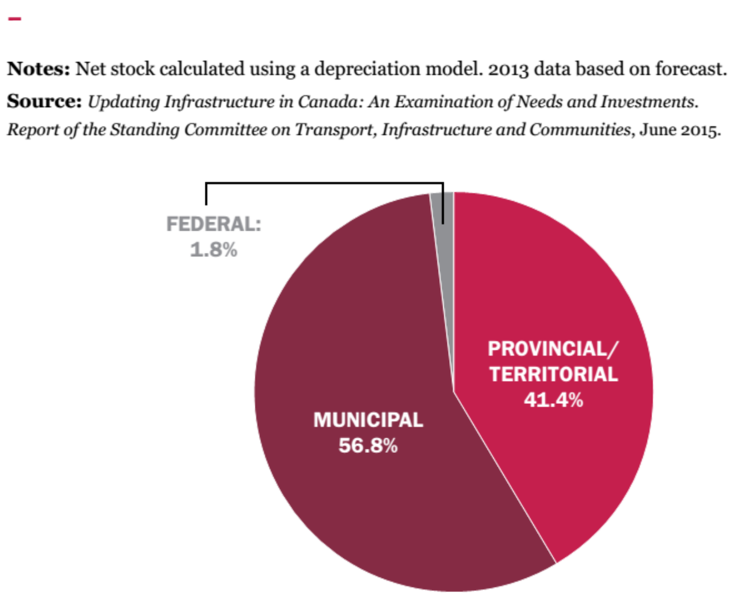
1. Identify and remove administrative barriers at all levels of government that slow increased density
2. Indentify and implement incentives the private sector to increase the housing supply through density, alternative and more efficient housing solutions on land that is currently zoned for residential
3. Identify and implement incentives that will stimulate the diversification of housing stock

Submitted by the Greater Vancouver Board of Trade

Protecting our Infrastructure (Asset Management)

According to a 2016 survey completed by the Canadian Federation of Municipalities (FCM), municipal governments own nearly 60% of Canada's core public infrastructure. The value of these core municipal infrastructure assets is estimated at $1.1 trillion dollars.

Figure 1 - Net Stock of Core Public Infrastructure by Level of Government, 2013



Municipally owned infrastructure assets include but are not limited to:

- water systems
- roads and bridges
- buildings
- sport and recreation facilities and
- public transit

The Federation of Canadian Municipalities estimates that the backlog of upgrade and expenditure of the existing municipally owned infrastructure in Canada to exceed $123 billion dollars.

In 2007, the Government of Canada launched the Building Canada Plan (BCP) which included a $33 billion investment plan for federal, provincial/territorial and municipal infrastructure before 2014. Spending was accelerated under the Government of Canada's stimulus program in 2009 and 2010. In the 2011 budget, the Federal Government announced a process to develop a new long-term infrastructure plan to replace the BCP, which resulted in the New Building Canada Plan (NBCP), a 10 year plan for federal investments in building and maintaining Canada.

The NBCP was a Federal Government commitment to invest over $53 billion in infrastructure across the country over the next 10 years (2014-2024).

Two key components of the NBCP included:

1) the New Building Canada Fund (NBCF) – a $14 billion dollar fund to support projects of national, regional and local significance that promote economic growth, job creation and productivity and;
2) the Federal Gas Tax Fund (GTF) – to date $13 billion funding for local infrastructure projects, with close to $22 billion anticipated to flow over the next 10 years.

To make the most of public investments and eliminate the municipal infrastructure deficit, municipal governments need predictable, long-term revenue. The permanent and indexed federal Gas Tax Fund was a step toward that goal, laying the groundwork for a national plan to eliminate the municipal infrastructure deficit.

The Federal Government's Economic Action Plan 2013 renewed the Federal Gas Tax Fund, indexing it at two percent per year, to be applied in $100 million dollar increments, which means that it will grow by $1.8 billion over the next decade.

For British Columbia, the NBCP represents almost $3.9 billion in dedicated federal funding, including almost $1.1 billion under the New Building Canada Fund and an estimated $2.76 billion under the Federal Gas Tax Fund.
British Columbia also stands to benefit from:

- $4 billion available for projects of national significance
- $1.25 billion in additional funding available for P3 projects
- $10.4 billion via the GST Rebate

In the 2016 Federal Budget, the new Federal government updated the NBCP numbers, increasing their commitment to asset management by an additional $50 million dollars. There will now be an additional $60 billion over 10 years, split evenly between public transit, green infrastructure, and social infrastructure. This is in addition to the $65 billion promised by the previous government for traditional infrastructure such as roads, bridges, and transportation. To fully leverage these funds, the provincial approach should be to group project priorities, and align provincial priorities with the available Federal infrastructure funding opportunities.

