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## Public Notice & Comment

The application to reduce minimum route frequency (MRF) between Vancouver and Nanaimo was published in the PT Board *Weekly Bulletin* on October 6, 2010. On November 17, 2010 an amended application was published. This reflected GCTU's intention to abandon the route entirely.

Inter-city bus operators who apply to eliminate routes or reduce minimum route frequencies must send notice of the application to local governments of communities that are affected by the proposed changes and place notice in community newspapers. The notices invite members of the public to provide comments directly to the Passenger Transportation Board. The notices indicate that GCTU's "explanatory paper" was posted for public viewing online at [www.th.gov.bc.ca/ptb/bus.htm](http://www.th.gov.bc.ca/ptb/bus.htm). GCTU provided these notices both times the application was published. The deadline for public comment on the original application was November 3, 2010 and December 15, 2010 for the amended application.

The amended application summary indicated that the Board would consider comments received regarding the original service-reduction application and the amended application to eliminate the route. The Board considered this appropriate as anyone interested in inter-city bus services could provide comments that would assist the Board's decision.

The Board received a total of 23 submissions related to the original and republished application.

## Background

GCTU is a private, commercial company. It does not receive government subsidies. It provides scheduled bus transportation in much of British Columbia and elsewhere in Canada. It operates a number of routes throughout British Columbia, including service between Vancouver and Vancouver Island via Nanaimo. GCTU supplied ridership data, fare and financial information regarding its Route Q schedule. It also included current Translink express bus service schedules and fares between Horseshoe Bay and Vancouver, and information about services supplied by the Nanaimo Regional Transit Route between downtown Nanaimo and Departure Bay.

## *Actions Leading to the Application*

In its "Explanatory Paper", GCTU outlines matters that led up to its submitting the application. This included service modifications that it made to Route Q, discussions with BC Ferries over these modifications and Board response to the modifications.

In June of 2010, GCTU indicated that it planned to change its operation on Route Q between Vancouver and Nanaimo. It would operate 4 of its 6 trips on a "Pick and Drop" basis with all route points continuing to be served. Passengers travelling from Vancouver to Nanaimo would be dropped at the Horseshoe Bay Ferry Terminal, board the ferry and disembark as foot passengers and be met by a GCTU bus at the Departure Bay Ferry Terminal. The same would occur in reverse. GCTU delayed its planned implementation of this change from June until September in order not to disrupt service over the summer months. Also GCTU and BC Ferries had not reached a resolution regarding payment by GCTU to use a designated bus area.

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Matters reached a critical point in October 2010, when BC Ferries denied GCTU access to the passenger pick up and drop area adjacent to the passenger building at the Departure Bay Ferry Terminal. GCTU could use the terminal's long term parking lot for its "pick and drop" service. GCTU felt that this was not a safe location to unload/load passengers. GCTU notified the Board that it was reducing its service from 6 trips per day to 2 cross ferry trips per day.

The Board's initial position was that the change of operation was within GCTU's terms and conditions of license. However, the Board was concerned about notification and service to the public. On October 5, 2010 the Board wrote GCTU revising its position. The Board felt it may not be clear that Greyhound's interpretation of its licence is in fact correct, although there may be room for clarification. According to the Board, the current terms and conditions describe the nature of route number Q as via ferry. The Board also noted that there does not appear to be any authority in the *Passenger Transportation Act* that would enable a licensee to unilaterally change its minimum route frequency. The recent short notice, unilateral actions of Greyhound were of grave concern to the Board. The Board indicated to GCTU that it was considering amending its terms and conditions of licence to clearly specify cross ferry service. However, before initiating any such action, the Board was inviting comment from GCTU.

In its position, the Board considered it has jurisdiction to regulate a cross water service. The Board reviewed the definition of "highway" as found in the PTA and determined that the service by BC Ferries in linking the highways amounts to the ferry services being a "public way" as contemplated in the Act. The Board further argued that the licence granted GCTU was subject to terms and conditions that require its passengers to be transported between the two terminating points. Because GCTU was unilaterally declining to this and that despite whether its "drop-off and pick-up" service is plausible or not, it still has an obligation to ensure passengers could in fact be dropped off and picked up and subject to some agreement between it and BC Ferries. According to the Board, the dispute between GCTU and BC Ferries is not justification to refuse altogether its service to transport passengers required by its terms and conditions of licence. GCTU cannot serve the route by a "drop-off and pick-up service" solely at its discretion and that GCTU under its current terms and conditions of licence is required to provide a cross ferry service.

