

2006 Canadian Bus Industry Human Resources Study

Detailed Report



*Motor Carrier Passenger Council Of Canada
Conseil canadien du transport de passagers*



For more information contact:



*Motor Carrier Passenger Council Of Canada
Conseil canadien du transport de passagers*

9555 Yonge Street
Suite 306
Richmond Hill, Ontario
L4C 9M5

Tel: (905) 884-7782

Fax: (905) 884-8335

info@buscouncil.ca

www.buscouncil.ca

Statistics Canada information is used with the permission of Statistics Canada. Users are forbidden to copy the data and re-disseminate them, in an original or modified form, for commercial purposes, without permission from Statistics Canada. Information on the availability of the wide range of data from Statistics Canada can be obtained from Statistics Canada's Regional Offices, its World Wide Website at <http://www.statcan.ca> and its toll-free access number 1-800-263-1136.

Accuracy, Completeness and Reliability of Study Data

The data referenced and/or produced in this Study has been obtained from sources believed to be authoritative and/or reliable, and the MCPCC and its various consultants have made every reasonable effort to ensure data accuracy.

All data in the Study originating with third parties is provided on an "as is" basis, and conclusions drawn from or actions undertaken on the basis of such data and information are at the sole responsibility of the user.

Acknowledgements

“**On the Move**” examines current and future trends and demands for all sectors of the motor carrier passenger industry including urban transit, intercity bus services, tour and charter providers and school bus transportation. While presenting economic and business challenges and concerns, the Study focuses on their implications for the people working in the industry. It provides a consolidated understanding of the human resources challenges facing the industry and the actions necessary to address these challenges.

The Steering Committee acknowledges, with great appreciation, the sponsorship of the Study by the *Motor Carrier Passenger Council of Canada (MCPCC)* and the financial support from Human Resources and Social Development Canada (HRSDC).

The Study would not have been produced without the collaboration and co-operation of companies, unions and workers across the bus industry as well as government representatives, manufacturers and educators.

The project management and research groups deserve special acknowledgement. This includes the MCPCC staff and Project Manager, Mr. Ron Steeves, the HDP Group, Mr. Michael Hicks, Dr. Denis Dufour and Professor David Cape, all of whom conducted research, consultations, interviews, carried out and analyzed surveys, compiled databases and drafted the report.

This project was funded in part by the Government of Canada Sector Council Program.

The opinions and interpretations are those of the authors and do not necessarily reflect those of the Government of Canada.

Copyright © 2006 Motor Carrier Passenger Council of Canada

All rights reserved. The use of any part of this publication, whether it is reproduced, stored in a retrieval system, or transmitted in any form or by means (including electronic, mechanical, photographic, photocopying or recording) without the prior written permission of the **Motor Carrier Passenger Council of Canada** is an infringement of copyright law. Authorized use of the data contained in this Study is limited to informational and educational purposes only, and is not designed for operational or commercial application.

Published December 2006



Steering Committee Members

Sheilagh Beaudin

Executive Director
Canadian Bus Association

Dan Bichel

President Local 615
Amalgamated Transit Union (ATU)

Joan Crawford

Executive Director & CEO
Motor Carrier Passenger Council of Canada

Brian Crow

President
Motor Coach Canada

Richard Donaldson

Executive Director
Ontario School Bus Association

Ken Foster

Canadian Director
Amalgamated Transit Union

Ray Frost

President Local 1624
Amalgamated Transit Union

Robert Gendron

2e Vice-président, CSN
Réseau de transport de la Capitale

Eric Gillespie

Director Transit Services
Region of Waterloo

John Hollick

Peel Central Service Manager
Laidlaw Education Services

Bill Holmes

Coordinator Organizational Development
Program Human Resources
OC Transpo

Winston Ingraham

Academic Chair School of Trade & Technology
Nova Scotia Community College

John King

Transit Manager
Lethbridge Transit

Michel Larocque

Gérant Régional
Autobus Transco (1988) Inc.

Sylvain Langis

Président et directeur général
Groupe Orléans Express Inc.

Frank Marasco

North Okanagan-Shuswap
School District No. 83
Manager of Transportation and OH&S

Barbara Martin

Senior Analyst
Human Resources and Social Development Canada

Ginette Milord

Directrice du transport
Réseau de transport de la Capitale

Jim Pattison

Manager of Human Resources
Pacific Western

Michael Roschlau

President and Chief Executive Officer
Canadian Urban Transit Association

Lisa Trueman

Director Human Resources
Greyhound Canada Transportation Corp.

Robin West

President Local 508
Amalgamated Transit Union

Project Direction

Joan Crawford
Executive Director & CEO
Motor Carrier Passenger Council of Canada

Ron Steeves

Project Manager

Nancy Allen Deane

Director of Administration
Motor Carrier Passenger Council of Canada

Research

HDP Group and Associate Consultants
Mike Bradshaw
David Cape
D'Arcy Kirk
Louis-Paul Tardif

Other Researchers

Denis Dufour
Michael Hicks
Ron Steeves

Creative and Graphic Design

Jackson Marketing
Darryl Jackson
Colin McRae
Paul Gallant

Translation

Communications Norris-Villemaire Inc.
Yasmine Norris

Table of Contents

Acknowledgements	3
Steering Committee Members	4
Introduction	11
Canadians on the Move	11
Background	12
Study Purpose and Objectives	13
Methodology	14
1.0 The Evolving Economic, Business and Regulatory Environment	17
<i>1.1 Profile of the Motor Carrier Passenger Industry</i>	<i>17</i>
1.1.1 Data on the industry	17
1.1.2 Numbers of Service Providers	18
1.1.3 Fleet Size	19
1.1.4 Fleet Age	20
1.1.5 Employment	22
1.1.6 Union Representation	26
1.1.7 Revenues, Government Contributions and Profit Margins	26
1.1.8 Stage of Development	30
<i>1.2 Labour – a Key Force in Canada’s Bus Industry</i>	<i>36</i>
1.2.1 Overview	36
1.2.2 The Unions	37
1.2.3 Current Issues	38
1.2.4 Collective Bargaining	40
1.2.5 Grievances and Dispute Resolution	42
1.2.6 Labour’s Influence on the Future of the Motor Carrier Passenger Industry	42
<i>1.3 The Industry’s Changing Structure</i>	<i>43</i>
1.3.1 Industry Consolidation	43
1.3.2 Inter-modal Alliances	43
1.3.3 Public/Private Partnerships	44
<i>1.4 Current Policies Regulating the Industry</i>	<i>44</i>
1.4.1 Canadian Economic Regulation	44
1.4.2 International Economic Regulation	45
1.4.3 Deregulation Viewpoints	45
1.4.4 Safety Regulation	46
<i>1.5 Public Sector Investment and Its Impact</i>	<i>47</i>
1.5.1 Intercity and Charter	47
1.5.2 Public Transit	48
1.5.3 Student Transportation	49
<i>1.6 Emerging Trends and Implications</i>	<i>50</i>
1.6.1 Shift of Canadian Population Demographics	50

Table of Contents

1.6.2 Impacts of an Ageing Population on Ridership	52
1.6.3 Impacts of Accessibility	52
1.6.4 Greater Immigration and Ethnic Diversity	56
1.6.5 Border Security	56
1.6.6 Environmental Awareness	57
1.7 <i>Strategies to Defend and Increase Urban Transit Ridership</i>	59
1.7.1 Passenger Counting and Route Profiling	59
1.7.2 Parity in Tax Treatment of Parking and Transit Benefits	60
1.7.3 Influencing Modal Choice	60
1.7.4 Approaches to Increase Ridership in Practice	62
1.7.5 Road Pricing	62
1.8 <i>Role of the Canadian Motor Carrier Passenger Industry within the Global Transportation Industry</i>	64
1.8.1 International Competition	64
1.8.2 Competition for Funding	64
1.8.3 Sector-Level Competition for Ridership	65
1.8.4 Performance Relative to Other Countries	65
2.0 The Impact of Technology	69
2.1 <i>Introduction</i>	69
2.2 <i>Emerging Technologies</i>	69
2.2.1 Real-time Communications	69
2.2.2 Operator Warning and Control Systems	70
2.2.3 Payment Systems	71
2.2.4 Video Monitoring	71
2.2.5 Operator Protection	72
2.2.6 Infrastructure	72
2.2.7 Training Tools	73
2.2.8 Propulsion Systems and Fuels	74
2.2.9 Bus Construction	77
2.3 <i>Human Resources Implications</i>	79
2.4 <i>Summary</i>	80
3.0 Employment Analysis	83
3.1 <i>Employment Profile</i>	83
3.1.1 Key Industry Occupations	85
3.1.2 Skill Requirements	87
3.1.3 Educational Background of Employees	89
3.1.4 An Ageing Workforce	92
3.1.5 Employment Equity	96
3.2 <i>Human Resources Supply</i>	104

Table of Contents

3.2.1 Traditional and Alternate Sources of Supply	104
3.2.2 Competition for Skills and Human Resources	104
3.3 <i>Transferability of Skills</i>	105
3.4 <i>Culture of the Industry</i>	105
3.4.1 Safety	106
3.4.2 Customer Service	107
3.4.3 Work-Life Balance	107
3.4.4 Absenteeism	108
3.4.5 Training and Development	109
3.5 <i>Occupational Health and Safety</i>	109
3.5.1 Occupational Stress	109
3.6 <i>Career Development</i>	111
3.7 <i>Management Challenges and Effectiveness</i>	111
3.7.1 Communication and Labour/Management Relations	112
3.7.2 Leadership	112
3.7.3 Finance and Operations Management	113
3.7.4 Implementation of New Technology	113
3.7.5 Workforce Management	113
4.0 Workforce/Skills Demand Forecast to 2016	117
4.1 <i>Module Objectives</i>	117
4.2 <i>Background</i>	117
4.2.1 Industry Evolution since 1997	117
4.2.2 Workforce Changes Since 1997 Study	118
4.3 <i>Forecast Considerations</i>	119
4.3.1 Population and Demographic Trends	119
4.3.2 Legislative/Regulatory Environment	120
4.3.3 Role of the Automobile	120
4.3.4 Technology	121
4.3.5 Environmental Issues	121
4.3.6 Workforce Demand vs. Supply	121
4.3.7 Workforce Retirements	123
4.3.8 Urban Transit Trends	124
4.3.9 Trends in School Transportation	124
4.3.10 Funding	125
4.4 <i>Methodology</i>	125
4.4.1 Scope and Structure	125
4.4.2 Data Development	127
4.4.3 Calculation Elements	127
4.5 <i>Urban Transit Forecast</i>	128

