

SUBMISSION TO REVIEW PANEL

- Motor Coach Canada
 - Canadian Bus Association
 - Association des propriétaires d'autobus du Québec
 - Ontario Motor Coach Association
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CANADA TRANSPORTATION ACT

THE CANADIAN BUS INDUSTRY – A VISION OF OUR OWN

The Canadian Bus Association (CBA), Motor Coach Canada (MCC), The Ontario Motor Coach Association (OMCA) and the Association des propriétaires d'autobus du Québec (APAQ) jointly makes this submission to the Canadian Transportation Act Review Panel.

The bus industry is a broad and complex network of passenger services that includes scheduled, charter, tour, shuttle, accessible, commuter and contracted services. It also includes parcel services and school bus services, not to mention urban transit services. We wish to state that we do not represent urban transit services in Canada except those that are subcontracted. The four associations represent over ninety-five percent of the Canadian motor coach industry. (*Information on each of these four associations can be found in Appendix A*)

In July of this year the four associations met and developed a common vision statement for the bus industry. The vision statement is as follows:

VISION STATEMENT OF THE CANADIAN BUS INDUSTRY

By definition: The bus industry includes scheduled services, adapted, charter, tour, inter-city, shuttle, commuter and contracted services.

The bus/motor coach industry is an integral part of federal/provincial passenger transportation policy.

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The government, media and public recognize the bus/motor coach industry's contribution to the welfare of the Canadian public and the Canadian economy through: the environment, safe travel, regional development, job growth, tourism, social integration, mobility and the reduction of road congestion.

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Motor coach travel will maintain its position as the safest mode of travel.

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Every player in the bus/motor coach industry is a partner in the collective vision.

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The bus/motor coach industry is an integral part of a seamless, integrated and intermodal transportation system.

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The Associations and their member Companies are committed to providing the highest levels of Customer service

We ask that the Review Panel recommend to the Government of Canada to develop a national passenger strategy that will define the role of each mode including bus. We believe that this vision is in the best interest of our passengers and the public. Government must recognize the industry's role as an integral but distinct part of the national transportation system in Canada.

We are concerned that our industry is regarded by government, and in some other circles, as the mode of last alternative and is accorded little respect. Within the mode we know that we are the necessary alternative. The bus industry provides the widest, largest, most diversified network of services. It is available anywhere, anytime. It is the one mode that links with all other modes and it delivers both people and goods. Its diversity and flexibility, its availability on demand, in emergencies or as a replacement service to support and supply other transport systems makes it a unique, but vital and integral part of the Canadian network overall.

BACKGROUND

The bus industry was established in the early 1900's. While we are proud of our long history and our contribution to the growth of Canada, we prefer to look to our future and the contribution we continue to make to tourism, the environment, the economy and to seamless transportation. We perform a vital role to the Canadian public ensuring a level of passenger mobility that otherwise could not exist throughout Canada.

Despite this long history and the vital role that we continue to play, the industry has been accorded little or no status. We are assessed, monitored, organized, supported, analyzed and regulated as an "add-on" to other industries such as the trucking industry. Statistical data and background information on the industry, and indeed most areas where private service data is concerned, is inadequate. Knowledge and comprehension of the depth and scope of the industry is limited. The result has been the inability of governments to assess the industry within the broader scope of transportation in Canada.

We welcome this "*comprehensive review of the operation of this (Canada Transportation) Act and any other Act of Parliament for which the Minister is responsible that pertains to the economic regulation of a mode of transportation and transportation activities under the legislative authority of Parliament*".¹

We welcome this review that "*shall assess whether the legislation ...provides Canadians with an efficient, effective, flexible and affordable transportation system.*"

We hope that you will "*recommend amendments to a) the national transportation policy... and (b) the legislation...*".

