
**Council of Deputy Ministers Responsible
for Transportation and Highway Safety**

**Intercity Bus Services Task Force
Final Report**

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Table of Contents

Executive Summary	3
1.0 Introduction	11
1.1 Background.....	11
1.2 Task Force Activities.....	13
2.0 Summary of Previous Reports and Studies on Intercity Bus Services	15
2.1 Effects of Deregulation.....	15
2.2 Service to Small Communities	16
2.3 Defining Features of the Intercity Bus Industry	17
2.4 Alternative Service Providers.....	18
2.5 Recommendations	18
2.6 Options	20
3.0 Summary of Federal/Provincial/Territorial Submissions	22
3.1 Current Policies that Impact the Industry	22
3.2 Current Legislation and Regulations Governing the Industry	24
3.3 Current F/P/T and Municipal Government Programs that Impact the Industry	27
3.4 Transportation-related Visions, Strategies, Goals and Programs	31
4.0 Summary of Stakeholder Submissions to the Task Force	33
4.1 Current State of the Intercity Bus Industry.....	33
4.2 Expected Future State of the Intercity Bus Industry.....	34
4.3 Factors and Trends Responsible for the Current and Expected Future State of the Intercity Bus Industry.....	34
4.4 Actions Taken by the Intercity Bus Industry.....	35
4.5 Recommendations from the Intercity Bus Industry.....	35
4.6 Additional Information.....	36
5.0 Issues, Options and Recommendations	37
5.1 Issues	37
5.2 Options	40
5.3 Recommendations	42
Appendix 1 – Task Force Terms of Reference	46
Appendix 2 - Provincial/Territorial Consultations on Intercity Bus Services	50
Manitoba.....	50
Ontario.....	53
Alberta	56

Executive Summary

In the Fall of 2009, the intercity bus industry announced reductions or potential reductions in intercity bus service for the Yukon Territory, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, and Nova Scotia. The industry suggested that the current provincial legislative and regulatory regimes in Canada are a key factor in its poor performance; these “outmoded” regimes require the industry to cross-subsidize unprofitable routes, do not provide timely approvals for modifying service levels, and prevent the industry from adapting services to market conditions as they evolve over time. Expanding government subsidies to modal competitors were cited by industry as a factor that worsens its industry’s position. The industry observed that profits from high-traffic routes, bus parcel express, and ancillary bus services (e.g., charter) can no longer offset losses on low-traffic rural routes, and it has also been suggested its operating network must be reduced unless government financial support is forthcoming.

At the October 21, 2009 meeting of the Council of Deputy Ministers Responsible for Transportation and Highway Safety, it was agreed that a Policy and Planning Support Committee (PPSC)-level Task Force be created to provide advice to Deputy Ministers on issues relating to intercity bus services in Canada.

Manitoba Infrastructure and Transportation chaired the Task Force on Intercity Bus Services. Membership included representatives from British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, and Transport Canada.

Task Force Activities

The Task Force conducted twelve conference calls and held one face-to-face meeting in order to meet its objectives. The Task Force provided regular status reports to PPSC and Deputy Ministers as part of its work.

The Task Force fulfilled a number of objectives:

- Documented current federal, provincial and territorial policies, legislation, and regulations, and transportation-related visions, strategies, goals, and programs that impact the intercity bus industry;
- Obtained the input of stakeholders with a national perspective on intercity bus issues;
- Determined the extent of consultations with other stakeholders within each province or territory and provided input from consultations to the Task Force;
- Identified and summarized previous reports and studies on the Canadian intercity bus industry;
- Identified intercity bus issues that are of primary importance from a public sector perspective, and that should be addressed by governments at this time;
- Identified options that may address the issues prioritized by task force members; and
- Agreed on recommendations regarding actions that should be taken by governments and the intercity bus industry.

The following sections provide an executive summary of the work that was undertaken as part of the Task Force’s objectives.

Summary of Previous Reports and Studies on Intercity Bus Services

The Task Force reviewed a number of previous reports and studies as part of its work. Five main themes emerged during the course of the review:

1. Effects of Deregulation

Under deregulation, market entry is based on public demand; innovation, efficiency and competition determine how the system works; and the government looks after safety and lets the bus companies run their businesses.

Proponents of deregulation argue it will lead to lower fares, increase innovation, and improve the frequency and quality of intercity bus services. Fares on profitable routes are likely to decrease under deregulation due to an increase in competition.

Oponents of deregulation argue that deregulation will reduce the ability and willingness of operators to serve low-density routes. This could potentially affect 22% of total national ridership in more than 1,000 communities.

The experience in Canada shows that a move toward deregulation has not led to an abandonment of service. Several provinces that have deregulated or liberalized regulation (Alberta, Ontario, New Brunswick and Newfoundland and Labrador) have not reported significant service abandonment.

2. Service to Small Communities

Many of the reports suggest that service to smaller and more remote communities that are currently unprofitable routes will likely lose service or see great reductions as a result of deregulation. Many reports also agree that service to these communities is in jeopardy under the current regulatory system as well.

3. Defining Features of the Intercity Bus Industry

Passengers on all routes tend to be of below-average income, are either seniors or students and use the bus because it is their only mode of transportation available.

The bus is the most environmentally-friendly of all public passenger modes, both in terms of greenhouse gas emissions and fuel efficiency (this is affected by the capacity of the bus, as well as advances in technologies for other transportation modes).

The intercity bus is the least costly method of travel (per passenger kilometer) when taking into account the difference between the user cost of buying the service and the total cost (including environmental, safety, accident-related and direct and indirect government subsidy costs).

Direct competition between scheduled bus carriers is not typical for the industry in Canada except in parts of Alberta and Ontario.

4. Alternative Service Providers

Tensions between the intercity and transit sectors are apparent in greater Vancouver, greater Montreal and greater Toronto. Some transit providers use transit buses that are interurban in nature and GO Transit in Ontario and BC Transit in B.C. are major operators of motor coaches. Scheduled bus operators have lobbied municipalities to contract out the longer suburban and interurban routes.

In terms of using smaller vehicles, buses are defined in provincial highway statutes and there are options to serve some rural routes with small vans. The definition for bus needs some examination, including a review of smaller vehicles.

5. Recommendations

The reports that were issued by task forces or committees established by government made several recommendations:

- All reports recommended that the economic regulatory regime be relaxed to allow a pro-competitive regulatory stance open to proposals for new service providers and innovation on existing routes. A reverse-onus entry scheme was also recommended as well as the introduction of a “fit, willing and able” criteria.
- Two of the reports recommended a modest subsidy program be established to sustain lower volume routes.
- The National Safety Code should be reviewed to determine the feasibility of allowing smaller vehicles to be used.
- Federal and provincial governments should review the challenges faced by persons with disabilities travelling by bus to ensure that the policy statements of the *Canada Transportation Act* are carried out.
- Governments should consider how they can more fully benefit from the environmental advantages of buses.
- The federal government should re-evaluate the need for consensus among jurisdictions before initiating action on intercity bus policy.

Summary of Federal/Provincial/Territorial Submissions

The Task Force gathered information on the policies, legislation, regulations and programs related to the intercity bus industry within each member jurisdiction. The summary highlighted a number of key issues:

1. Economic Regulation – only the Province of Quebec has an official policy statement that they do not support deregulation. Other jurisdictions do not expressly state whether they support deregulation or not, although some state a reliance on economic regulation to promote reliable service to residents.
2. Licensing of Intercity Bus Carriers – most provinces report a regulating body that issues licences to intercity bus operators (P.E.I is the only province that does not issue an operating licence to carriers). These regulating bodies generally consider the carrier’s financial fitness, ability to provide a service, planned routes and impact on existing operators when issuing new licences.
3. Changes to Fares and Schedules – the process for fare changes, schedule changes and service discontinuances vary widely, ranging from some jurisdictions requiring advanced notice and holding public hearings, to jurisdictions which simply require a notice period before changes to other jurisdictions that do not regulate fare or schedule changes. In general, even in those jurisdictions where fare and schedule changes are not regulated, service discontinuance is still required to be approved.
4. Programs that Impact the Industry – six jurisdictions reported programs that support the intercity bus industry, involving funding to help struggling carriers, maintain service to rural communities and increasing vehicle accessibility. Seven jurisdictions reported programs that support competing industries, such as funding municipal transit, rural transportation and accessible transportation. Five jurisdictions reported government programs that are supported by the

industry, and most of these programs are provincially or federally funded travel grants for low-income or rural residents that need to travel for medical, family or legal reasons.

5. Transportation-related Visions, Strategies, Goals and Programs – Ten jurisdictions reported a vision, strategy, goal or program. There were several emerging themes in this section including financial stability, providing service to all areas, the future development of public transit, environmental responsibility and accessibility.

Summary of Stakeholder Submissions to the Task Force

The Task Force obtained the input of six national stakeholder organizations, including: Association des propriétaires d'autobus du Québec (APAQ), Canadian Bus Association (CBA), Canadian Urban Transit Association (CUTA), Motor Coach Canada (MCC) Motor Coach Industries (MCI) and Pacific Western Transportation Ltd. (PWT). Five themes emerged:

1. Current State of the Intercity Bus Industry
 - All national stakeholders agree that intercity bus service is important to both rural communities and urban centres, but more so to rural and northern communities where there are limited transportation alternatives.
 - National stakeholders agree that the current state of the industry is dismal, with declining ridership and profitability.
 - It was agreed that the current regulatory model is broken – some stated that provincial regulations are not being enforced, have stifled innovation and increased business costs.
2. Expected Future State of the Intercity Bus Industry
 - All agreed that there is a need for bus service, and it should be connected to other modes of transportation.
 - It was agreed that the demand for intercity bus service will grow in the future with the economic recovery and rising fuel costs.
3. Factors and Trends Responsible for the Current and Expected Future State of the Intercity Bus Industry
 - Many stakeholders agreed that government-funded transit has created an unlevel playing field for the industry.
 - Some stakeholders regarded that the lack of uniformity of economic regulation across jurisdictions will continue to cause problems for the industry unless changed.
4. Actions Taken by the Intercity Bus Industry
 - According to the MCC and the CBA, a number of actions have been undertaken, including staff reductions, mileage/route/stop rationalization, union concessions, new pricing policies, increased coach amenities, online ticket sales, mixed fleet utilization and bus wrap advertisements.
5. Recommendations from the Intercity Bus Industry
 - Stakeholders note that government must decide on whether and how to support continued service on low-density routes in the event that entry/exit controls and schedule adjustment rules are relaxed (capital, operating and fare subsidies are suggested).
 - Allow competitive tendering on municipal transit operations and other government-mandated routes
 - Regulatory changes are necessary; however, not all stakeholders agree on deregulation. A transition period to deregulation is suggested as well as the need to focus on safety issues. A

reverse-onus test is also suggested as a regulatory model. The CBA recommends all jurisdictions adopt the Ontario model (90 days of notice prior to route abandonment) to ensure consistent regulation across Canada.

- The MCC and the CBA recommend identifying clear roles and responsibilities of the federal and provincial governments regarding the industry. It is also recommended to undertake a full cost pricing study of transportation modes.
- Coordinating feeder services and creating joint terminals is another recommendation.

Issues, Options and Recommendations

Issues

The task force determined that the following trends and issues in the Canadian intercity bus sector are particularly noteworthy to Canadian governments:

TRENDS	ISSUES
The contraction of the Canadian intercity bus network	<ul style="list-style-type: none"> • Capacity of current regulatory regimes to facilitate sustainable changes in the Canadian intercity bus network; • Quality of life of socially disadvantaged groups in Canadian society, and quality of life and economic opportunities in smaller rural and northern communities; • Environmental performance of intercity passenger transportation sector; • Costs and/or impaired delivery of services for federal and provincial/territorial programs
Use of smaller passenger vehicles by intercity bus operators on low-traffic routes	<ul style="list-style-type: none"> • Safety of smaller passenger vehicles used for intercity bus service
Competition to Intercity bus operators from publicly-funded intercity passenger transportation modes (intercity passenger rail and regional transit)	<ul style="list-style-type: none"> • Current policy approaches of Canadian jurisdictions differ between the intercity passenger transportation modes and lack a strong focus on coordinating the most effective linkages and relationships between these various modes. • Competition from other modes reduces the returns available to intercity bus operators, and thereby lessens the ability of operators to cross-subsidize the unprofitable low-traffic routes serving smaller Canadian communities.

Options

In developing options, the task force took into consideration options provided by national stakeholders (as outlined in section 4.0) as well as options proposed by task force members.

<u>TRENDS</u>	<u>OPTIONS</u>
The contraction of the Canadian intercity bus network	<ul style="list-style-type: none">• Reform of regulatory regimes to make it easier for carriers to adjust fares, routes, and schedules, and to make it easier for new carriers to enter the industry;• Fiscal measures
Safety of smaller passenger vehicles used for intercity bus service	<ul style="list-style-type: none">• Federal and provincial/territorial governments should review safety standards, the coverage of safety standards and enforcement activities to ensure the safety of all vehicle types.
Competition to Intercity bus operators from publicly-funded intercity passenger transportation modes (intercity passenger rail and regional transit)	<ul style="list-style-type: none">• Provide financial support to intercity bus industry;• Work with municipal governments to ensure transit fares reflect full-cost pricing of the service;• Allow intercity bus carriers to bid on publicly-funded services;• Promote shared facilities between intercity bus and transit providers;• Support the development of an Internet service that links users to all types of bus service.

Recommendations

Based on a number of principles and considerations outlined in section 5.0, the Intercity Bus Services Task Force's recommendations are as follows:

Intercity Bus Services Task Force Recommendations

Preamble

It is recognized that the provision of regional public transportation varies widely across Canada, and certain jurisdictions currently provide regional commuter services in large urbanized regions. It is within the purview of the respective Federal, Provincial or Territorial jurisdictions to determine the appropriate service model that meets their jurisdictional needs.

1. Subsidies for Intercity Bus Passenger Transportation

It is the view of the Task Force that a national program to subsidize the operations of intercity bus carriers or specific routes is neither warranted nor recommended.

It is recognized that individual jurisdictions may consider fiscal programs that are targeted at specific routes and/or carriers on a case by case basis to sustain services that jurisdictions may determine are needed in the public interest.

2. Role of Governments

Governments and other road safety stakeholders (including all road users) share the responsibility for protecting the safety of the travelling public. Governments also have a role in fostering an economic environment which is attractive to the private sector in offering services which support the mobility of Canadians.

However, conditions vary widely across Canada, and no single policy approach or program would adequately address the challenges currently faced by the intercity bus services industry in different regions of the country.

It is recommended that governments ensure that Federal and Provincial/Territorial policies, regulations and programs affecting the intercity bus services sector remain current and appropriate, and provide the flexibility needed to respond to changing market conditions. In this context it is recommended that:

- a. All jurisdictions commit to reviewing their economic regulatory controls and, if necessary, introducing amendments which will make it easier for:
 - i. Existing carriers to adjust fares, schedules, routings and routes served
 - ii. New carriers and/or alternative service providers to provide service on new routes or on routes where service by an existing carrier is being withdrawn.
 - iii. New / emerging carriers, alternative service providers and existing carriers to use smaller vehicles where economically feasible to provide intercity passenger service that meets localized community / niche market needs while ensuring that all Federal safety standards and Provincial/Territorial safety laws and regulations are adhered to.
- b. All jurisdictions commit to considering:
 - i. The impacts on private sector intercity bus passenger services of any changes in current or future public sector intercity transportation programs.
 - ii. The use of private sector carriers in the delivery of public sector intercity transportation programs.

