

Barbara Yaffe: Tell taxman the cupboard is bare

Just say no: British Columbians cannot afford a half-point increase in sales tax to fund transit

BY BARBARA YAFFE, VANCOUVER SUN COLUMNIST DECEMBER 28, 2014



Vancouverites already reside in one of the most expensive places in Canada to live. If a plan pitched by Metro's mayors to slap an extra half-point of tax on consumers to finance their transportation and transit plan goes through, household budgets will be stretched even further, and it could push budget-conscious shoppers out of town for big-ticket purchases.

Photograph by: Arlen Redekop, Vancouver Sun

It was the perfect dress. Fit like a glove. Then I thought about the 12 per cent combined provincial sales tax and federal goods and services tax and handed the garment back to the sales clerk before leaving the store.

That got me thinking about a proposed half percentage point regional sales tax hike, promoted by Metro mayors to finance a \$7.5-billion, 10-year transportation and transit plan.

How it could hinder retail sales and send shoppers out of the region to buy bigger ticket items, like household appliances or vehicles.

And how a PST hike — estimated to cost each household from \$50-\$258 annually — would impact those already having trouble making ends meet in this expensive region.

The politicians are well meaning, wanting to find new cash to relieve traffic congestion that harms productivity and contributes to pollution. But they're forgetting, many Vancouver-area residents who are already grappling with extraordinary housing costs can't afford more tax.

Vancouverites carry among the biggest consumer debt loads and mortgages, and pay the highest gasoline costs in Canada, partly due to the carbon tax. They pay the highest Property Transfer tax outside Toronto. BC Hydro rates and Medicare premiums continue going up.

And so, the Canadian Taxpayers Federation wants voters to defeat a spring referendum sanctioning the additional PST: "TransLink already takes 17 cents per litre on gas, five cents per litre of the federal government's gas tax, ever-increasing property taxes, a 21 per cent parking tax and a levy on BC Hydro bills." When is enough, enough?

The federation has noted TransLink's CEO Ian Jarvis earns more than his counterparts in Toronto and Montreal: \$468,015 in 2013, a near seven per cent increase over 2012.

The province devised the idea of a transit referendum in 2012 to get itself off the hook. Instead of scouring current spending to find the billions needed for transit, the Clark government punted the problem to the region's mayors, instructing them to squeeze the cash out of Joe Taxpayer. Rather than imposing a tax outright, they're asking nicely, in a referendum, to politically indemnify themselves from blowback.

Interestingly, the mayors devised their referendum question, since amended by the province, to: Do you support a new 0.5 per cent Metro Vancouver Congestion Improvement Tax, to be dedicated to the Mayors' Transportation and Transit Plan? They did this on Dec. 11, the day Toronto Mayor John Tory sat down with Stephen Harper and Finance Minister Joe Oliver, to seek federal support for Toronto's proposed \$8-billion SmartTrack transit plan.

Declared Tory: "If I had to drive (the PM's) car, as his chauffeur ... in order to have a meeting with him to advance the interests of the people of Toronto, I would do that."

Afterward, Tory reported having "quite an in-depth discussion about what SmartTrack was and how it would be helpful in terms of connecting people to jobs, helpful in a regional context."

Of course, John Tory is a Conservative. The lead mayor in our region, Gregor Robertson, is not. Nor has Robertson ever had a similar sit down with Harper and Oliver.

And why not? Why aren't B.C. and Ottawa, jurisdictions receiving the bulk of tax revenues, jurisdictions that occasionally do contribute major infrastructure dollars to municipalities, not similarly finding money for Vancouver's priorities?

Not long ago, Vancouverites vetoed the HST in a referendum, for affordability reasons. They know finding new money is about making choices, cutting one thing to finance another. If they approve this tax referendum, another will be around the corner.

Politicians are looking in the wrong place for the transit money. People's cupboards are bare.

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