

Backgrounder on Application 256-17 (Greyhound Canada Transportation ULC) Updated April 25, 2018

On February 20, 2018, the PT Board approved Greyhound's application to

- eliminate
 - service on six routes in the North Central region of B.C.,
 - three routes in southwestern B.C.,
 - three route segments: the Fraser Canyon area, Hope to Kaledan Junction (via highways 3 & 3A) and along highway 97 from Monte Lake to Vernon
 - some route points on remaining routes
- set a minimum service requirement floor of four trips weekly (2 times in each direction) on the 10 remaining routes.

Appendix 1 below provides more details on PT Board decisions on routes or route points.

Greyhound must operate in the North Central Region and on the three route segments until May 31, 2018. This allows Greyhound passengers to travel safely over the harsh winter months. Greyhound may reduce service on these routes in the interim. People who want to start a new bus service will have time to apply.

The decision sets a floor of four trips weekly on the 10 routes that Greyhound continues to serve. Greyhound can adjust service up or down to the floor to meet passenger demand. Greyhound may also drop some stops on these routes.

Greyhound must post notice on its website and in depots before it makes any schedule changes.

The Board heard from many people and communities about the application. They said that service reductions increase public safety concerns, especially in areas where transportation options are limited and winters are harsh. They also said that Greyhound provides a necessary service to some people.

Greyhound's ridership has declined by 30% over the past 5 years. It is losing about \$35,000 per day in BC. Over the last 6 years, its financial losses in BC total about \$70 million dollars. Routes approved for elimination typically have low ridership and large operating losses.

Greyhound can no longer subsidize losses on unprofitable routes with revenue from the more profitable routes.

The PT Board cannot compel a private business to sustain significant financial losses indefinitely. Greyhound said that if it eliminates 1.6 million scheduled miles, it can continue to provide 3.7 million scheduled miles of passenger bus service in central and southern B.C.

The PT Board's role is to decide: (a) if ridership is sufficient to show public need for the service; and (b) if approving the application will promote sound economic conditions in the passenger transportation industry in BC.

The PT Board is an independent tribunal. It does not regulate the movement of freight, public transit or transportation subsidies, or inter-city bus rates and time schedules.

Appendix 1: PT Board decisions on routes or route points, notice requirements before Greyhound can implement decisions and PT Board rationale for a route decisions

Route or Route Points	PT Board Decision	Notice Required	PT Board Rationale
Y: Victoria - Vancouver	1. Approved – Immediate Elimination	None	<ul style="list-style-type: none"> • Greyhound has not provided service on this route for many years. Board approval of the elimination of Route Y acknowledges this reality.
S2: BC Endowment Lands – Whistler T: Victoria-Nanaimo	2. Approved – Immediate Elimination	7 days	<ul style="list-style-type: none"> • Ridership on these two routes is low and few submissions were received concerning their elimination. • Other licensed bus carriers operate on Route S2, the Sea-to-Sky corridor. These include: Pacific Coach Lines, Whistler Rides, Epic Rides, and Snowbus. Greyhound intends to continue to operate route S1 on the Sea-to-Sky corridor, resulting in the elimination of only one route point, the University Endowment Lands, from the service provided by route S2. Other licenced carriers stop at this route point. • Route T provides service between the cities of Victoria and Nanaimo. On October 31, 2017, the Board approved the application by Tofino Bus Services Inc. to increase its service between Victoria and Nanaimo. Other carriers that provide service on this route include IslandLink Bus Service and, on some portions of the route, BC Transit.
K: (Prince George – Fort St. James)	3. Approved (a) Elimination as of June 1, 2018	(a) 14 days	<ul style="list-style-type: none"> • This route has extremely low ridership and very large operating losses that significantly impair Greyhound’s viability. Currently the minimum route frequency on this route is two trips weekly (one trip in each direction). • If this route elimination is done without adequate notice, public need is not met. Greyhound is relied upon by those who currently use it. Immediate stoppage would endanger public safety given the harsh winter climate, inhospitable terrain, and the isolation of those living and working along it. By May 31st, weather conditions will have tempered. This also provides time for potential new service providers to submit an application to provide inter-city bus service. The Board will expedite applications.