Federal funding is provided up front, twice-a-year, to provinces and territories, which in turn flow this funding to their municipalities to support local infrastructure priorities. Municipalities can pool, bank and borrow against this funding which provides financial flexibility.

With aging infrastructure and limited resources, our communities face huge challenges in financing the necessary repair, replacement and upgrade of our infrastructure. There are 196 municipal governments and 198 First Nations communities in British Columbia. Our communities, industry and businesses rely on our utilities, transportation and power system to sustain our business. Business interruptions due to broken water mains, poor roads, inadequate transit and other disruption causes economic loss to businesses and limits our ability to attract new businesses to our communities.

Our communities also face financial challenges from increasing standards and regulations without adequate financial mechanisms to pay for them. The primary resources at the municipal level are property tax. Our businesses pay a much higher tax rate than our residential taxpayers. Significant increases in property taxes are not affordable either for our businesses or for many of our residents.

Senior levels of government need to be more involved in renewing the basic fabric of our communities. Today our communities receive only eight cents on every tax dollar collected by all levels of government, significantly down from 24 cents a decade ago.

Our built environment or infrastructure is critical to the economic capacity and livability of our communities and the viability of our businesses within them.
Many communities are struggling with competing financial pressures and aging, failing infrastructure. Municipal budgeting processes currently fail to require accounting for future demands for infrastructure upgrades and replacement. Government support at all levels is required to renew our infrastructure as well as assist with paying for new and increased regulations and standards.

While funding infrastructure remains a priority of the current Federal Government, the emphasis continues to be on new infrastructure when our communities cannot reasonably cope with existing infrastructure. A core direction of current and new Provincial funding programs needs to be directed to upgrade and replacement of existing infrastructure especially in medium and smaller communities with very limited tax bases.

A new report by the Canadian Centre for Economic Analysis (CANCEA) shows that the economic importance of public infrastructure investment is vastly greater than previously found using traditional economic models. Using unique agent-based modeling, CANCEA found that public infrastructure investments generate an economic return on real GDP that is almost eight times as large as the impact predicted by traditional economic models.

A recent report entitled 'Investing in Ontario's Public Infrastructure: A Prosperity at Risk Perspective' uses Ontario big data/big analytics approach to assess infrastructure impacts. The CANCEA team examined the long-term economic impact of Ontario's 10-year, $130-billion infrastructure plan using its unique research platform called Prosperity at Risk. The research found that for every $1 billion invested in infrastructure as part of the Ontario $130 billion 10 year plan, $1.7 billion in provincial tax revenue will be generated relative to not making the infrastructure investment.

The power industry estimates their backlog is in excess of $300 billion for the renewal of the power grid plus unknown generation renewal costs. There is also demand by School Boards, Health Care facilities and Universities and Colleges for public funds for upgrades and replacement along with billions of dollars of assets owed directly by provincial, territorial and federal governments. However, for every dollar municipalities invest in local infrastructure, federal, provincial and territorial governments receive a combined 35 cents, mainly through new income and sales taxes – 18 cents going to Ottawa and 17 cents to provincial or territorial governments. There are benefits to investing in infrastructure for all levels of government.

Municipal governments are essential to identifying and implementing projects that respond to local needs, while contributing to regional, provincial and federal prosperity. However, municipal governments often lack the resources and expertise to deliver productive and sustainable infrastructure in a cost-effective and timely fashion. The cost and complexity of maintaining public infrastructure introduces significant risk to the effective use of taxpayer dollars. To alleviate this risk, provincial funding programs should require structured project selection criteria that will ensure value for money and continuity of high paying jobs in our communities.

The Provincial and Federal governments need to work together to prioritize investments to support trade-enabling infrastructure investment while building capacity of cities and communities to plan, build, and maintain their infrastructure over the long term. Prioritization and coordination between Provincial Ministries will help move goods that contribute to economic growth providing incentive for the private sector to make investments, while contributing to local economies through sustainable job growth and support to local businesses.

As the nation's pacific gateway, the Provincial government must actively formulate an overarching strategy to prioritize investment, and attract federal funds. As communities in every Province compete for funding, it is important that a consolidated provincial strategy is in place to ensure that attention is paid to the needs of British Columbia.

THE CHAMBER RECOMMENDS:

That the Provincial and Federal Governments:

1. Execute as quickly as possible upon notice of Federal funding, the necessary Provincial-Federal agreements to ensure funding continues in a sustainable consistent manner that accrues to our communities for infrastructure improvements and upgrades, especially smaller communities for existing infrastructure, and required upgrades resulting from new regulations and standards.