3. Role of the Private Sector

It is the view of the Task Force that the private sector has responsibility for identifying and pursuing opportunities to offer and sustain intercity transportation services within the marketplace based on sound and innovative business plans and practices.

The Task Force specifically encourages intercity bus carriers to:

- i. Continue implementing initiatives which allow carriers to enhance the viability of their services while at the same time enhancing or preserving the quantity and quality of services available to intercity bus users; and
- ii. Continue pursuing partnerships with the other modes of intercity passenger transportation (passenger rail, passenger air, and transit) in order to promote multimodalism, connectivity, and integration in the Canadian transportation system, in order to both benefit users as well as to enhance revenues and returns for all modes.

1.0 Introduction

At the October 21, 2009 meeting of the Council of Deputy Ministers Responsible for Transportation and Highway Safety, it was agreed that a Policy and Planning Support Committee (PPSC)-level Task Force be created to provide advice to Deputy Ministers on issues relating to intercity bus services in Canada.

Manitoba Infrastructure and Transportation chaired the Task Force on Intercity Bus services. Membership included representatives from British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, and Transport Canada.

1.1 Background

Intercity bus carriers which operate across provincial boundaries (extra-provincial carriers) are under the jurisdiction of the Federal Government, while a bus carrier which operates solely within the boundaries of a province (intra-provincial carrier) is under the jurisdiction of that province. Under the Federal *Motor Vehicle Transport Act* (MVTA), the Federal Government has delegated the regulation of extra-provincial bus carriers to the provinces under the condition that they regulate extra-provincial and intra-provincial carriers “in like manner”.

Historically, most provinces exercised significant economic regulation over bus carriers; carriers were issued licences by regulatory boards which specified the routes and communities which a bus carrier could serve, and the regulatory boards approved changes in fares, changes in schedules, and discontinuances of service.

Some provinces relied on an economic regulatory/cross-subsidy model to maintain scheduled highway bus service to smaller rural and remote communities. Carriers were licensed in order to restrict competition on high-traffic routes, and the licensed carriers used their economic profits from these routes, charter service, and bus parcel express to cross-subsidize service on low-traffic routes in rural and remote areas.

In the early 1990s, some provinces began the process of deregulating their intercity bus industry, including those portions of the extra-provincial bus industry which fell under their control in consequence of the “in like manner” provisions of the MVTA.

In 1992, the Royal Commission on National Passenger Transportation recommended that government eliminate most forms of economic regulation, including entry control, by amending the MVTA and relevant provincial statutes, while retaining some consumer protection measures and, if necessary, providing transitional subsidies for particular routes.

The Canadian Agreement on Internal Trade requires jurisdictions to try to negotiate bus deregulation. In 1996, a government/industry task force recommended deregulation of charter buses and bus parcel express, but it did not reach a consensus on fully deregulating scheduled bus services.

In March 1999, the Federal government tabled legislation to amend the MVTA; the bill included provisions to deregulate extra-provincial bus carriers. Given the lack of consensus on bus deregulation among provincial and territorial jurisdictions, the Federal Government allowed the bill to expire on the order paper, and referred the bus deregulation issue to the Standing Senate Committee on Transport and Communications.

The Senate committee tabled its report in December 2002, and made the following recommendations:

1. The economic regulatory regime for extra-provincial bus transportation be amended to require at most a reverse-onus test for entry into service, similar to the regime introduced for trucking in 1987, and that, after 5 years, a formal review be conducted to determine whether further deregulatory steps might be appropriate.
2. A modest subsidy program be established, perhaps in the order of \$30 million per annum, during the transitional period. This subsidy, which would be examined as part of the 5 year formal review, would be used to help establish local community bus services in rural areas using appropriate small vehicles where a need could be demonstrated and a community, a provincial government or a local business were willing to co-invest.
3. A serious reappraisal of the problems of disabled people travelling by bus be carried out jointly by the federal and provincial governments with the objective of ensuring that the provisions of the policy statement in the *Canada Transportation Act* are carried out.
4. The federal and provincial governments review the National Safety Code in order to ensure that small buses and vans of the sort that could be used in public service are included, so that their maintenance requirements, driver training standards and other safety essentials can be well-publicized and enforceable.
5. The federal and provincial governments consider collaboration to examine how Canada can more fully benefit from the environmental advantages of buses, particularly in light of the Kyoto Protocol on Climate Change. The Committee also recommends further study of broader issues relating to the relative benefits and costs of different types of transport.
6. The federal government re-evaluate the need for consensus among all the jurisdictions and players before initiating action on intercity bus policy.

The Senate report did not result in any significant changes to the policy, legislative, or regulatory frameworks for the Canadian intercity bus industry.

In the Fall of 2009, several intercity bus operators have proposed reductions or potential reductions in intercity bus service in the Yukon Territory, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, and Nova Scotia. A number of routes have been dropped (or will be shortly), primarily in Ontario, where in most cases, replacement services have emerged.

The intercity bus industry has suggested that the current provincial legislative and regulatory regimes in Canada are a key factor in its poor performance; these “outmoded” regimes require the industry to cross-subsidize unprofitable routes, do not provide timely approvals for modifying service levels, and prevent the industry from adapting services to market conditions as they evolve over time. Expanding government subsidies to modal competitors were cited by industry as a factor that worsens its position. The industry observed that profits from high-traffic routes, bus parcel express, and ancillary bus services (e.g. charter) can no longer offset losses on low-traffic rural routes, and suggested that its operating network must be reduced unless government financial support is forthcoming.

1.2 Task Force Activities

The following section provides a high-level summary of the task force's objectives and activities taken to support these objectives. For more information, refer to Appendix 1 – Task Force Terms of Reference.

The Task Force conducted a number of conference calls and held one face-to-face meeting in order to meet its objectives. The Task Force provided regular status reports to PPSC and Deputy Ministers as part of its work.

The PPSC Task Force agreed to fulfill the following objectives:

1. Document the following in respect to the intercity bus industry in Canada:
 - The current policies of federal, provincial, and territorial (F/P/T) governments that impact the industry;
 - Current F/P/T legislation and regulations governing the industry;
 - Current F/P/T and municipal government programs that impact the industry (including programs relating to other modes of transportation, and any other program that significantly affects the sector);

Action taken: The Task Force created a template to collect this information. Task Force members submitted their jurisdictional information and information was summarized and included in section 3.0 of this report.

2. Obtain the input of stakeholder organizations with a national perspective on the intercity bus issue, including:
 - The current state of intercity bus service in Canada;
 - The expected future state of intercity bus service under current conditions and trends;
 - The factors and trends responsible for the current state and expected future development of intercity bus service;
 - The actions that have been taken and are being taken by intercity bus carriers in response to the factors and trends driving the changes in their industry; and
 - Possible or recommended changes in government policies, legislation, regulations, or programs relating to intercity bus service.

Action taken: The Task Force obtained the input from national stakeholders and summarized the responses in section 4.0 of this report. Responses were obtained from the following organizations: the Canadian Bus Association, Motor Coach Canada, Canadian Urban Transit Association, Motor Coach Industries, Pacific Western Transportation, and Association des propriétaires d'autobus du Québec.

3. Each jurisdiction, at its own discretion, would determine the extent of consultations with other stakeholders within its own province or territory, and provide the input from such consultations to the Task Force.

Action taken: Manitoba, Ontario and Alberta undertook stakeholder consultations within their own jurisdictions. For more information on these consultations, refer to Appendix 2 of this report.

4. Identify and summarize previous reports and studies on the Canadian intercity bus industry.

Action taken: A number of previous reports and studies were identified by Task Force members and summarized in section 2.0 of this report. The following reports were included:

- Saskatchewan Intercity Bus Services and 2009 Passenger Survey (Saskatchewan Transportation Company);
- Intercity Bus Service in Canada (The Senate of Canada);
- The Canadian Intercity Bus Industry Orientation Document (Transport Canada);
- A Review of Issues Surrounding the Proposed Economic Deregulation of the Intercity Bus Industry in Ontario (Stark and Krashinsky);
- Impact of the Deregulation of Scheduled Intercity Bus Service (KPMG);
- Implementing Regulatory Reform of Ontario's Intercity Bus Industry – A Discussion Paper (Ontario Ministry of Transportation);
- Report to the Council of Ministers Responsible for Transportation and Highway Safety (Canadian Intercity Bus Task Force);
- Directions – The Final Report of the Royal Commission on National Passenger Transportation (The Royal Commission on National Passenger Transportation)

5. Identify and document for each jurisdiction the transportation or transportation-related visions, strategies, goals, and programs that are relevant to the intercity bus industry;

Action taken: Task Force members provided this information as part of the work of objective 1 above. The information is summarized in section 3.0 of this report.

6. Building on the work undertaken to achieve the previous objectives, identify the major factors responsible for the current and future state of the Canadian intercity bus industry, and assess how both these factors and the state of the industry will evolve over the next ten years, and how these will affect the role of the intercity bus industry in the Canadian economy and society; and

Action taken: Included below under objective 7.

7. Building on the work undertaken to achieve the previous objectives, develop options for changing F/P/T policies, legislation, regulations, and programs for the Canadian intercity bus industry.

Action taken (objectives 6 and 7): Section 5.0 of this report describes the following:

- (a) the issues that were identified by task force members as being noteworthy from a public policy perspective, and that should be considered by governments at this time;
- (b) the options that task force members identified that could be considered by jurisdictions to address the issues prioritized by task force members; and
- (c) the recommendations agreed by task force members regarding actions that should be taken by governments and the intercity bus industry.

2.0 Summary of Previous Reports and Studies on Intercity Bus Services

According to the Task Force's terms of reference, objective 4 states that the Task Force will Identify and summarize previous reports and studies on the Canadian intercity bus industry This section provides an overall summary of these reports. Six main themes emerged during the course of the review:

1. Effects of Deregulation
2. Service to Small Communities
3. Defining Features of the Intercity Bus Industry
4. Alternative Service Providers
5. Recommendations
6. Options

Reports Reviewed (including author and year):

- *Saskatchewan Intercity Bus Services and 2009 Passenger Survey* (Saskatchewan Transportation Company, 2009)
- *Intercity Bus Service in Canada* (The Senate of Canada, 2002)
- *The Canadian Intercity Bus Industry Orientation Document* (Transport Canada, 2001)
- *A Review of Issues Surrounding the Proposed Economic Deregulation of the Intercity Bus Industry in Ontario* (Stark and Krashinsky, 1998)
- *Impact of the Deregulation of Scheduled Intercity Bus Service* (KPMG, 1998)
- *Implementing Regulatory Reform of Ontario's Intercity Bus Industry – A Discussion Paper* (Ontario Ministry of Transportation, 1997)
- *Report to the Council of Ministers Responsible for Transportation and Highway Safety* (Canadian Intercity Bus Task Force, 1996)
- *Directions – The Final Report of the Royal Commission on National Passenger Transportation* (The Royal Commission on National Passenger Transportation, 1992)

2.1 Effects of Deregulation

The majority of the reports focused on the issue of deregulation of intercity bus services in Canada. Some of the reports were in favour of deregulation while other reports were critical of deregulation and questioned the benefits that were reported as a result of deregulation in other jurisdictions.

According to the 2002 Senate report, the intercity bus industry in Canada is subject to significant economic controls in five provinces (British Columbia, Saskatchewan, Manitoba, Quebec, and Nova Scotia); lighter economic controls in three other provinces and one territory (Alberta, Ontario, New Brunswick, and Yukon); and is deregulated in two provinces and two territories (Prince Edward Island, Newfoundland and Labrador, Northwest Territories, and Nunavut). The 2002 Senate report noted that because the economic regulatory regime in Canada varies, it causes problems between jurisdictions by giving advantages to some companies offering services in neighbouring deregulated provinces due to a lack of reciprocity.¹

Under deregulation, market entry is based on public demand; innovation, efficiency and competition determine how the system works (not a government agency); and the government looks after safety and lets the bus companies run their businesses. Reforming existing rules would encourage new companies to

¹ "Intercity Bus Service in Canada," The Senate of Canada, 2002.

enter the market because they would not have to obtain a licence and would be free to access new markets and tailor service to local needs.

Proponents of deregulation argue it will lead to lower fares and increase innovation. Many of the reports suggest that deregulation will improve the frequency and quality of intercity bus services. Most reports, whether they were in favour or against deregulation could agree on the fact that fares on profitable routes will likely decrease as a result of increased competition. One report suggests that a number of high volume, high density routes in Canada operate in excess of operator costs, and noted that it is likely competition will reduce prices to the benefit of the travelling public.²

Cross-subsidization is central to the deregulation debate; opponents of deregulation argue that regulation has enabled the industry to maintain its service networks. Opponents insist that although deregulation may bring lower fares on high density routes, it will cause losses in low density service. Currently, 11% of national routes are the high density/most profitable routes, while 26% of routes are low density/unprofitable.

Opponents of deregulation fear that permitting actual and potential competition for higher traffic routes will reduce the ability and willingness of operators to serve low-density routes. An analysis completed in 1998 suggests that of 132 routes, 26% would be abandoned and 31% would have service reductions. This would affect 22% of ridership in more than 1,000 communities. Elimination or reduction in service will negatively impact a meaningful proportion of total ridership and many small communities.³

a) Deregulation Experience in Canada

Whether the reports agree or disagree on the benefits and costs of deregulation, the experience in Canada so far has shown that the move toward deregulation has not led to an abandonment of service. According to a 2001 Transport Canada study, several provinces which have deregulated or liberalized regulation (Alberta, Ontario, New Brunswick, and Newfoundland and Labrador) have not reported significant service abandonments.⁴

In those jurisdictions where entry has been eased, there has been some entry of small players, but the extent of entry and additional competition has been relatively small.⁵ Alberta, the province with the most deregulation experience, encourages carriers that abandon routes to consider finding a replacement carrier for the abandoned route.

2.2 Service to Small Communities

Many of the reports suggest that service to smaller and more remote communities that are currently on unprofitable routes will likely lose service or see great reductions in service as a result of deregulation. However, many reports note that service to these communities is in jeopardy under the current regulatory system. For example, a 1997 discussion paper by the Ontario Ministry of Transportation found that many Ontario communities lost service between 1980 and 1995, even under regulation.⁶

Some of the reports provide suggestions for maintaining service to smaller communities, such as using smaller, more efficient private providers that operate buses and minivans, uniting with neighbouring

² "Impact of the Deregulation of Scheduled Intercity Bus Service," KPMG, 1998.

³ "Impact of the Deregulation of Scheduled Intercity Bus Service," KPMG, 1998.

⁴ "The Canadian Intercity Bus Industry Orientation Document," Transport Canada, 2001.