GCTU took the position that the jurisdiction of the Board is limited by the definition of "highway" and to motor vehicles (scheduled buses) operated on highways and no further. The Board's jurisdiction does not "extend to the operation of a motor vehicle on a ferry over water". The terminating points of Route Q are the City of Vancouver and the City of Nanaimo. The 2 ferry terminals in question are intermediate points on this route and that Highway 1 is interrupted by the Strait of Georgia. The water gap enables GCTU to operate at its option a cross ferry service or a "pick and drop" service. After an agreement was reached with BC Ferries in November 2010 concerning its dispute and the pickup and drop off of passengers, GCTU resumed operations that would include 2 cross ferry services and 4 "pick and drop" services in each direction. GCTU's position, at this time, indicated that the services represented an interim measure pending an amendment to its application for a service reduction to one that would eliminate Route Q as an inter-city bus service.

GCTU is operating 2 cross ferry services and 4 pick and drop services each way on its Vancouver to Nanaimo route pending the Board's decision on its application.

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I note that the PTA gives the Registrar, Passenger Transportation jurisdiction to impose penalties related to licences.

### ***Proposed Connector Bus Service***

GCTU is proposing to eliminate its scheduled service on its Nanaimo to Vancouver Route. It proposes to replace this service with a “Connector Bus” service. Under the *Passenger Transportation Regulation*, a “connector bus” is excluded from the definition of inter-city bus. Therefore, the service would not be part of GCTU’s terms and conditions of licence established by the Board. The Board does not have oversight over connector bus services that operate according to the exclusion outlined in the regulations.

According to the Regulations, a Connector Bus is defined as:

**“connector bus”** means a commercial passenger vehicle when it is operated exclusively between one fixed terminating point (the “base”) and another fixed terminating point (the “facility”) that is a port, as that word is defined in section 5 of the *Canada Marine Act*, an airport or a terminal operated by a ferry operator, as that term is defined in the *Coastal Ferry Act*, if

- (a) in travelling from the base to the facility, all passengers picked up at or after the base are dropped off only at the facility,
- (b) in travelling from the facility to the base, the commercial passenger vehicle carries as passengers only those passengers who were picked up at the facility and drops off those passengers at or before the base, and
- (c) the licensee operating the commercial passenger vehicle has written authorization from the operator of the facility to pick up passengers at that facility

GCTU indicates that it will operate the service according to public demand. As noted above, its initial plan is to operate a minimum of 2 connector bus schedules daily in each direction between Vancouver and Nanaimo. GCTU indicates that this will facilitate connections with its existing on island northbound and southbound schedules and with Tofino Bus schedules to the west of Nanaimo, including Port Alberni.

I felt it important to seek further clarification on how GCTU intends to operate a “Connector Bus” service between Vancouver and Nanaimo so that it complies with the Regulation. In this regard, I asked several questions of GCTU and received a response to each. The questions and responses are as follows:

*Q1. Please explain in detail how the above proposed service will operate within the connector bus definition in each direction, i.e. from Vancouver to Nanaimo and vice versa? What is the “base” and what is “the facility”?*

#### GCTU Response:

- a) Vancouver GCTU Bus terminal = Base.  
Horseshoe Bay Ferry Terminal = Facility
- b) Nanaimo GCTU Bus Terminal = Base.  
Departure Bay Ferry Terminal = Facility

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*Q2. How will Greyhound issue tickets to passengers for the connector bus service? What if a passenger wants to connect with another Greyhound route? Will Greyhound issue 2 tickets – one for the connector bus service and one for the scheduled service?*

GCTU Response:

GCTU will issue ticket coupons for each specific segment of a passenger's travel, including separate coupons for each connector bus segment and for the BC Ferry segment. (Note: a copy of the sample GCTU ticket was included).

*Q3. Will there be daily schedules of operation between the ferry terminals and the depots? Will the service be symmetrical each way?*

GCTU Response:

GCTU intends to operate symmetrical daily connector bus service between each base and facility.