That the Provincial Government:

2. Develop a long term Infrastructure Strategy and Plan for British Columbia that:
    - Provides increased support for communities to report on the condition and replacement needs of infrastructure.

- Amends the mandatory municipal budgeting process to require identification of future infrastructure needs.
- Establish a project selection criterion that prioritizes infrastructure funding requests based on criteria such as national/provincial economic interest, return-on investment, and job creation.
- Aligns Provincial funding priorities with the available Federal infrastructure funding opportunities.

Submitted By: The Greater Nanaimo Chamber of Commerce, the Greater Victoria Chamber of Commerce and, the Greater Vancouver Board of Trade

The Need for an Innovative Approach to Transportation for an Increasingly Urban Province

Urban productivity, livability, and local community investment is highly dependent on the efficient and smooth movement of people, goods and services. As urban areas continue to grow, new infrastructure, demand management tools and innovative solutions will be required to maintain an efficient flow of people, goods and services.

Trend Towards Urbanization

Canada, and B.C. in particular, are becoming highly urbanized. Urban population (% of total) in Canada was last measured at 81.6% in 2014, according to the World Bank.

B.C.'s largest urban areas are at tidewater where a considerable number of our transportation bottlenecks are located. This affects transportation movements originating from outside these regions (goods moving from the remainder of BC, Western Canada, and U.S. to the ports and border crossings); trade from other nations (such as imports from Asia to B.C., Canada, and the U.S.) and economic activity generated within the metro Vancouver region.

Importance of the Transportation System

The Provincial Government's Asia Pacific Strategy is a highly ambitious plan to place B.C. as the gateway for the huge increase in trade traffic from the fastest growing economic region in the world. The overall strength of the BC and Canadian economy and significant population growth are placing a noteworthy strain on our entire transportation system.

All levels of government have committed significant funding for the expansion of the primary transportation infrastructure across the province as the next big driver of growth for the province (Port Mann Bridge, South Fraser Perimeter Road, Port Metro Expansion, Roberts Bank Rail corridor improvements, Port of Prince Rupert Expansion, as a few examples).

There are many urban areas of the province that have significant congestion that result in lost productivity, increased costs, and harmful effects on the environment. B.C. needs to address these issues in order to remain prosperous.

Our economic success in BC and Canada depends on being competitive on the world stage. We can't attract shippers to the ports in Vancouver if the goods will then be stuck on trucks in congestion on route to markets. We can't sell our natural resources on the world markets if the congestion delays absorb all profits or negatively impact the quality of agriculture products.

The Provincial government faces significant challenges finding ways to fund the existing and future transportation needs in the Province. The issue of funding for transportation has reached a crisis point in the Lower Mainland, including the Fraser Valley where a significant portion of the future provincial growth and development is predicted to occur. As noted above, the crisis in the lower mainland, as the gateway, creates a bottleneck that directly impact businesses across BC and Canada. Furthermore, as urbanization increases throughout the Province, similar bottlenecks will grow within our other major centers.

Lack of Demand Management Techniques
The implementation of road pricing provides the tools for the existing congested urban areas and future urban centers to provide fair, equitable, flexible, source of transportation funding for operations, capital maintenance, and future growth, and the appropriate levers to positively impact congestion.

Road pricing is a means to directly charge levies for the use of roads, including road tolls, distance or time based fees, congestion charges. Such charges are designed to provide funding, but more importantly influence congestion by discouraging driving on certain routes, discouraging travel at peak times, and encouraging the use of transit options.

An urban road pricing model provides incentives that can be effectively utilized to manage demand, which tolls alone can't effectively achieve. In the absence of effective price signals created by a road pricing (tolls, High-Occupancy Vehicle (HOV) lanes, congestion pricing levies, road pricing, and appropriate and available transit options), there is inevitably an increase in single-passenger vehicles and use, which then leads to increased congestion and bottlenecks. In short, simply investing in new capacity will not solve the cycle of congestion, a coordinated approach of road pricing, infrastructure investments, and transit investments need to be implemented. The Chamber has been consistent in its support for projects such as the Lower Mainland Gateway Strategy and the need for transportation infrastructure investments in other regions of the province. Underpinning this support is the understanding that these projects can only be successful if the associated transportation networks receive related improvements to improve the flow of goods both now and in the foreseeable future.

A key to our long-term success will be strategic and long-term investment in high-quality public transit. With a road pricing model, users need the ability to choose and have the appropriate incentives to choose public transit. Transit investments by themselves will not reduce roadway congestion. However, they become more effective at reducing congestion if they are a critical component of a comprehensive strategy that includes complementary road pricing, mobility management strategies, and smart growth land use policies.