⁵ "Impact of the Deregulation of Scheduled Intercity Bus Service," KPMG, 1998.

⁶ "Implementing Regulatory Reform of Ontario's Intercity Bus Industry – Discussion Paper," Ontario Ministry of Transportation, 1997.

communities to create local networks, and/or enlisting various non-profit providers. In addition, even under deregulation, carriers may want to continue service on seemingly unprofitable “milkruns” as these runs may feed into the broader network, which a carrier may want to preserve or develop. Passengers may prefer to give up milk run routes if service on main routes becomes more efficient.

Not all the reports are convinced that these options will maintain service to all communities. For example, one report suggests that small buses may be able to serve some of the routes abandoned by larger carriers; however, these vehicles couldn’t serve all routes abandoned.⁷

2.3 Defining Features of the Intercity Bus Industry

Throughout many of the reports, features that distinguish intercity bus service from other modes of transportation were noted. These include passenger demographics, environmental considerations, cost of travel and the nature of competition in the industry.

a) Passengers

According to the 2002 Senate of Canada report, passengers on all routes tend to be of below-average income, with up to 25% of travelers having income below the national poverty line. About one-third of all travelers are either students or seniors. For many Canadians – especially the young, the old, the less well off, and those living in remote areas – buses provide one of the most readily available, if not the only, means of transport. In many cases, those who need travel simply do not have access to a car.

2009 ridership data from the Saskatchewan Transportation Company (STC) indicate that the majority of STC passengers use the bus out of necessity and do not have access to private transportation. 72% of riders have income under \$45,000 per year.⁸

b) Environmental

2002 Transport Canada figures suggest that the bus is the most environmentally friendly of the public passenger modes, both in terms of GHG emissions and fuel efficiency (this is affected by the capacity of the bus, as well as advances in technologies for other transportation modes). In terms of GHGs per passenger-kilometre, a bus emits less than 25% of what a train or automobile using the highway does.⁹

c) Competition

According to the 2001 Transport Canada Orientation document, direct competition between scheduled carriers is not typical for the industry in Canada except in parts of Alberta and Ontario. Laidlaw (Greyhound) operates a national network from Ontario to British Columbia; all other carrier operations are regionally-based. There has been widespread divestiture and consolidation in all regions since the late 1980s. In the 1990s, Laidlaw became the largest scheduled operator in both the United States and Canada. Emergence of mega-carriers like Laidlaw and Stagecoach is the most significant North American bus trend of the late 1990s.¹⁰ (Note: Laidlaw was purchased by First Group in 2007.)

⁷ “Impact of the Deregulation of Scheduled Intercity Bus Service,” KPMG, 1998.

⁸ “Saskatchewan Intercity Bus Services – 2009 Passenger Survey,” STC, 2009.

⁹ “Intercity Bus Service in Canada,” The Senate of Canada, 2002.

¹⁰ “The Canadian Intercity Bus Industry Orientation Document,” Transport Canada, 2001.

2.4 Alternative Service Providers

Some of the reports commented on the interplay between intercity bus service and alternative service providers, such as transit. The issue of smaller vehicles was also discussed in several reports.

a) Transit Providers

Tensions between the intercity and transit sectors are apparent in the B.C. lower mainland, greater Montreal and greater Toronto. Some transit providers use transit buses that are interurban in nature and GO Transit in Ontario and BC Transit in B.C. are major operators of motor coaches. Scheduled bus operators have lobbied municipalities to contract out the longer suburban and interurban routes.

One report noted that there has been little competition following deregulation between urban public transit and private carriers.¹¹

b) Smaller Vehicles

Buses are defined in provincial highway statutes and there are options to serve some rural routes with small vans. The definition for bus needs some examination, including a review of smaller vehicles.

The 2002 Senate report also recommended that the federal and provincial governments review the National Safety Code in order to ensure that small buses and vans of the sort that could be used in public service are included, so that their maintenance requirements, driver training standards and other safety essentials can be well-publicized and enforceable.¹²

One report maintains that small buses may be able to serve some of the routes that are abandoned as a result of deregulation; however, these vehicles could not serve all routes that may be abandoned by larger carriers.¹³

2.5 Recommendations

Three of the reports issued by task forces or committees established by government made recommendations on intercity bus service. The recommendations of each of the three reports are listed below.

a) Intercity Bus Service in Canada – The Senate of Canada (2002)

The Senate of Canada report on Intercity Bus Service made several recommendations, including:

- i. The economic regulatory regime for extra-provincial bus transportation should be amended to require at most a reverse-onus test for entry into service, similar to the regime introduced for trucking in 1987. After five years, a formal review should be conducted to determine whether further deregulatory steps might be appropriate.
- ii. A modest subsidy program should be established, perhaps in the order of \$30 million per annum, during the transitional period. This subsidy, which would be examined as part of the five year formal review, would be used to help establish local community bus services in rural

¹¹ “A Review of the Issues Surrounding the Proposed Deregulation of the Intercity Bus Industry in Ontario,” Stark and Krashinsky, 1998.

¹² “Intercity Bus Service in Canada,” The Senate of Canada, 2002

¹³ “Impact of the Deregulation of Scheduled Intercity Bus Service,” KPMG, 1998.

areas using appropriate small vehicles where a need could be demonstrated and a community, a provincial government or a local business were willing to co-invest.

- iii. A serious reappraisal of the problems of disabled people travelling by bus should be carried out jointly by the federal and provincial governments with the objective of ensuring that the provisions of the policy statement in the *Canada Transportation Act* are carried out.
- iv. The federal and provincial governments should review the National Safety Code in order to ensure that small buses and vans of the sort that could be used in public service are included, so that their maintenance requirements, driver training standards and other safety essentials can be well-publicized and enforceable.
- v. The federal and provincial governments should consider collaboration to examine how Canada can more fully benefit from the environmental advantages of buses, particularly in light of the Kyoto Protocol on Climate Change. The Committee also recommends further study of broader issues relating to the relative benefits and costs of different types of transport.
- vi. The federal government should re-evaluate the need for consensus among all the jurisdictions and players before initiating action on intercity bus policy.¹⁴

b) Report to the Council of Ministers Responsible for Transportation and Highway Safety – The Canadian Intercity Bus Task Force (1996)

The Report of the Intercity Bus Task Force made several recommendations, including:

- i. Scheduled Bus Service – Harmonizing and streamlining of regulations governing the operation of scheduled bus service using the Alberta measures as a model. The Alberta measures include:
 - A pro-competitive regulatory stance, open to proposals for innovation, particularly in service of low-density routes;
 - A continuation of economic regulation of entry, with, however, new product niche entry allowed on routes already served (services which do not duplicate an existing product or service);
 - The elimination of tariff regulation;
 - The elimination of schedule regulation as long as carriers remain above established minimum service requirements on individual routes, for the purpose of restricting regulatory action to those changes likely to have an impact on the essential public interest;
 - The encouragement of divestment of low-density routes to alternative, low-cost carriers; and
 - The imposition of an obligation on carriers to consult with affected stakeholders and to seek replacement service prior to reduction of service below minimum frequency or exit.
- ii. Charter Bus Service – full economic deregulation of charter bus operations with appropriate safeguards against competition between a deregulated charter industry and regulated linehaul operators for scheduled service.
- iii. Full economic deregulation of bus parcel express.

¹⁴ “Intercity Bus Service in Canada,” The Senate of Canada, 2002

c) Directions – The Final Report from the Royal Commission on National Passenger Transportation (1992)

The final report of the Royal Commission made several recommendations, including:

- i. Federal, provincial and territorial governments should amend their legislation concerning the regulation of intercity buses to reduce entry restrictions to “fit, willing and able” criteria and require only public notice of route abandonments and the publication of schedules and fare changes.
- ii. The federal government should review the Competition Act and related policy and, if required, strengthen the powers needed to prevent anti-competitive practices in the intercity bus industry.
- iii. Service to Small Communities: If necessary to avoid steep increases in bus fares on particular routes following the relaxation of economic regulation, transition subsidies should be provided on a declining basis not to exceed 10 years and then terminated, with such subsidies being provided on a competitive tender basis to the carrier that can provide a safe service at the lowest cost, and being paid for by taxpayers in those jurisdictions that wish to maintain the service.¹⁵

2.6 Options

The three reports issued by task forces or committees established by government also presented a number of options that Canadian jurisdictions could consider for intercity bus service.

a) Intercity Bus Service in Canada – The Senate of Canada (2002)

The Senate of Canada report committee also provided several options to deal with a number of issues, including:

- i. Regulatory options available to governments include status quo, federal government-led deregulation (safety & insurance requirements would remain), introduce the reverse-onus test for new applicants and/or regulate charter services in step with scheduled services.
- ii. Remote service options to governments include reliance on a deregulated market to allow for the establishment of new/different service in remote/rural areas, and/or establishment of community-based bus program with grants to assist in setting up small businesses to operate these services.
- iii. Safety options available to governments include introducing standards for small buses.
- iv. Financial options available to government include funding operating subsidies to sustain bus service.
- v. Environmentally related options available to government include providing direct subsidies for bus travelers on all routes up to the distance at which air travel becomes a viable option, and/or reduce fuel taxes paid by bus operators.¹⁶

¹⁵ “Directions: The Final Report of the Royal Commission on National Passenger Transportation,” The Royal Commission on National Passenger Transportation, 1992.

¹⁶ “Intercity Bus Service in Canada,” The Senate of Canada, 2002

b) Report to the Council of Ministers Responsible for Transportation and Highway Safety – The Canadian Intercity Bus Task Force (1996)

- i. Jurisdictions which have already put in place measures for scheduled service which are less restrictive than those in the Alberta model for regulation of intercity bus service would not revert to a more restrictive regime.
- ii. Jurisdictions which want to put in place a regime for scheduled service which is less restrictive than the Alberta model for regulation of intercity bus service would be free to do so.

Although there were previous attempts for provinces and territories to agree on policy regarding intercity bus services, with the most recent attempt in 2002, provinces and territories continue to regulate intercity bus services according to their own jurisdictional needs and wants.

3.0 Summary of Federal/Provincial/Territorial Submissions

The Task Force Terms of Reference, under Objectives 1 and 5, state that the Task Force will identify and document for each jurisdiction four categories of information. The Federal/Provincial/Territorial (F/P/T) responses were organized according to these categories:

1. Current Policies that Impact the Industry
2. Current Legislation and Regulations Governing the Industry
3. Current F/P/T and Municipal Government Programs that Impact the Industry
4. Transportation-Related Visions, Strategies, Goals and Programs

Submissions were received from eleven jurisdictions including Transport Canada. These jurisdictions are: **Ontario, Saskatchewan, New Brunswick, Québec, British Columbia, Alberta, Prince Edward Island, Nova Scotia, Transport Canada, Newfoundland and Labrador and Manitoba**. This summary will present an overview of the similarities and differences between each of the submissions according to the categories established by the Task Force. There are several key issues that have emerged across all of the submissions such as: economic regulation and deregulation, service to northern and rural communities, environmental responsibility, accessibility, and the role of public transit. These issues will be addressed as they come up in relation to the categories set by the Task Force.

3.1 Current Policies that Impact the Industry

Each jurisdiction was asked to provide a formal or official policy statement or position that pertains specifically to the intercity bus industry. If no official policy statement on the intercity bus industry exists for that jurisdiction, they were asked to provide a general policy statement pertaining to the transportation sector as it relates to the intercity bus industry, i.e. passenger or intercity transportation policy. Additionally, if there is no official policy statement, they were asked to provide a concise summary of their jurisdiction's *de facto* policy.

Of the 11 submissions received, three reported an official policy statement (**Ontario, Saskatchewan, and Québec**) and eight did not report an official statement (**Alberta, Prince Edward Island, Nova Scotia, Transport Canada, Newfoundland and Labrador, British Columbia, New Brunswick and Manitoba**). Of the jurisdictions that submitted official statements, **Québec** stated that they do not support deregulation, preferring to preserve its economic regulatory regime, which relies on cross-subsidizing, allowing it to maintain inter-regional bus service in many rural regions.

The rest of the submissions do not specifically state if they are for or against economic deregulation; however, **Ontario, Saskatchewan, British Columbia, Nova Scotia, and Manitoba** state that they rely on economic regulatory regimes to promote reliable service to all residents. **Prince Edward Island** stated that the intercity bus industry in their jurisdiction is deregulated. **Newfoundland and Labrador** stated that the intercity bus industry in their jurisdiction is “essentially” deregulated except for a corridor along the Trans Canada Highway where licenses are issued to carriers by a “reverse onus” procedure.

3.1.1 Policy Statements

Ontario supports the availability of a provincially integrated and efficient inter-urban bus passenger service that reflects public demand through its regulatory body, the Ontario Highway Transport Board (OHTB). Reporting to the Minister of Transportation, the OHTB is responsible for market entry control, licensing and administration, and most economic enforcement and sanctioning activities related to the business of transporting passengers for compensation in public vehicles. It is not involved in safety

enforcement. When determining public necessity and convenience, the OHTB recognizes the need for competition to ensure the best service at the lowest cost to the public, while having regard to the economic impact on the licensed carriers.

Saskatchewan supports the intercity bus industry through its provincial crown corporation, the Saskatchewan Transportation Company (STC). Since the economic regulatory/internal cross-subsidy model does not cover costs to Northern and rural areas, the government provides the STC with an annual subsidy (\$9 million in 2010) through its Crown Investments Corporation (CIC) for these routes.

Québec states that they do not support deregulation of the intercity bus industry, arguing that it would not lead to lower fares or better service. They argue that the benefits of cross-subsidization outweigh the potential benefits of increased competition, which may serve to decrease the quality of service and increase fares due to empty buses in some areas. Québec supports the efforts of local governments to maintain and improve interregional bus service, develop public transit to help reach the greenhouse gas reduction targets, and to ensure that alternate means of transportation to the automobile are available. The goal of this policy is development of public transit throughout Québec (including in rural areas), public transit planning at the regional level, and interregional bus service.

3.1.2 Policies that Impact the Industry

Although the following jurisdictions did not submit official policy statements regarding the intercity bus industry, they have included pertinent information in this section:

Transport Canada: For over 30 years, federal policy has been to maintain a provincially run regime for extra-provincial motor carriers, and to seek consensus from the provinces and territories before amending the *Motor Vehicle Transport Act*. From a federal point of view, the *Motor Vehicle Transport Act* is primarily about safety. The economic regulatory provisions in the Act, which apply only to the bus industry, have survived because there has never been consensus on changing them.

British Columbia relies on economic regulation to maintain intercity bus service to rural and northern communities, which has historically been based on a cross-subsidization model although this is not a current factor in the consideration of applications.

Nova Scotia: The intercity bus industry in Nova Scotia is governed by a strict regulatory regime of both economic and fitness regulation. Nova Scotia has relied on an economic regulation/cross-subsidy model which has been regulated since 1923 under the authority of the Motor Carrier Act (MCA), administered by the Utility and Review Board (Board), an independent, quasi-judicial agency of the provincial government that issues licences to intercity bus carriers.