Table of Contents

4.5.1 Research Context	128
4.5.2 Urban Profile (selected data)	128
4.5.3 Scope of Data	129
4.5.4 Urban Transit Summary	143
4.6 <i>School Sub-Sector Forecast</i>	145
4.6.1 Research Context	145
4.6.2 Sub-Sector Profile	146
4.6.3 School-Age Population	147
4.6.4 Registered Students	149
4.6.5 Forecast Elements and Tables	150
4.6.6 Summary	153
4.7 <i>Intercity Forecast</i>	154
4.7.1 Research Context:	154
4.7.2 Sub-Sector Profile	154
4.7.3 Intercity Forecast Elements	154
4.8 <i>Charter/Tour Forecast</i>	157
4.8.1 Research Context	157
4.8.2 Sub- Sector Profile	157
4.8.3 Ridership Considerations	157
4.8.4 Charter/Tour Forecast Elements	158
4.8.5 Summary	159
4.9 <i>Industry Totals 2006 - 2016</i>	159
4.9.1 Quantitative Impact of Retirements	161
4.10 <i>Capital Costs of Expanding Fleets</i>	161
4.10.1 Urban	161
4.10.2 School	162
4.10.3 Intercity and Tour/Charter	162
4.10.4 Fleets Expansion Capital Costs Forecast	162
5.0 Human Resources Development, Training, Recruitment and Retention	167
5.1 <i>Overview</i>	167
5.1.1 Objectives	167
5.1.2 Methodology	167
5.2 <i>Human Resources Development Programs</i>	167
5.2.1 Programs Offered	167
5.2.2 Training and Career Progression	169
5.2.3 Extent of Training	171
5.2.4 Apprenticeships and Co-op Programs	173
5.2.5 Top Training Development and Delivery Programs	176
5.2.6 Reasons for Conducting Training	178

Table of Contents

5.3	<i>The Changing Skill Requirements of the Industry</i>	178
5.3.1	Training Development and Delivery Options	180
5.3.2	The Role of Third Party Institutions	180
5.3.3	Costs of Training	180
5.4	<i>Compensation and Benefits</i>	181
5.4.1	Compensation	181
5.4.2	Benefits	182
5.5	<i>Key Recruitment and Retention Issues</i>	183
5.5.1	Recruitment	183
5.5.2	Absenteeism	184
5.5.3	Retention	187
5.5.4	Workforce Renewal	190
5.6	<i>Impact of Industry Trends</i>	190
5.6.1	Organizational Structures	190
5.6.2	Career Progression	190
6.0	Synthesis and Recommendations	193
6.1	<i>Recent Trends</i>	193
6.1.1	Urban Transit	194
6.1.2	School Bus	195
6.1.3	Intercity, Charter and Tour	195
6.2	<i>Growth Prospects</i>	195
6.3	<i>Changing Skills Needs</i>	196
6.4	<i>Workforce Planning and Recruitment</i>	196
6.5	<i>Critical Areas of Focus</i>	197
6.5.1	Working in Partnership	197
6.5.2	Innovation	197
6.5.3	Security	197
6.5.4	The Environment	197
6.5.5	Customer Service and Social Inclusion	198
6.5.6	Labour/Management Collaboration	198
6.5.7	Information Management	198
6.5.8	Human Resources Quality and Quantity	198
6.6	<i>Vision</i>	199
6.7	<i>Recommendations</i>	199
	Strategy A: Workforce Planning and Recruitment	200
	Strategy B: Training, Life Long Learning and Resources	200
	Strategy C: Retention and Working Conditions	200
	Strategy D: Industry Advocacy	200
6.7.1	Strategy A – Workforce Planning and Recruitment	201
6.7.2	Strategy B – Training, Life Long Learning and Resources	207

Table of Contents

6.7.3 Strategy C - Retention and Working Conditions	211
6.7.4 Strategy D - Industry Advocacy	215
7.0 Case Studies	219
OC Transpo “Let’s Talk” and “Peer Support” Programs - Workplace Health	219
Stock Transportation, Kingston - Workforce Planning and Recruitment	224
Edmonton Transit System - Strategic Approach to Recruitment / Retention	228
Atlantic School Bus Procurement Committee - Pooling of Procurement and Purchasing of School Buses	233
Reference List	239

Introduction

Canadians on the Move

Moving millions of people daily and representing 92% of all public transportation journeys by all modes, the motor carrier passenger industry is critical to Canada's economy, to the sustainability of our social framework and to our commitments as a nation to a sustainable environment.

The many benefits include:

- **Mobility** - public access to employment, travel safety, service for seniors and persons with disabilities, rural service
- **Economic** - cost-efficient transportation, stimulates economic development and employment
- **Environmental Quality** - eases traffic congestion, reduces energy consumption, and improves air quality

Despite the essential role it plays, and the quality and competence of its more than 90,000 employees, this industry has become increasingly vulnerable to public funding adequacies as increased numbers of our workforce move toward retirement, and as high automobile usage continues despite factors such as gridlock and fuel prices.

To assess these effects, the *Motor Carrier Passenger Council of Canada* commissioned an independent, national Study to consider the role and challenges of the motor carrier passenger industry within Canada, to examine its competitiveness and progression internationally, and to determine the impact of a number of key factors on the industry and its workforce. The report identifies workforce demographics, skill and competency requirements, occupational supply and demand, key human resources challenges, selected best practices, the impact of technology and the business environment on human resources.



Background

A human resources Study completed in 1997, herein referred to as the Price Waterhouse (PW) Study, identified a *number of major strategic human resources issues* with respect to the industry's ability to manage its human resources.

These were as follows:

- managing an ageing workforce
- developing interpersonal skills and a customer service focus
- ensuring employee safety
- improving communications
- recruiting and retaining well-qualified employees
- enhancing the image and professionalism of drivers/operators
- reducing absenteeism
- addressing employment equity for women and visible minorities

The following recommendations were put forward to provide a foundation for further concrete action by the industry as a whole, as well as by individual service providers, to address human resource issues:

- create an industry-wide human resources forum
- encourage the industry to acquire new skills
- facilitate the management of change
- foster joint labour-management actions at the local level
- build readiness for managing change at local level
- plan and develop a strategic approach to human resources management

In the years since the PW Study, the industry has faced unprecedented events that have made a lasting impact on the way it conducts its business. These include, but are not limited to: *increased security threats, SARS and other pandemics, environmental issues, restrictive legislation and increased workplace violence*. Many of the recurring human resources issues identified in that Study continue to resonate within the industry today along with the need to address and cope effectively with this changing environment.

Progress has been made on a number of fronts, for example, the MCPCC was created in 1999 as the industry-wide forum and has focused on addressing many of the recommendations such as enhancing the image and professionalism of bus operators with national programs such as *Occupational Standards, Accreditation, Certification, Career Awareness and Recruitment best practices*. Furthermore, associations and unions have taken a stronger role in advocating the bus industry to governments, and developing and delivering effective education programs. Individual companies have progressively addressed many issues and have been more open in the sharing of best practices and policies — a number are outlined in the **Case Studies** section of the detailed report.

Further progress on these areas is compared and discussed throughout the **On the Move** Study.

Study Purpose and Objectives

The key objectives of this Study were:

- to assess the current and future business environment
- to identify, assess and forecast technology trends and developments in the context of emerging human resource skills requirements
- to develop a workforce profile, including changing skills requirements, and identify the steps needed to ensure future skilled workforce sufficiency
- to examine current workforce planning and development activities and recommend recruitment, retention and return on training investment strategies
- to identify industry “best practices” with respect to key issues recognized by the industry
- to develop an encompassing vision and recommendations to create a targeted human resource strategy for the sector



Methodology

As indicated in the chart below, the Study is structured in six parts dealing with specific issues, concerns and challenges.

Parts	Objectives
Part One: The Evolving Economic, Business and Regulatory Environment	To assess the current and future business environment and to assess the economic, business and regulatory factors, trends and developments that will affect the future structure, business prospects, growth and practices, particularly as they relate to human resource issues and workers.
Part Two: The Impact of Technology	To identify and assess technology trends and developments in the context of emerging human resource skills requirements.
Part Three: Employment Analysis	To develop a workforce profile including changing skills requirements and identifying the steps needed to ensure future skilled workforce sufficiency.
Part Four: Workforce/Skills Demand Forecast to 2016	To establish a skilled worker demand profile and forecast over 5 to 10 years.
Part Five: Human Resources Development, Training, Recruitment and Retention	To assess industry recruitment, training, development and retention strategies and practices, and examine current levels and types of training in the industry.
Part Six: Synthesis and Recommendations	To summarize previous Parts and research to produce an analysis and understanding of the key human resource challenges faced by the motor carrier passenger industry and develop an Action Plan of recommendations.

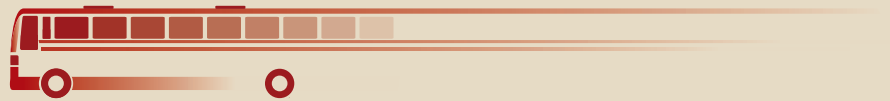
Findings are based on extensive research activities, including:

- six regional consultation sessions with over 150 participants from industry employers and employees, labour, associations, education, manufacturers and governments
- over 50 interviews with key stakeholder groups including employers, industry associations, union representatives, education institutions, manufacturers, government agencies and international contacts
- eight site visits conducted throughout Canada with urban transit, intercity, school bus and tour and charter transportation service providers
- web and paper surveys of a representative sampling of employers, owners, managers and human resources practitioners covering all sub-sectors in all provinces and territories
- telephone data collection activities for four case studies
- extensive telephone interviews to build reliable data relative to the school and intercity sub-sectors
- a comprehensive review of secondary sources, databases and internet searches



Part 1

*The Evolving Economic, Business
and Regulatory Environment*



1.0 The Evolving Economic, Business and Regulatory Environment

1.1 Profile of the Motor Carrier Passenger Industry

The motor carrier passenger industry of Canada, the *bus industry*, is a significant force in the Canadian economy, not only because of the business activity of the close to 1,500 companies, which generated more than \$7.6 billion in 2004 revenues and employed over 90,000 full-time equivalent people, but also because it is a critical component of Canada's transportation infrastructure. The motor carrier passenger industry is responsible for moving more than 1.5 billion passengers annually (*Statistics Canada, 2005*).

The industry encompasses five primary sub-sectors:

- urban transit systems
- scheduled intercity bus carriers
- school bus services
- tour and charter carriers
- accessible services (paratransit)

Though the industry as a whole is generally categorized into these five sub-sectors, service providers offer a range of services that may span several of the sub-sectors.

1.1.1 Data on the industry

To describe the sector, *Statistics Canada* tabulates data along the lines of the North American Industrial Classification System codes (NAICS). The four primary categories and their respective NAICS codes are:

- urban transit systems (4851)
- interurban and rural bus transportation (4852)
- school and employee bus transportation (4854)
- charter bus industry (4855)

The business activities associated with these categories generate the vast majority of the industry's revenues and are closely linked with the general scope of the motor carrier passenger industry as earlier referenced. Two primary distinctions exist: school and employee transportation services are grouped together, and the broad category of *other transit and ground passenger transportation* (4859) is also included in the data tabulation. Employee transportation services, other transit and ground transportation and special needs transportation services, with the exception of those operated by organizations whose primary line of service falls within the four primary sub-sectors, are not currently actively represented in the activities of the industry Sector Council. Additionally, wherever *Statistics Canada* data is used in this Study to present their tabulations of cumulative industry information, totals will necessarily include NAICS category 4859, which is not represented by the MCPCC.

Due to recent modifications in the survey methodologies employed by Statistics Canada, historical statistical descriptions of the industry are not totally comparable from year to year and trending must be done very cautiously with this data. Also, use of this

Modes of Urban Transit

Transit Bus: a bus with front and centre doors, normally with a rear-mounted engine, low-back seating and without luggage compartments or restroom facilities for use in frequent-stop service; may also be an **Articulated Bus** — a bus usually 55 feet or more in length with two connected passenger compartments that bend at the connecting point when the bus turns a corner.

Trolley Bus: an electric, rubber-tired transit vehicle, manually steered, propelled by a motor-drawing current through overhead wires from a central power source not on board the vehicle. It may also be known as "trolley coach" or "trackless trolley."

