

# Licence Application Decision

## Inter-City Bus (ICB)

Application #	6041-19		
Applicant & Application Summary	<p><b>Sunshine Coast Connector Ltd.</b></p> <p><b>Amendment of Licence—ICB</b></p> <p>Amend terms and conditions of licence (Inter-City Bus Authorization) to reduce the minimum route frequency of the following route from year-round operation to seasonal operation (May 15 – September 15):</p> <ul style="list-style-type: none"> <li>Route 1: Powell River – Langdale Ferry</li> </ul>		
Publication Date	June 26, 2019		
Submissions Received	Ten submissions were received.		
Board Decision	<p>The application is approved.</p> <p>Amendments to reduce minimum route frequency of Route 1 are approved as set out in the application summary.</p>		
Applicant Information	Current Licence:	Passenger Transportation Licence #72221 with: <ul style="list-style-type: none"> <li>Inter-City Bus Authorization (ICBA)</li> <li>General Authorization (GA)</li> </ul>	
	Principals:	Dmitry TYUNIN & Svetlana ZANAZOVSKY	
	Office:	5810 Marine Way, Sechelt, BC, V0N 3A6	
Decision Date	October 16, 2019		
Panel Chair	William H. Bell	Panel Member	Spencer Mikituk

### I. Introduction

The applicant, Sunshine Coast Connector Ltd. (SCCL) has a licence to operate inter-city buses (ICBs). The licence has the following year-round route:

- Route 1 (Powell River– Langdale Ferry) with a minimum route frequency (MRF) of 3 trips per week in each direction

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SCCL is applying to reduce the year-round service to a seasonal service that must, at a minimum run from May 15 to September 15 each year with 3 round trips per week. Route 1 serves a minimum of 11 communities along the Sunshine Coast Highway:

- Powell River
- Earl's Cove
- Garden Bay
- Pender Harbour
- Madeira Park
- Halfmoon Bay
- Sechelt
- Wilson Creek
- Gibsons
- Langdale Ferry Terminal

## **II. Background**

Sunshine Coast Connector Ltd. (SCCL) was incorporated BC on February 20, 2016. Its head office is in Sechelt, B.C. SCCL operates under Passenger Transportation Licence 72221.

In April 2016 SCCL was approved based on an Urgent Public Need request (application 67-16) and was approved, at the time, to operate 2 routes: Route 1 from Powell River to Vancouver with a weekly minimum of Monday, Wednesday and Friday trips; and Route 2 from Earl's Cove to Langdale with a daily minimum of 2 trips in each direction.

In September 2017 the Board approved the elimination of Route 2 based on low public demand, ridership volumes and the availability of BC Transit service from Horseshoe Bay to Downtown Vancouver with the replacement of the Langdale Ferry Terminal as the terminating point for Route 1.

In August 2019 the Board allowed a service reduction for Harbour Air (HA) that operates an ICB service as a secondary feeder into its main air transportation service in Sechelt. The service is offered mainly for HA passengers, but also the public in the area. The Board specifically allowed HA to eliminate its Egmont stop in exchange for a shorter route to Madeira Park (Sunshine Coast Highway at Garden Bay Road) from Sechelt. It also approved a shorter seasonal operating period from May to October to a minimum period from June 7 to August 24. HA has the flexibility to both extend this period of operation and to pick up at locations that are not listed on its licence which are Sechelt and Madeira Park. These 2 route points overlap with several of those served by SCCL.

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### III. Mandate & Jurisdiction

This application is made under the *Passenger Transportation Act* (the “Act”). The Act regulates the licensing and operation of commercial passenger transportation vehicles in BC.

Under the Act, the Passenger Transportation Board (the “Board”) makes decisions on applications for inter-city buses. The Board has the authority to consider and approve applications for new licences as well as applications from existing licensees to change terms or conditions of their licences.

The Board’s mandate is stated in section 28 of the Act. Section 28(1) of the Passenger Transportation Act says that the Board may approve, in whole or in part, an application forwarded to it under s. 26(1) after considering whether:

- (a) there is a public need for the service the applicant proposed to provide under any special authorization.
- (b) the applicant is a fit and proper person to provide that service and is capable of providing that service, and
- (c) the application, if granted, would promote sound economic conditions in the passenger transportation business in British Columbia.

The Act allows the Board to, among other things:

- accept evidence and information that it considers relevant, necessary, and appropriate, whether or not the information would be admissible in a court of law. [Section 15]
- conduct written, electronic or oral hearings, or any combination of them, as the Board, in its sole discretion, considers appropriate. [Section 17]
- require further information from an applicant. [Section 27(1)(b)]

Section 26(2) of the Act requires the Board to publish the fact and nature of applications and section 27(3) requires the Board to consider applications and any written submissions it receives as result of publication. Section 27(5) says that people who make submissions are not entitled to disclosure of further information, unless the Board orders otherwise.