Route or Route Points	PT Board Decision	Notice Required	PT Board Rationale
<p>I1: (Dawson Creek – Fort Nelson) I2: (Fort Nelson – Yukon Border) J: (Dawson Creek – Prince George) L1: (Prince Rupert – Prince George) L2: (Prince George – Alberta Border [at Highway 16]) B1 (segment) Highway 97 between Highways 1 (near Monte Creek) & 97 (north of Vernon) C (segment) Hope -Kaleden Junction (via Highways 3 & 3A) E (segment) Cache Creek – Hope (Fraser Canyon area via Highwa 1)</p>	<p>4. Approved (a) Elimination as of June 1, 2018 (b) Immediate reduction in minimum route frequency</p>	<p>(a) 14 days (b) 7 days</p>	<ul style="list-style-type: none"> • These routes or route segments have extremely low ridership and very large operating losses that significantly impair Greyhound’s financial viability. • Greyhound is a for profit company. A review of the company’s financial information demonstrates that the cross-subsidization model of the past no longer holds true. There are insufficient profits on the profitable routes to subsidize its losses on these routes. • Greyhound states that by eliminating 1.6 million scheduled miles in the province, it will be able to retain 3.7 million scheduled miles in BC. Keeping a viable inter-city passenger bus service in at least some parts of the province is preferable to no ICB service from Greyhound. • The Board finds that if these route eliminations are implemented without adequate notice, public need is not met. Greyhound is relied upon by those who currently use it. Immediate stoppage on these routes and route segments would endanger public safety given the harsh winter climate, inhospitable terrain, and the isolation of those living and working along these routes. By May 31, weather conditions in the province will have tempered. • Setting a date of May 31, 2018 will provide a period for others who may be interested in providing transportation services along these corridors to apply for a licence. Applications to the Board for a licence on these routes will be expedited. The time period between the release of this Decision and May 31 will provide an opportunity for the provincial government to work with others on alternate transportation services, if it determines it will do so.

Route or Route Points		PT Board Decision	Notice Required	PT Board Rationale
A1 West Louise Lodge Field Junction Glacier Park East Roger's Pass A(2)(a) Oyama A(2)(b) Agassiz B1.3 Oyama C Agassiz (alt) D Beaverdell E1 McLeese Lake E2(b) Laidlaw Bridal Falls Agassiz N Agassiz P Agassiz S1 West Vancouver Brittania Beach Pinecrest/Black Tusk Mount Currie	5. Approved – Immediate elimination of route points	14 days	<ul style="list-style-type: none"> These route points have very low ridership. Greyhound needs greater operational flexibility to implement its business strategy, reduce its losses, and move to profitability if the company's passenger operations in BC are to continue. The need to stop at these route points extends the length of a trip and reduces the level of service to remaining passengers 	
A: Alberta Border - Vancouver B1: Kamloops – Kelowna B2: Kelowna – Penticton C: :Vancouver - Osoyoos D: Kelowna - Alberta Border & Highway 3 E: Prince George – Vancouver G Alberta Border & Highway 2 - Dawson Creek N :Alberta Border & Highway 16 - Vancouver P :Kelowna – Vancouver S1: Vancouver – Pemberton / Mt. Currie	6. Approved – Immediate reduction in minimum route frequency (MRF)	7 days	<ul style="list-style-type: none"> Greyhound needs greater operational flexibility to implement its business model. It is a for-profit transportation company that receives no subsidies and it must, at times, compete with transportation companies that receive substantial subsidies. Greyhound's current levels of minimum route frequencies result in an unlevel playing field. Its minimum route frequencies are higher than its competitors. This reduces its operating flexibility to respond to changing passenger demand in terms of frequency of service and timing of service (days of the week, seasonal and other times when passenger demand fluctuates). Setting a minimum route frequency of four trips weekly (2 in each direction) will provide the company with operating flexibility to implement its business strategy to cope with its operating losses. The Board expects Greyhound to adhere to its often-stated commitment to reduce service in a gradual manner, if required, and to increase service where demand requires, such as over the Christmas holidays and summer periods. 	