¹ Section 53 Canada Transportation Act

This submission will deal with the National Transportation Policy as outlined in Section 5 of The Canada Transportation Act and also The Motor Vehicle Transport Act. We also address the advantages of a strong and healthy bus industry in Canada and its role in assisting the federal government to achieve its objective with respect to *“an efficient, effective, flexible and affordable transportation system”*

KEY ISSUES FOR CONSIDERATION

The Canadian bus industry would like to address the following critical issues, for the purpose of this brief, and place them within the context of our industry’s vision:

- 1) **National Strategy/Vision for Passenger Transportation in Canada**
- 2) **Modal recognition of the bus/motor coach industry**
- 3) **Fair Competition**

NATIONAL STRATEGY/VISION FOR TRANSPORTATION IN CANADA

Achieving our vision and serving the public depends much on the actions of the individual companies within our industry and the way by which those enterprises operate. However, and regardless of the action of individual companies, this vision and service to the public will not be achieved without federal government leadership and influence. All of the modes of transport form a network that is integral and the bus industry is not a single link in the chain, but many links along the chain. Any action taken within the system affects the equilibrium of the whole system. When you modify something within the transportation environment you affect our industry. The efficiency of the total system is dependent not only on the efficiency of one part but the way in which they are all linked and sometimes dependent upon one another. The federal government plays a significant role in this network through indirect and direct controls:

- 1) Directly, through legislation and regulations.
- 2) Indirectly, through government policies, subsidies to competitive entities, public funds expenditures, taxation and a variety of economic choices.
- 3) Indirectly, through legislation, regulation and policy surrounding other modes that result on impacts on our own.

The future of our transportation system involves multi-modalism, integrated and seamless delivery of services, co-ordinated approaches to tourism, worldwide promotion through tools such as the Internet, co-ordinated facilitation of service delivery and communication among and within modes of transportation. To participate meaningfully the bus industry must be understood, recognized and considered within the context of a national passenger strategy. We look to government to assist in supporting public transportation usage over personal

vehicle use and public acknowledgement and support from government for our environmental and safety track record could be a strong influence over public perception.

The bus industry's commitment to this network of transportation can be illustrated by our spearheading of a multi-modal meeting (Bus Passenger, Rail, Air, Courier, and Bus parcel services representatives), held in June of this year, to attempt to develop a vision statement for all passenger modes.

We call on Panel members to consider whether the government has formulated an all-inclusive, well-defined vision and strategy for transportation in Canada. One that provides an environment designed for dynamic growth and fair competition. One that considers the viability of each mode, respect for the role of that mode, and its potential contribution to the well-being of all Canadians.

A clear vision and strategy regarding the role of the Canadian bus industry, its direction and its future are not in place. Canadian contextual issues that surround the bus industry are unique by nature of our diverse geography, climate and culture and thus are different from province to province as well as from other countries. The required level of strategic planning and research required for regulatory reform of the bus industry has not taken place. The federal government has forwarded the issue of bus regulation to the Standing Committee on Transportation and this will be addressed within that forum.

The four associations agree that economic regulatory reform of the motor coach industry, should be well defined, should be based on reason and clear assessment of the market realities in Canada and should be developed in a co-ordinated, consultative process involving the industry, the provinces, and the federal government. As we stipulate in our vision statement, it must be so constructed to facilitate industry's understanding of its place within the context of a broader multi-modal vision and strategy and create an environment of trust for re-investment in the industry.

MODAL RECOGNITION OF THE BUS INDUSTRY

Our associations represent the bus industry and consequently promote what is best for our industry. The public interest is best served by a healthy, viable and comprehensive bus industry.

The industry merits recognition as a mode of transportation unto itself. It requests de-linkage with trucking as a single mode under "road", most particularly because using roadways is an inappropriate classification of a mode of transportation. We carry people and their safety is of paramount concern. The industry requires that it receive appropriate direct attention rather than be subjected to an environment designed for a different mode.

When we separate the bus industry on its own we see that in Canada it is:

- 1) The most cost efficient transportation mode – As indicated in the Royal Commission on Transportation Report (Appendix B), the bus industry is the most cost efficient mode of transportation.

- 2) The most effective passenger transportation mode - the bus industry serves over three thousand communities in Canada including rural Canada. No other passenger mode serves anywhere near as many communities and none serve rural Canada to any comparative degree.
- 3) The least subsidized mode - Motor coach travel is virtually without government subsidy and our industry contributes significantly to general revenues through fuel taxes. Road users (including trucks and cars) pay more in fuel taxes and permits than expenditures by all levels of government on highway infrastructure. While coaches do use the roads we would point out that a full coach takes as many as 35-45 cars off of the roads reducing roadbed stresses in an intangible way. We pay our share of the infrastructure costs, greater use of our services relieves congestion and greenhouse gas emissions, and the more we are used the safer the roads are. We would also note that the road infrastructure was not built for the bus industry nor are we the mode that effects infrastructure development.