Light Rail: an electric railway with a "light volume" traffic capacity compared to heavy rail. Light rail may use shared or exclusive rights-of-way, high or low platform loading and multi-car trains or single cars. It may also be known as "streetcar," "trolley car" or "tramway."

Heavy Rail: an electric railway with the capacity for a "heavy volume" of traffic, and characterized by exclusive rights-of-way, multi-car trains, high-speed and rapid acceleration, sophisticated signalling and high platform loading. It may also be known as "rapid rail," "subway," "elevated (railway)" or "metropolitan railway (metro)."



Commuter Rail: railroad local and regional passenger train operations between a central city, its suburbs and/or another central city. It may be either locomotive-hauled or self-propelled and is characterized by multi-trip tickets, specific station-to-station fares, railroad employment practices and usually only one or two stations in the central business district. It may also be known as "suburban rail".

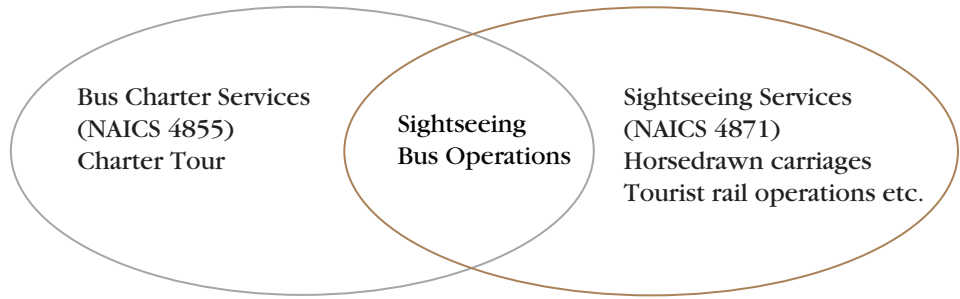
Paratransit: comparable transportation service ... for individuals with disabilities who are unable to use fixed-route transportation systems.

Source: American Public Transportation Association (APTA), 2001

Other Ground Transportation Services

- special needs transportation (i.e., transportation services for the persons with disabilities, senior citizens with reduced mobility and other members of the community with special transportation requirements)
- shuttle
- carpool
- vanpool

data to describe the industry is slightly limited by the fact that service providers may conduct diversified business which is reported under only one *primary* NAICS code reflecting their primary business activity, when portions of their business activities could be expressed more accurately under another/others.



1. 1. 2 Numbers of Service Providers

As of 2004, there were approximately 1,469 industry service providers with over 68% of these entities operating in the school bus services sub-sector (table 1-1).

Table 1-1: Number of service providers by industry sub-sector (2004)¹

	School and Employee	Other Transit Shuttle	Charter	Urban Transit	Interurban and Rural	Total
Service Providers	1004	223	125	86	31	1,469
Percent of Total	68.30%	15.20%	8.50%	5.90%	2.10%	100%

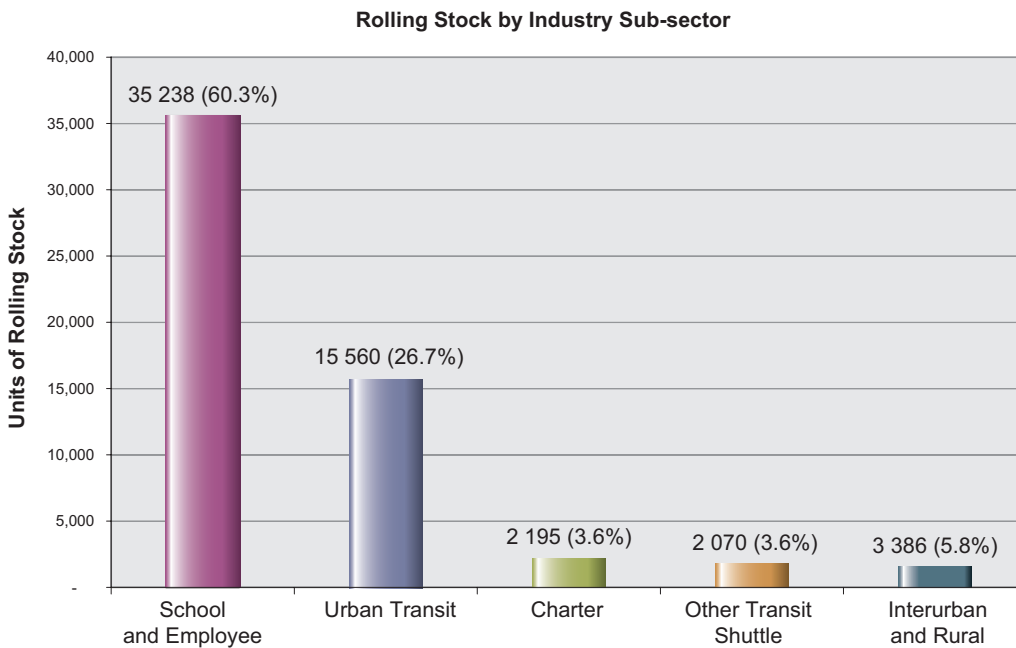
Source: Statistics Canada, Preliminary Surface and Marine Transport Service Bulletin®, 2006.

¹The information presented by Statistics Canada is an estimate drawn from a sample survey. The sampling strategy includes a "take-all" strata of companies having revenues of at least \$1 million and a "take-some" stratum below this threshold. The resulting figures should be interpreted as a reasonable representation of the Industry.

1. 1. 3 Fleet Size

The industry's 2004 fleet of 58,449 units of rolling stock (i. e. , buses, vans, cars, subway units, streetcars, locomotives, etc.) was concentrated predominantly in the school and Employee sub-sector, which operates more than 60% of the industry's fleet (figure 1-1).

Figure 1-1: Industry Rolling Stock (2004)



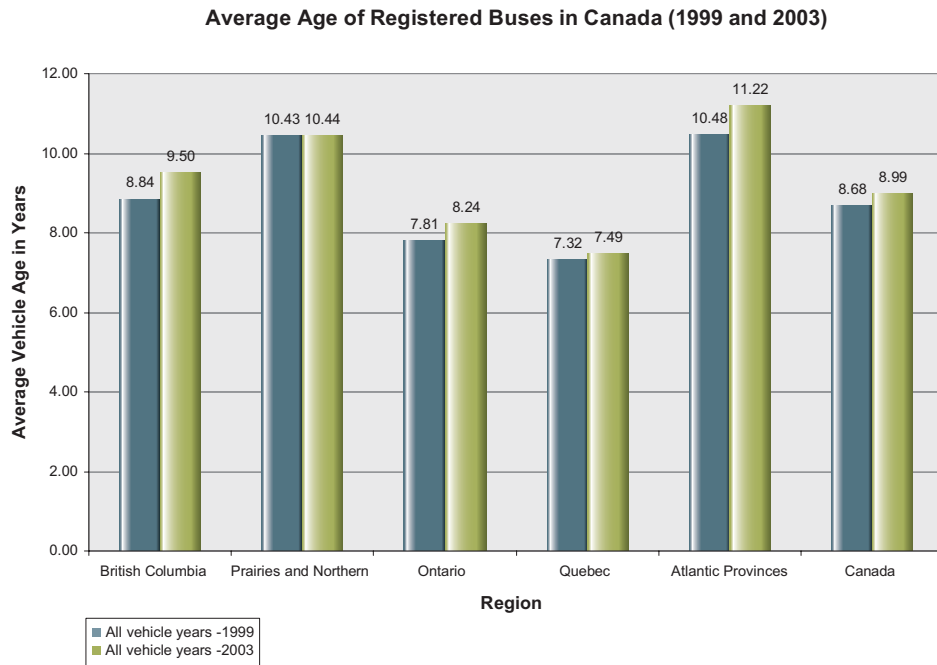
Source: Statistics Canada, Preliminary Surface and Marine Transport Service Bulletin data®, 2006.



1. 1. 4 Fleet Age

Increasing slightly between 1999 and 2003, the average age of all buses registered in Canada—including those not part of the industry—is significantly lower in Ontario and Québec than in other regions (figure 1-2).

Figure 1-2: Age of buses in Canada



Source: Statistics Canada, *Canadian Vehicle Survey, Catalogue 53F0004XIE, Fourth quarter[®] 1999; Catalogue 53-223-XIE, Annual[®] 2003 (Revised)*

A closer examination of the 2003 figures reveals significant regional disparities in the age distribution of vehicles. Most notable is the concentration of vehicles of model years 1985 or earlier. In Québec and Ontario, these older vehicles represent only 2.9% and 5.6% of provincially registered buses, respectively. In British Columbia, this cluster of older buses represents 9.9% of all buses. This figure jumps to 15.1% in the Prairies and Northern region and 18.7% in the Atlantic Provinces (table 1-2).

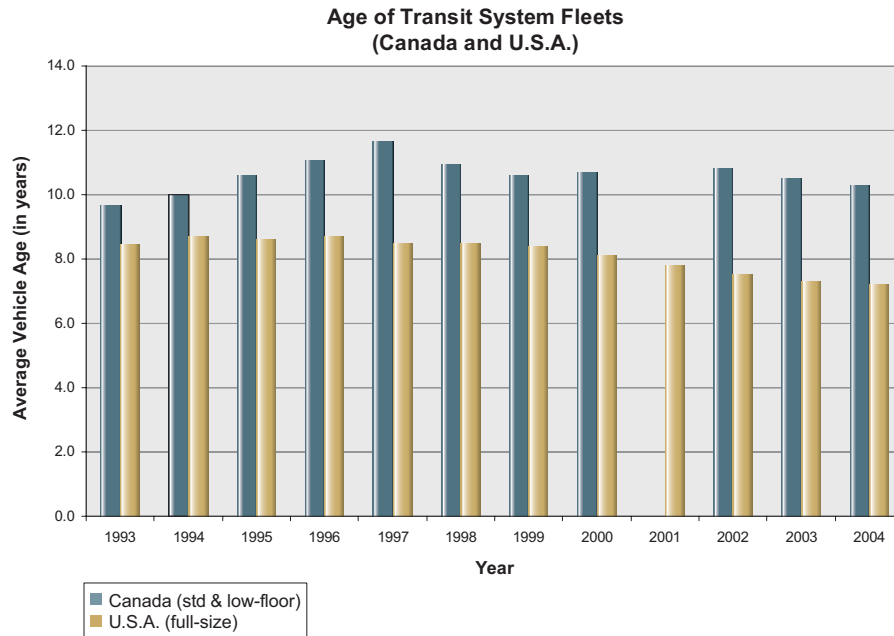
Table 1-2: Registered buses by region (2003)

Vehicle Model Year	British Columbia	Prairies and Northern Canada or Territories	Ontario	Québec	Atlantic Provinces	Canada
pre-1986	9.90%	15.10%	5.60%	2.90%	18.70%	8.90%
1986	1.60%	2.40%	0.90%	0.90%	2.40%	1.50%
1987	2.00%	3.80%	1.50%	0.70%	2.20%	2.00%
1988	3.10%	4.30%	2.10%	1.00%	2.80%	2.60%
1989	4.70%	4.70%	2.70%	1.90%	3.90%	3.30%
1990	4.80%	5.00%	4.30%	3.00%	7.40%	4.50%
1991	6.00%	4.70%	5.00%	4.90%	6.60%	5.10%
1992	4.50%	4.60%	5.40%	5.70%	6.20%	5.20%
1993	4.00%	4.40%	4.80%	5.00%	4.90%	4.70%
1994	4.40%	3.70%	4.30%	8.20%	2.30%	4.80%
1995	5.60%	4.10%	6.30%	5.30%	6.40%	5.50%
1996	6.80%	3.70%	6.70%	6.90%	2.00%	5.60%
1997	4.40%	5.00%	5.50%	6.60%	5.00%	5.40%
1998	7.60%	5.40%	6.90%	6.30%	7.50%	6.50%
1999	6.50%	6.00%	8.30%	8.20%	4.60%	7.20%
2000	7.70%	5.90%	9.20%	7.70%	5.90%	7.70%
2001	7.30%	6.10%	8.10%	8.60%	4.20%	7.30%
2002	4.60%	6.40%	6.00%	8.50%	4.40%	6.40%
2003	3.60%	3.80%	5.40%	5.20%	1.30%	4.40%
2004	0.80%	0.80%	1.00%	1.90%	1.20%	1.20%
Unknown	0.00%	0.00%	0.00%	0.60%	0.00%	0.10%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

In comparing the average age of urban transit system vehicles in Canada to those in the U.S.A., there appears to have been a significant divergence in trends (figure 1-3). Over the 10 years beginning in 1994, U.S. figures for the average age of full-size buses show a steady downward trend. From just under 9 years in 1994, they rest at only 7.2 years in 2004. Canadian figures for standard and low floor buses, on the other hand, move from an average age of 10 years in 1994 to a peak of more than 11.5 in 1997 before moving back downward to 10.3 in 2004.



