

Business growth stalls in Vancouver, suburbs thrive

Metro grew 230 times faster than city between 1998-2010

BY DON CAYO, VANCOUVER SUN OCTOBER 25, 2011

From 1998 to 2010, the city of Vancouver enjoyed a net dents increase of 83,267 new resi and 50,973 new homes - but added just 46 new businesses.

Indeed, Vancouver's 50,666 business licence numbers in 1998 actually declined slowly and unsteadily until 2007 when they reached their nadir of 46,555. Then they crept back upwards to 50,712 - 0.09 per cent higher than where they started 12 years earlier.

Meanwhile, the number of business licences in Metro Vancouver increased by 24,530 - a respectable 21 per cent, or 230 times faster than in the city of Vancouver. Surrey alone recorded a net gain of 5,571 new licences, and Langley Township 4,268.

The number of business licences doesn't necessarily equate directly to the number of jobs in the city, and Vancouver's employment figures are growing somewhat faster than the number of business licences. Because even though some new business licences are for tiny operations - for example, 30 new street food carts were recently approved - the city still has a lot of big employers (although some of these, such as banks, for example, must have a separate licence for each location).

But data from the 1991 and 2001 censuses - the 2011 figures are not yet released - show that Vancouver, though still considered the core of the Metro area, is rapidly losing its regional preeminence as a place where people can find work. As far back as 2001, both Richmond and Burnaby had surpassed Vancouver's ratio of jobs to workers. Since then, of course, both Surrey and Langley have come on strong.

The decline in the number of licences issued for Vancouver's businesses started under former mayor Philip Owen's Non-Partisan Association administration, and continued under former mayor Larry Campbell and his Coalition of Progressive Electors colleagues.

It began to turn around under former mayor Sam Sullivan and the NPA, and the slow improvement has continued under Mayor Gregor Robertson and his Vision council.

But Coun. Suzanne Anton, the NPA mayoral candidate in the Nov. 19 civic election, blames Robertson for driving businesses out of Vancouver with too much red tape.

"Gregor has put some of the cold chill in these things," she told my colleague Jeff Lee [See story on Page A9]. "The quote I hear in Surrey is that Gregor is Surrey's best friend."

Robertson, on the other hand, points out that there has been some business growth under his tenure, and he credits the much faster pace of suburban growth to a variety of factors that all boil down to costs.

Paul Sullivan, a partner in the property tax consulting firm Burgess Cawley Sullivan and the co-chair of the Vancouver Fair Tax Coalition, also identifies costs as a problem, and he specifically fingers the disproportionately large tax burden carried by Vancouver businesses. What causes this problem is that an ever-higher city tax levy is split each year according to a pre-determined formula that has nothing to do with how much it costs the city to provide services to different groups of taxpayers, or how much these groups can afford to pay. And what results is that residents get to divide their portion of the total tax bill among evermore properties, which helps moderate their individual tax increases. Meanwhile, with the number of businesses in the city stalled and their total levy steadily rising, individual bills for commercial properties tend to soar.

It reached a point in the middle of the last decade where the ratio of the business and residential tax rates hit six to one. This level is so far out of step with rates in most cities that Sullivan believes it creates a vicious circle where business growth is weak, so tax bills for remaining businesses soar, so new businesses look for other places to set up shop, so ...

The impact of this was softened a bit starting in 2006 as successive councils - first the NPA under Sullivan, and now Vision under Robertson - started paring down the business burden by shifting one per cent a year of the total levy from the business property class to the residential tax base. This still leaves the ratio at about 4.5 to one, much higher than the usual range of between 2.5 and three to one that is found throughout most of Canada.

Sullivan also notes another downside to Vancouver's unbalanced growth.

"What we've done is export our jobs to Burnaby or Surrey and beyond," he said. "What this means is that all these new residents of Vancouver have just 46 new doors to knock on when they're looking for work.

"Either that, or they have to get in their cars every day [Vancouverites now have 64,329 more vehicles than they did in 1998] and then drive to the suburbs to work. Pushing all those people into their cars every day has huge implications economically, socially and for the environment."

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BUSINESS IS UP IN THESE MUNICIPALITIES

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