*Q4. Please respond to the following hypothetical scenario: Passenger X wants to travel by Greyhound bus from Vancouver to Campbell River. How will Passenger X be ticketed? How will his or her luggage be transported over the route? How will Passenger X progress on the journey – when will he or she be on a bus or off a bus?*

GCTU Response:

- Passenger will purchase a ticket for his/her travel from Vancouver BC to Campbell River (Note: a sample ticket was included that included the fare and a ferry fee)
- GCTU's POS (Point of Sale) application will produce a sequence of coupons as follows,
  - i. Vancouver – Horseshoe Bay (Passengers will board a GCTU bus at the Vancouver bus terminal. He/she will disembark in a designated GCTU parking spot in front of the Horseshoe Bay ferry terminal and board the ferry as a walk-on passenger).
  - ii. Horseshoe Bay – Departure Bay (BC Ferries will transport the passenger from Horseshoe Bay to Departure Bay)
  - iii. Departure Bay – Nanaimo (passenger will disembark the ferry on foot, and board a GCTU bus waiting at a designated parking spot in front of the Departure Bay ferry terminal)
  - iv. Nanaimo – Campbell River (passenger will disembark at the Nanaimo GCTU bus terminal and connect to another GCTU bus destined to Campbell River)
- Luggage is not a matter subject to regulation by the PT Board under the *Passenger Transportation Act*.

*Q5. Has Greyhound written authorization from BC Ferry Services to pick up passengers at the ferry terminals as required by the connector bus definition?*

GCTU Response

GCTU entered into agreements effective November 15, 2010 permitting it to pick up and drop off passengers on BC Ferries' property in front of the Departure Bay and Horseshoe Bay Ferry terminals.

The GCTU responses describe a Vancouver-Nanaimo transportation service where passengers walk on and walk off the ferry. When a service is operated as a connector bus, Board special authorization is not required. This means that the start and exit from a route, and the minimum route frequency on the route, are not subject to regulation under the Passenger Transportation Act.

- I. *Is there a public need for the service that the applicant proposes to provide under special authorization?*

In reviewing inter-city bus applications, the Board considers what level of service meets the public need. When an applicant seeks to eliminate a route, the Board 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 or approve it in part.

GCTU's terms and conditions of licence describe Route Q as follows:

<b>Route Number:</b>	<b>Q (via Horseshoe Bay/Departure Bay Ferry)</b>		
Terminating Point 1:	City of Vancouver		
Terminating Point 2:	City of Nanaimo		
<b>Authorized Route:</b>	<b>Route Points</b>	<b>Daily Minimum (each direction)</b>	<b>Total Weekly Minimum</b>
	City of Vancouver	6	84
	City of West Vancouver	6	84
	Horseshoe Bay Ferry Terminal	6	84
	Departure Bay Ferry Terminal	6	84
	City of Nanaimo	6	84

In response to publication of the original and amended applications, the Board received 23 submissions. Eight of these were specific to the amended application to discontinue the route. I considered each of the 23 submissions and the applicant's responses.

Six submissions came from local governments: The City of Burnaby, the City of Port Alberni and the Alberni-Clayoquot Regional District (ACRD). Specific concerns of these entities are summarized as follows:

- The City of Port Alberni submits that bus service is an essential link for the community. GCTU changes may impact the success of the Tofino Bus Service which links the community with the rest of Vancouver Island and with connecting service to Vancouver.

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- The ACRD notes the elimination of Route Q will allow GCTU to operate, at its discretion, a scheduled bus service between Vancouver and Nanaimo without regulatory oversight. As a result, the local transportation provider will have difficulties scheduling passenger pick-ups/drop-offs to and from Nanaimo, Port Alberni and the West Coast with the fluctuating schedule of GCTU.
  - With respect to the initial MRF reduction application, the Municipality of North Cowichan proposed that a 1/3 reduction in service would be more appropriate.
  - The City of Burnaby reports that it has no concerns and notes that the Vancouver (Horseshoe Bay) and Nanaimo (Departure Bay) ferry terminals are both served by local transit and that the route overall is serviced by a combination of public and ferry services.
  - The Town of Ladysmith asked the Board to investigate ridership levels on the route and the efforts of GCTU to maintain or increase these; to consider the impact on tourism and to encourage alternative carriers on the route.

The applicant notes that the above submissions make no reference to a pick and drop service as opposed to a bus-on-ferry service. It further notes that, under the Connector Bus exclusion, it intends to continue providing bus service between Vancouver and Nanaimo. GCTU's initial plan is to operate, at a minimum, 2 connector bus schedules daily in each direction between Vancouver and Nanaimo. These will connect with its existing island schedules and with Tofino Bus schedules between Nanaimo and Tofino/Ucluelet, serving Port Alberni enroute. GCTU maintains that its changes of operation will not affect other scheduled inter-city bus service on Vancouver Island by either GCTU or Tofino Bus.