Figure 1-3: Age of urban transit buses in Canada and the U.S.



Source: United States Department of Transportation, Bureau of Transportation Statistics®, 2006; CUTA, personal communication; McCormick Rankin Corporation®, 2002.

1. 1. 5 Employment

The motor carrier passenger industry employs over 90,000 Full-Time Equivalent (FTE) people across the country (table 1-3). Employees tend to be most highly concentrated in larger urban transit organizations. School and employee transportation services, the industry’s second largest sub-sector by number of FTEs, employs operators/drivers mostly on a part-time and seasonal basis, as does charter and tour; consequently, the number of actual persons employed in the industry is far greater than that indicated by the FTE figure. On an FTE basis, urban and school sub-sectors employ 85.6% of total industry employees.

Table 1-3: Full-Time Equivalent employees by job category by sub-sector (2004)

Job Category	Urban Transit	School and Employee	Interurban and Rural	Charter	Other Transit Shuttle	Total
Operators / drivers	24,249	29,431	4,249	2,645	2,347	62,920
Mechanics	3,265	1,539	447	215	80	5,547
Other	16,771	2,593	2,051	566	508	22,489
Total	44,285	33,563	6,747	3,426	2,934	90,956
Reporting Companies	86	1004	31	125	223	1,469

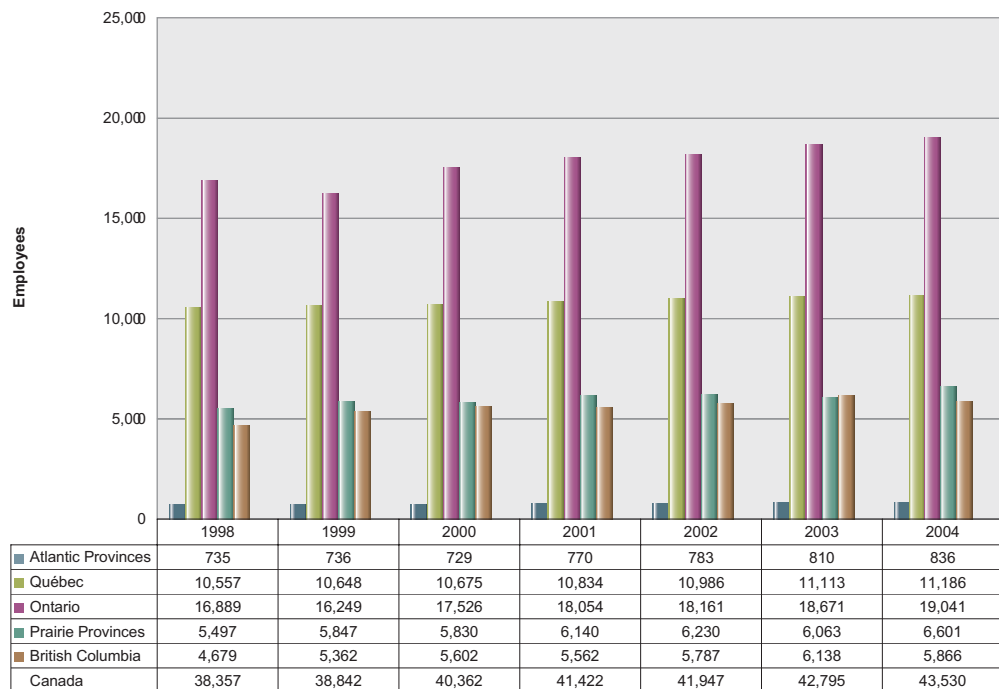
Source: Statistics Canada, Preliminary Surface and Marine Transport Service Bulletin data®, 2006.



1.1.5.1. Industry Employment Trends

Only urban transit data are reliably available for the period 1998-2004 inclusive. All regions show employment growth during this period, producing a cumulative Canadian increase of +18.23% (figure 1-4). Regionally, British Columbia shows the highest growth rate totalling +25.4%, followed by the Prairie Provinces at +20.1%, and Atlantic at 13.7%.

Figure 1-4: Urban transit (full-time and part-time) by region (1998-2004)



Source: CUTA Data - 2006

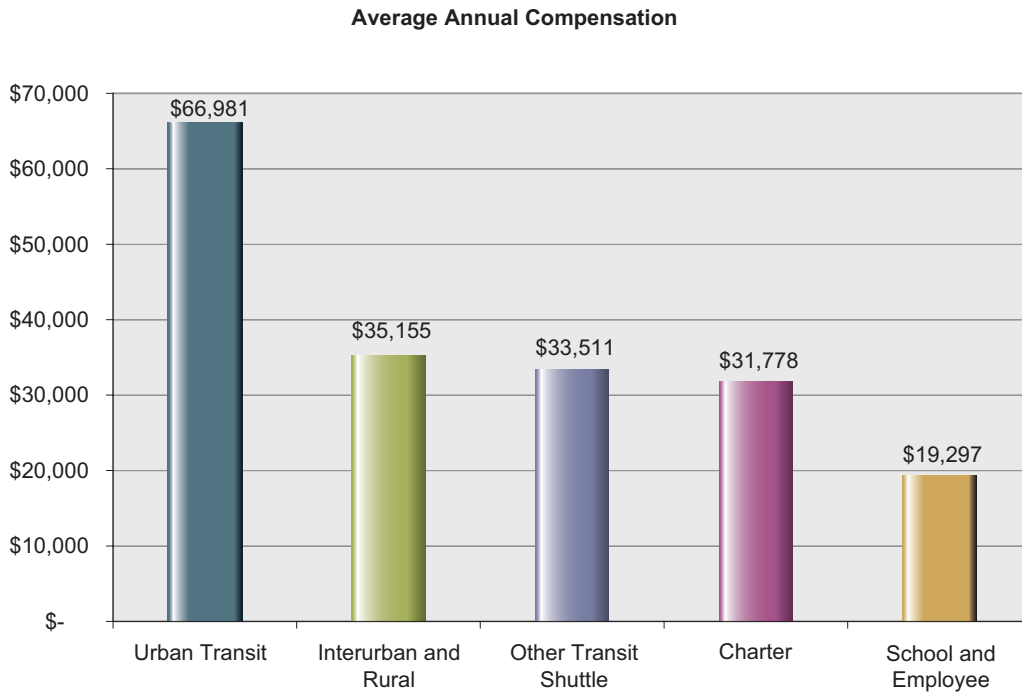
Competition and Compensation

There is some concern among industry stakeholders that in the absence of innovative recruitment and retention measures, increased competition for employees and managers in tightening labour markets may simply result in rising wages, significantly worsening already challenging economic positions.

1.1.5.2 Industry Compensation

Available data (2004) blend the average annual compensation (wages, salaries and benefits as well as other expenses such as subcontracting, training, uniforms, meals and other human resource related costs) of operators/drivers, mechanics and other employees to produce cumulative figures for each industry sub-sector (figure 1-5). Urban transit and school and employee sub-sectors account for 47.2% and 39.9% of industry employees respectively. This information is clearly indicative of sub-sector operational differences including urban transit subsidies and degree of unionization, charter bus seasonality and school bus seasonal and part-time employment. Other factors influencing compensation data are not so obvious. For example, the presentation does not identify the significant wage rate differences within the school sub-sector between those provinces where services are provided by the private sector and those where they are provided by the public sector.

Figure 1-5: Average annual compensation by industry sub-sector (2004)



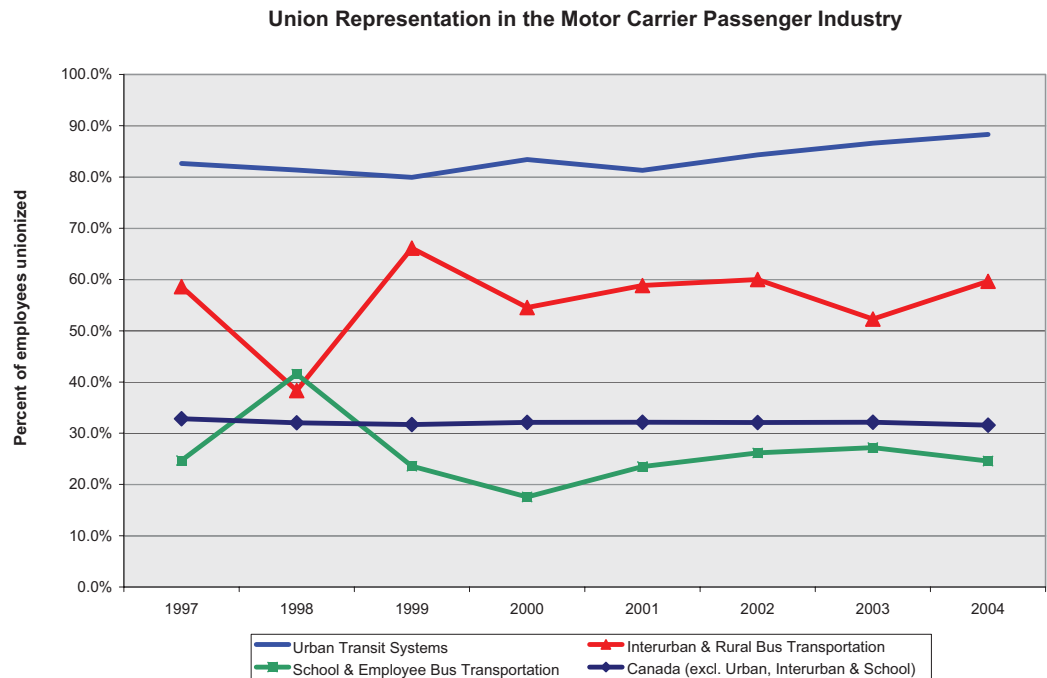
Source: Statistics Canada, Preliminary Surface and Marine Transport Service Bulletin data[®], 2006.



1. 1. 6 Union Representation

The levels of union representation in the industry differ significantly by sub-sector. By far, the most highly unionized workforce belongs to the urban sub-sector where almost 90% of all employees were represented by a union in 2004, a figure that has risen from a low of just under 80% in 1999. Though fluctuating, figures show that roughly 60% of intercity employees are unionized, as are 25% of school bus employees (figure 1-6).

