
NEWS RELEASE

For Immediate Release
2012TRAN0094-001577
Oct. 16, 2012

Ministry of Transportation and Infrastructure

TransLink audit complete; focus shifts to affordability, next steps

VICTORIA – The British Columbia government has completed its performance audit of TransLink and has found significant savings, Transportation and Infrastructure Minister Mary Polak announced today.

“As we conducted the audit, we told TransLink about many of the efficiencies we were finding,” said Polak. “TransLink has already acted and has included many of them in its draft 2013 Base Plan, which identifies a total of \$98 million in savings. The completed audit, being released today, found a further \$41 million, bringing the total potential savings to \$139 million per year. This is good news, but it’s still not enough to meet the future transit expansion needs of Metro Vancouver.”

Earlier today, Polak sent a letter to the chair of the Mayors’ Council on Regional Transportation, asking it to work closely with TransLink on a long-term transportation vision for Metro Vancouver. The long-term vision should actively engage the public on TransLink’s new 30-year Regional Transportation Strategy. The strategy is due August 2013 and is required by legislation.

On Oct. 12, 2012, the Metro Vancouver Board passed a resolution to contribute to the development of TransLink’s 30-year Regional Transportation Strategy, bringing their expertise in land-use planning to the table.

“TransLink commissioner Martin Crilly submitted his report this spring, and the Ministry of Finance has just completed its audit,” said Polak. “Everyone agrees that TransLink provides a world-class service that is the envy of many jurisdictions. There is a clear appetite and opportunity to develop a comprehensive plan that takes us into the future. The mayors should work with TransLink and the public to define the vision that meets the needs of a changing and growing region, and remains affordable for families.”

Once the long-term regional vision has been developed, the mayors and TransLink will be in a position to go back to the public to discuss cost and how to pay for it.

Government needs a clear sense of the regional vision and priorities over the coming decades, what kind of transportation system will be needed in the future and how much residents are prepared to pay for it.

A practical discussion can then be held about possible funding tools.

Funding tools must:

- Be affordable for families.
- Be regionally sourced.
- Avoid negative effect on the provincial economy.
- Capture for TransLink a share of the benefits that arise from the substantial investments in Metro Vancouver's transportation system.

The TransLink audit is available on the Ministry of Transportation and Infrastructure website:
http://www.th.gov.bc.ca/publications/reports_and_studies/Review_of_TransLink.pdf

Quick Facts about TransLink:

- TransLink is Metro Vancouver's regional transportation authority. It delivers regional transit services and cycling and commuting options, as well as the AirCare program, through its operating companies:
<http://www.translink.ca/en/About-Us/Corporate-Overview/Operating-Companies.aspx>
- TransLink provides funding and shares responsibility for the Major Road Network and regional cycling with municipalities in Metro Vancouver.
- TransLink is the first North American transportation authority to be responsible for the planning, financing and managing of all public transit in addition to major regional roads and bridges.
- As guided by the South Coast British Columbia Transportation Authority Act, TransLink has a multi-tiered governance structure that includes the board of directors, the Mayors' Council on Regional Transportation and the regional transportation commissioner.
- The board provides oversight of TransLink's strategic planning, finances, major capital projects and operations and makes decisions in the interest of TransLink within the limits established by the act.
- On April 11, 2012, the TransLink commissioner released the Efficiency Review of TransLink. It identifies potential cost-saving measures. Based on this, the commission challenged TransLink to achieve specific dollar savings targets in the coming three years, and also in the ten-year time frame. The report is available at:
http://translinkcommission.org/TransLink_Efficiency_Review_Mar_21-12_FINAL.pdf

Learn More:

TransLink audit:

http://www.th.gov.bc.ca/publications/reports_and_studies/Review_of_TransLink.pdf

TransLink legislation – South Coast British Columbia Regional Transportation Authority Act:

http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_98030_01

Three backgrounders follow.

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BACKGROUND 1

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TransLink Audit Highlights

The TransLink audit was conducted by the Ministry of Finance, at the request of the TransLink board of directors.

In September, TransLink released its draft 2013 Base Plan for public comment and identified \$98 million in efficiencies. Some of these savings were as a direct result of the audit process. The provincial audit found a further \$41 million, bringing the total annual savings to \$139 million.

The audit found that TransLink has an overly conservative approach to financial management and recommended that the organization reduce its fiscal conservatism and periodically undertake a zero-based budgeting process. The \$41 million is made up of:

- Adopting a less-conservative approach to budgeting would allow TransLink to eliminate annual average budget surpluses of \$30 million.
- Eliminating the use of sinking funds at this time may generate average annual savings of up to \$3 million for the next three years and increased amounts beyond then.
- Converting the IT and engineering contracted positions to employee positions would generate annual savings of more than \$1.5 million and allow the business knowledge gained by the contractors to be retained with the organization.
- Decreasing service frequencies during weekdays would generate an additional \$1.1 million in cost savings.
- TransLink's draft 2013 Base Plan identified a number of bus-service cost savings which include reduction of recovery time and fleet management. However, an additional \$5.2 million in cost saving opportunities exist in areas such as low performing routes and driver scheduling.

In addition to the audit, an executive steering committee made up of deputy ministers and two Metro Vancouver city managers made further recommendations. These include:

- Following TransLink's corporate procurement policies more closely and reducing expenditures by one per cent could save more than \$4 million per year.
- Once faregates have been installed at transit stations and fare evasion declines, reducing Transit Police and Transit Security to pre-Olympic levels could save more than \$5 million per year.
- Reducing underused bus routes more than were identified in TransLink's draft 2013 Base Plan could save up to another \$3 million annually. TransLink spends over \$56 million annually on routes with less than 50 per cent utilization and over \$8.8 million on routes with less than 30 per cent utilization.
- Reducing frequency of SkyTrain during non-peak times by one to two minutes on weekends and weekdays would provide over \$1 million in additional savings.