The remaining 17 submissions received by the Board are broken down as follows:

- One submission from BC Ferries concerned its dispute with GCTU. (This was resolved when BC Ferries and GCTU reached an agreement in November 2010).
- One submission from a union executive noting that GCTU was asking for cuts in service from 6 trips to 2 trips each way. The submitter protested that GCTU had already done this without notice to the public.
- Two submissions from a GCTU driver. In response to the original application the driver reported that the reduction in MRF will force the use of more personal vehicles. The driver reports that GCTU's parcel service more than makes up the short fall on most of the trips between Vancouver and Nanaimo. The driver, however, believes a reduction in MRF is necessary and that 4 trips daily, with a fifth on Fridays and Sundays, would be a viable option. In a later submission concerning the amended application to eliminate Route Q, he adds that job losses will result related to driving, ticket sales, etc. and that the service is vital to all of Vancouver Island. GCTU needs to consider more than just their bottom line.
- Two submissions from businesses. One from a hostel is concerned about how travelers without cars will travel between Vancouver and Nanaimo. Competition could mean better service. The other is from a web-based service that promotes access to Vancouver Island and the Gulf islands. It does not oppose the application. It observes the lack of investment and the absence of publicity and information by GCTU regarding its services. However, the

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reduction in MRF will have a negative impact on economic conditions in the loss of many connecting services on inter-city routes on Vancouver Island and the Mainland.

- Twelve submissions came from individuals including residents of Nanaimo (4), Duncan (2), Port Alberni (1), Campbell River (1), Squamish (1), Okanagan (1) and undisclosed locations (2). The submissions in the main refer to the concerns over reduced route frequencies and service options/inconveniences/adverse impacts in meeting travelling options and connections between Nanaimo and Vancouver or between specific Vancouver Island locations and the Mainland and/or other BC Interior locations. One letter from Port Alberni refers to the need for a replacement carrier to operate smaller vehicles on a more frequent schedule than is currently operated by GCTU. Several correspondents raised a specific incident or general concern over the ability of some passengers to manage their own luggage and similar difficulties presented on route.

The applicant in response to the submissions notes that, pending the Board's decision on this application, it is currently operating 6 trips in each direction between Vancouver and Nanaimo. It states that it is not opposed to an application by an alternative operator providing a bus on board ferry service between Nanaimo and Vancouver. GCTU refers to its public explanatory paper and to losses incurred from operating Route Q six times per day. With respect to travelling options and connections between Vancouver Island locations and the mainland or the interior of B.C., GCTU refers to its southbound and northbound services that will continue to connect with the Pacific Coach Lines bus depot in Victoria, the GCTU bus depot in Nanaimo with further connections at its Vancouver depot. Additionally, GCTU notes the alternative combination of Translink and/or BC Transit services available to and from the ferry terminals at Horseshoe Bay and Departure Bay.

The applicant has supplied average passenger loads and revenue per passenger mile (RPM) information for its Westbound and Eastbound Schedules on Route Q. These covered the 12 month period April 1, 2009 to March 31, 2010 (GCTU's fiscal year). This material, which was included in its public "explanatory paper", included the following information:

I. Average Passenger Loads and Revenue Per Passenger Mile

GCTU's current minimum frequency between Vancouver and Nanaimo is six trips per day in each direction. The schedules to be eliminated are:

Westbound

Schedule	Average Passenger Load	Revenue Per Passenger Mile
5122	7.58	\$2.39
5124	13.52	\$4.25
5126	9.81	\$3.09
5128	21.66	\$6.82
5130	12.75	\$4.02
5134	11.66	\$3.67



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Eastbound

Schedule	Average Passenger Load	Revenue Per Passenger Mile
5123	12.31	\$3.83
5125	19.24	\$6.04
5127	17.97	\$5.66
5129	20.36	\$6.40
5131	18.46	\$5.81
5135	6.29	\$1.98

GCTU states that its “current breakeven RPM on Route Q between Vancouver and Nanaimo is \$8.91. This is higher than on any other route operated by GCTU in BC. Each bus that travels on a BC Ferry requires a ferry fare to be paid, in addition to standard GCTU bus operating costs.” It further reports that in its fiscal year ending March 31, 2010, it lost nearly \$1.4 million operating cross water on ferry bus service 6 times per day in each direction between Vancouver and Nanaimo.

The schedules included show Translink’s one-way adult fares for the service range from \$3.75(no tax) on weekdays to \$2.50 (no tax) after 6:30 p.m. and all day Saturday, Sunday and holidays. The Nanaimo Regional Transit’s (NRT) one-way adult fare is \$2.25 (no tax). GCTU’s one way fares between Vancouver and Nanaimo ranges from \$15.40 (web purchase) to \$20.50 and which are subject to 12% HST. As a result, GCTU points out “ for a passenger travelling between downtown Vancouver and downtown Nanaimo, the one way cost by transit ranges from \$4.75 to \$6.00 ( plus ferry fare) compared with a range of \$17.25 to \$22.96 ( plus ferry fare) by GCTU.”