Figure 1-6: Union representation in the Bus Industry



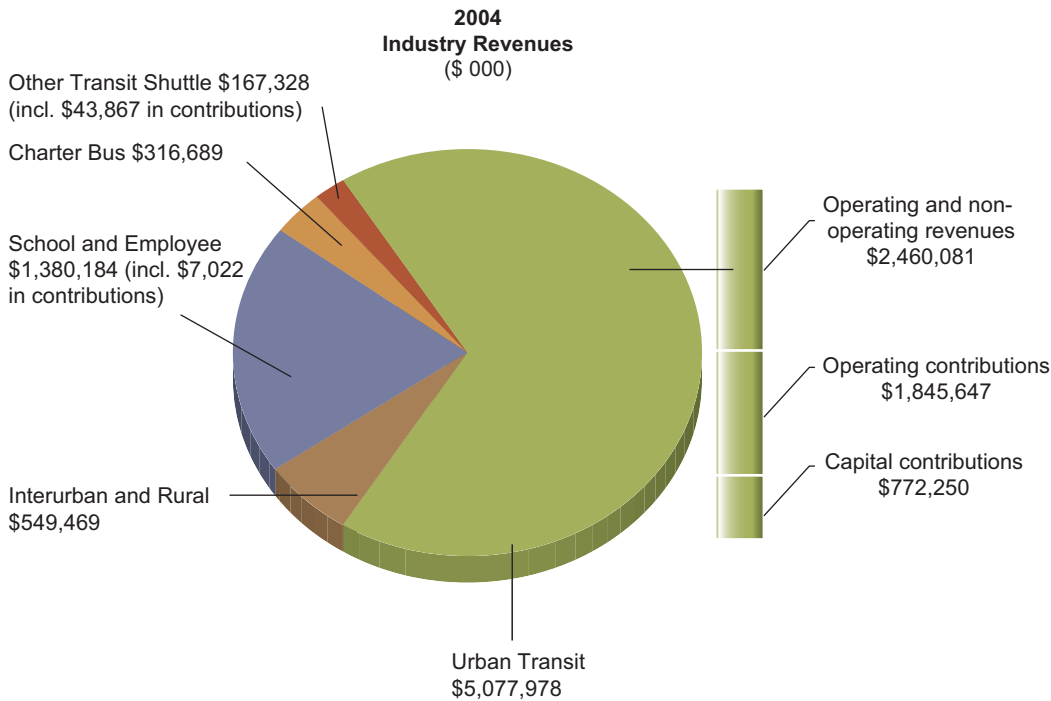
Source: Labour Force Survey, custom tables for HRSDC®, 2005.

1. 1. 7 Revenues, Government Contributions and Profit Margins

1. 1. 7. 1 Industry Revenues and Government Contributions

The bus industry generated more than \$7.6 billion in total revenues in 2004. As illustrated in figure 1-7a, urban, predominantly publicly operated, is the sub-sector with the greatest revenues, producing 67.8% of total industry revenues. However, 51.6% of urban revenues are operating and capital contributions from government. Figure 1-7a and table 1-4 illustrate the dependence of urban on these contributions, which sub-sector would have lost more than \$2.0 billion in 2004 without them.

Figure 1-7a: Industry revenues and government contributions-2004



Source: Statistics Canada, Preliminary Surface and Marine Transport Service Bulletin data®, 2006.

1. 1. 7. 2 Industry Profit Margins

As the following preliminary 2004 and most currently available *Statistics Canada* data indicate, the bus industry functions on very low profit margins and specific sub-sectors require government contributions to maintain current operating and service levels.

Table 1-4: Sub-sector Profits and Contributions Impact (in \$'000s) - 2004

	Urban Transit	Interurban and Rural	School and Employee	Charter	Other Transit Shuttle
Net Income Including Subsidies	591,880	(2,546)	102,114	26,566	10,767
Net percent of Total Revenue	11.66%	N/A	N/A	8.39%	6.43%
Net Profit/(Loss) Without Government Contributions	(2,026,017)	(2,546)	95,092	26,566	(33,100)

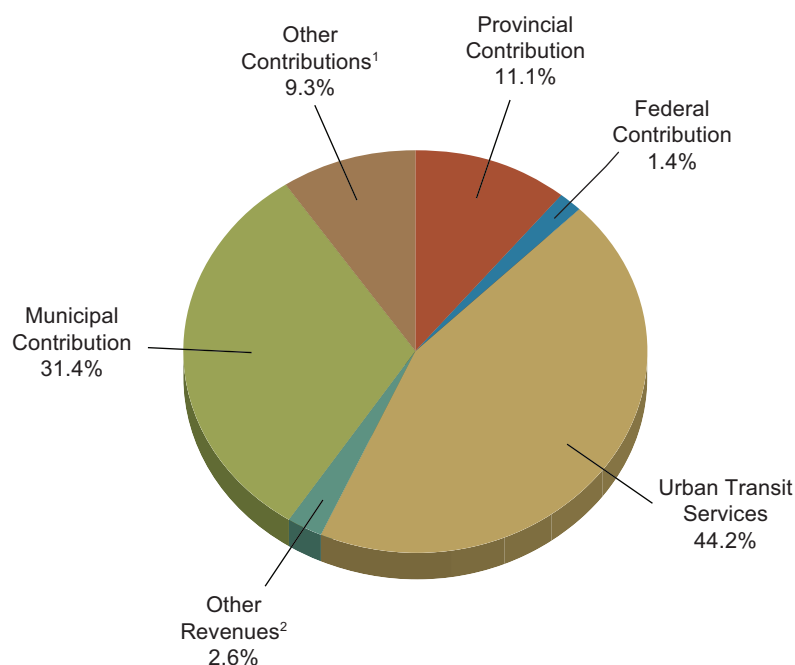
Source: Statistics Canada, Preliminary Surface and Marine Transport Service Bulletin data®, 2006.



As noted in table 1-4, urban transit is particularly dependant on government contributions as the dominant source of revenues, greatly attributable to the complexity of the urban infrastructure combined with the essential nature of urban services.

“From 1996 to 2004, government contributions (to urban) increased an average of +3.8% annually. Over the same period, urban transit systems operating revenues grew by (an average of) +5.2% annually. As a result, government’s total contribution to urban transit revenues decreased from 56% to 53% (during this period).” [Transport Canada - Transportation in Canada 2005]; this is also the source of the following two figures. Figure 1-7b details 2004 government contributions to urban and other urban revenue sources.

Figure 1-7b: 2004 Urban Revenues by Source



1. Other contributions include dedicated taxes, transfers from regional agencies and reserve funds

2. Other revenues include charter, school bus and other passenger bus services

Source: Transport Canada tabulation, adapted from Canadian urban transit Association (CUTA) data.

Transport Canada has taken another approach to presenting industry revenue data. By categorizing by sub-sector, the revenues generated by the various service lines of carriers active in more than one sub-sector; they suggest that the resulting data, as presented in the following Figure 1-7c, more accurately represent the revenues generated by any/all carriers carrying on activities in any/several sub-sector(s). Due to prior changes in Statistics Canada survey criteria, the 2001 - 2004 data are presented as most reliable.

Figure 1-7c: Bus Industry Revenues by Service Lines, 1997 - 2004

(Millions of dollars)								
	1997	1998	1999	2000	2001 ¹	2002	2003 ²	2004 ³
Number of companies	877	1,110	1,062	968	1,813	1,715	1,497	1,500
Business Lines								
Urban transit services	1,672	1,694	1,817	1,956	2,092	2,234	2,317	2,500
School bus transportation	826	894	915	964	1,112	1,220	1,233	1,250
Charters, shuttle & sightseeing services	316	369	352	449	469	506	552	540
Scheduled intercity services	241	240	236	271	332	329	319	370
Other passenger/operating revenues	191	216	219	225	246	283	197	190
Parcel express delivery	79	87	88	96	98	100	101	105
Total (excluding government contributions)	3,326	3,499	3,627	3,961	4,349	4,672	4,719	4,955
Government contributions ⁴	2,137	2,386	2,562	2,271	2,355	2,440	2,774	2,780
Total	5,463	5,885	6,189	6,231	6,703	7,112	7,493	7,735

1. From 1997 to 2000: Includes bus operators with annual revenues greater than \$200,000. Starting 2001, a new Passenger bus and urban transit survey was initiated by *Statistics Canada* covering a greater number of bus companies (no threshold revenues).

2. Preliminary data for 2003

3. Data estimated by Transport Canada

4. Includes operating and capital government contributions for urban transit

Sources: *Transport Canada, adapted from Statistics Canada, Passenger bus and urban transit statistics, Cat. 53-215.*



Passenger-kilometre: a unit of measure of the carriage of one passenger through a distance of one kilometre. For example, a bus that carries 50 passengers a distance of 10 kilometres has logged 500 passenger-kilometres. A car with a single occupant would have to travel 500 kilometres to accumulate an equivalent number of passenger-kilometres

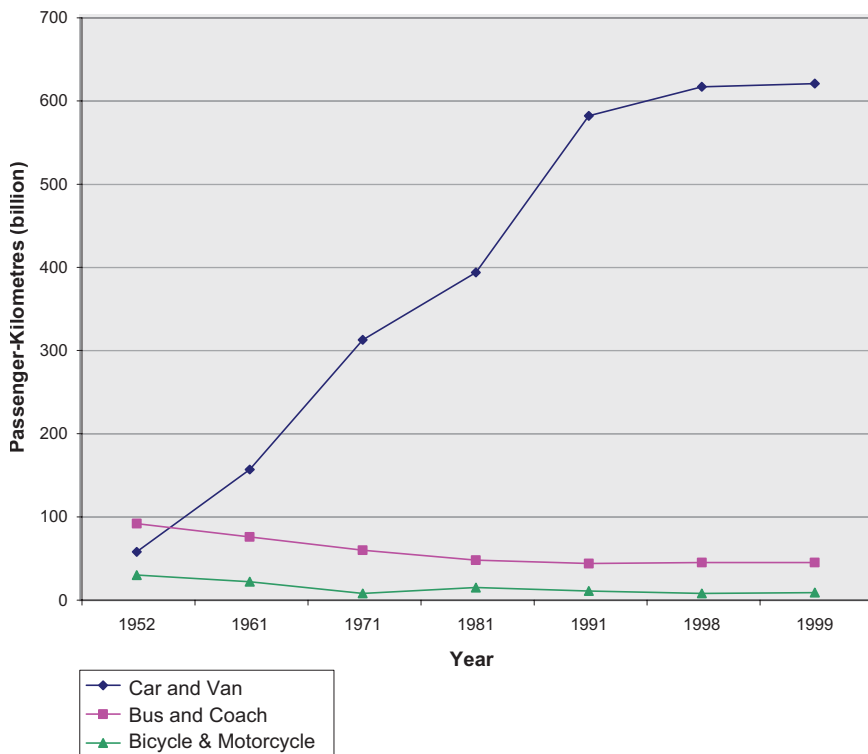
1. 1. 8 Stage of Development

The motor carrier passenger industry is a mature industry that stretches back to the turn of the last century. Since the mid 1900's, however, the bus industry has faced tremendous challenges from its principal competitor — the automobile.

