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**Submission to the Passenger  
Transportation Board**

**Ministry of Transportation and  
Infrastructure**

**Regarding Proposed License Changes  
Greyhound Canada Transportation ULC**

**Application No. 305-12  
Licence Number 70414**

**October 24, 2012**

**Submitted by CAW-Canada  
and its Local 114  
Victoria, B.C.**

## **Who We Are:**

The CAW-Canada is one of Canada's largest trade unions. We represent approximately 200,000 members, working in a wide range of industries and sectors, and in every part of Canada. About 20,000 of our members live and work in British Columbia.

The CAW is also one of Canada's largest transportation unions. We represent some 40,000 workers in the broader transportation sector (accounting for one fifth of our total membership), including members serving in every mode: air, road, rail, and marine transportation. CAW Local 114, based in Victoria B.C., represents both on-road and office employees of Greyhound running the company's Vancouver Island operations, as well as drivers operating the Fort St. James-Prince George route in northern B.C.

Our union is committed to a vision of safe, quality, affordable, and sustainable transportation services that enhance the economic potential and quality of life of Canadians. In our vision, transportation is not just a "cost" to be minimized: it is a potential source of employment and economic opportunity. This vision is described in more detail in our recent comprehensive position paper on transportation, titled "***We Make It Move: A Vision for Sustainable Transportation,***" downloadable at <http://www.caw.ca/en/10639.htm>.

The transportation infrastructure of every society fundamentally shapes broader relations within the economy and the society. The prosperity, productivity, and participation of all segments of society depends on a viable, accessible transportation network. These "externalities" explain why the nature of transportation services provided is a matter of public and policy interest – and cannot be left solely up to the private cost-benefit decisions of private market participants. We thus reaffirm the importance of having bodies like this Board oversee changes to schedules and services offered by firms such as Greyhound participating in the provincial transportation sector.

Our submission to the Board therefore reflects not only the economic livelihood of CAW members who work at Greyhound, but also the interests of other CAW members (and all B.C. residents) in a safe, quality, sustainable transportation system that they and their families and neighbours can use.

### **Greyhound's Proposed Service Reductions affecting CAW members:**

Greyhound's submission to this Board requests approval to reduce the company's offered services affecting members of CAW Local 114 (mostly on Vancouver Island) through the following amendments to the minimum service specifications contained in its provincial operating licence:

- reduction of service frequency on Route T (Victoria-Nanaimo), northbound and southbound; daily frequency is reduced by as much as three-quarters in particular communities.
- reduction of service frequency on Route U (Nanaimo-Campbell River), northbound and southbound; daily frequency is reduced by as much as one-half in particular communities.
- a dramatic reduction of service frequency on Route K (Prince George-Ft. St. James), return trips; frequency is reduced from 6 trips per week to just one.
- cancellation of Route X seasonal ski service from Victoria to Mt. Washington (from the current minimum of 3 round trips per week).

These service reductions are just part of the larger proposed rollback of services across B.C. by the company, which would reduce total capacity in the company's operations here by 2.2 million operating miles per year (or approximately 25%).

### **The Economic Consequences of Greyhound's Proposed Service Reductions:**

CAW Local 114 local leaders have analyzed the proposed service reductions contained in Greyhound's application as they affect the local's members (on Vancouver Island and on the Prince George-Ft. St. James route).

A summary of this analysis is provided below:

<b>Table 1 Employment Effects of Greyhound Service Reductions CAW Local 114 Members</b>		
<b>Route or Function</b>	<b>Location</b>	<b>Lost Hours of Work</b>
<b>X</b>	Mt. Washington shuttle	576
<b>T (Northbound)</b>	Victoria-Nanaimo	38.25/week
<b>T (Southbound)</b>	Nanaimo-Victoria	38.25/week
<b>U (Northbound)</b>	Nanaimo-Campbell River	40.25/week
<b>U (Southbound)</b>	Campbell River-Nanaimo	40.25/week
<b>K (Return)</b>	Prince George/Ft. St. James	45/week
<b>Office</b>	Lost office support hours <sup>1</sup>	5148
<b>Total</b>		16,228/yr.
<b>FTEs</b>		<b>8 employees</b>
<i>Source: CAW Local 114 research. 1. Includes reduced office staffing in Victoria, Nanaimo, and Campbell River offices.</i>		

At prevailing wage rates within the Greyhound operation, this reduction in employment levels will reduce payrolls on the affected routes by over \$350,000 per year. Including second-order effects on local consumer spending (as a result of reduced income and expenditure on the part of affected employees), the impact of the service cuts on these four routes alone is likely to decrease total economic activity (especially in the Vancouver Island region) by close to three-quarters of a million dollars per year. The fiscal position of the federal and B.C. governments is also damaged by the service reductions, as a result of lost income and sales tax revenue, and increased expenses for EI benefits.

**The Broader Responsibility of Transportation Providers:**

Transportation systems function as networks. It is essential to the viability of the overall network, and to the economic and social functions which depend on that network, that the entire system operates in a reliable and

accessible manner. Attempts to improve a bottom-line fiscal position by reducing service in certain segments of the network, are likely to lead to consequential impacts (many of them unintended and unanticipated) on the operations of other legs of the system (as a result of a deterioration in the overall scope and effectiveness of the network). For example, reducing the flow of passengers into the Prince George hub by dramatically reducing the frequency of service from Ft. St. James (from 6 to just 1 round trip per week<sup>1</sup>) will have spillover impacts on the utilization of connected routes from Prince George to other destinations. In this regard, there will be a less-than-proportional improvement in the fiscal performance of the overall Greyhound provincial system, because the apparent “savings” resulting from specific cancelled routes are partly offset by a decline in financial performance on continuing connections.