Manitoba: There is a *de facto* policy as stated in the mandate given to the economic regulatory tribunal, the Manitoba Motor Transport Board, which ensures that all Manitobans are provided adequate transportation services at a reasonable cost through the administration of a regulatory system under the *Highway Traffic Act*.

Newfoundland and Labrador: Intercity bus transport is essentially economically deregulated in Newfoundland and Labrador and supported by the National Safety Code. Carriers that operate along the Trans Canada Highway in a 10km zone in both directions are regulated under 'reverse onus' whereby those in opposition to an application must show a detriment to the public interest.

New Brunswick: In 1988, New Brunswick moved to a more relaxed form of economic regulation for intercity busing by replacing a public convenience and necessity test with a reverse-onus entry test. This made it easier for bus carriers to obtain a New Brunswick bus licence.

3.2 Current Legislation and Regulations Governing the Industry

The Task Force requested from each jurisdiction a description of their current economic regulatory framework. Specifically, they asked for information on entry criteria to the industry, licensing, and service, fare and schedule adjustment procedures.

Each jurisdiction has varying degrees of regulation in this area. **New Brunswick, Nova Scotia, Québec, and Manitoba** each require advance Board approval of fares, service, and schedules. **Ontario** requires advance notice of scheduled service reductions and discontinuances, but does not require approval. **Ontario** does not regulate schedule and fare changes and **Alberta** does not regulate fares. **British Columbia** does not regulate fares or time schedules.

3.2.1 Issuing Authorities

Most jurisdictions have a government body that approves licenses and, to varying degrees, oversees the regulation of the industry. In most cases this is a Board or governing body established by the provincial government to oversee the licensing process and keep a record of changes in service. Seven jurisdictions reported a government-sponsored Board that is responsible for issuing licenses for intercity bus services. It should be noted that in some provinces, regulation of the intercity bus industry is one of a number of functions of these boards. They are: the **Saskatchewan** Highway Traffic Board (HTB), the **New Brunswick** Energy and Utilities Board (EUB), the **Ontario** Highway Transport Board (OHTB), the **Nova Scotia** Utility and Review Board, the Commission des transports du **Québec** (CTQ), the **British Columbia** Passenger Transportation Board, the **Newfoundland and Labrador** Board of Commissioners of Public Utilities, and the **Manitoba** Motor Transport Board. There are two cases where a board is not reported: In **Alberta**, the provincial registrar issues the Operating Authority Certificates (OAC) and permits for operation of commercial vehicles transporting passengers. In **British Columbia**, the Passenger Transportation Board makes decisions on intercity bus applications. A separate body, the Passenger Transportation Branch, issues licences and is responsible for enforcement of the legislation. **Prince Edward Island** does not regulate their intercity bus industry and does not issue licenses to carriers aside from the standard driver's licenses and vehicle registration.

3.2.2 Definition of an Intercity Bus

Each jurisdiction has its own terminology for a carrier that provides intercity bus services. These terms may refer to more than just buses and vary from “public vehicle” (**Ontario**) and “commercial vehicle” (**Alberta**), to “motor carrier” (**New Brunswick** and **Nova Scotia**) and “public service vehicle” (**Manitoba**) or “commercial passenger vehicle” (**British Columbia**). The definition of an intercity bus can be surmised across all provinces as a vehicle that is used for publicly transporting passengers. Some jurisdictions, such as **Ontario** and **British Columbia**, specify that an intercity bus operates between two municipalities and charges fares (and, in **British Columbia**, on a set time schedule). Others, such as **Alberta** and **Manitoba**, specify that it operates on a highway.

While Ontario specifically defines a public vehicle as applying to intercity bus services, it also by policy recognizes the strategic role played by GO Transit in serving regional commuter transportation needs. As a result, Ontario does not consider the services provided by GO Transit to be of an intercity nature.

3.2.3 Licensing Procedures

All of the provinces that regulate entry to the industry require intercity bus operators to be licensed. Most require that a new carrier's application be posted publicly, or at least that the new service be advertised, and some allow a specific amount of time for any interested party to file an opposition to the application (**Saskatchewan, Ontario, British Columbia, Nova Scotia and Manitoba**). If an opposition cannot be resolved, a public hearing may be necessary and is allowed for in the regulations of the governing body. Additionally, most provincial boards take into account the carrier's financial fitness, ability to provide a necessary service to the public, planned routes and its impact on existing operators as entry criteria for determining whether to grant a licence application.

Saskatchewan: The HTB issues an Operating Authority Certificate (OAC) to intercity bus carriers and others who wish to transport passengers for compensation with the following criteria in consideration: public convenience and necessity, the fitness of the applicant, any other matters deemed relevant by the HTB. There is a 21 day public notification process during which notices of opposition may be filed with the HTB. Any agreements that are not reached within 21 days are subject to a public hearing.

Alberta: The criteria for establishing public interest is: sufficient public demand or need for the service, complement any existing service, applicant's ability to provide the proposed service, applicant's interests, the financial ability of the applicant to continue to provide the service. The application must be advertised and objections and interventions may be filed with a public hearing to determine public interest.

New Brunswick: The licenses are issued based on the following criteria: the carrier has a safety inspected "public motor bus" as defined by the Motor Carrier Act, the carrier must prove that they will not go bankrupt in 6 months, and the carrier must have proof of insurance as required under the Motor Carrier Act. License applications are published publicly and any objection must be filed with the EUB. The board decides whether a public hearing will be necessary during which the objector must prove that granting the license would be detrimental to NB commerce and development.

Ontario: The entry criteria (granting of operating licences) is determined by evaluating public necessity and convenience including: the adaptability of the carrier to provide service consistent with public demand, and the suitability of the applicant's proposal to the market. After the application is submitted to the OHTB, it is published in the Ontario Gazette. An objection may be filed by any interested person within 29 days of publication, subject to a written or oral hearing after which the Board may grant or deny the application.

Nova Scotia: The Board uses a public convenience and necessity entry test which includes the following factors: any objection made by any person already providing service on the routes or between the places that the applicant intends to serve, the effect on public interest or other transport service, the quality of service offered by the applicant, the impact of the applicant on regular route passenger service. New services must be advertised in the Royal Gazette and the procedure provides for potential oppositions and a public hearing. The board may refuse an application without hearing at its discretion. If there are no objections filed the Board will usually approve the application without a hearing.

Québec: The Commission decides whether to issue a permit based on the applicant's knowledge or experience, evidence of financial grounding, sufficient human or material resources, as well as the fulfillment of the public need, profitability, and the effect on other services along the same route. Applications are posted publicly, at the applicant's expense, on any medium deemed appropriate by the Commission. Any interested person may present an objection or observation to the Commission, and it may hold public hearings based on the indication of that person or their own discretion.

British Columbia: The Passenger Transportation Board considers applications from the perspectives of public need, applicant fitness and promoting sound economic conditions. Applications for a licence are posted on the Board's website and some applicants are required to publish notice of the application in local newspapers in communities affected by the application. Public comments may be sent to the Board within a specified time. A public hearing may be held with the public notice requirements outlined above apply. After the Board approves a licence or approves changes to a licence, the licence is issued by the Passenger Transportation Branch of the Ministry of Transportation and Infrastructure, after the Branch is satisfied that operators meet prescribed safety requirements.

Manitoba: The entry criteria is that the existing facilities for transportation are insufficient or that the public convenience will be promoted by the establishment or continuance from year to year of the proposed transportation service; and the applicant meets the criteria for fitness prescribed by the Board (relating to safety and insurance requirements). Within 21 days of a new service being advertised, anyone may file a statement of objection to the application. If the opposition can prove that public convenience will not be promoted by the service, the Board must consider the opposition when deciding on the application.

Newfoundland and Labrador: The Board gives emphasis to the interests of users of transportation services, and considers the effect upon: the availability of adequate services to all users in all communities, the availability of price and service options, innovative services and responsiveness of the industry to user demand or service requirements, the productivity and efficiency of users, transport costs, the level of market concentration and the likelihood of abuses of market power, the likelihood of abuse of price or service discrimination, the safety of passengers and other users of the highway as affected by the operation, and any other matter the board considers relevant. This licensing process provides for public notice, public hearings, input from respondents, and Board decision making.

Transport Canada: At the federal level, the *Motor Vehicle Transport Act* provides a framework within which individual jurisdictions can issue economic licences to extra-provincial bus operators ("undertakings"), if they choose to do so. In addition, the federal Act creates a national framework for the safety regulation of extra-provincial truck and bus operators based on the National Safety Code for Motor Carriers.

Prince Edward Island: has no licensing requirements for the intercity bus industry outside of the standard driver's license, and vehicle registration procedures.

3.2.4 Changes to Fares and Schedules, Service Discontinuances

Regulation of fares and schedules varies across Canada. While some provinces require advance notice and approval of fare and schedule changes, others do not and allow the operator to change these issues at their own discretion without prior notification or approval (**Newfoundland and Labrador** for carriers outside of the Trans Canada Highway, **Prince Edward Island**). Some provinces that do not regulate schedule and fare changes do require advance notice and/or approval of service discontinuances or major schedule changes in order to assess the effect on the availability of intercity bus service to residents in the affected areas (**Alberta, Ontario and British Columbia**).

Alberta: Schedule changes must be approved by a change to the Operating Authority Certificate if they will have a serious effect on the community. Alberta does not regulate fares. Service discontinuances must be approved by the registrar in advance.

New Brunswick: The procedure for fare and schedule adjustments, as well as service discontinuances follows the same process as the licensing procedure: an application is submitted to the Board and publicly posted, any interested party may file an objection and a public hearing may be held.

Ontario: Fare and schedule adjustments do not require prior approval from the OHTB. The operator is required to file a timetable with the Board which shows the number of trips per day along with departure and arrival times, as well as a record of the fares it charges. For reductions and discontinuances, the operator must provide the Minister of Transportation and the public with advance notice. In cases of service reduction/ discontinuance causing serious public hardship, the operator is required to make reasonable efforts for a replacement service during a 30 to 90 day period.

Nova Scotia: Fare and schedule adjustment, as well as service discontinuance, require Board approval and a public hearing. Following the hearing, the Board is required to issue a written decision giving reasons for its disposition of the matter.

Québec: Changes to schedules and fares must be posted publicly for 10 days prior to filing the change with the Commission. If the Commission refuses a filing, it becomes an application subject to the public opinion and a potential hearing as per the usual initial application process. Service discontinuances require advance approval and are published by the Commission at the expense of the service provider. If the service in question involves another authority, the Commission may hold public hearings with the other jurisdiction.

British Columbia: Time schedules and fares are not regulated. Minimum route frequency reductions and service eliminations must be approved by the Board. Before eliminating routes or decreasing service, licensees must publish notice in the local newspapers of the affected area and apply to the Board. Licensees must renew their licence annually. A licensee could let a licence expire, thereby discontinuing its services completely.

Manitoba: For minor schedule adjustments, the carrier must publish the changes and the Board may approve the changes without a public hearing. For major changes, the carrier must file a written application with the Board and post the changes publicly in advance. There is the opportunity for public opposition and a hearing may be required. The process for service discontinuance is the same as the process for major schedule adjustments. There is a regulation in which fares for the industry are formally set out, and some carriers follow these fares. Others, including Greyhound, the largest provider of intercity bus services in Manitoba, choose to set their own fares and file them with the Board for approval.

Newfoundland and Labrador: Fitness only carriers may adjust schedules and fares at their convenience. 'Reverse onus' carriers require approval from the Board for both schedules and fares. Fitness only carriers may discontinue service at their discretion. 'Reverse onus' carriers require approval from the Board.

3.3 Current F/P/T and Municipal Government Programs that Impact the Industry

The task force requested information from each jurisdiction on their government-sponsored programs that support the intercity bus industry, support competing industries, or are supported by the intercity bus industry.

3.3.1 Support to the Industry

Six jurisdictions have reported programs that support the intercity bus industry. The majority of the programs that were reported involve funding for several specific areas: helping struggling carriers, maintaining service to rural communities, and increasing vehicle accessibility. These jurisdictions are: **Saskatchewan, New Brunswick, Transport Canada, Québec, Prince Edward Island, and Manitoba.**

Saskatchewan provides an annual subsidy (\$9 million in 2010) to their provincial crown corporation, the Saskatchewan Transportation Company.

New Brunswick offers a Vehicle Retrofit Program that provides grants of up to \$8,000, to organizations, carriers or individuals to help with the costs of upgrading vehicles with retrofitting and accessibility features. Funding under this program is limited and is available on a first-come, first-served basis, provided all program criteria are met.

Transport Canada reports Federal grant and contribution funding that supports highway infrastructure and benefits all highway users, as well as funding to programs that buy transportation for their employees, clients or programs.

Québec reports one program that support the industry, which consists of: a provincial assistance program to rural areas for expanding regional and interregional transportation, which is funded by the Québec Green Fund and will receive \$11 million 2007-2012. The program also has an emergency assistance grant of up to \$50,000 for one year to help struggling carriers maintain service; and, a \$1 million fund for an accessibility subsidy program for intercity buses, also provided through the Green Fund. In addition, \$2 million in funds are offered to support regional authorities (RCMs and CREs) in maintaining, extending and developing new interregional bus lines, in partnership with private carriers. This assistance aims primarily to connect small and larger urban centres. MTQ then provides a subsidy of twice the amount provided by the RCM or CRE (up to \$100,000 per year). These subsidies serve to fund carriers' operating deficits on the transportation service (which is still less costly than a publicly-funded system).

Prince Edward Island reports that it has provided short-term funding support to a new bus service operating between Charlottetown and Summerside (the two provincial cities), with connections to other communities along Route 2.

Manitoba reports a \$3.12 million investment in a one-year service maintenance agreement with Greyhound to ensure that passenger bus service remains active in the province until a long-term solution can be reached.

Five provinces did not report programs that support the intercity bus industry. They are: **Alberta, Ontario, Nova Scotia, British Columbia, and Newfoundland and Labrador.**

3.3.2 Support to Competing Industries

Seven jurisdictions have reported programs that provide support to competing industries. Most of these programs deal with funding to public and municipal transit, and again raise the issues of transportation in rural communities and accessibility. They are: **Saskatchewan, Alberta, New Brunswick, Nova Scotia, Transport Canada, British Columbia, and Manitoba.**

Saskatchewan reports that Indian and Northern Affairs Canada provide intercity taxi transportation in isolated northern communities and that their provincial Health Ministry funds a program that provides medical transportation in northern communities. Saskatchewan's Transit Assistance for People with

Disabilities Program provides financial assistance to 74 communities to support special needs transportation services for persons with disabilities. The 2010/11 operating budget is approximately \$6.6 million with a capital budget of \$275,000.

Alberta reports that metropolitan, regional transit has expanded recently in Edmonton and Calgary, which might have an effect on intercity carriers.

New Brunswick reports that some capital funding has been provided to municipalities through the Environmental Trust Fund and the Climate Change Action Fund for the purchase of new transit buses and the establishment of park and ride services.

Nova Scotia reports two programs: the Community Transportation Assistance Program (CTAP), which provides transportation to low population communities, and the Accessible Transportation Assistance Program (ATAP) which provides funding to community-based inclusive transportation services to help purchase accessible vehicles.