In the absence of comparable Canadian data, statistics from both the U. K. and the U.S.A., figures 1-8 and 1-9 respectively, illustrate the extent to which the automobile has assumed, over time, the dominant share of passenger transportation on the roads of those countries, implying a similar trend in Canada.

Figure 1-8: Long-term passenger transportation trends in the U. K.

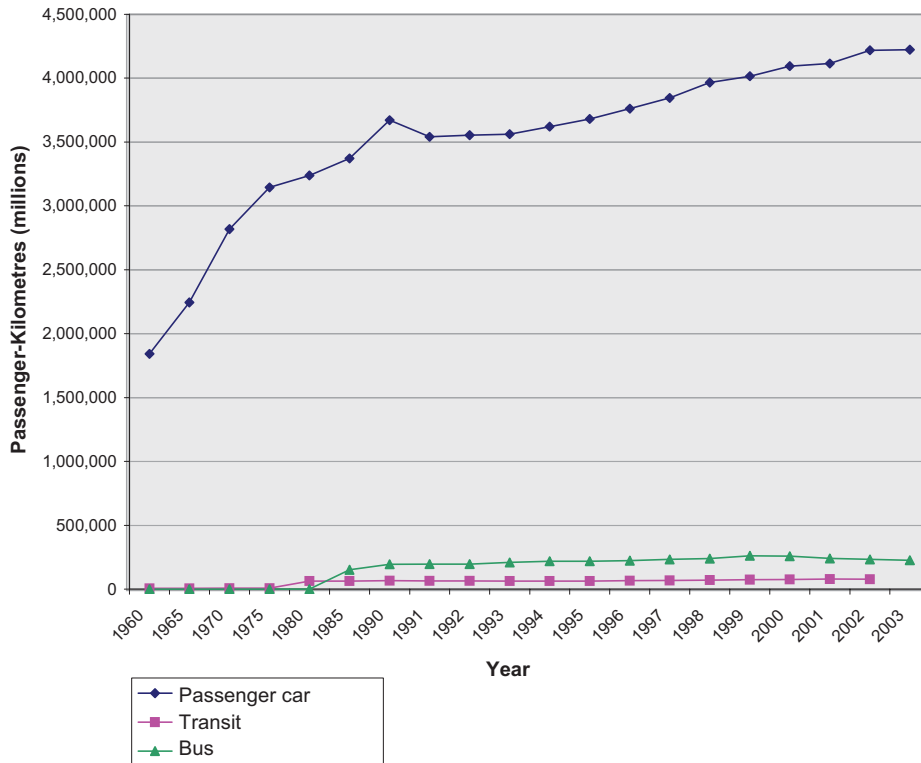
U.K. Passenger Transportation by Mode



Source: Office for National Statistics, 2005

Figure 1-9: U. S. passenger transportation trends

U.S. Passenger Transportation by Mode



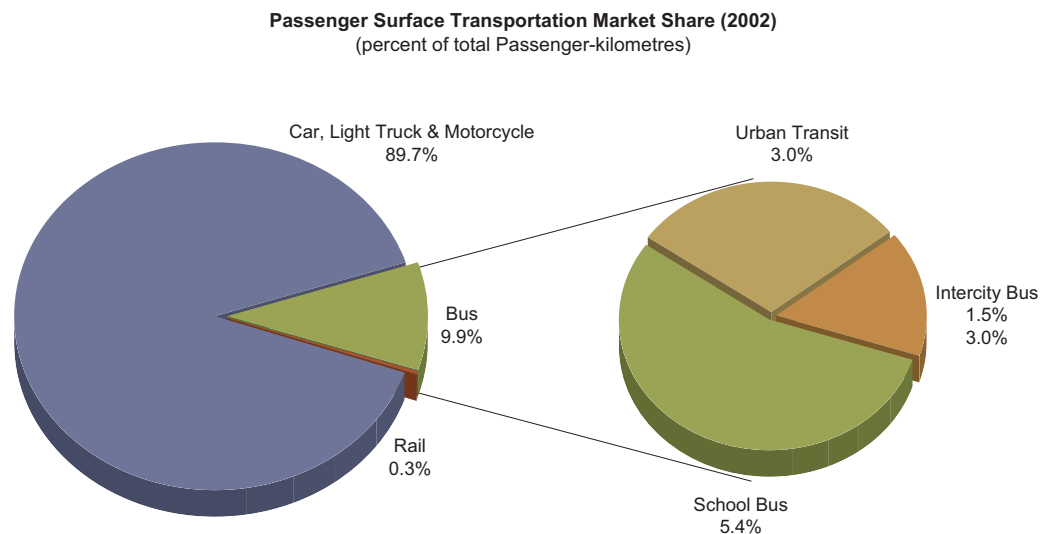
Source: U.S. Department of Transportation, Bureau of Transportation Statistics®, 2005.



1.1.8.1 Market Share of the Canadian Bus Industry

Recent Canadian figures from Natural Resources Canada estimate the Canadian bus industry's position within the passenger surface transportation market in terms of its relative market share, currently and over the past decade. Generally, the size of the bus industry is dwarfed by the dominance of the automobile in its various forms. In 2002, buses accounted for 9.9% of road and rail passenger-kilometres (figure 1-10).

Figure 1-10: 2002 Passenger Surface Transportation Market Share

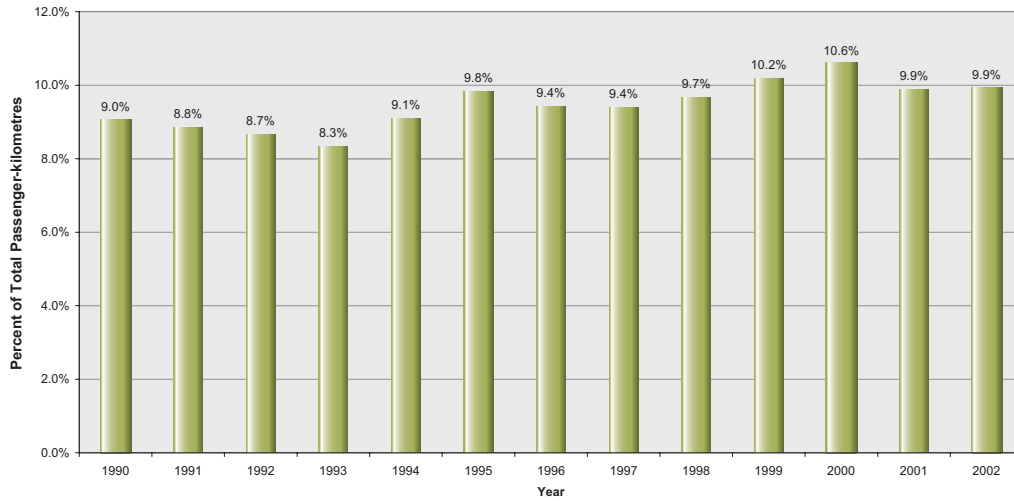


Source: Natural Resources Canada®, 2004.

Despite the automobile's historically consistent growth trend, these data point to an improvement in the bus' share of passenger transportation. Over the last decade, the bus' share has risen roughly 10% (figure 1-11). This improvement of the bus industry's share of Canada's total road and rail passenger transportation activity is mirrored by an overall increase and largely consistent growth trend in the number of passenger-kilometres travelled by bus since 1990 (figure 1-12). Conversely, despite significant growth in the early 1990s, the personal automobile (car, light truck and motorcycle) has made no significant gains in passenger-kilometres travelled between 1994 and 2002 (figure 1-13).

Figure 1-11: Bus passenger transportation market share (1990-2002)

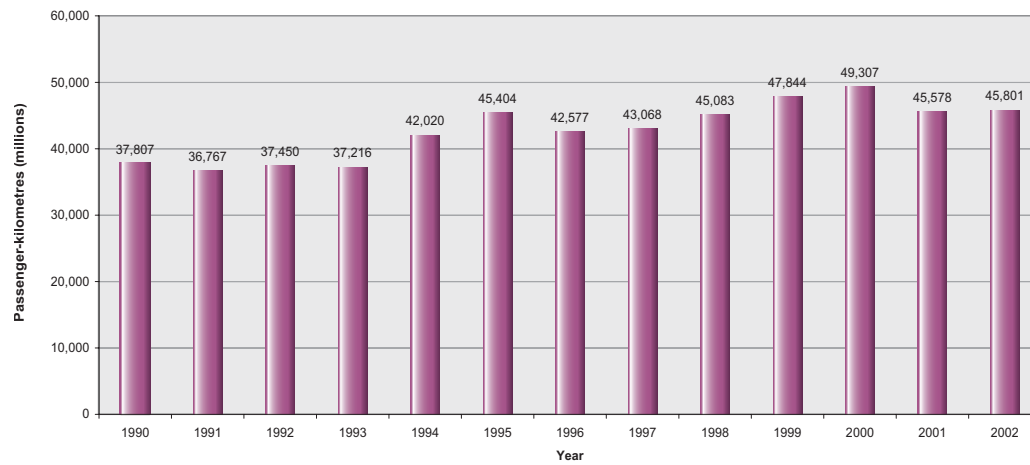
Bus' Passenger Transportation Share (1990-2002)



Source: Natural Resources Canada, 2004

Figure 1-12: Bus passenger-kilometres (1990-2002)

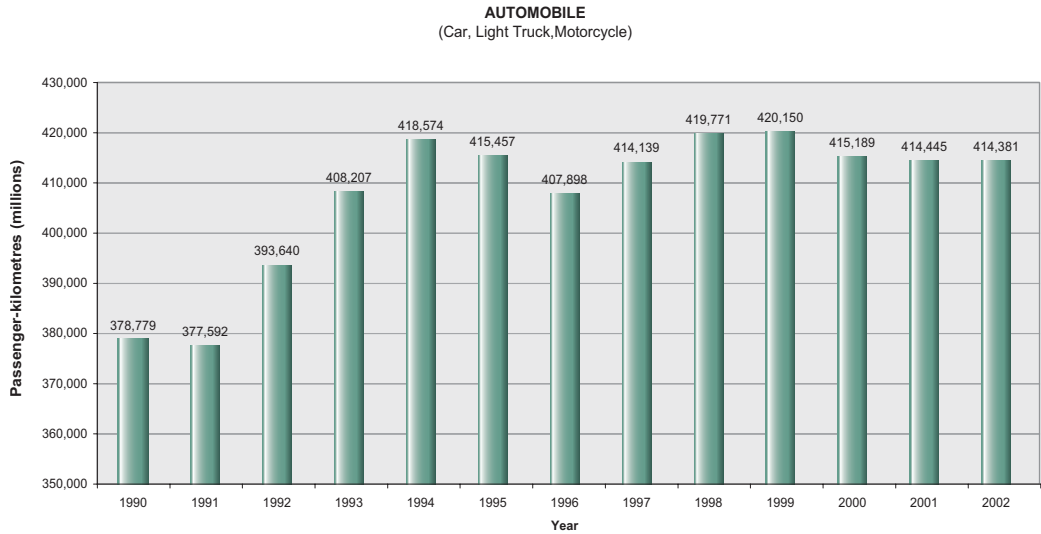
ALL BUSES
(UrbanTransit, Intercity, School)