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If the Board approves an application, it will set terms and conditions of licence primarily with respect to routes and service levels.

#### **IV. Procedural Matters**

The applicant submitted required forms. In response to Board requirements to send public notices of its application, the applicant provided documentation showing that provided required notices online, to six municipalities and two First Nations councils, and at the Powell River Town Centre Hotel where the bus stops in Power River.

This application is being conducted by way of a written hearing.

#### **V. Applicant's Rationale and Submissions**

##### ***Public Explanation***

The applicant provided the following text in the Application Summary that was published in the *Bulletin*:

*"Reduction in operation from 12 to 4 months is due to a challenging transportation environment that is characterized by declining ridership, increased competition from subsidized passenger transportation services, the new entry of ultra-low cost carriers, and increased car travel."*

##### ***Submissions & Applicant's Response***

The Board received ten submissions to the application from eleven individuals (one submission was signed by two individuals). The submissions all came from local residents the majority of which appear to be users of the ICB service. All the submissions with the exception of 2 who did not identify their place of residence came from residents in Powell River. The submissions including the following themes or concerns:

- The service is essential for those who do not own a car or who don't or cannot drive as a means to visiting friends or family or attending medical appointments in Vancouver. Other options such as ride-share and air are too expensive. As an essential service more than tourist economics are at play.

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- Several spoke about the poor service requiring walk on and walk off at ferries at Saltery Bay and Earls Cove.
  - The full service should be year round and subsidized or partially subsidized by government for ferry dependent communities. As an example, BC Transit with a government grant could provide 2 return trips daily between Powell River and the Langdale ferry Terminal. One referred to extending BC Transit's service from Madeira Park and Garden Bay to Earl's Cove that would mean an additional service distance of 24 kilometers and a continuous transit service from Powell River to Langdale.
  - A collaborative solution should be studied by various levels of government and, in the meantime, the Board should set aside any decision regarding the application.
  - Alternatives by the applicant to shutting the service down after Sept 15 should be considered such as: every 2nd day travel with advanced registration, every other week or one week/month, etc. One submission suggested at a minimum extending the service for the shoulder season to Thanksgiving that would meet seasonal tourism needs.

The applicant acknowledged receipt of the submissions and did not send specific comments respecting these to the Board. It rather explained further its rationale for requesting its amendment of licence to reduce the minimum route frequency from a year-round operation to a seasonal one. This is discussed further in our decision below under the tests of Public Need and Sound Economic Conditions.

The Board gives more weight to submissions that back up claims with facts or details. We have considered the opposing submissions in our review of this application.

## **VI. Reasons for the Board's Decision**

### ***Is the applicant a fit and proper person to provide its proposed service and is the applicant capable of providing the service?***

The Board looks at fitness in two parts:

- a. is the applicant a "fit and proper person" to provide the proposed service; and
- b. is the applicant capable of providing that service?

The Board considers *fitness* and *capability* in the context and circumstances of an application. When an applicant proposes to reduce service, the Board is likely to apply the

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logic that the licensee is a fit and proper person to provide the service proposed unless there is some compelling evidence to the contrary.

We received no evidence that indicates that the applicant is not fit, proper and capable of operating the ICB transportation service. All the disclosure forms were completed with no discrepancies. The applicant's NSC safety rating is "Satisfactory-Unaudited".

SCCL application materials included a business plan that outlined its hiring requirements, testing and training of drivers, its outsourcing of vehicle maintenance as well as the management of business logistics, reservations, website maintenance, etc. The financial information included a Balance Sheet and a Statement of Income and Retained Earnings as at April 12, 2017 and 2018 and another for a cash flow projection.

We find the applicant continues to be fit, proper and capable to provide the service with the proposed amendment.

***Is there is a public need for the service the applicant proposes to provide, and would approving the application support sound economic conditions in the passenger transportation business in British Columbia?***

The Board considers public need and sound economic conditions together. The Board seeks to balance public need for available, accessible and reliable commercial passenger transportation service and overall industry viability and competitiveness.

The Board must decide what level of service meets public need. If the Board determines that the proposed minimum route frequency will meet the public need, it may grant the application. If it determines that the proposed level will not meet the public need, then it may refuse the application or grant it in part in a manner that meets the public need. For a proposed amendment such as that presented by this application it may approve the application when the level of public need is not sufficient to justify continuation. If it finds that the level of public need justifies continuation of the service at either current or reduced levels, it may refuse the application.