Transport Canada reports that the federal government makes investments in rail (\$308 million in 2008/09, including \$286 million for passenger services) and transit, and provides funding for airports and ferry services.

British Columbia reports that public transit also supports bus service between cities, for example, TransLink in Metro Vancouver is responsible for regional transit, cycling and commuting options. BC Transit operates the Health Connections Program, on a yearly contract basis, which provides below-cost non-emergency medical transit service for residents in remote communities. This program is a partnership between the health authorities, local municipalities and BC Transit.

Manitoba supports the Mobility Disadvantaged Transportation Program (MDTP) Grants, which fund the operation of handivan services for mobility-disadvantaged individuals. Funding available to municipalities under the MDTP includes one-time start up grants of \$6,000; annual operating grants based on 37.5% of eligible operating costs (to a maximum of \$30,000); and one-time capital grants equal to 50% of the net cost to purchase a handi-van (to a maximum of \$10,000).

Three jurisdictions (**Ontario, Québec, Newfoundland and Labrador**) did not report support to competing industries. Ontario states that it provides funding to municipalities that operate transit systems. Cross-boundary service is offered by some municipalities, which is intended to complement, not compete with intercity bus service. **Ontario** does not agree with industry comments that public transit is a competing mode to the intercity bus industry. In this regard, Ontario notes that public transit serves local community mobility and, in the major metropolitan areas, regional commuting trips. It does not serve intercity travel.

3.3.3 Government Programs Supported by the Intercity Bus Industry

Five jurisdictions have reported programs that are supported by the intercity bus industry. They are: **Saskatchewan, New Brunswick, Transport Canada, Québec, and Manitoba**. Most of these programs are provincially or federally funded travel grants for low-income or rural residents that need to travel for medical, family, or legal reasons. One exception to this is **Québec**, which reports funded programs to promote the use of public regional transit. **Manitoba** undertook an internal analysis of the impact that a complete loss of intercity bus service would have on its respective departments and associate agencies. Financial impacts of both freight and passenger services were examined, as well as the ability of Manitoba to deliver services and programs.

Saskatchewan reports two programs: the Saskatchewan Transportation Company provides discounted fares for seniors and those who use buses for transport to medical necessities; and the intercity bus industry is a potential mode of transport to those with Federal or Provincial travel warrants.

The **New Brunswick** Department of Social Development provides transportation benefits, which may include intercity bus fare, to social assistance recipients for medical reasons, job search, and relocation for employment and/or repatriation.

Transport Canada manages a voluntary code of practice for accessible transportation by intercity bus, and also a mechanism for dealing with complaints against access to intercity bus services, including bus terminals.

Québec reports a task force on “public transit in rural areas issue table” which brings together the main stakeholders in the industry to support the government’s first public transport policy. The government assistance program for alternative modes of transportation to the automobile (PAGMTAA) granted a \$90,730 subsidy for an action guide to public transport in rural areas and the launch of a website, espacebus.ca, by Association des propriétaires d’autobus du Québec (APAQ) to promote and facilitate the use of public bus transport.

In **Manitoba**, many provincial programs are supported by the intercity bus industry (i.e. Greyhound). Manitoba undertook an internal analysis of both the financial and the program delivery impacts of a loss of scheduled Greyhound intercity bus service.

Financial Impacts in Manitoba from a loss of scheduled Greyhound intercity bus service:

Parcel and Freight Services

- Several Manitoba departments would see increases to freight and shipping costs if bus parcel service was not longer available. In most instances, alternative courier services and Canada Post would likely be sought at an increased cost to the department.
- Without the presence of an alternate mode for shipping, taxis would need to be chartered in rural, northern, and remote areas where overnight or same-day delivery is required. This would result in increasing costs from \$40 per delivery to \$700 per delivery for some departments.
- The loss of intercity bus service in Manitoba would result in an estimated \$1.55 million increase in annual shipping and freight costs for the Government of Manitoba.
- It is possible that these additional costs could be somewhat reduced over time if departments learned to more efficiently manage their use of alternatives to Greyhound service, or if they made changes to current policies and programs.

Passenger Transportation Services

- With the loss of intercity bus service, the movement of passengers from rural, northern, and remote areas has the largest potential financial impact for Government of Manitoba departments. Several programs require individuals to access services in regional centres or urban areas.
- Transportation alternatives to intercity bus service (air, taxi) are extremely expensive. Medical needs, judicial proceedings, and family services are the primary areas where financial impacts would be felt.
- The loss of intercity bus service in Manitoba would result in an estimated \$3.9 million increase in annual passenger transportation costs for the Government of Manitoba.
- As in the case of parcel and freight services, it is possible that these additional costs could be somewhat reduced over time if departments learned to more efficiently manage their use of alternatives to Greyhound service, or if they made changes to current policies and programs.

Program and Service Delivery Impacts in Manitoba:

The loss of intercity bus service in Manitoba would adversely affect the delivery of programs and services that the Government of Manitoba currently provides to its residents.

- Scheduled family visits and reunification efforts could be negatively impacted by the loss of intercity bus service.
- The ability of income assistance programs to deliver support to people in rural, northern, and remote communities would be impaired.
- The delivery of justice could be impaired as witnesses in judicial cases may have difficulty attending court proceedings.

Manitoba Health and its respective agencies and associations would feel the immediate bulk of the impact if Greyhound scheduled bus service was interrupted in Manitoba.

- A disruption in service would affect the transportation of medications, diagnostic images, and laboratory samples.
- The delivery of dialysis services, psychiatric assessments, and transfusion services would also be at risk.
- The results of a loss in service would compromise the physical and mental health of patients and program clients.

Six jurisdictions did not report programs that utilize the intercity bus industry: **Alberta, Ontario, Prince Edward Island, Nova Scotia, British Columbia, and Newfoundland and Labrador.**

3.4 Transportation-related Visions, Strategies, Goals and Programs

The Task Force asked each jurisdiction to provide a concise assessment of how an existing, provincial transportation-related strategic plan, vision, or mandate relates to the intercity bus industry. There were several emerging themes in this section that were present in many of the submissions, which include: financial stability, providing service to all areas of the province, the future development of public transit, environmental responsibility and sustainability, and accessibility.

British Columbia and **Ontario** make reference to a goal of promoting a competitive industry. **Prince Edward Island, New Brunswick** and **Newfoundland and Labrador** mention the Atlantic Canada Transportation Strategy, which states that the intercity bus industry is a valuable transportation alternative that will continue to play an important role in the multi-modal transportation network of the region. **Nova Scotia** expressed an emphasis on safety regulations and support for the economic growth of the province.

Of the jurisdictions that submitted answers for this section, **Saskatchewan, Alberta, Ontario,** and **Québec** specifically mention environmental goals. The goals in the **Saskatchewan** Transportation Company's strategic plan touch on affordability, containing the subsidy, environmental stewardship, supporting the provincial economy, and providing a diverse workforce. **Alberta's** provincial business plan states a goal to implement the GreenTrip program to reduce vehicle congestion and emissions as well as to expand the overarching bus policy to improve options for rural and northern communities. **Ontario's** priorities include expanding transit ridership to reduce traffic congestion and employing a sustainable land-use planning strategy. **Québec** supports environmental sustainability through its 2006-2012 climate change action plan, which has goal to encourage and expand the use of public transit through government assistance.

Ontario mentions in this section that it provides sustainable transit funding to Ontario municipalities through the Dedicated Gas Tax Funds for Public Transportation (Gas Tax) Program (\$321 million in

08/09). The Ontario Bus Replacement Program (OBRP) provided \$458 million in vehicle funding from 2003-09 for the municipal procurement of more than 2,700 transit buses. Ontario has invested approximately \$3.8 billion since 2003 in transit projects, including construction and upgrades to transit terminals and stations, purchase of rail vehicles, and new or expanded rapid transit lines.

Transport Canada notes that the *Motor Vehicle Transport Act* delimits the federal role in the intercity bus industry. The Act creates a national framework for safety regulation of extra-provincial bus operators. Also, the Act establishes a framework within which a province or territory can implement regulatory measures for extra-provincial bus operators based on policy objectives of the jurisdiction.

4.0 Summary of Stakeholder Submissions to the Task Force

The Task Force Terms of Reference, under Objective 2, state that the Task Force would obtain the input of national stakeholder organizations in six categories of information. The national stakeholder responses were organized according to the following categories:

1. Current State of the Intercity Bus Industry
2. Expected Future State of the Intercity Bus Industry
3. Factors and Trends Responsible for the Current and Expected Future State of the Intercity Bus Industry
4. Actions Taken by Intercity Bus Industry
5. Recommendations from the Intercity Bus Industry
6. Additional Information

Submissions were received from national stakeholders (four industry associations, one carrier and one manufacturer):

- **Association des propriétaires d'autobus du Québec (APAQ)** which represents most of the bus industry in Quebec
- **Canadian Bus Association (CBA)** which primarily represents commercial intercity operators nationally
- **Canadian Urban Transit Association (CUTA)** which represents transit operators nationally
- **Motor Coach Canada (MCC)** which represents both intercity and charter operators nationally
- **Motor Coach Industries (MCI)** which manufacturers motor coaches
- **Pacific Western Transportation Ltd. (PWT)**, an Alberta-based operator, offering intercity, school bus, charter, airport, contract and transit services in several jurisdictions

This summary presents an overview of the similarities and differences between each of the submissions according to the categories established by the Task Force. There are several key issues that have emerged across all of the submissions such as demographic changes, modal competition and regulations across jurisdictions. These issues are addressed as they come up in relation to the categories set by the Task Force.

4.1 Current State of the Intercity Bus Industry

All of the national stakeholders agree that intercity bus service is important to both rural communities and urban centres, but more so for rural and northern communities as there are limited public transportation alternatives available. Often intercity bus service is the only option available for these communities. **APAQ**, in particular, noted that the ability to access government services provided in rural and northern communities is highly dependent upon whether there is a good mix of public transportation services available in these areas.

National stakeholders agree that the current state of the industry is 'dismal'. **CBA** identifies that despite the unique market dichotomy where eastern Canada generates more passenger revenues while western Canada generates more parcel revenues, only 38% of scheduled intercity bus routes are profitable. Declining ridership and profitability has led to the reduction of frequencies and routes, particularly in rural and northern communities, and has deferred capital purchases.

All national stakeholders agree that the current model is broken. Competition from subsidized modes, declining passenger and freight volumes, particularly on low-density routes, and different regulatory

systems in jurisdictions were common themes, and seen as key contributors to the current 'dismal' state of the industry.

Stakeholders agree that the increasing urban commuter shed has blurred the lines between public transit and intercity bus industry and for **CBA**, **PWT** and **MCC**, they argue that subsidized public transit, in particular, regional transit has led to market encroachment of the intercity bus industry while low cost air travel and VIA Rail has replaced long distance intercity bus travel.

PWT states that where provincial economic regulations exist, they are not being enforced, have stifled innovation, increased business operating costs and limited the industry's opportunities and ability to grow.

4.2 Expected Future State of the Intercity Bus Industry

All stakeholders agree there is a need for intercity bus services and that these services must, in the future, provide intermodal connectivity to transit, rail and air options. Interconnectivity among modes will ensure a wide range of choices and mobility options for Canadians.

It was the general view that more people will be seeking intercity bus transportation as the economic recovery continues, fuel costs rise and onboard coach amenities improve. In addition, many stakeholders argued that the environmental benefits of intercity bus will become increasingly more important. According to **MCC**, governments will also likely be forced to engage private sector in meeting increasing demand from the urban commuter shed due to growing public debt.

PWT anticipates the industry, in the future, will be deregulated. They argue this does not mean rural Canada will lose out as there will be other carriers that will respond appropriately to market demand.

4.3 Factors and Trends Responsible for the Current and Expected Future State of the Intercity Bus Industry

Stakeholders identified a number of factors and trends that have led to the current and expected future state of the intercity bus industry. Many agree that the government subsidized regional transit has created an unlevel playing field that is exacerbated by the creation of HOV/bus lanes in urban centres for exclusive use by transit operators. Meanwhile intercity bus operators do not have dedicated lanes in urban centres and many transborder operators are still experiencing unacceptable border crossing delays.

According to **PWT**, the encroachment of regional transit into the intercity bus market has limited further investments because there is no assurance that licenses would be provided to the carrier exclusively on regional transit routes. Meanwhile, **CUTA** argues that it is the communities of less than 25,000 that are difficult to serve either by public transit or intercity, yet it is in these smaller communities where the need for regional transit options are growing due to centralization of health services and aging population.

MCC argues there is no uniformity in economic regulation across governments nor is there any government leadership in seeing the intercity bus industry as part of the solution to regional transit, as an example. **CBA** identifies that the demographic shift from rural to urban population will continue, as will the growth of automobile ownership and increased competition from subsidized modes. In addition, **CBA** argues that distorted labour costs, where private sector gets paid less than the public sector, is another trend of the industry.

4.4 Actions Taken by the Intercity Bus Industry

According to **CBA** and **MCC**, there has been a multitude of actions taken by the intercity bus industry including staff reductions, mileage/route/stop rationalization, union concessions, new pricing policies (i.e., discount fares), increased coach amenities, on-line ticket sales, mixed fleet utilization, and bus wrap advertisements.

4.5 Recommendations from the Intercity Bus Industry

All national stakeholders note that government needs to decide whether and how to support non-commercial services, particularly should it decide to relax restrictions on service adjustments and exit by incumbent carriers. **APAQ** suggests the federal government promote the maintenance of a stable national network to ensure continuance of the rural and regional networks already in place in Quebec. **PWT** argues a level playing field is needed in order for the intercity bus industry to have access to new markets and new services. **MCI** supports government capital investment, similar to the United State's Rural Intercity Motorcoach Access grant programs. **CUTA**, **MCC** and **CBA** support governments contracting private carriers, through competitive tendering process, to deliver service in cities and rural areas that municipal transit service providers do not want to serve or cannot breakeven and on routes mandated by government for service. **CUTA** also suggests governments subsidize fares operated by existing intercity carriers within an urban region to a public transit system fare level (seat purchase). **CBA** suggests governments provide a fuel tax exemption similar to Quebec for intercity bus carriers.

PWT suggests economic deregulation would lead to more services, more options and, in some cases, better services. If governments decide to deregulate, **MCC** argues that a 36 month transition period would be needed. **CBA** states that safety issues would need to be considered in a deregulated industry. **MCC** states that, if governments decide to continue regulating, then a public interest test should be proven by existing licensees as opposed to the current model of public convenience and necessity used by most jurisdictions. **CBA** suggests that, given the lack of uniformity in economic regulations across jurisdictions, at the very least all jurisdictions should adopt Ontario's model where only 90 days notice needs to be given before route abandonment.

MCC and **CBA** recommend identifying clear roles and responsibilities for federal/provincial/territorial (F/P/T) governments and that an F/P/T agreement be developed to ensure uniformity in implementation and is based upon Canadian Council of Motor Transport Administrators (CCMTA) standards.