In addition to the unintended fiscal consequences experienced within the Greyhound system, there are spillover impacts onto the operation of regional economies. The reduction in connectedness to specific regional communities (such as Campbell River, Nanaimo, and Ft. St. James) will reduce the quality of both passenger and parcel delivery, with consequences for economic mobility and participation by local residents and businesses. To take an extreme example, the cancellation of bus service to the Mt. Washington ski resort will have a substantial and direct impact on the financial viability of that important business, with potential negative impacts on employment and income. Similar, if more diffuse, consequences will be experienced as a result of service reductions in Ft. St. James, Campbell River, and Nanaimo. The Passenger Transportation Act directs that those negative consequences must be considered in the Board’s decision regarding service provision (through its mandate that approved transportation services promote “sound economic conditions”), even though they do not enter into Greyhound’s private cost-benefit calculations.

By virtue of the permission granted to Greyhound to operate its province-wide service, it is reasonable to expect the company to provide an adequate level of service to communities included within its area of service. The company must not be allowed to “cherry pick” the most profitable routes,

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<sup>1</sup> Providing one round trip per week between 2 destinations is hardly different from cancelling the route altogether; with such an inadequate level of service, customers will stop even checking to see if bus transit is an option for travelling that route. In this regard, Greyhound’s proposal to reduce frequency on this route to just one round trip per week should reasonably be understood as the effective cancellation of service, which will surely be the ultimate result. Greyhound is likely retaining the single weekly trip purely to avoid the negative “optics” of having cancelled a service entirely.

leaving less profitable communities with inadequate service or no service whatsoever. Similar requirements are imposed on other network services which also provide infrastructure-type services to an entire country or province (such as Canada Post, which must deliver mail to its entire service area – and cannot abandon particular routes which are less profitable). The existence of a comprehensive and complete network of intercity bus transportation is a normal and expected feature of our society. Greyhound's licence requirements reflect that serving these routes is a social responsibility that goes along with its right to operate its business.

Another factor which must be considered by the Board in its review of this application is the environmental consequences of the reduction of Greyhound service. Some of the passengers displaced from the affected routes will end up travelling in private cars. (Some passengers, of course, will not be able to travel at all.) This imposes a relatively higher burden of pollution (including greenhouse gas emissions). Given the B.C. government's commitment to meeting specified GHG targets, policy should clearly be encouraging more use of buses and other collective means of transportation, not less. Approving Greyhound's proposal will undermine the overall provincial goal of reducing pollution (including GHG pollution) from provincial economic and transportation activities.

### **Greyhound's Financial Viability:**

Greyhound has argued that its operations in B.C. are not economically viable without the proposed cutbacks. Yet the public is not provided with details regarding the financial performance of Greyhound Canada's operations (in B.C. and the rest of Canada). As a privately-held subsidiary, Greyhound's financial statements are not public. We have no way of evaluating whether the claimed losses are genuine, how they are measured, how long they have continued, and the interaction between the claimed losses in B.C. and Greyhound's financial performance on interprovincial routes involving B.C. destinations.

A more transparent and fulsome evaluation of Greyhound's financial condition must be undertaken, before accepting the radical actions which have been proposed by the company. Moreover, we note that the estimated savings from the reduction in routes (which the company's submission suggests would reduce costs by \$6.75 million per year) would offset less than half the company's claimed losses in B.C. How will these painful

service cuts thus be able to “solve” Greyhound’s purported financial challenges? It would seem that the company would continue to endure significant losses even with the elimination of one-quarter of its provincial capacity. In short, the public has no certainty regarding either the scope of Greyhound’s financial challenges, nor whether or not these painful actions will resolve them.

Following a full public review of the financial performance of Greyhound’s B.C. operations, if it is indeed determined that the services as currently offered are not financial viable, it would be better at that point to initiate a public policy discussion about the steps required (potentially including provincial subsidy) to ensure that communities such as Ft. St. James, Campbell River, and Nanaimo continue to receive adequate intercity bus service. Simply slashing or eliminating those services, on the basis of an unproven claim by the company that they are unprofitable (and a corresponding threat to cease provincial operations altogether if the licence revision is not accepted) is not the appropriate way to manage an important provincial transportation service in the public’s best interest.

### **Conclusion and Recommendation:**

Our submission has catalogued several negative consequences that would entail from the proposed reduction or cancellation of Greyhound services on Vancouver Island and northern B.C., including:

- the direct economic losses experienced by 8 affected workers whose services will no longer be employed on those services
- second-order reductions in local economic activity resulting from the reduction in direct Greyhound employment levels
- offsetting deterioration in the economic performance of Greyhound’s remaining routes, as a result of lost connector traffic and other network effects
- negative economic and social impacts on affected isolated communities (including Campbell River and Ft. St. James) as a result of reduced transportation options

- negative net environmental consequences resulting from the replacement of some of the affected bus travel by personal motor vehicle use

In our judgment, these consequences outweigh the private fiscal savings attained by Greyhound as a result of the reduced or eliminated services. A reasonable condition of Greyhound having the right to operate a provincial transportation service is that it must consider the social costs and benefits of its actions. We recommend that the Provincial Transportation Board reject the company's request to reduce or eliminate the indicated services.