While the province of Quebec recognizes the importance of all public transit, including shuttle and intercity, as a service to the public through fuel tax rebates, no other province does so, nor does the federal government. Additionally (with minor exceptions) no level of government provides capital subsidy for our rolling stock (and even more surprisingly, the bus industry receives $\frac{1}{4}$ less tax shelter than the trucking industry). It should be noted here that in the United States the federal government deems the motor coach industry so important in its contribution to public service and the environment that the US Federal Government provides infrastructure funding and rebates seventeen cents (US) per gallon on diesel fuel purchased by motor coach companies. Many state governments don't charge state taxes on diesel fuel.

- 4) The most affordable fares in Canada are provided through scheduled passenger services, accessible, charter, tour, inter-city, shuttle, commuter and contracted bus services. A plethora of studies will indicate to the Panel that for, at least, the intercity portion of the mode our clientele are the economically disadvantaged, students, the elderly, those who cannot drive or afford personal vehicles – in other words, those that have to take the bus. The industry, as a result, is highly price sensitive, and it is critical to the disenfranchised Canadian that our mode provides economical transportation. The mode maintains its pricing of service even in a federal policy environment that encourages public usage of a highly subsidized competitive mode (rail) with artificially deflated fare pricing through the use of public funds to buffer the need for cost recovery. The industry has, for decades, requested relief from the inequities in this distribution of public funds.
- 5) The most environmentally friendly - The Royal Commission found that the intercity bus mode was three times less environmentally damaging than either the rail or car modes. The National Transportation Table found that the intercity bus mode was almost five times less environmentally damaging than the rail mode and more than four times less environmentally damaging than the car mode. (See attached Appendix C)

In its final report to the National Climate Change Process, Transportation Table, the **RESEARCH AND TRAFFIC GROUP** stated, “*On this basis, the intercity bus mode will be 11 percent below its 1990 GHG emission by 2010, almost double the target 6 percent reduction.*” The government can take leadership regarding the growing issues surrounding personal vehicle usage by promoting fuel efficient, environmentally friendly modes with real incentives (tax relief) and intangible incentives (communications and promotion).

- 6) The most reliable passenger transportation mode - In the Eastern Canada ice storm of 1998 air and rail transportation was shut down, however, while the bus service in the Eastern Corridor may have been slowed, it never missed a schedule. Further, is the fact that bus service backs up rail, air and cruise ship travel. When weather or mechanical problems force an airplane or a train out of service, the airline or the train company calls the bus industry to move their passengers.

Even in adverse conditions, motor coach service continued and did so with our safety record intact - not a single accident even with the weather conditions.

- 7) The safest surface passenger transportation mode. In a 10-year period (1987-1996) the industry averaged 5 fatalities per year and only 1% of road collisions involved buses. Transport Canada stated in its review that “*buses provide passengers with remarkably safe travel compared with other road vehicles and other modes of transport.*” (See Appendix D)
- 8) The most frequent service - Generally motor coaches have an average seating capacity of 45-55 passengers. Compared to rail and air this is a low per vehicle passenger count. It allows our industry to offer more frequent service. Hypothetically, if there is a demand to move three hundred passengers per hour from point A to point B, rail could only offer one trip per hour where motor coach travel frequency would be every ten minutes to move the same number of people.
- 9) The shortest trip time - In long distance travel obviously the air mode is the fastest and provides the shortest travel time. However, in short haul (250 kilometers or less) motor coach travel time is comparable. Downtown-to-downtown motor coach travel time from Calgary to Edmonton, Montreal to Ottawa, Quebec City to Montreal are all comparable, if not better, than air service when one examines times from door-to-door.

We request that the Review Panel recommend that the Federal Government consider these strengths of the bus industry in its review of the National Transportation Policy, in their consideration of subsidies to other modes and in amendments to legislation and regulations affecting our industry and to make provision for recognition of this industry as a separate but integral part of the transportation system.