The Board must also consider whether approving the application would promote sound economic conditions in the passenger transportation business in British Columbia. This

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includes, but is not limited to, the financial health of the applicant seeking a minimum route frequency reduction or a route or route point elimination. The Board reviews such things as:

- the financial performance of the applicant;
- ridership on the inter-city bus; and
- other transportation options that may be available.

The applicant presented the following information and evidence to support its request to amend its licence:

- Most of the SCCL passengers (up to 71%) use the SCCL service from Powell River to Langdale between May and September. For the remainder of the year only 29% of its passengers use the service.
- Actual ridership data for 3 years show low demand for the service from the middle of September to the middle of May each year. Bus ridership declined 23% between 2016/17 and 2018/19.
- Statements of Income and Retained Earnings for 2017 and 2018 indicate severe to moderate net losses.
- To offset the low demand in the low season it has embarked on a program to improve service in areas where there is no BC Transit service between Powell River and Sechelt during the high season when the public needs it.
- The new route frequency proposed together with public transit options available should provide an adequate level of service to meet the public need.
- SCCL in its response to submissions outlined the following:
  - It started in May 2016 with 2 almost new buses (a 41 and 24 passenger) and after 6 months of operation the larger bus was running with less than 20% of its capacity. This required a replacement due to high operating costs and the purchase of a 15-passenger bus instead.
  - For similar reasons the 24 passenger bus was replaced with a 15 passenger van because after a 10 month period it was running at 30% of its capacity (up to 4-5 passengers, one way).
  - For 3 years there has been insufficient revenue to cover wages to the owners. Ridership is extremely low.

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- Anecdotal information indicates that 90% of bus users were tourists and approximately 10% were local residents.
  - In 2017 from October to May it attempted to increase ridership by decreasing the price and offering frequent rider incentives (e.g. 1 free ticket for purchase of 5) that produced no positive results and ridership continued to decline.
  - With regard to walk on and walk off ferry concerns at Saltery Bay and Earls Cove it outlined, at times, the need with low ridership to operate 2 buses at each terminal that allowed a reduction of expenses associated with and avoiding ferry charges for buses.
  - The applicant has appealed to various levels of government and has support from the Qathet Regional District that endorses a proposal to have a BC Ferry and BC Transit option in place that would entail BC Transit providing regular pick up and drop off service between Powell River and Saltery Bay three days a week in low season and every day service in high season as an alternative to SCCL. SCCL would provide transportation from Langdale to Earls Cove and contends that it would allow it “to reduce the rate dramatically” and also increase daily trips on weekends and other days. SCCL contends this would retain an ICB service between Powell River and Langdale. It also points out that if BC Ferry offered a free ride for its customers in low season it would attract more passengers and would not present a large financial burden as most of its passengers are seniors who ride free.

### **Analysis & Findings**

With regard to public need the panel must in this application balance the public’s need for service with SCCL’s ability to maintain an overall financially viable year –round ICB service. The panel found that submissions did not persuasively show a public need at a level that can sustain a commercial service in the off season. Only three submissions provided any indication of use regarding the ICB service and only one these indicated use of twice per year with a preference for three or more. A predominant theme in the submissions was the establishment of publicly funded services involving government, BC Ferries and BC Transit that would make available a continuing year round service on the route to provide an

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essential means of transportation for seniors and others to attend medical appointments, visit family, etc. in Vancouver. Such an issue is outside the mandate of the Board.

The panel is aware that certain residents in the Sunshine Coast area will be negatively impacted by this amendment proposed by SCCL. However, it is of the view that, on balance, it is in the broader public interest to maintain some level of seasonal service on the scheduled route, even with inconveniences and limited transportation options, than to force SCCL to abandon the ICB service altogether due to continued operating losses. As a result, the panel finds that the level of public need is not sufficient for SCCL to sustain a year-round service, and approves the amendment requested.

The term “sound economic conditions” in the legislation is directed towards the “transportation business”. It does not relate to the broader social and economic consequences that might result from a reduction in minimum route frequency and referred to in the submissions. SCCL is a private, commercial company. It does not receive government grants or subsidies. It provides a scheduled bus service on the Sunshine Coast Highway corridor. SCCL has continued, despite attempts otherwise, to experience continued losses on its operation. Submissions to this application request subsidization by government or BC Transit services that would allow a year-round operation serving the corridor with what the submissions claim is an essential service. The panel, however, is not in a position to speculate how government might respond or what a new state of bus service might look like.