Other recommendations from **CBA** include ensure subsidies provided in one jurisdiction does not cross into another jurisdiction, ensure new entrants meet all safety standards and undertake a full cost pricing study. **CUTA** calls for coordinated feeder services such as joint terminals and coordinated service levels/schedules/fares between public transit and intercity bus carriers.

In addition to making recommendations, the **CBA** also urged the task force, in its submission to keep three core principles in mind:

- First, the sine qua non of an economically viable intercity bus sector is a legislative and regulatory regime that will enable private sector operators to respond to market conditions as they evolve;
- Second, there is not a "one size fits all" panacea for the industry. Each jurisdiction must take into account of its unique social and economic attributes as it seeks to create a hospitable climate for a sustainable industry; and
- Third, in pursuing reforms to the policy framework governing the intercity bus sector, we should seek to not only strengthen the industry itself but also facilitate the prospects for a stronger

intermodal approach nation-wide, one that extends a higher quality of passenger transportation service and integration to all corners of the country.

4.6 Additional Information

CBA offered some additional information including: the cross-subsidization model has not worked for non-CBA members; more than 90% of all bus travel warrants are billed back to governments; there may be value in performing an “inventory” comparison between the actual safety standards of the main scheduled bus carriers as opposed to what is currently required under legislation; many of the major intercity bus carriers are foreign owned which means shareholder accountability is important; the Canadian bus manufacturing in Winnipeg and Quebec are important to the Canadian economy; there is a higher intercity market penetration rate in Canada than the United States; most tax exemptions favour other modes (e.g., trucking/transit); and the requirement to provide accessibility for persons with disabilities comes at a cost of \$40,000 more per motor coach.

5.0 Issues, Options and Recommendations

This section of the task force report describes the following:

- (a) the issues that were identified by task force members as being noteworthy from a public policy perspective, and that should be considered by governments at this time;
- (b) the options that task force members identified that could be considered by jurisdictions to address the issues prioritized by task force members; and
- (c) the recommendations agreed by task force members regarding actions that should be taken by governments and the intercity bus industry.

5.1 Issues

The task force asked various national stakeholder organizations to identify the factors and trends responsible for the current state and expected future development of the Canadian intercity bus sector.

The task force assessed this input from stakeholders and used it to identify key trends and specific issues in the Canadian intercity bus sector.

The task force determined that there are three trends in the Canadian intercity bus sector that are of particular concern:

- (a) the contraction of the Canadian intercity bus network;
- (b) the use of smaller passenger vehicles by intercity bus operators on low-traffic routes; and
- (c) competition from publicly-funded operators in competing modes of intercity passenger transportation (intercity passenger rail and regional transit).

5.1.1 Contraction of the Canadian Intercity Bus Network

In response to a range of factors (declining ridership on some routes, increasing or non-decreasing costs, and a decreasing capacity to cross-subsidize), Canadian intercity bus carriers are undertaking a range of actions to maintain or enhance the viability of routes and of their overall operations, including:

- Abandoning non-profitable scheduled routes;
- Reducing frequency of service; and
- Eliminating intermediate stops.

Some contraction of the Canadian intercity bus network has already taken place in recent years, including the service reductions or intended service reductions that were announced by Greyhound Canada Transportation ULC (Greyhound) in 2009 and that helped motivate the establishment of this task force. The Canadian Bus Association (CBA) has advised the task force that in the absence of government measures to sustain the Canadian intercity bus sector (regulatory reform and/or public investment), the alternative will be the abandonment of large portions of the scheduled intercity bus network in Canada.

To mitigate industry contractions in Saskatchewan, the Saskatchewan Transportation Company (STC) is implementing a number of innovations, including the following:

- Improved fleet of motor coaches featuring improved fuel efficiency, enhanced interior with improved leg room, A/C power, WiFi and more wheelchair accessible vehicles;
- Increased security measures and procedures to reduce ridership anxiety;
- Passenger discounts and programs including seniors' and students' discounts, medical pass, blind/disabled person's escort program and compassionate fares;
- On-going sponsorship of community fundraising activities.

Although the contraction of the Canadian intercity bus network has been the general trend over the last few decades, there are future possibilities for ridership increases due to an aging population. An aging population may look for alternatives to the personal vehicle over the next ten to 20 years, potentially increasing demands for an intercity travel option that allows them to stay in their communities and still have access to service in larger centres.

The task force identified a number of issues arising from the contraction or potential contraction in the intercity bus network.

5.1.1.1 Capacity of current regulatory regimes to facilitate sustainable changes in the Canadian intercity bus network

As documented in section 3.0 of this report, Canadian jurisdictions maintain varying forms of economic regulatory control over intercity buses. This control ranges from full regulation over entry, exit, fares, routes, and schedules, to minimal regulation that is restricted to fitness requirements regarding safety and insurance.

In those jurisdictions in which a government body is required to approve entry, exit or changes in fares, routes, or schedules, intercity bus operators cannot readily make operational changes that would improve sustainability. These economic regulatory controls do not facilitate actions by existing intercity bus carriers that may make their operations more sustainable, and they also create barriers to new or alternative services entering the market and increased costs for alternative service providers that may be able to continue service on routes that existing carriers want to abandon.

5.1.1.2 Quality of life of socially disadvantaged groups in Canadian society, and quality of life and economic opportunities in smaller rural and northern communities

With respect to the contraction of the Canadian intercity bus network, the services most threatened are the low-traffic scheduled routes serving smaller rural and northern communities. In the absence of any new transportation alternatives, contraction will negatively impact both their economic opportunities (through loss of express parcel service) and their quality of life (particularly with respect to access to medical services, access to university and colleges in larger centres, and the ability to maintain social connections).

As well there is evidence that any contraction of the Canadian intercity bus network, if alternative transportation services do not emerge, would have a disproportionately severe impact on various groups in Canadian society, including;

- Lower income persons;
- Older persons/senior citizens;
- Younger persons;
- University and college students;
- Persons not having ready access to private vehicles;
- Persons with disabilities; and
- Aboriginal persons.

5.1.1.3 Degraded environmental performance of the intercity passenger transportation sector

There is evidence to suggest that the intercity bus mode is one of the most environmentally “friendly” of the various intercity passenger transportation modes, both with respect to fuel efficiency and to

greenhouse gas (GHG) emissions. [It should be noted that these environmental benefits will vary with the extent to which a bus's passenger capacity is actually utilized, and may therefore be route specific.]

To the extent that the intercity bus mode contracts or is displaced by other intercity passenger modes, this may degrade the environmental performance of the intercity passenger transportation sector, and may compromise the ability of jurisdictions to meet any goals they may have established for environmental performance.

5.1.1.4 Increased costs and/or impaired delivery of services for federal and provincial/territorial programs

The intercity bus mode enables access to, and delivery of, health, education, and social programs and services for the federal and provincial/territorial governments, particularly for northern and aboriginal communities. Contractions in the Canadian intercity bus network could increase the costs of these programs if it means more use of more costly transportation modes. However, there may be alternatives that could be explored.

5.1.2 Use of Smaller Passenger Vehicles by Intercity Bus Operators on Low-Traffic Routes

In response to declining ridership on some intercity bus routes, some carriers are using passenger vehicles that are smaller than a full-size highway coach, such as 15-passenger vans or shuttle/activity bus-type vehicles. This trend might be expected to increase if controls on exit by incumbent carriers are relaxed and alternative services become more common. Smaller vehicles, in addition to satisfying the economic challenges of lower passenger volumes, must remain a safe alternative. Concerns have been raised about the safety of some smaller passenger vehicles (such as 15-passenger vans) for public transportation.

5.1.3 Competition to Intercity Bus Operators from Publicly-Funded Intercity Passenger Transportation Modes

The third of the three significant trends in the Canadian intercity bus sector noted by the task force is the competition being posed to private sector intercity bus operators by other modes of intercity passenger transportation (intercity passenger rail, air, and "regional" transit) that collectively receive significant levels of funding from the various levels of the public sector (federal, provincial, and municipal).

Stakeholders have advised the task force that intercity bus service and public transit historically operated in separate domains, with intercity bus operators connecting intercity markets and public transit operating in urban areas. An increasing urban commuter shed has blurred the lines between these two traditional markets.

The stakeholder submissions provided to the task force further imply that the current policies of Canadian jurisdictions do not provide consistent treatment between the intercity bus sector and other intercity passenger transportation modes (particularly in respect of funding levels), and do not coordinate the most effective linkages and relationships between these various modes, which can be seen as being both competitive and complementary.

The CBA further advises the task force that subsidized competition from other modes reduces the returns available to intercity bus operators, and thereby lessens the ability of operators to cross-subsidize the unprofitable low-traffic routes serving smaller Canadian communities.

5.2 Options

In developing options, the task force took into consideration options provided by national stakeholders (as outlined in section 4.0) as well as options proposed by task force members.

5.2.1 Options to Address the Contraction of the Canadian Intercity Bus Network

Both regulatory and fiscal measures have been identified as options to address the issues arising from the contraction of the intercity bus network. These two types of measures are not mutually exclusive. Some combination of these two kinds of measures can have the potential to address network contraction.

5.2.1.1 Reform of regulatory regimes

The purpose of regulatory reform would be to address the issues arising from the contraction of the Canadian intercity bus network, i.e. to achieve the following two goals:

- Make it easier for existing carriers to adjust their fares, routes, routings and schedules in order to better sustain service on selected routes or better sustain their overall network; and
- Make it easier for new carriers or alternative service providers to enter the industry and provide service on routes that are not currently being served or on routes that existing carriers want to abandon.

The task force noted that the regulatory reform option itself comprises a number of different options that could be implemented by jurisdictions. The various regulatory options (full economic regulation, full economic deregulation, and any number of varying intermediate regulatory regimes) have been well documented over many years in numerous reports and studies, and are not described in detail in this report.

Task force members suggested the following approaches to regulatory reform as being the most relevant to governments' handling of the intercity bus sector at this time:

- a) Limited regulation of the industry, including maintaining minimum route frequencies, identifying routes by city (not stops), and meeting vehicle safety and insurance requirements; this approach would include developing streamlined processes for reviewing minimum route frequencies;
- b) A "reverse-onus" scheme, whereby a carrier posts intent to provide a specified service and, if stakeholders cannot prove that the service is contrary to the public interest, a licence is issued following a predetermined period (if vehicle safety and insurance requirements are met). Changes to existing services would also be posted for a set period without requiring the regulator's approval; and
- c) A deregulated approach, with a focus on safety and carrier insurance.

The task force noted in its deliberations that consideration has to be given as to whether economic regulatory controls should be harmonized across Canada, or whether they can vary by province/territory/region.

5.2.1.2 Fiscal measures

The task force identified a number of fiscal measures to support intercity bus service that can be delivered through various instruments, including:

- Partnerships with local communities to provide alternative modes of service delivery where none currently exist, or to replace services targeted for elimination;

- Expansion of existing modes of service delivery (e.g. transit, health/social programs, First Nations service providers);
- Capital support for purchases of new buses or refurbishment of existing vehicles in bus fleets;
- Support to cover operating losses/operating costs for all routes or specific routes;
- Fuel tax and ticket tax exemptions (for example, in Quebec, there is a fuel tax exemption of 16.2 cents per litre of diesel for intercity bus carriers);
- A federal tax credit for intercity bus riders, like the federal tax credit for public transit users;
- Support partnerships between local authorities and intercity bus carriers to maintain, develop and create new services; and
- Funding for research and development of smaller passenger vehicles suitable for non-paved roads.

The task force determined that a number of factors need to be assessed in relation to fiscal measures, including:

- The respective roles of the federal, provincial/territorial, and municipal governments (keeping in mind that any new measures or responsibilities must be implemented in a way that respects existing jurisdictional practices and programs);
- The ability of the various jurisdictions to support any fiscal measures; and
- The respective roles of competitive tendering versus targeted support for ventures that support aboriginal or regional economic development.

5.2.2 Options to Address the Safety of Smaller Passenger Vehicles Used for Intercity Bus Service

Task force members agreed that safety involves a “mandatory” rather than an “optional” approach. The task force agrees that federal and provincial/territorial governments, on an ongoing basis, should review safety standards, the coverage of safety standards, and enforcement activities to ensure that the safety of all vehicle types used in intercity bus service is maintained in a way that is adequate, effective, efficient, consistent, and fair.

Transport Canada has initiated a review of the 15-passenger van to increase the awareness of passenger safety. Upon completion of the review, Transport Canada will undertake a safety awareness campaign to heighten knowledge of the safe use of 15-passenger vans.

5.2.3 Options to Address the Competition to Intercity Bus Operators from Publicly-Funded Intercity Passenger Transportation Modes

In the development of options, Task Force members considered the suggestions received by national stakeholders. Task force members identified a number of options to address the issue of intercity bus operators being displaced or being required to compete with publicly-funded operators in other modes of intercity passenger transportation. In particular, governments can:

- Provide financial support (operating subsidies/capital grants/tax exemptions/seat purchases) to intercity bus carriers similar to those provided to competing modes (intercity passenger rail or regional transit);
- Work with municipal governments to increase fares and/or decrease subsidies to municipal transit providers so that transit fares reflect full-cost pricing of the service;
- Allow intercity bus carriers to bid on publicly-funded transportation services;
- Facilitate the coordination of intercity bus and transit operators as mutual feeder services, by promoting shared facilities for intercity bus and urban transit systems, such as multimodal terminals;

- Support the development in all Canadian jurisdictions of an internet service similar to the EspaceBus.ca website in Quebec, which allows users to coordinate and link the services provided by all types of bus service providers.

5.3 Recommendations

In the process of reviewing the available options and reaching consensus on the recommendations to provide to governments, the task force was guided by the following principles and considerations.

In considering the issues arising from the contraction of the Canadian intercity bus network, and the options to address those issues, two factors are paramount:

- The fiscal environment in which Canadian jurisdictions are operating, in which numerous and competing demands are being made on public sector resources; and
- The widely varying conditions across Canada, and the different challenges and situations faced by the intercity bus sector in each region of the country.

While it probably goes too far to suggest that the intercity bus sector faces a unique situation in each Canadian jurisdiction, there is a wide range of public sector frameworks for intercity bus services across the country, taking into account the differences in economic regulatory regimes, in existing fiscal measures that support the intercity bus sector or its competing modes, and in the existing public sector enterprises that may directly provide intercity bus services in particular jurisdictions. These differences in public sector frameworks are complemented by wide disparities in market and other industry conditions (e.g., the sizes, distributions, and densities of populations across jurisdictions, to mention some factors).

Given the above two factors relating to the need for fiscal prudence and the widely varying conditions of the intercity bus sector across provinces and territories, the task force cannot support or recommend a national program to financially support the operations of intercity bus carriers.

However, the task force acknowledges that individual jurisdictions may be warranted in considering or implementing fiscal measures where the public interest may be involved.

In further consideration of the varying circumstances in each jurisdiction, the task force similarly cannot support or recommend a federally-mandated regulatory regime that would have to be the same in every province and territory.

