



January 26, 2022

Honourable Chrystia Freeland
Deputy Prime Minister and Minister of Finance
and

Honourable Dominic LeBlanc
Minister of Infrastructure and Communities
House of Commons
Ottawa, Ontario K1A 0A6

Sent via e-mail: chrystia.freeland@canada.ca // infc.minister-ministre.infc@canada.ca

Re: Submission to the Government of Canada's Pre-Budget Consultation 2022/23

Deputy Prime Minister Freeland and Minister LeBlanc,

I am writing to share our attached submission to the 2022/23 Pre-Budget Consultation and to provide an important update on our transit system in Metro Vancouver.

Since the beginning of the COVID-19 pandemic almost two years ago, urban transit systems across Canada have faced unprecedented challenges in maintaining essential transportation services, while experiencing dramatically reduced revenues from transit fares and other sources. In Metro Vancouver, our transportation authority – TransLink – has succeeded in protecting service levels, enhancing safety and avoiding job losses. This has been achieved thanks to a strong partnership with the British Columbia Government and support from the Federal Government.

British Columbia led the way in 2020 to secure and match the first round of federal relief funding from the Safe Restart Agreement so our transit and ferry systems could continue to serve our communities – particularly the front-line and essential service workers who have been critical to our health and well-being.

The Government of British Columbia continues to partner with TransLink in its financial recovery. This effort, combined with the Government of Canada's support, has helped to ensure our transit system remains resilient through the pandemic while we plan for continued expansion projects that will be essential in meeting the demands of a growing population and a dynamic economy.

All levels of government share similar goals: sustaining and expanding transportation networks to avoid increasing greenhouse gas emissions; supporting social equity by providing essential transportation services for all; improving access to affordable housing; and avoiding traffic congestion that would hinder our recovery and economic growth.

Tomorrow, after three years of development and public engagement, TransLink is expected to approve its new long-range plan, *Transport 2050*, which sets out a roadmap for a future transportation network that meets our shared goals. We know that demand for transit will continue to grow over the coming decades and we must plan for this now. Our challenge today is to recover from pandemic-related losses in the short-term, without mortgaging our ability to plan and deliver the new transportation services our region needs in the long-term. If we don't stem operating losses now, we risk leaving thousands of citizens, workers, students, and visitors without reliable and sustainable transportation options.

Recommendation

As the Government of Canada finalizes its budget for 2022-2023, the Mayors' Council is joining the Federation of Canadian Municipalities in asking the Federal Government to **extend emergency relief funding for public transit to cover operating losses for the remainder of the pandemic**. In Metro Vancouver, revenue losses are forecasted to be as high as \$700 million for 2022 and 2023, with additional losses experienced by BC Transit communities in the rest of the province. This support will enable TransLink and BC Transit – working in partnership with the Provincial Government – to remain resilient as we build ridership back and transition to a post-pandemic “new normal.”

The ongoing COVID-19 pandemic continues to severely impact TransLink's finances. Without additional relief funding from Federal and Provincial governments, TransLink faces an uncertain future. Here are the key facts:

- Ridership is currently at about 60% of pre-pandemic levels – amongst the highest ridership recovery in North America – and is projected to recover to 80-90% by late 2022.
- Road congestion in Metro Vancouver is already back to pre-pandemic levels.
- TransLink's pandemic related revenue losses for 2022 and 2023 are projected as high as \$700 million.
- Reductions in transit service have been limited to 4% to ensure residents have travel options, but TransLink requires additional relief funding to sustain this level of service.
- Ongoing losses will also delay future expansion plans which will be required for population growth and to realize shared goals related to climate action, indigenous reconciliation and housing affordability.
- Fuel prices are increasing – adding to the cost of living for citizens who may not have adequate public transit services.

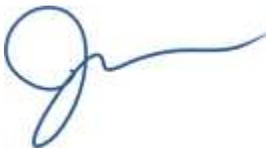
Funding from senior governments to sustain our transit system through this public health crisis is critical to keeping life affordable for our region's residents. Among all public services considered essential, only public transit is funded directly by users and local taxpayers from regressive sources like transit fares, and property, fuel and parking taxes. Other essential public services such as health care and education have been significantly impacted by the pandemic, and senior governments are providing funding from progressive taxation sources to ensure those systems are able to maintain critical services. With transit, we must ensure continued support for TransLink and other transit agencies in maintaining essential service

levels to avoid overburdening residents and businesses with pandemic-related costs that are most efficiently covered by progressive taxation sources.