The panel accepts that SCCL’s operation has been losing money and is unable to sustain continued net losses. The ridership numbers are not positive. The panel also notes that SCCL is the only provider of an ICB service on the corridor from Powell River to Langdale with the exception of several route points served by a Harbour Air ICB service. One that caters primarily to its customers and operates a limited time of the year. The panel takes the view, therefore, after reviewing overall financial viability and health of SCCL that some preservation of the route even on a seasonal basis was important as opposed to the potential of losing the entire service. This hopefully will allow SCCL time to explore various alternative options in its business model to continue ICB services after September 15. We find granting this application in whole will allow SCCL to sustain a needed but diminished

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service. The panel finds that this will contribute to sound economic conditions in the transportation business in B.C.

To ensure that there is a smooth transition of service, the Board is requiring SCCL in Appendix 1 to present a route schedule changes and implementation details through appropriate public notices.

## **VII. Conclusion**

For the reasons above, this application is approved in whole.

The Board establishes public notice requirements, and terms and conditions of licence that are attached to this decision as Appendices 1 and 2. These form an integral part of the decision.

Note: As of September 2019, the *Passenger Transportation Act* requires the Board to establish terms and condition of licence regarding vehicle identifiers and data requirements. These are included in Appendix 2 under “Legislative Requirements.”

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## Appendix 1

### Public Notice Requirements

#### Direction to the Applicant:

At least 14 days before implementing schedule changes, Sunshine Coast Connector Ltd. must publish notice of the change and the effective date in a prominent location on Sunshine Coast Connector Ltd.'s website and at its terminal or agents premises along affected routes. Copies of such notices must be provided to the Registrar, Passenger Transportation before an amended licence may be obtained.

A Passenger Transportation Licence must be issued by the Registrar of Passenger Transportation under section 29 or renewed under section 34 of the *Passenger Transportation Act* before the licence amendments approved in this decision may be exercised.

#### Direction to the Registrar of Passenger Transportation:

The Registrar may amend Sunshine Coast Connector Ltd.'s licence to incorporate the changes in inter-city bus routes and minimum route frequencies as set out in the terms and conditions below. An amended licence may only be issued after Sunshine Coast Connector Ltd. has given the Registrar copies of the notice of schedule changes referred to in the "Direction to the Applicant".

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## Appendix 2

### Terms & Conditions of Licence

<b>Special Authorization INTER-CITY BUS AUTHORIZATION (ICBA) Terms &amp; Conditions</b>	
Definitions	"Board" means the Passenger Transportation Board "Registrar" means the Registrar, Passenger Transportation
<b>A. Legislative Requirements</b>	
Vehicle Identifiers	Each motor vehicle operated under this authorization must display, at the times and in the form and manner required by the Registrar, a vehicle identifier that is: (a) issued to the licensee by the Registrar; or (b) authorized by the Registrar to be issued by the licensee.
<b>B. ICB Service</b>	
Service	Transportation of passengers must be provided: (a) on a scheduled basis, and (b) in accordance with minimum frequencies and other terms; and (c) conditions of licence that apply to the routes and route points.
Schedule	The licence holder must publish, in a manner accessible to the general public, a schedule for each route with the time and location of each stop, and must carry in each vehicle a copy of the schedule that the vehicle is following.
Express Authorization	Transportation of standees is authorized only when all the following conditions are met: (a) The licence holder has current and proper insurance coverage for the transportation of standees; (b) Passengers are not permitted to stand for a period that is longer than 30 minutes or for a distance that exceeds 30 road kilometers, and (c) Freight and passenger baggage is not carried in the

	passenger compartment when standees are being transported.
<b>C. ICB Routes &amp; Minimum Route Frequencies</b>	
<b>Route 1</b>	
Terminating Point 1:	<b>City of Powell River</b>
Terminating Point 2:	<b>Langdale Ferry Terminal</b>
Corridors:	Sunshine Coast Highway
Seasonal Minimum	At a minimum, regular scheduled service must be provided from May 15 to September 15.
<b>Route Points</b>	<b>Minimum Frequencies</b>
City of Powell River	3 trips per week in each direction
Earl's Cove	3 trips per week in each direction
Garden Bay	3 trips per week in each direction
Town of Pender Harbour	3 trips per week in each direction
Madeira Park	3 trips per week in each direction
Town of Halfmoon Bay	3 trips per week in each direction
District of Sechelt	3 trips per week in each direction
Wilson Creek	3 trips per week in each direction
Roberts Creek	3 trips per week in each direction
Town of Gibsons	3 trips per week in each direction
Langdale Ferry Terminal	3 trips per week in each direction
<b>D. Other Requirements</b>	
Transfer of a Licence	This special authorization may not be assigned or transferred except with the approval of the Board pursuant to section 30 of the <i>Passenger Transportation Act</i> .