Source: Natural Resources Canada, 2004



Figure 1-13: Automobile passenger-kilometres

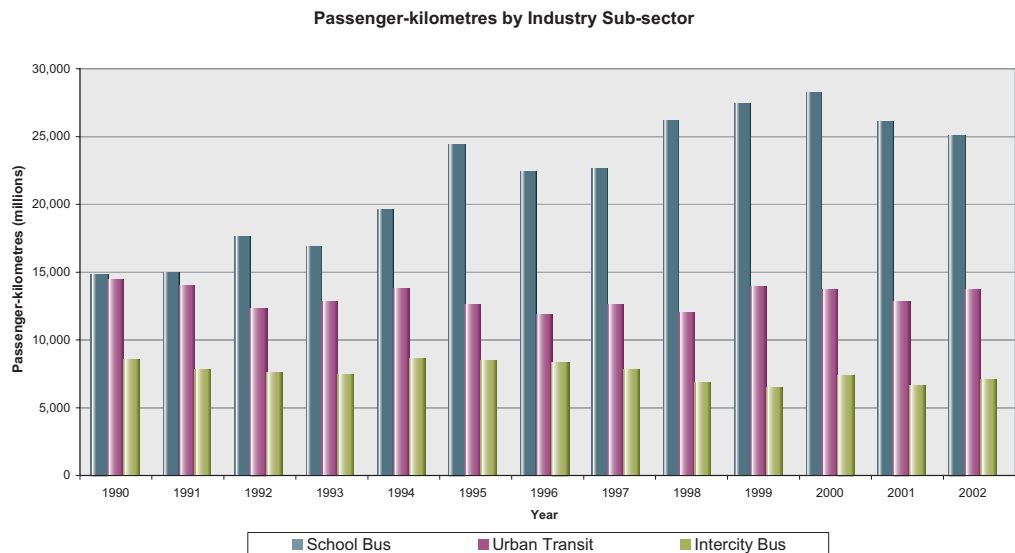


Source: Natural Resources Canada, 2004

Broken down by industry sub-sector (figure 1-14):

- school bus passenger-kilometres have trended significantly upward in the period 1990-2000, but have since receded
- urban transit passenger-kilometres have shown relative stability over the period surveyed
- intercity bus passenger-kilometres continue to trend slightly downward since 1994

Figure 1-14: Passenger-kilometers by Industry sub-sector (1991-2002)



Source: Natural Resources Canada, 2004

In terms of ridership, table 1-5 shows the evolution of ridership for the intercity and urban transit sub-sectors of the bus industry. It is characterized by ups and downs over a 10-year period.

Table 1-5: Intercity and Urban Transit Passengers Carried in the Bus Industry, 1985–2004

Year	Intercity Passengers ¹ (millions)	Growth Rate (percent)	Urban Transit Passengers ² (millions)	Growth Rate (percent)
1992	14.9		1,432.10	
1993	10.9	-27	1,396.50	-2.5
1994	11.4	5.3	1,360.70	-2.6
1995	12.5	9.3	1,361.10	0
1996	13.6	8.8	1,352.90	-0.6
1997	14.7	8.1	1,382.20	2.2
1998	14.3	-2.7	1,388.40	0.4
1999	13.9	-2.8	1,442.00	3.9
2000	14.3	2.9	1,493.90	3.6
2001	15.2	6.2	1,481.10	-0.9
2002	15.1	-0.6	1,537.10	3.8
2003	14	-7.4	1,559.70	1.5
2004 ³	15.5	10.9	1,598.20	2.5

Source: Transport Canada, 2004g

¹ Passengers using intercity scheduled services

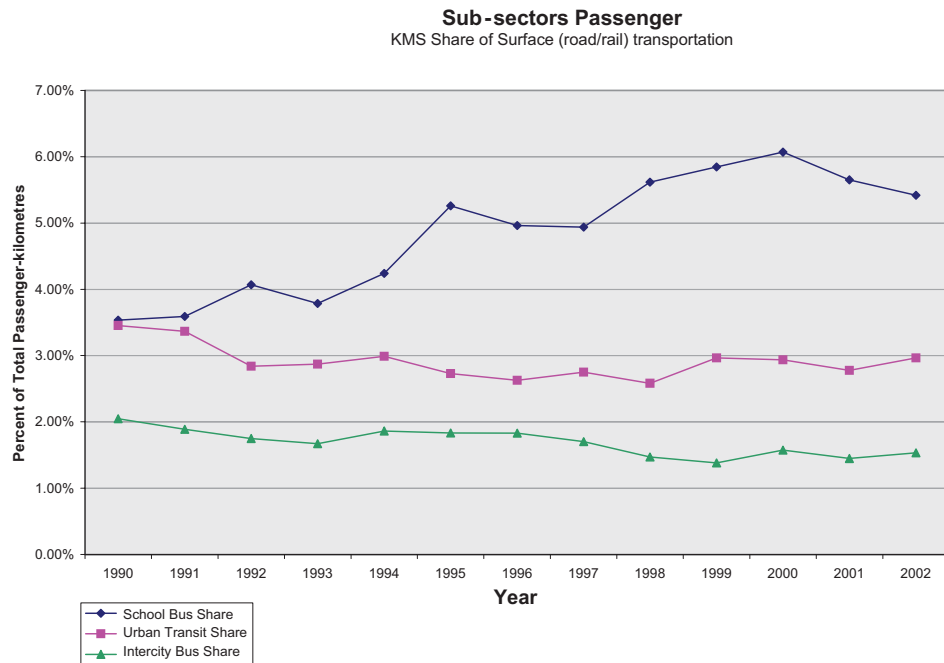
² Passengers carried by urban transit operators only

³ Intercity estimated by Transport Canada



Figure 1-15 further illustrates that the school bus sub-sector posted significant gains in passenger surface transportation share over the past decade.

Figure 1-15: Passenger surface transportation share (bus)



Source: Natural Resources Canada®, 2004.

1. 2 Labour – a Key Force in Canada’s Bus Industry

In the process of developing the following material, stakeholders commented that the relationship between management and labour throughout the industry is generally positive and co-operative. This relationship is expected to continue, particularly as these parties build on recognizing the need to work together in order to effectively address major on-going common concerns such as violence and security.

1. 2. 1 Overview

A vital part of the transportation industry for over a century in many Canadian communities, organized labour in the motor carrier passenger industry is working to modernize and re-orient its efforts on behalf of its membership, in an environment that has changed dramatically since its beginnings standing for decent working conditions and fair wages.

Today, the several unions representing workers in the motor carrier passenger industry are sophisticated organizations with research, tactical lobbying, and policy development capabilities. Unions are strategic, well-informed, and politically shrewd.

For example, ATU Canada has made yearly representation before the Federal Finance Committee for the past decade, presenting its case for increased funding for transit and incentives such as employer-provided tax exempt bus passes, which the union feels will help increase ridership.

ATU also studies Human Rights legislation, the Canada Labour Code, and other laws/regulations with a view to bringing these broad rulings to bear in even the smallest local situation.

Labour's key focus remains on the welfare of the individual worker within a single bargaining unit or local, and the most common expression of that focus continues to be the local Collective Bargaining Agreement, or CBA.

As noted under *Section 1.1.6*, the levels of union representation in Canada's motor carrier passenger industry differ significantly by sub-sector.

Members include operators, maintenance workers and mechanics, dispatchers, inspectors, training personnel, sales and office personnel, and others.

1. 2. 2 The Unions

Each of the following unions has experienced involvement with the MCPCC through board, committees, Study groups or advisory levels.

ATU (Amalgamated Transit Union)

Established in 1982, the ATU Canadian Council is the leading authority and voice in Canada for the Amalgamated Transit Union on all issues of Canadian interest including legislation, political, educational, health and safety, cultural and social welfare matters. The ATU in Canada represents over 25,000 public transit and inter-city bus workers, through 41 bargaining units across the country.

Proud of a committed involvement in the *Motor Carrier Passenger Council of Canada*, this union's membership includes a culturally diverse group of operators, maintenance technicians (primarily mechanics and bus maintenance workers) supervisory, security and sales personnel.

ATU Canada is committed to improving the working conditions and the quality of life for all of its members through education, training and lobbying.

COPE (Canadian Office and Professional Employees Union)

A Canadian Labour Congress (CLC) affiliate, COPE members include 34,000 employees in 49 locals across Canada. Formerly OPEIU (the Office and Professional Employees International Union), COPE represents office workers, technicians, professionals and sales representatives both in the private and public sectors. COPE members work in many areas of industry, such as Crown corporations, school boards, banks and credit unions, insurance and power companies, paper mills, transit operations, community centre and trade union offices, and other employers.

COPE represents approximately 500 transit employees on Vancouver Island and in the Lower Mainland, most of who are trainers, schedulers, transit police, office administration staff and clerical workers.

CAW (Canadian Auto Workers)

The CAW is the largest private sector union in Canada, with an overall membership of 250,000 people in 282 local unions operating in 1,600 workplaces. Through its



members and its departments, the CAW works on collective bargaining processes, and has on-going involvement in, and commitment to, a variety of workplace, economic and social justice issues.

Best known for its dominant presence in the automotive sector with over 40,000 members, CAW represents about 5% of the organized labour force in Canada's bus industry. Key bargaining units include Coast Mountain Bus, the urban transit provider in British Columbia's Lower Mainland (3,100 workers, 90% of whom are operators) and a number of *Laidlaw* employees in the school bus sector in various parts of Canada (1,250 workers).

CUPE (Canadian Union of Public Employees)

With 550,000 members, and 2500 locals in 12 divisions, CUPE is one of the dominant labour unions in Canada. CUPE represents workers in health care, education, municipalities, libraries, universities, social services, public utilities, transportation, emergency services and airlines. In addition to Local 301, representing Montreal's urban transit operators, CUPE's presence in the bus industry involves members in parts of Ontario, Québec, and in the Atlantic Provinces in urban and school bus sub-sectors.

UTU

The United Transportation Union—through the Brotherhood of Railroad Trainmen (BRT), one of its predecessor unions—entered the bus industry in 1928, about the same time that many of the first bus companies were being formed by the railroads.

United Transportation Union has 5,500 members in the transportation industry in Canada, and a total North American membership of over 80,000. The union's activities are directed in three primary fields of service to the members: protective, legislative and financial. Collective bargaining units include Ontario Northland and the rail portion of GO Transit in the Greater Toronto Area.

CSN

The Conseil Syndicale National is a Québec-based confederation of nine groups, including unions, central councils, and federations. CSN is committed to the creation of democratic social, economic, political, and cultural structures that guarantee quality of life for their members.

CSN represents approximately 1,100 operators in Québec's motor carrier passenger industry, in collective bargaining units in Québec City and Laval.

Other

Small numbers of motor carrier passenger industry employees are also represented by the International Brotherhood of Electrical Workers (IBEW) and the United Steel Workers of America (USW).

1. 2. 3 Current Issues

A sampling of union representatives were asked what issues were either paramount or emerging as the most important items to be included in upcoming collective bargaining processes and/or during day-to-day relations with employers. Beyond the

almost universal concern about violence against operators, there was no clear consensus on which was the most important or pressing issue. Therefore, these issues are presented in alphabetical order.

Absenteeism

Absenteeism is a somewhat larger issue in the motor carrier passenger industry than in other similar industries. Labour representatives argue that increased absenteeism relates primarily to the physical health of operators, citing that operators experience a significant amount of close physical contact with the riding public and increased exposure to rapid temperature changes as bus doors open and close in inclement weather.

Across Canada in organized workplaces, rates of absence are generally determined in a “Bargaining Unit Average”. This is a formula provided by the employer based on the average amount of hours worked and the number of hours absent, and is reviewed actively when collective bargaining units are negotiated. It has been stated by labour representatives that many employers do not share the data regarding absences on a regular basis, making it difficult for unions to examine and analyze trends.