In the US, Congressional recognition and regulatory relief for the motor coach industry was recently introduced, when long-sought language calling for the study of motor coach operations – distinct from commercial trucking operations – appeared in the final version of the \$58 billion transportation appropriations bill. The final conference report for H.R. 4475 calls for specific research into the “*operations, driver practices, and driver fatigue issues specific*

to over the road buses before any revisions to the existing trucking hours-of-service rules are finalized.” In addition, the bill encourages the U.S. Secretary of Transportation “*to conduct such studies to inform additional regulatory proposals in this area.*” The language is such that it acknowledges the industry’s concerns, respects the lack of data availability resulting from the treatment of a complex industry as a sub-group and accepts the need to view it properly prior to taking further action that may impact the industry.

We call on this panel to consider similar recognition and action relating to our industry.

FAIR COMPETITION

Section 53 of The Canada Transportation Act states that where necessary or desirable the Review Panel can recommend amendments to the National Transportation Policy.

The National Transportation Policy as found in Section 5 of the Canada Transportation Act reads as follows (emphasis added):

It is hereby declared that a safe, economic, efficient and adequate network of viable and effective transportation services accessible to persons with disabilities and that makes the best use of all available modes of transportation at the lowest total cost is essential to serve the transportation needs of shippers and travelers, including persons with disabilities, and to maintain the economic well-being and growth of Canada and its regions and that those objectives are most likely to be achieved when all carriers are able to compete, both within and among the various modes of transportation, under conditions ensuring that, having due regard to national policy, to the advantages of harmonized federal and provincial regulatory approaches and to legal and constitutional requirements,

- a) *The national transportation system meets the highest practicable safety standards.*
- b) *Competition and market forces are, whenever possible, the prime agents in providing viable and effective transportation services.*
- c) *Economic regulation of carriers and modes of transportation occurs only in respect of those services and regions where regulation is necessary to serve the transportation needs of shippers and travelers and that such regulation will not unfairly limit the ability of any carrier or mode of transportation to compete freely with any other carrier or mode of transportation.*
- d) *Transportation is recognized as a key to regional economic development and that commercial viability of transportation links is balanced with regional economic development objectives so that the potential economic strengths of each region may be realized.*
- e) *Each carrier or mode of transportation, as far as is practicable, bears a fair proportion of the real costs of the resources, facilities and services provided to that carrier or mode of transportation at public expense.*

- f) *Each carrier or mode transportation as far as is practicable, receives fair and reasonable compensation for the resources, facilities and services that it is required to provide as an imposed public duty.*
- g) *Each carrier or mode of transportation, as far as is practicable, carries traffic to or from any point in Canada under fares, rates and conditions that do not constitute*
- *An unfair disadvantage in respect of any such traffic beyond the disadvantage inherent in the location or volume of the traffic, the scale of operation connected with the traffic or the type of traffic or service involved.*
 - *An undue obstacle to the mobility of persons, including persons with disabilities.*
 - *An undue obstacle to the mobility of persons, including persons with disabilities.*
 - *An unreasonable discouragement to the development of primary or secondary industries, to export trade in or from any region of Canada or to the movement of commodities through Canadian ports and*
- h) *Each mode of transportation is economically viable.*

And this Act is enacted in accordance with and for the attainment of those objectives to the extent that they fall within the purview of subject matters under the legislative authority of Parliament relating to transportation.

We submit that the bus industry can be better utilized to meet the goals of this policy and that in the past governments have not implemented this policy to make best use of the bus industry. Achieving our vision of the future (as outlined in our vision statement) will require a change in the federal government's implementation of this National Transportation Policy. To date, our industry has not been seen as an *"Integral part of federal and provincial passenger transportation policy, and has not been recognized in terms of our contribution to the welfare of the Canadian public and the Canadian economy"*. It is important that we be seen as an *"integral part of a seamless, integrated and inter-modeled transportation system"*.

We now refer to the federal subsidy and policies that create an unfair marketplace between VIA Rail and inter-city motor coach.