The Ministry of Finance's Internal Audit and Advisory Services Department examined TransLink's planning, forecasting and financial performance including: service level planning; reliability of fiscal forecasts; centralized corporate service delivery; operating and administrative costs; cost mitigation strategies and operating efficiencies; debt and financial management; land use management; procurement; security and policing costs; and capital asset management and utilization.

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BACKGROUND 2

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TransLink funding sources

- TransLink has access to a wide range of funding sources including fares, property tax, parking tax, hydro levy, regional fuel tax, and tolls on the Golden Ears Bridge, as well as capital contributions from senior governments, provincial fuel tax from government and the federal gas tax.
- Over the past 10 years, the B.C. government has provided \$6.4 billion for major infrastructure projects in the Lower Mainland.
- In addition about \$2 billion has been directly provided to TransLink since 2001.
- Provincial funding has allowed projects to proceed that benefit the entire region and reduce the cost of these projects on local taxpayers and TransLink. Provincial contributions for projects include:
 - Evergreen Line - \$583 million
 - Canada Line - \$435 million
 - Port Mann/Highway RapidBus service and the Langley Carvolth (also known as 202nd St.) park and ride and transit exchange - \$150 million
 - SkyTrain station upgrades and other improvements - \$60.5 million
 - Highway 99 and Highway 7 transit enhancements - \$52 million
 - Faregates - \$40 million
 - 48 new SkyTrain cars - \$30 million
 - U-Pass BC - \$28 million
 - Capilano Bridge replacement, expansion and transit improvements - \$18.5 million
 - New buses - \$17 million
 - Seven new West Coast Express cars and station upgrades - \$9 million
 - New SeaBus - \$4.8 million
- As a result of provincial funding, government has been able to secure close to \$640 million in federal funding for transit in Metro Vancouver

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BACKGROUND 3

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Property tax for transit in Metro Vancouver

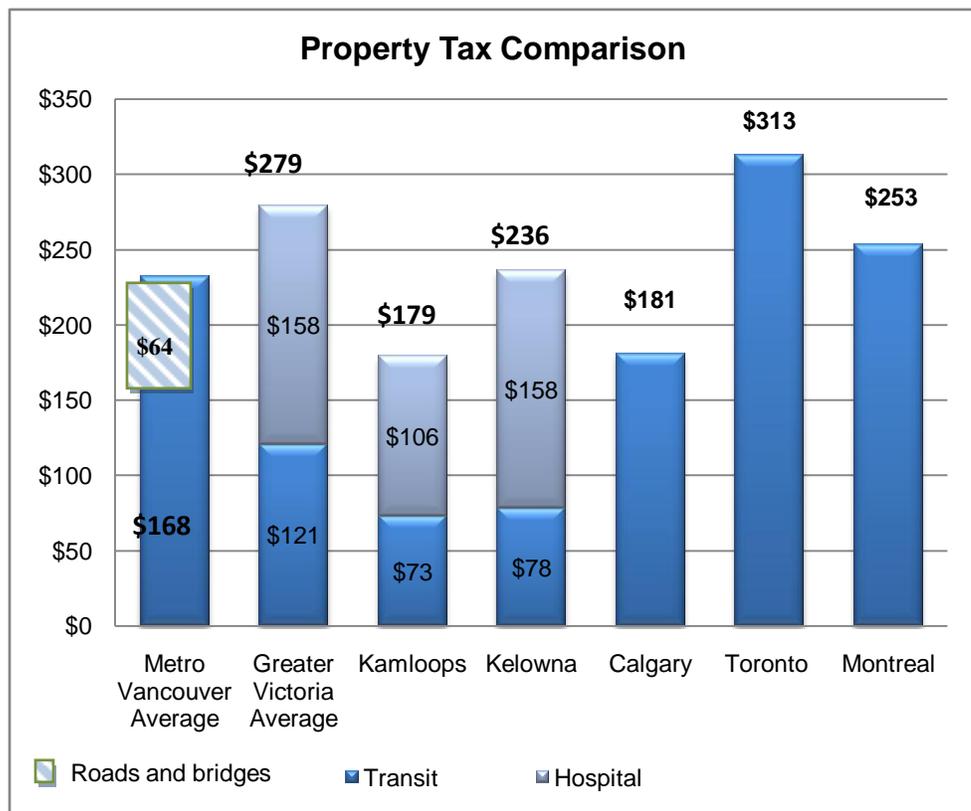
Property tax contributes to about 25 per cent of TransLink’s funding. In 2011, property taxes provided about \$300 million.

Legislation enables TransLink to collect property tax and to increase its share of property tax revenues by three per cent each year. TransLink can apply to the Mayors’ Council on Regional Transportation to increase property tax above the three per cent.

Historically, British Columbia municipalities collected 40 per cent of hospital capital costs through property taxes. When TransLink was created, it was agreed that the provincial government would assume full responsibility for paying for hospital capital in Metro Vancouver. The government funding of hospital capital created property tax room in the region to help pay for transit.

The amount of property taxes paid for transit (\$168) in the Metro Vancouver area is lower than the combined health capital and transit tax burden in Victoria and Kelowna despite a much larger transit system. Metro Vancouver does not pay for hospital capital costs unlike other B.C. municipalities.

Property tax paid to TransLink also includes funding for roads and bridges, on average \$64, which is normally paid through municipal property taxes in other jurisdictions. Removing road spending results in an average net tax of \$168 for transit in Metro Vancouver.



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