The Metro Vancouver region has a track-record of planning and delivering transit projects and services that have led to significant increases in transit usage and high levels of ridership. Although the COVID-19 pandemic has challenged all essential services, with continued government support we can return TransLink to financial sustainability and deliver on the region's long-term transit expansion plans. This includes upgrades to the existing SkyTrain network, bringing rapid transit to new communities across the region, bus fleet electrification, and investments in active transportation projects.

We look forward to continuing to work in partnership with the Government of Canada, along with the Province of British Columbia, to protect public transit as an essential service and keep our economy and residents moving. The Mayors' Council will be reaching out to all Metro Vancouver members of Parliament over the coming weeks to share an update on our transit system's operations and development and to ensure they are aware of the need for additional emergency relief funding.

Sincerely,



New Westminster Mayor Jonathan X. Cote
Chair



Langley Township Mayor Jack Froese
Vice-Chair

- c. Hon. Selina Robinson, Minister of Finance, Government of British Columbia
- Hon. George Heyman, Minister of Environment and Climate Change Strategy and Minister Responsible for TransLink
- Hon. Rob Fleming, Minister of Transportation and Infrastructure
- Hon. Bowinn Ma, Minister of State for Infrastructure
- Metro Vancouver Area Members of Parliament
- President of FCM
- President of CUTA
- Members of the Mayors' Council and TransLink Board
- Members of the BC Urban Mayors' Caucus

About the Mayors' Council on Regional Transportation

The Mayors' Council is the collective voice of Metro Vancouver residents on transit and transportation. Our members include representatives from each of the 21 municipalities in TransLink's service area, as well as Electoral Area 'A' and the Tsawwassen First Nation. It is responsible for approving TransLink's transportation plans, identifying local funding and negotiating with other levels of government to make those plans a reality.



Submission to the Government Canada for Budget 2022/2023

January 26, 2022

Overview

Efficient and reliable public transit is an essential service in Canada's major urban centres. Workers, students, seniors, recent immigrants, and people living with disabilities are among those who depend on public transit every day. Protecting the efficiency and reliability of transit during the pandemic and preparing to expand transit services to meet future demand, is critical to our region's and Canada's economic, social and environmental goals.

Like other urban transit agencies across the country, our regional authority, TransLink, has experienced significant financial challenges during the COVID-19 pandemic as farebox, parking tax and fuel tax revenues have been drastically reduced.

The Mayors' Council appreciates and values the support of the Federal and British Columbia Governments in providing pandemic relief funding to cover transit ridership revenue shortfalls. This funding has enabled TransLink to avoid layoffs and to continue operating at full capacity. The one-time funding of \$676 million through the 2020 Safe Restart Agreement helped offset operating losses at the start of the pandemic. The Mayors' Council continues to work closely with the Government of British Columbia through an [MOU signed in 2020](#) to protect transit service in Metro Vancouver through the pandemic and return TransLink to financial sustainability over the longer term.

In 2022, as the pandemic continues to impact all aspects of our lives and our economy, TransLink is facing continuing headwinds. TransLink has been operating at nearly 100% of pre-COVID service levels throughout the pandemic despite only reaching 60% of pre-pandemic ridership at the height of our recovery (a recovery that is being slowed by the latest Omicron wave). TransLink has done this to preserve mobility for all residents through a difficult time for our region and to allow for greater social distancing in what can otherwise be crowded spaces. Senior government relief funding from the Safe Restart Agreement has cushioned these losses and allowed TransLink to avoid layoffs and continue operating at full capacity. But the 2020 Safe Restart Agreement was designed at a time when most believed that the pandemic's direct impacts would be behind us by 2022. Clearly, and unfortunately, this is not the case.

Recommendation

As the Government of Canada finalizes its budget for 2022-2023, the Mayors' Council is joining the Federation of Canadian Municipalities in asking the Federal Government to **extend emergency relief funding for public transit to cover operating losses for the remainder of the pandemic**. In Metro Vancouver, revenue losses are forecasted to be as high as \$700 million for 2022 and 2023, with additional losses experienced by BC Transit communities in the rest of the province. This support will enable TransLink and BC Transit – working in partnership with the Provincial Government – to remain resilient as we build ridership back and transition to a post-pandemic “new normal.”