The Board finds overall that there were a limited number of submissions. Those from individuals provided few specifics regarding why, when and how often they use Route Q. A majority of the submissions make no reference to a pick and drop service proposed with the initial GCTU application. Only 8 submissions were received concerning the amended application to abandon Route Q and replacement it with a Connector Bus service. For the most part, general concerns are expressed regarding connections and inconvenience. Very few of the submissions provide any detailed impacts.

Ridership and financial data provided by the applicant indicates they are below or substantially below its RPM breakeven point for Route Q. There are other providers to ensure that an adequate level of service is maintained to the public. TransLink and NRT services provide the public with a range of connections to and from downtown Vancouver and downtown Nanaimo, as well as the Horseshoe Bay and Departure Bay ferry terminals. These public transit providers operate 7 days a week. The need for bus transportation on this route is being provided, to a significant degree, by transit services. I find that there is not sufficient public need to require GCTU to continue operating on this route.

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GCTU intends to provide a connector bus service on this route. Connector bus services are not regulated by the Board. However, GCTU submits that its connector bus service will assist with connections to other scheduled inter-city bus operations.

II. *Is the applicant a fit and proper person to provide that service and is the applicant capable of providing that service?*

In dealing with an application for a route elimination, the Board will presume that a licensee seeking a reduction is a fit and proper person to provide the service proposed unless there is compelling evidence to the contrary.

GCTU has operated a scheduled bus service throughout the province for a long period of time. I am concerned by GCTU's recent unilateral actions to reduce its MRF from 6 cross ferry trips to 2 cross ferry trips per day and to disregard the Board's ruling that it is required to make 6 cross ferry trips per day. I find these actions disquieting.

GCTU has been providing 4 "pick and drop" trips in each direction per day and that it made prompt application to the Board to amend its application to eliminate the route.

Enforcement of terms and conditions of licence is the responsibility of the Registrar of Passenger Transportation and the Registrar has not issued any administrative penalties to GCTU recently.

Therefore, on balance, and for the purposes of this application, I find GCTU is fit and proper and is capable of operating with the elimination of this route.

III. *Would the application, if granted, promote sound economic conditions in the passenger transportation business in British Columbia?*

The Board must consider the promotion of sound economic conditions in the passenger transportation business in British Columbia. This includes, but is not limited to, the financial health of the applicant seeking a reduction in MRF. This could include the overall financial health of the applicant or the financial health of specific routes.

On this route GCTU competes with subsidized, high frequency short-haul public transit services that are available to individuals arriving at and departing from the ferry terminals when travelling between Vancouver and Nanaimo. The public transit services provided by B.C Transit and/or TransLink are not subject to the regulatory requirements set out in the *Passenger Transportation Act*.

I acknowledge that, by approving the elimination of Route Q, there may be some inconveniences to the travelling public as there will no longer be an *on-board ferry service* to and from Vancouver and Nanaimo. However, I find the low ridership and financial information provided by GCTU justifies the elimination of Route Q. GCTU's establishment of a "Connector Bus" service, the potential continuance of its other Vancouver Island inter-city bus services together with the ferry terminal services by Translink and Nanaimo Regional Transit, provide a range of options for the public. The elimination of Route Q essentially removes a continuing financial draw on the applicant's fiscal health and overall viability. On balance, I find approving the elimination of Route Q will promote sound economic conditions in the passenger transportation industry in British Columbia.

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*Implementation of Decision*

I direct that GCTU may only eliminate this route after it provides notice to the public. Public notice requirements are set out in the “Direction to the Applicant” below. Only after the conditions in the Direction have been met will Route Q be deleted from the terms and conditions of GCTU’s “Special Authorization Inter-city Bus” licence.

*Direction to the Applicant*

At least 21 days before eliminating its service on Route Q, as set out in its “Special Authorization Inter-city Bus” licence, GCTU must publish notice of the change and the effective date in newspapers of affected communities. Copies of such notices must be provided to the Registrar, Passenger Transportation before (a) the Registrar can issue an amended licence; and (b) GCTU can cease operations on Route Q.

*Direction to the Registrar of Passenger Transportation*

The Registrar may only eliminate Route Q from the terms and conditions of licence of the GCTU licence after GCTU has given the Registrar copies of newspaper notices that were published in affected communities. The newspaper notices must meet the requirements set out above in “Direction to the Applicant.”

**Board Panel Chair:**

William Bell

**Determination Date:**

February 23, 2011