In the absence of measures which provide direct support to the intercity bus services sector, task force members agree there is a need to ensure, on a jurisdiction-by-jurisdiction basis, that existing policies, legislation, and programs do not unduly impede carriers from undertaking their own actions to enhance the sustainability of their operations, and that these existing policies and programs do not themselves further unduly undermine the sustainability of the sector where this may be now happening. The need to review existing legislation and programs relates both to regulatory regimes for the intercity bus sector as well as more broadly to public sector programs involving other modes of intercity passenger transportation.

With respect to increased use of smaller passenger vehicles, the task force determined it was beyond the scope and expertise of its members to provide specific recommendations on safety. The task force noted that Transport Canada has announced a review of the safety standards applicable to 15-passenger vans.

The safety review will include:

- consultation with provincial and territorial governments;
- an assessment of the safety and stability of vehicles used for extracurricular school activities, including both 15-passenger vans as well as multi-function activity buses; and

- brake testing to determine the vehicle rollover threshold.

The task force is of the view that whether the safety standards for these vehicle types are determined to be adequate, or whether they are assessed as requiring amendment, the resolution of any safety issues through the Transport Canada review process will address the use of these vehicles for intercity bus service as well as for extracurricular school activities.

More broadly, the task force affirmed that it is the responsibility of the private sector – that is to say, of intercity bus carriers working in partnership with motor vehicle manufacturers – to develop, manufacture, and operate vehicles for intercity bus service that are both safe as well as economically viable.

The task force is further of the view that the licensing and regulatory regimes in place in the various jurisdictions must ensure that all vehicles involved in commercial passenger transportation services offered to the general public are subject to adequate and appropriate safety standards.

The task force also noted that the issues associated with the Canadian intercity bus sector cannot be addressed solely by governments. The submissions provided by stakeholders to the task force identified a wide range of actions that carriers are undertaking to address the challenges facing their industry, such as:

- Controlling costs through reducing overhead;
- Restructuring routes to develop new markets;
- Offering services with upgraded bus equipment and more amenities to passengers;
- Developing new pricing policies that both increase total passenger revenue per bus mile operated and offer fare discounts to specified passenger segments;
- Expanding their internet services; and
- “Synergy” programs that allow carriers to enhance revenues or spread their costs by entering into various kinds of business arrangements with other carriers or businesses.

The task force encourages carriers to continue implementing the kinds of initiatives listed above, which allow carriers to enhance the viability of their networks while at the same time enhancing or preserving the quantity and quality of services available to intercity bus users.

Furthermore, the task force encourages intercity bus carriers to continue pursuing partnerships with the other modes of intercity passenger transportation (passenger rail, passenger air, and transit) in order to promote multimodalism, connectivity, and integration in the Canadian transportation system. The task force agrees with the submission of one stakeholder which indicated that there is potential for the intercity bus mode to work with another mode of passenger transportation in a way that mutually enhances the revenues of both modes.

Based on the above principles and considerations, the Intercity Bus Services Task Force’s recommendations are as follows:

Intercity Bus Services Task Force Recommendations

Preamble

As outlined in section 3 of this report, it is recognized that the provision of regional public transportation varies widely across Canada, and certain jurisdictions currently provide regional commuter services in large urbanized regions. It is within the purview of the respective Federal, Provincial or Territorial jurisdictions to determine the appropriate service model that meets their jurisdictional needs.

1. Subsidies for Intercity Bus Passenger Transportation

It is the view of the Task Force that a national program to subsidize the operations of intercity bus carriers or specific routes is neither warranted nor recommended.

It is recognized that individual jurisdictions may consider fiscal programs that are targeted at specific routes and/or carriers on a case by case basis to sustain services that jurisdictions may determine are needed in the public interest.

2. Role of Governments

Governments and other road safety stakeholders (including all road users) share the responsibility for protecting the safety of the travelling public. Governments also have a role in fostering an economic environment which is attractive to the private sector in offering services which support the mobility of Canadians.

However, conditions vary widely across Canada, and no single policy approach or program would adequately address the challenges currently faced by the intercity bus services industry in different regions of the country.

It is recommended that governments ensure that Federal and Provincial/Territorial policies, regulations and programs affecting the intercity bus services sector remain current and appropriate, and provide the flexibility needed to respond to changing market conditions. In this context it is recommended that:

- a. All jurisdictions commit to reviewing their economic regulatory controls and, if necessary, introducing amendments which will make it easier for:
 - i. Existing carriers to adjust fares, schedules, routings and routes served
 - ii. New carriers and/or alternative service providers to provide service on new routes or on routes where service by an existing carrier is being withdrawn.
 - iii. New/emerging carriers, alternative service providers and existing carriers to use smaller vehicles where economically feasible to provide intercity passenger service that meets localized community/niche market needs while ensuring that all Federal safety standards and Provincial/Territorial safety laws and regulations are adhered to.
- b. All jurisdictions commit to considering:
 - i. The impacts on private sector intercity bus passenger services of any changes in current or future public sector intercity transportation programs.
 - ii. The use of private sector carriers in the delivery of public sector intercity transportation programs.

3. Role of the Private Sector

It is the view of the Task Force that the private sector has responsibility for identifying and pursuing opportunities to offer and sustain intercity transportation services within the marketplace based on sound and innovative business plans and practices.

The Task Force specifically encourages intercity bus carriers to:

- i. Continue implementing initiatives which allow carriers to enhance the viability of their services while at the same time enhancing or preserving the quantity and quality of services available to intercity bus users; and
- ii. Continue pursuing partnerships with the other modes of intercity passenger transportation (passenger rail, passenger air, and transit) in order to promote multimodalism, connectivity, and integration in the Canadian transportation system, in order to both benefit users as well as to enhance revenues and returns for all modes.

Appendix 1 – Task Force Terms of Reference

POLICY AND PLANNING SUPPORT COMMITTEE OF THE COUNCIL OF DEPUTY MINISTERS RESPONSIBLE FOR TRANSPORTATION AND HIGHWAY SAFETY

TASK FORCE ON INTERCITY BUS SERVICES TERMS OF REFERENCE

OVERVIEW

At the October 21, 2009 meeting of the Council of Deputy Ministers Responsible for Transportation and Highway Safety, it was agreed that a PPSC-level Task Force be created to provide advice to the Federal, Provincial, and Territorial governments on issues relating to intercity bus services in Canada.

BACKGROUND

Intercity bus carriers which operate across provincial boundaries (extra-provincial carriers) are under the jurisdiction of the Federal Government, while a bus carrier which operates solely within the boundaries of a province (intra-provincial carrier) is under the jurisdiction of that province. Under the Federal *Motor Vehicle Transport Act* (MVTA), the Federal Government has delegated the regulation of extra-provincial bus carriers to the provinces under the condition that they regulate extra-provincial and intra-provincial carriers “in like manner”.

Historically, most provinces exercised significant economic regulation over bus carriers; carriers were issued licences by regulatory boards which specified the routes and communities which a bus carrier could serve, and the regulatory boards approved changes in fares, changes in schedules, and discontinuances of service.

Provinces relied on an economic regulatory/cross-subsidy model to maintain scheduled highway bus service to smaller rural and remote communities. Carriers were licensed in order to restrict competition on high-traffic routes, and the licensed carriers used their economic profits from these routes, charter service, and bus parcel express to cross-subsidize service on low-traffic routes in rural and remote areas.

In the early 1990s, some provinces began the process of deregulating their intercity bus industry, including those portions of the extra-provincial bus industry which fell under their control in consequence of the “in like manner” provisions of the MVTA.

In 1992, the Royal Commission on National Passenger Transportation recommended that government eliminate most forms of economic regulation, including entry control, by amending the MVTA and relevant provincial statutes, while retaining some consumer protection measures and, if necessary, providing transitional subsidies for particular routes.

The Canadian Agreement on Internal Trade requires jurisdictions to try to negotiate bus deregulation. In 1996, a government/industry task force recommended deregulation of charter buses and bus parcel express, but it did not reach a consensus on fully deregulating scheduled bus services.

In March 1999, the Federal government tabled legislation to amend the MVTA; the bill included provisions to deregulate extra-provincial bus carriers. Given the lack of consensus on bus deregulation among provincial and territorial jurisdictions, the Federal Government allowed the bill to expire on the order paper, and referred the bus deregulation issue to the Standing Senate Committee on Transport and Communications.

The Senate committee tabled its report in December 2002, and made the following recommendations:

1. The economic regulatory regime for extra-provincial bus transportation be amended to require at most a reverse-onus test for entry into service, similar to the regime introduced for trucking in 1987, and that, after 5 years, a formal review be conducted to determine whether further deregulatory steps might be appropriate.
2. A modest subsidy program be established, perhaps in the order of \$30 million per annum, during the transitional period. This subsidy, which would be examined as part of the 5 year formal review, would be used to help establish local community bus services in rural areas using appropriate small vehicles where a need could be demonstrated and a community, a provincial government or a local business were willing to co-invest.
3. A serious reappraisal of the problems of disabled people travelling by bus be carried out jointly by the federal and provincial governments with the objective of ensuring that the provisions of the policy statement in the *Canada Transportation Act* are carried out.
4. The federal and provincial governments review the National Safety Code in order to ensure that small buses and vans of the sort that could be used in public service are included, so that their maintenance requirements, driver training standards and other safety essentials can be well-publicized and enforceable.
5. The federal and provincial governments consider collaboration to examine how Canada can more fully benefit from the environmental advantages of buses, particularly in light of the Kyoto Protocol on Climate Change. The Committee also recommends further study of broader issues relating to the relative benefits and costs of different types of transport.
6. The federal government re-evaluate the need for consensus among all the jurisdictions and players before initiating action on intercity bus policy.

The Senate report did not result in any significant changes to the policy, legislative, or regulatory frameworks for the Canadian intercity bus industry.

In the Fall of 2009, reductions or potential reductions in intercity bus service have been announced for the Yukon Territory, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, and Nova Scotia.

The intercity bus industry has suggested that the current provincial legislative and regulatory regimes in Canada are a key factor in its poor performance; these “outmoded” regimes require the industry to cross-subsidize unprofitable routes, do not provide timely approvals for modifying service levels, and prevent the industry from adapting services to market conditions as they evolve over time. Expanding government subsidies to modal competitors worsen the industry’s position. Profits from high-traffic routes, bus parcel express, and ancillary bus services (e.g. charter) can no longer offset losses on low-traffic rural routes, and it has also been suggested that the industry must reduce its operating network unless government financial support is forthcoming.

TASK FORCE SCOPE AND OBJECTIVES

The PPSC Task Force will fulfill the following objectives:

1. Document the following in respect to the intercity bus industry in Canada:
 - The current policies of federal, provincial, and territorial (F/P/T) governments that impact the industry;
 - Current F/P/T legislation and regulations governing the industry;
 - Current F/P/T and municipal government programs that impact the industry (including programs relating to other modes of transportation, and any other program that significantly affects the sector);
2. Obtain the input of stakeholder organizations with a national perspective on the intercity bus issue. Input from national stakeholder organizations can include:
 - The current state of intercity bus service in Canada;
 - The expected future state of intercity bus service under current conditions and trends;
 - The factors and trends responsible for the current state and expected future development of intercity bus service;
 - The actions that have been taken and are being taken by intercity bus carriers in response to the factors and trends driving the changes in their industry; and
 - Possible or recommended changes in government policies, legislation, regulations, or programs relating to intercity bus service.

National stakeholder organizations are proposed to comprise the following:

- Canadian Bus Association;
- Motor Coach Canada;
- Federation of Canadian Municipalities;
- Assembly of First Nations;
- Council of Canadians with Disabilities;
- Canadian Chamber of Commerce;
- Transport Action Canada; and
- Motor Coach Industries (MCI) and Prevost.

The Task Force will be open to receiving submissions from other stakeholder organizations with a national perspective.

3. Each jurisdiction, at its own discretion, will determine the extent of consultations with other stakeholders within its own province or territory, and will provide the input from such consultations to the Task Force.
4. Identify and summarize previous reports and studies on the Canadian intercity bus industry.
5. Identify and document for each jurisdiction the transportation or transportation-related visions, strategies, goals, and programs that are relevant to the intercity bus industry;
6. Building on the work undertaken to achieve the previous objectives, identify the major factors responsible for the current and future state of the Canadian intercity bus industry, and assess how both these factors and the state of the industry will evolve over the next ten years, and how these will affect the role of the intercity bus industry in the Canadian economy and society; and

7. Building on the work undertaken to achieve the previous objectives, develop options for changing F/P/T policies, legislation, regulations, and programs for the Canadian intercity bus industry.

PROPOSED DELIVERABLES

The Task Force will produce four deliverables:

1. A work plan, which will be vetted through PPSC;
2. A status report which will be presented to PPSC and Deputy Ministers at their April 2010 meetings;
3. A written final report, which will include a section on each of the Task Force objectives enumerated above; and
4. A PowerPoint presentation which can be used to present the key findings of the final report of the Task Force to PPSC, the Council of Deputy Ministers, and the Council of Ministers.

TIMELINE

February 2010	PPSC Approval of Task Force TOR
February 2010	Task Force Work Plan Development and Finalization
April 2010	Status Report to PPSC and Council of Deputy Ministers
June 2010	Draft Interim Report to Deputy Ministers
August 2010	Draft Final Report to PPSC and Deputy Ministers
September 2010	Final Report to Council of Ministers

MEMBERSHIP

Representatives from the federal government and from each provincial and territorial government that wishes to participate in the Task Force on Intercity Bus Services.

CHAIR

Manitoba Infrastructure and Transportation will Chair the Task Force on Intercity Bus Services.

MEETINGS

The Task Force on Intercity Bus Services will hold teleconferences or meetings at the call of the Chair, or as directed by PPSC.

ADMINISTRATIVE SUPPORT

Administrative support will be provided by the Secretariat of the Council of Deputy Ministers Responsible for Transportation and Highway Safety and by Manitoba Infrastructure and Transportation.

Appendix 2 - Provincial/Territorial Consultations on Intercity Bus Services

Manitoba

Manitoba Infrastructure and Transportation (MIT) and Greyhound officials reached a Service Maintenance Agreement to maintain scheduled intercity bus service in Manitoba on an interim basis through December 31, 2010. This agreement allows MIT and other provincial officials to develop a properly researched and carefully considered strategy for sustaining intercity bus service in Manitoba on a long-term basis.

One component of the development of a long-term provincial strategy included stakeholder consultations in communities throughout the province. Stakeholders were actively solicited for ideas to increase bus ridership and make the intercity bus industry in Manitoba sustainable.

The consultation strategy sought to be inclusive of all stakeholders that have an interest in intercity bus and freight services in Manitoba. Identified external stakeholders included:

- a. Transport Canada;
- b. Local municipal governments;
- c. Local school boards;
- d. Higher educational organizations;
- e. Senior's organizations;
- f. Organizations representing the mobility disadvantaged;
- g. Rural community economic development organizations and agencies;
- h. Local Planning Districts;
- i. Manitoba First Nations communities;
- j. Bus manufacturing companies (Motor Coach Industries);
- k. Greyhound;
- l. Additional bus service providers;
- m. Rural youth groups;
- n. Local businesses;
- o. Local tourism industries;
- p. Health organizations;
- q. Agricultural organizations;
- r. Natural resource groups;
- s. Groups advocating alternative transportation options; and
- t. The general public.