Some months ago the federal government announced an additional \$400 million subsidy for VIA Rail that, as we understand, was for capital improvements. Our concern is the fact that since then VIA has put in place a number of fare reductions. The latest of which is the fare discount between Halifax and Montreal. There is as much as a 50% reduction in fares with only one minor "fence" of a 7-day advance purchase and no refunds. We ask the Panel to consider whether there are appropriate mechanisms in place to assess the use of public funds within a highly subsidized mode of transport competing with an alternative unsubsidized mode. It is our opinion that this subsidizing of one mode is contrary to section 5 (b), (e), (f), (g), (i) and (h). The bus industry worked diligently over two decades in an effort to raise government cognizance of the imbalance between the modes.

VIA Rail's subsidy reductions over the past couple of years were considered a positive sign and opened more room for intermodal and multimodal discussions. There is little question that increasing the imbalance will have a negative impact.

The bus industry, along with the trucking industry and the automobile owners pay fuel taxes, licensing fees and permit fees to use the roads, streets and highways in Canada. These taxes and fees are far greater than provincial governments put into the highway system. Federal/Provincial/Territorial revenues from fuel taxes, permits and license fees totalled \$14 billion in 1998/99. (*Transport Canada 1999 Annual Report*)

The federal government in recent years has ignored the Trans-Canada highway system. Users pay more than a "*fair proportion of the real cost of the resources, facilities and services provided to that carrier*" and yet government has not invested adequate resources to infrastructure improvements. The federal government collects taxes from our industry (diesel fuel) and uses this revenue to subsidize our competitors.

The federal government plans to support high-speed rail links in areas such as Toronto to Pearson Airport, Montreal to Dorval, the Windsor/Quebec corridor and the Vancouver Airport. The federal government is allocating \$20 million to building rail line protection at Pearson Airport. While all levels of government have engaged consultants to report on transit links, not one study considered alternative modes of transport other than rail in keeping with the federal policy as stated "*that makes the best use of all available modes of transportation at the lowest total cost*" and which could be defined through the following: "*The decision regarding which technology to utilize should be based on the following criteria: capital cost, lowest operating cost, optimum implementation time, highest number of beneficiaries (passengers and taxpayers) and compatibility with other modes.*" (Toronto Board of Trade: Foundations for a Strong City, February 1999)

Growing shortages in bus drivers, mechanics and in other areas are exacerbated by competition with subsidized sectors within the mode. Subsidization of modes is creating an inability to attract skilled and educated employees to our industry.

RECOMMENDATIONS

In summary, we request that the panel recommend the following:

- 1) That the government must specify its vision for passenger transportation in Canada and further identify the national strategy by which this vision will be achieved. For our part, we have provided our collective vision for the government's consideration. Only after a national passenger strategy has been specified will it be possible for the bus industry to receive clear direction on the specific role that it will play within this strategy.
- 2) That the bus industry be recognized as a mode onto itself. It receives neither the appropriate considerations within transportation policy and the regulatory

- framework, nor is there enough knowledge of the industry to assess and make effective and positive decisions relating to this industry.
- 3) That a clear and inclusive vision that incorporates all modes of transport equally is necessary to address the issue that the industry operates within an environment of direct competition with subsidized modes, and in particular VIA Rail.
 - 4) That government policy and regulations and the structure of such, as it pertains to the Canadian bus industry, must support the stated National Transportation Policy contained within the Canada Transportation Act.
 - 5) That the National Transportation Policy be structured to support the important contribution that the bus industry makes to the overall transportation system. We ask that the bus industry be acknowledged and treated as a separate mode of transportation in Canada. Paramount importance should be placed on clarity of the bus mode such as the definition of a bus.
 - 6) That the Act contains effective language and means to ensure no modal bias on the part of government through regulation, legislation or subsidization.
 - 7) That the panel recommend to the federal government that it develop a less costly and timelier process to hear complaints about activity that contravene the National Transportation Policy, which would include an adjudicating review of unfair pricing practices.
 - 8) That Canadian governments recognize and inform the public regarding the environmental benefits from public transportation useage and the benefits/impacts of modal choice.
 - 9) That transportation policy must be developed taking into consideration the multi-modal context and dynamic of the industry as a whole. Recognition that modes of transportation relate, connect, interface and form a chain and whose cohesiveness must be considered in relation to policy decisions and changes in necessary to a balanced transportation vision.

We appreciate the opportunity to address this panel. Thank you.