Numerous studies, along with empirical evidence from around the world, clearly demonstrate that simply building new roads and other infrastructure in the absence of demand management techniques, including quality public transit options, will not alleviate congestion in the long run. In other words, in the BC context it is not one, or the other, but both.

This presents a unique opportunity for the Provincial Government to remove politics from transportation planning and to create a vision that provides clean, efficient, accessible, and reliable public transit covering the entire region, while introducing innovative mechanisms to ensure the efficient movement of goods and services. Current funding relies heavily on property taxes and a regional accountability. This places long term planning in the hands of municipal representatives who have to represent the region and their local municipality. A road pricing model will positively impact this inherent conflict of interest; those who use the network will pay, regardless of municipality.

Current Tolling Policy
The Provincial Government's current tolling policy must be repealed. The current policy only permits tolls to pay for new construction on specific pieces of infrastructure when a viable, free alternative is available. The "viable, free alternative" concept is highly subjective. The concept of paying for solely for the initial construction costs ignores the longer term maintenance costs, inevitable replacement costs, or savings for additional growth. As such, tolling only certain infrastructure for a finite period of time (repayment of capital costs) creates divisiveness among communities, those who are currently paying and those who are not. In short, any road pricing tool should be a funding mechanism linked to the users "right to use" the transportation system as a whole, not specific pieces of the system.

The economic benefits of investment in transportation depend on good traffic speed, and in the long term, there is widespread agreement that the only way to preserve this is to ensure that there are appropriate price signals placed on the use of the transportation network (roads and bridges) across the region. This recognition is resulting in a global trend towards an acceptance of the necessity of road pricing as the optimal way to fund transportation improvements. Jurisdictions around the world are recognizing that to be sustainable, funding mechanisms need to combine sustainability with the principle of user pay while managing traffic demand; a well-designed road pricing system meets all of these criteria.

Public Engagement and Educations
The recent plebiscite demonstrated the significant public resistance to additional taxation. Metro Vancouver residents are paying property taxes, gas taxes, parking sales taxes, and transit fees to support the transportation system. It is important to highlight, that gas taxes are a key funding component of the current system. Gas tax funds not an ideal funding source due to volatility in commodity prices, while it creates a reverse incentive. As we effectively reduce the use of single occupancy vehicles, and implement electric vehicles, the funding source for further investments in public transit declines.

The results of the referendum showed strong support for improved transportation infrastructure. The primary criticisms were:

- concerns over too much tax,

- prioritization of funds to communities in the region in the short and long term
- ensuring the best management of such funds for maximum value
- utilizing a regional sales tax model which could be harmful to business and does not have a direct correlation to transportation use

We have seen political support for a road pricing model at a municipal and provincial level, but this concept was not widely communicated as the future goal in the referendum process. Public acceptance of a road pricing model would be possible if quality transit options are made available from the start. Road pricing can fund the inevitable startup costs and can effectively be adjusted to keep traffic at targeted levels for the benefit of the public and business.

Comprehensive Strategy
In circumstances where a road pricing is approved, a comprehensive traffic demand strategy should be created to ensure that transportation solutions are integrated.

Given the comprehensive network of roads, bridges, tunnels in the Metro Vancouver Region, the most appropriate model for the long term is a ‘regional road pricing strategy’ placing tariffs on travel when crossing over designated zones throughout the region. This model ensures the tariffs are directly related to use of the major road **and** transit network, not for travel within municipal streets, which are already funded by property taxes. The Chamber believes this proposal represents a fair and affordable ‘system for the Metro Vancouver Region that will provide sustainable funding for infrastructure maintenance and further development of the transportation network, including bridges, the major road network and public transit throughout entire regions.

A road pricing model is the most equitable model of funding to provide the necessary increases to transportation funding to support the current population and the estimated growth.

THE CHAMBER RECOMMENDS:

That the Provincial Government:

1. commit to funding transportation infrastructure investment and implementing policies that are equitable, efficient, and contains basic traffic demand management principles;

2. make as a prerequisite of these visions the need for investment in public transit to provide viable alternatives to single passenger vehicle travel; and

3. Commit to implementing an urban road pricing model as a foundation for sustainable transportation funding, including repealing the current tolling policy.

4. Review the financial impacts of implementing the urban road pricing model with the objective of eventually replacing the gas taxes in concentrated urban areas as a means to generating necessary public support.

Submitted by the Greater Langley Chamber of Commerce, and the Greater Vancouver Board of Trade