Impacts of the pandemic

TransLink has been significantly impacted by the pandemic, with revenue losses of \$409.1 million in 2020 and a projected \$1.2 billion between 2021 and 2025. TransLink has made significant efforts to reduce costs, while continuing to deliver near pre-pandemic levels of service and incurring additional costs associated with responding to Provincial Health Orders and pandemic related priorities – including increased cleaning protocols and physical distancing requirements on-board transit vehicles. By curtailing non-essential spending and focusing on what is necessary to deliver customer service and maintain the state of good repair of the system, TransLink was able to derive net savings of \$267.1 million in 2020 and 2021, and projects savings of approximately \$109.5 million in 2022 and 2023.

The Safe Restart Agreement funding of \$676 million was critical to ensuring that TransLink maintain service at near pre-COVID levels. This funding was available to offset operating losses in 2020, 2021 and part of 2022, and lower than planned fare rate increases up until and including 2024.

COVID-19 has had a significant impact on the main sources of TransLink revenue, including transit fares, parking tax and fuel tax. Prior to the pandemic, TransLink had a farebox recovery rate that covered 55% of operational expenditures, 3rd highest in North America. While ridership levels have been showing promising signs of recovery, the timing and trajectory of the future recovery are still uncertain. Ridership levels continue to be suppressed, at approximately 60% of pre-COVID levels (the highest recovery in North America), with a drop in ridership as a result of the Omicron wave likely. Parking tax and fuel taxes have both been impacted by changing travel patterns in the region and federal and provincial zero-emission vehicle mandates, with many employers and universities and colleges transitioning to at least part-time work from home.

TransLink, the Mayors' Council and the Government of British Columbia have been working together to identify new sustainable

MEETING OUR CLIMATE ACTION TARGETS

Throughout 2021, British Columbians experienced a series of extreme weather events linked to climate change. This brings into sharp focus the fact that transportation is the biggest contributor of GHG emissions in Metro Vancouver and many other regions in Canada. The way we move people and goods in the region has a substantial impact on our collective response to tackling climate change.

Just last week, TransLink has announced a plan to further reduce its emissions by 2030 and eliminate emissions from its fleet altogether by 2040. The regional government has set a target to reduce GHGs from the transportation sector by 67% below 2010 levels in 2030. The province's Climate Action Roadmap has set targets to [VKT and mode shift targets]. Achieving these ambitious targets will require all governments working together to reduce vehicle use and move to more sustainable transportation. Wherever possible, we are working to make it possible for people to cycle, walk or roll for shorter distances, and take public transit for longer distances.

With the climate crisis upon us, we must continue to make transit an attractive option that makes it possible for commuters to leave their cars at home. This means ensuring the transit agency is healthy and ready to embrace and deliver the kinds of service qualities and levels needed to support these travel behaviour changes and ambitious GHG reduction targets.

revenue sources to replace permanently lower fare revenues and fuel taxes. This effort has potential over the longer term, but any new revenue sources will take several years to manifest. At the same time, for both new and changes to existing revenue sources, the impact on regional affordability must be considered, especially in the immediate context of already significant pandemic-related impacts to business and households.

Without additional funding to support pandemic-related operational revenue losses, TransLink will have to consider measures to further reduce costs and/or increase revenues through its regressive taxation sources. This could impact capital project delivery and transit service levels across Metro Vancouver. Raising taxes to cover operational losses from COVID-19 creates a lost opportunity to fund service expansion and necessary improvements.

Transitioning to a ‘new normal’

While TransLink’s ridership recovery is out-performing expectations and surpassing most other urban transit systems, this does not mean the region’s transit system will return to pre-pandemic ridership any time soon. Rather, the region is likely heading towards a “new normal” given the longer-term impacts of the pandemic on the economy, and travel and work behaviors. TransLink and other transit agencies are working to understand what the “new normal” will look like, but it is certain that a lower reliance on fare revenues will be a factor and therefore will require alternative revenue sources.

Looking ahead, there will be a transition period between the current uncertainty and challenges of operating in a pandemic, and a more stable operating future. In the short term, cities and regions will continue to require support from federal and provincial governments to cover operating losses while planning for a shifting mix of revenue sources over the longer term.