Six public meetings were held in May, June and September 2010. The meetings were held in Minnedosa, Thompson, The Pas, Swan River, Powerview-Pine Falls and Morden. The public workshops were attended by 85 participants. The general public feedback included in the results below include 73 individual surveys, 3 voice mails, 8 emails and 4 written submissions received as of June 22, 2010. Stakeholder focus groups were also conducted with groups that had an interest in intercity bus service. Eleven stakeholder focus groups were held and more than 50 groups were consulted with.

Due to constraints of funding and time, it was not possible to hold a public workshop in every region of the province. Therefore, the public input process was designed to ensure that any person, organization, or local government in Manitoba that wanted to provide input on the issue of intercity bus service could do so. An individual and group survey was created and a website was established for the project. In addition to the public workshops, submissions could be made by way of mail, telephone, email, or survey. In particular, the surveys and the public workshops were designed to capture the same information.

Results

The following provides a brief overview of the results obtained by the intercity bus public consultation process in Manitoba. For more information on Manitoba's intercity bus project, or for access to the final report on Manitoba's public consultations (when available), please visit:

<http://www.gov.mb.ca/mit/intercitybus/index.html>

Transportation Patterns

There appears to be a difference in the predominant mode of transportation for participants depending on where they live. At the meetings located in southern Manitoba, personal vehicles were favoured more than other modes, such as the bus. For example, in Minnedosa, personal vehicle was used 85% of the time, while bus service was used only rarely. In Powerview-Pine Falls, nearly 100% of trips were made by personal vehicle. Personal vehicle continued to out-favour bus travel in the North, but not as heavily. For example, in Thompson and Swan River, personal vehicle outweighed bus travel by a 2:1 ratio, while in The Pas, bus travel and personal vehicle travel were about equal.

The travel destination for participants varied. Travel within the region was common, as participants indicated that they travel within their region on a more regular basis. Many of the participants' frequently travelled destinations are larger centres, like Winnipeg, Thompson or Brandon; depending on where the participants live. Regional centres like Dauphin, Flin Flon, The Pas, Selkirk and Winkler are also regular destinations.

Personal Experience using Bus Service

Inconvenient schedules were the primary barrier that prevented people from using the bus more often. Participants noted several things they liked and disliked about bus service. They liked the affordability, comfort, convenience, helpfulness of bus drivers, as well as the access and the independence bus service provides. Many people use the bus for parcel express, to attend medical appointments, to maintain social connections or because they do not have a vehicle.

Conversely, participants did not like some schedules, encountered problems with fellow passengers, thought there was a lack of comfort, trips were too long, had concerns about personal safety, delays, hours and location of depots, and poor condition of buses. Many participants thought that the bus would be used more if there was better advertising of schedules, route information and fare specials.

Ideas for Increasing Bus Use

Participants were asked to provide their ideas for increasing bus use and were asked to rank the ideas they liked best at public workshops,. The average ranking revealed that participants felt the four best ideas for increasing bus use are:

- 1 Provide better scheduling – participants suggested more frequent service and more convenient pick up/drop off times
- 2 Provide lower fares or different types of fare incentives – frequent rider passes, companion fares, seniors' fare specials and income tax credits
- 3 Increase rider comfort – providing more leg room, more comfortable seating, newer buses, and entertainment and connectivity aboard buses
- 4 Provide better customer service – more personable drivers, assist elderly passengers, maintain bathrooms on longer routes, and a user-friendly website and booking service

Bus Service and the Community

People felt very strongly that bus service was important to their community. The primary uses for the community was for medical appointments, to maintain social connections, and for freight. It was noted by participants that bus service supports economic activity in their community by providing freight services to local businesses and bringing tourists and potential employees to the community to spend money.

Important aspects of bus service for the communities included the ability for people without vehicles to travel, maintaining regional and national connections, and connecting people in rural and remote areas to the entire province.

Participants were asked what they and their local municipal government could do to sustain bus service. Ideas included community or municipal governments purchasing their own buses or assisting in funding bus service, lobbying government for highway improvements, transportation subsidies and for more local control over bus service decision making, undertaking community consultations to survey residents about what bus services they need and promoting bus use in the community by posting the schedule and advertising the service.

Economic and Social Implications of Bus Service

Although the economic and social implications of bus service were discussed at public workshops and through general feedback, stakeholder focus groups were asked to outline the implications of bus service for the communities that they represented.

Stakeholder groups in general talked about the importance of access to bus service to the populations they represent. Groups that represent lower income users and users in more remote areas highlighted the importance of providing bus service in order for people to maintain independence. It was agreed by most that the aging population will increase rather than decrease reliance on bus service in the future.

Many stakeholder groups use bus service for freight. It was reported that bus service provides timely, convenient, wide spread and reasonably priced service.

In the North especially, the importance of bus service was stressed due to the larger travel distances between communities and the remoteness of communities. Bus service allows people to maintain important social connections and remain connected with the rest of the province. Freight shipping is also particularly important in the North because it brings goods to the communities at a reasonable cost. In some of the more remote communities, people use the bus to travel to larger centres like Thompson to purchase groceries and supplies because it is significantly cheaper than buying them in their own community.

Solutions for Sustaining Bus Service

Regulatory changes were seen as one solution to sustaining bus service in Manitoba. Some believed the Motor Transport Board should provide flexibility to bus service providers to adjust schedules and fares to meet market demand. The regulations should be relaxed to allow new bus service providers to enter the market or allow existing service providers, such as handivans or First Nations medical transport vehicles, to expand their services.

Subsidies were also suggested as an option to sustain bus service. Intercity bus service was likened to municipal transit services and subsidies should be provided to all types of transit. Many did not feel that an ongoing subsidy to Greyhound was the answer and thought subsidies should be used to fund local transportation companies instead. Providing subsidies for business proposals for alternative service providers or to purchase buses were also suggested.

Local communities may also play a role in sustaining bus service. A common theme among stakeholder groups was that a company like Greyhound may have a role in transportation along major corridors, such as the TransCanada highway, but local feeder routes should be established that feed into a main line and may be better provided by local or regionally-based service providers. Many stakeholders that represented local communities believed that if given the chance (and appropriate funding), local providers could provide better bus service to their communities and regions than is currently available.

Partnerships among the three levels of government may also help to sustain some level of bus service for certain groups. Manitoba could consider replicating B.C. Transit, a transit system that covers the entire province of British Columbia. A Crown Corporation, B.C. Transit provides low cost transit passes for seniors and the mobility disadvantaged to attend medical and other necessary appointments in larger centres. The program is funded by three levels of government and RHAs to help to ensure that people have the transportation available to access medical services, wherever they live.

Ontario

In Fall 2009, a federal/provincial/territorial task force was established to provide advice on intercity bus issues to the Council of Ministers Responsible for Transportation and Highway Safety. While the task force sought input only from stakeholders with a national perspective, it agreed to consider input from provincial stakeholders provided that the consultation exercise was undertaken by the respective provincial government.

In May 2010, the Ontario representative on the task force solicited input from six key stakeholder groups with an interest in intercity bus services in Ontario. A copy of the task force Terms of Reference was also provided to each stakeholder. Responses were received from three of these stakeholders:

- Ontario Highway Transport Board
- Association of Municipalities of Ontario
- Ontario Motor Coach Association

The following summarizes the input received from each of these stakeholders.

Ontario Highway Transport Board (OHTB)

A specific theme of the OHTB's submission is that while there have been reductions and discontinuances of scheduled service in Ontario, other carriers have stepped in to fill the void. Many of these are smaller, locally-based operators that have applied for public vehicle operating licences to offer scheduled services in these communities as the large companies exit the market due to economic reasons.

The OHTB also noted that it is not in the public interest to have too many licensed operators serving the same market. This results in companies going out of business when market share is eroded to the point where there are not enough riders to maintain the service. In an extreme scenario, all operators exit the market, leaving the public with no service.

The OHTB recognized the challenges of providing scheduled bus services in northern Ontario, given that there are fewer riders and greater distances between urban centers. As a result, the market is less financially attractive to potential operators. Compounding this is that for many communities in northern Ontario, intercity bus service is often the only public transportation mode available.

Association of Municipalities of Ontario (AMO)

AMO recognizes that intercity passenger bus services provide an important and vital link to Ontario municipalities, especially those small, rural and northern communities where intercity bus service is often the only mode of public transportation available to residents to access educational, commercial and medical services.

AMO cited a number of examples where reductions/discontinuances of scheduled bus service have impacted/could impact access to transportation services by Ontario's more vulnerable residents – seniors, students and those of lower incomes.

- Information from municipal health units indicates that many residents living in smaller communities use intercity bus services to access health care in larger urban centres.
- The planned closure of the cancer treatment center in Timmins, Ontario will likely result in increased reliance on intercity bus services for patients to receive treatment in Sudbury.
- As the transportation of parcels is an integral part of most scheduled bus services, municipalities rely on this service to ship testing samples (e.g. water) to labs for processing. Hospitals also use these parcel service to transport donated organs to other medical facilities.

AMO submits that certain types of services and markets in Ontario have been de facto deregulated and this has resulted in significant changes to the cross-subsidy model that has driven Ontario's economic regulatory regime for decades – i.e., less revenue is available from the more profitable services to support the less populated routes. Despite this reduction of service, AMO's view is that those segments of the population that depend on intercity bus services will grow. An aging population means a greater reliance on intercity bus services, not less.

AMO provided the following comments related to the provision of intercity bus service in Ontario:

- While AMO recognizes the competing fiscal demands on the province, operating grants for less traveled routes should be considered to ensure continuation of services. Alternatively, some from of public-private alternatives should be considered.
- Safety regulations should be reviewed to ensure they allow for appropriately sized vehicle on less populated routes.
- Greater coordination of public and private operators is needed to ensure that community and public transit is integrated with rather than competes with intercity operators.

Ontario Motor Coach Association (OMCA)

OMCA represents the interests of Ontario's motor coach industry and states that a viable, efficient and innovative bus industry is good for Ontario.

OMCA has provided two documents. The first document: "The Ontario Public Vehicles Act (PVA) and the Ontario Highway Transport Board (OHTB) Act" provides a history and overview of Ontario's legislative regime, the role of the federal government and offers the industry's views on the regime. The second is OMCA's "Strategy for Modernization" and provides options for Ontario in terms of possible changes to the current regulatory regime.

In the first document, OMCA makes the following statements:

- "...despite significant preparatory costs incurred by the industry and major transition amendments to the PVA and OHTB Act, the government reneged on its promise to deregulate in 1998..."

- "...the Government of Ontario and some municipal governments have decided to be in the business of intercity passenger transportation..."
- "...by its actions to exempt Ontario's largest bus operator (GO Transit) from the economic regulatory control, the Ontario government has, in essence, sent a message to the industry that economic deregulation is best..."
- "The statutory authority of the Federal Government to regulate extra-provincial bus transportation is embedded on the premise of national uniformity, connectivity and a national network...we believe that this premise has been gradually undermined by government actions, inactions, indecisiveness and convoluted messages to our industry."
- "...a "patch-work quilt" effect – some provinces with economic regulation, some without, some with partial regulation..."
- "Carriers are faced with a lack of flexibility – more so in some provinces than others – that does not allow them to react to market forces."
- "The original premise for bus economic regulation was that profitable services would cross-subsidize non-profitable services...Is the old "deal" struck in the early part of the last century still working as intended?"
- "There will be more cuts in service without some form of government support."
- "With or without deregulation, the scheduled and charter bus industry has competition...largest competitor is the private car...competition from both traditional and low cost airlines...highly subsidized and government owned VIA Rail provides unfair competition...continual expansion of subsidized regional transit which not only competes with the industry but is forcing private sector investment out of Ontario...geographic expansion of municipal boundaries has seen the municipal transit entities expand and compete with the bus industry and compete with the bus industry for commuters..."
- "Further procrastination on economic re-regulation or deregulation and the failure to be decisive, one way or the other, will perpetuate a passenger system that flounders, that has a lack of vision, that is stagnant and that will not grow in step with the future needs of Ontarians."

Citing a number of problems with the current regulatory regime, both provincially and nationally, OMCA states in its "Strategy for Modernization" document that the status quo is not an option. OMCA also recognizes that the industry is divided on the issue. As a result, OMCA has not taken a position in the regulation versus deregulation debate. Rather, it has opted to "let government decide what is in the public's best interest" and has put forward recommendations on how to proceed under either scenario.

Economic Regulation Scenario ("Re-regulation")

Ontario's economic regulatory regime should be amended to:

- Strengthen safety and carrier fitness
- Revise economic regulation
- Require annual renewals of public vehicle operating licences
- Require that up to date insurance certificates be filed and maintained.

Market entry would continue to be based on public need and convenience; however, criteria should be based on the components of the National Transportation Policy as outlined in Section 5 of the Canada Transportation Act.

In addition, OMCA recommends that the government establish an "administrative authority" that is lead by the bus industry to administer certain aspects of the regime. Responsibilities would include:

- Receive and review all public vehicle licence applications for compliance with safety and fitness criteria. Once criteria are met, application is forwarded to the Ontario Highway Transport Board

for consideration based on public need and convenience. Safety and fitness criteria would include:

- Valid Commercial Vehicle Operator Registration (CVOR)
 - Insurance certificate
 - Carrier safety rating of satisfactory or better
 - Results of an MTO or recognized third party audit
 - Corporate business number
 - U.S. Department of Transport number if service includes travel to the U.S.
 - Drug and alcohol testing program if service includes travel to the U.S.
 - Signed statement that management is aware of hours of service laws, safety inspection laws, GST/HST requirements, classes of driver's licences, Workplace Safety and Insurance Board requirements, Ministry of the Environment regulations
 - Payment of prescribed fee
 - Service description.
- Oversee annual renewals of public vehicle operating licences, with authority to deny renewal if safety and fitness criteria are not met.
 - Maintain website for public to obtain information about a carrier – that the carrier is licensed, has valid and adequate insurance and an acceptable carrier safety rating.

Deregulation Scenario

Under the deregulation scenario, OMCA is proposing that Ontario's regime be amended to:

- Strengthen safety and carrier fitness.
- Eliminate economic regulation.
- Require annual renewals of public vehicle operating licences.
- Require that up to date insurance certificates be filed and maintained.

Similar to OMCA's proposal under a "re-regulation" scenario, OMCA is again suggesting that management of the licensing regime be transferred to an "administrative authority". The only difference under a deregulation scenario is that an application for a public vehicle operating licence would not require approval from the Ontario Highway Transport Board. The Board would be eliminated under this scenario as the market entry control component of the process would be abolished.

Alberta

Alberta recently completed the "Inter-municipal Bus Service Review" which examined the growth of regional public transit in the province and developed policy directions to address safety, infrastructure and regulatory concerns. All intercity bus carriers operating in the province were consulted, in addition to municipalities that currently provide regional transit service. The province has adopted a partnership model whereby municipalities will be strongly encouraged to partner with existing private sector carriers that are already providing bus service within the region.