In a medium-sized urban operation, operators have an absence ‘threshold’ of 20 days per year. When this is significantly exceeded, both the employer and the union local become involved in determining causes and, in some cases, exacting disciplinary action.

Labour believes firmly that absenteeism will remain at current levels and likely grow, as stresses on the operators increase.

- **Pandemic flu and other health hazards**

Labour has researched this issue thoroughly, and recommends, as part of collective bargaining, implementing systems to monitor staff health; training and equipping in-house influenza teams; means to help staff that have fallen ill; wage continuity for those who have been stricken; facilitating the return of staff to the workplace post-quarantine; ensuring that the workplace has adequate hygiene and cleaning procedures and supplies; and ensuring adequate ventilation is present in buildings and vehicles.

- **Privatization & Public/Private Partnerships**

The twin issues of privatization and public/private partnerships continue to be a focus for organized labour in Canada’s bus industry, since the unions place high priority on job protection at collective bargaining time.

Increasingly tight cost control requirements have resulted in many properties turning to sub-contracting jobs both behind the wheel (paratransit, for instance) and in the shop (bus cleaners and maintenance personnel).

Labour regards effective public/private partnerships as those where government invest in equipment, technology, safety, and public education about the advantages of ridership and behaving appropriately on buses. Unions have expressed concerns that third party companies will cut corners and lower the quality of service.



- **Reconciling Work and Family Life**

In addition to the Canada Labour Code, individual provinces have varying labour standards regarding hours of service. It is hours of service that forms the basis upon which the “work/life balance” discussion begins for the unions. Canadian unions believe that a number of factors including violence, the pressure and stress caused by inappropriate route planning, bad weather, and traditional structures like split shifts and spare boards are contributing factors to increasing dissatisfaction with this career choice for those who wish to have some form of work/life balance.

In urban transit, women with children have significant difficulty with the demands of scheduling—yet they are increasingly sought after as the industry tries to secure its labour pool.

- **Technology**

Unions believe that advanced technologies have a lot to do with the future of security in transit. The presence of GPS technology and in-bus cameras has grown significantly and will continue to do so as the industry harnesses the potential for increased service capacity.

While labour maintains that it is essential that employers not use these technologies for punitive or disciplinary measures, it recognizes that technology is here to stay and that it can be a positive force for workers.

- **Violence Against Transit Operators and Other Staff**

This is an issue receiving great attention by the unions and is the focus of on-going research on their part. Unions believe the primary deterrent for incidents of violence against operators is effective prosecution, and in almost all current and recent collective bargaining sessions, violence prevention has emerged as an increasingly important issue.

In the early summer of 2006, ATU Canada hosted the first Conference on Violence and Security for the motor carrier passenger industry. The Conference underscored the need to collect meaningful data on a national level and to keep the data current, so unions and management can more effectively lobby governments at all levels to initiate programs and legislation with the objective of decreasing the growing incidence of violence.

1. 2. 4 Collective Bargaining

Collective Bargaining Agreements are the responsibility of union locals who put together contract negotiating teams that typically include the local President, a financial representative and representatives from specific work areas like operators or maintenance personnel.

Labour action between 1999 and 2005 involved 47 stoppages, involving 18,856 workers, representing 355,030 person-days lost—a significantly higher number than in modes like air, rail, water, taxi and trucking industries.

In general, **the three most important** issues on the table when CBA negotiations take place between bus companies or government properties and the unions in Canada are:

- **Job protection:** in a time of increasing privatization and public/private partnerships, this is the most important bargaining item in current negotiations and is seen as the critical factor in negotiations to come over the next five to ten years.
- **Wages:** wages in the industry, most particularly in urban transit and intercity modes, meet contemporary standards with the exception of certain provinces like Alberta and British Columbia, where the extraordinary wages offered in resource industries continue to draw the labour pool away from the motor carrier passenger industry. Wage issues include base rates and wage progression, and overtime pay issues (shift premiums, shift differential pay, spread pay, et al). Witness pay and pay for accident reports, almost unique to this industry because operators behind the wheel are witness to a variety of accidents and incidents, is often discussed as part of negotiation.
- **Safety and security of personnel:** as the incidence of violence against bus operators increases, particularly in urban transit, and as the issue becomes more complex and far-reaching, involving transit police, maintenance workers, and other staff, labour seeks firm commitments and specific financial allocation for training, on-the-job protection, public awareness campaigns, and help for those who have been victims. An excellent and current example of union pro-action on the issues of public violence and workplace security is the March 2006 ATU commitment, emanating from a “Conference on Violence and Security in the Public Transit and Intercity Bus Industries,” to implement the following:
 - formulate and promote a “zero tolerance” policy and a public awareness campaign
 - create a standardized assault reporting form for all of the properties represented
 - distribute “Right to Refuse Work” brochures under health and safety statutes to all locals
 - set up databases to record both incidents of violence against members and case law for assaults against transportation workers
 - work with the industry through the creation of joint management-labour committees to address these problems
 - consult with magistrates and law enforcement
 - lobby federal and provincial governments for criminal code amendments and increased funding for system security

A review of approximately 60 urban transit collective agreements shows that additional items on the collective bargaining table include tool allowance and tool insurance, supply and cleaning of uniforms, leave (bereavement, parental leave, etc.), benefits (sick leave, dental, optical, prescriptions, etc.), negotiations around probationary periods, report time, turn-in time, and pensions.



1. 2. 5 Grievances and Dispute Resolution

Grievances are seen as labour's traditional negotiating tool outside of the collective bargaining process. Unresolved grievances can result in a variety of actions by labour, including work stoppages.

While many employers and union locals in Canada have developed a range of alternative dispute resolution mechanisms and other processes that allow for "informal" negotiation of shop floor issues, grievances generally revolve around disconnects between a local's and an employer's interpretation of specific clauses of an existing CBA.

It was also observed by labour officials interviewed that there are more grievances and an increased number of arbitration situations when either the employer or union representatives involved are inexperienced, limiting the desired effectiveness of the negotiating process in these situations.

1. 2. 6 Labour's Influence on the Future of the Motor Carrier Passenger Industry

Because of a strong focus on security and safety of personnel, it is expected that unions in Canada undergoing collective bargaining processes in the next several years will insist on an increasingly large commitment from employers to increased protection of the men and women of the industry including assurances of:

- a range of safety measures in place at all times to protect workers in the event of a pandemic health crisis
- investment in significant public education regarding behaviour and comportsment in and around public transit with a focus on consequences;

The immediate future will see increased and more sophisticated influence on policy development by unions. This will include:

- increased presence at the federal level in order to influence policy development regarding public transportation. Beyond issues directly related to transportation funding and policy, labour interests will include lobbying on privacy and personal information fronts.
- collaborative lobbying with employers at the local, provincial, and national level for severe prosecution of those who commit assault and other violent acts against bus industry employees.

Labour sources state that the local job of securing a satisfactory collective bargaining agreement remains a key role for unions. They also see the survival of Canada's bus industry as one of their critical co-responsibilities.

1. 3 The Industry's Changing Structure

1. 3. 1 Industry Consolidation

The structure of the industry has changed significantly as a result of widespread industry consolidations. Laidlaw, in particular, pursued an aggressive growth strategy in the 1990s. Some of Laidlaw's most notable acquisitions include the purchase of Canadian Greyhound in 1997, American Greyhound and Voyageur Colonial Bus Lines in 1998 and Penetang-Midland Coachlines in 2000. They also acquired several school bus transportation companies.

According to the Report to the Senate Standing Committee on Intercity Bus Services (Fraser, 2002), Laidlaw companies indicated in a written submission to the Committee that their group's share of the ridership market was 45%. Greyhound Canada Transportation Corporation's market share alone was identified as being 40%.

Much of the discussion in the Fraser report centres on an uneven economic regulatory environment, which plays a major role in how corporate structural strategy is played out. One of the report's main concerns is how organizational change resulting from restructuring vis-à-vis merger, acquisition or other platforms, has had a substantial impact on organizational culture. This is an issue that affects professionalism, recruitment and retention in key demographic sectors as noted by the U. S. Transportation Research Board (2001c), the Price Waterhouse Human Resources Sector Study (1997) and the MCPCC Shortage of Skilled Labour Report (2003).

Orléans Express, a scheduled intercity bus company, has also been very active in mergers and acquisitions. Orléans Express employs 500 individuals and carries 1.7 million passengers annually and close to 1 million parcels. A major French conglomerate, Keolis, now owns Orléans Express. Recently, Orléans Express acquired the Group SMT/Acadia and is now the main scheduled bus operator in Québec, New Brunswick and Nova Scotia. Foreign ownership was also a factor in Ontario, where Coach Canada acquired Trentway-Wagar. Coach Canada is part of the Stagecoach Group, which operates motor coach services in the U. K. , the U. S. A. , Canada and New Zealand.

Though there is little literature documenting the impact of consolidation on the Canadian school bus industry, this sub-sector has seen significant consolidation as a result of Laidlaw's expansion strategy. And a recent investment analysis of the sub-sector highlights market fragmentation and the price-sensitive nature of the industry, concluding that required margin improvement would likely come as a result of the further centralization of activities (Oppenheimer & Co. Inc. , 2004).

1. 3. 2 Inter-modal Alliances

There are several good examples of the growth in inter-modal strategic alliances between the bus industry and other modes of transportation. The Pacific Central Station in Vancouver, B. C. is probably Canada's first example of inter-modalism in action. In 1992, following a change in terminal ownership, Greyhound, with partners VIA Rail and CN Rail, completely refurbished and repaired the facility. The work included seismic reconstruction and interior and exterior renovations.

Industry Consolidation

Industry stakeholders agreed that the tightening economics of the industry are driving the concentration of service providers. Larger providers are more able to capitalize on economies of scale and keep pace with rising costs and downward pressure on revenues. The impact in numerous communities— noted as particularly worrisome in Atlantic Canada—is significant as many comparatively small, local enterprises, despite their strong community ties and long histories, are forced out of the market. Often there is simply nobody in the community willing or able to take over the business when the current owner looks to retire.

Evidence in the working groups and interviews of significant movement on inter-modal initiatives was limited. Participants did nonetheless provide examples of current initiatives designed to address a range of modal links:

- *integration of cycle parking to facilitate rider access;*
- *park-and-ride to ease parking demand in downtown cores;*
- *the expansion of light rail as a compliment to urban transit bus service; and*
- *vehicle capacity sharing across sub-sectors.*



Public/Private Partnerships

“A public/private partnership is a co-operative venture for the provision of infrastructure or services, built on the expertise of each partner that best meets clearly defined public needs, through the most appropriate allocation of resources, risks, and rewards.

In a public/private partnership, the public sector maintains an oversight and quality assessment role while the private sector is more closely involved in actual delivery of the service or project.

Public/private Partnerships can be categorized based on the extent of public and private sector involvement and the degree of risk allocation between the two.”

Source: P3 Office, Service Industries Branch, Industry Canada

The bus services of Trans-Cab of Peterborough, Ontario, for example, are augmented with taxi use for a nominal premium. This is a particular advantage in areas of low population density (Skelly, 1996). Motor Coach Canada (MCC) has reported contracting agreements between private companies and Pearson International Airport totalling over \$90 million. In the event of weather or mechanical problems where air or rail service is not available, coaches are used to transport passengers to various destinations. Inter-modal terminals, which link municipal transit and the intercity sector, have also facilitated seamless service in Québec City and St-Catharines, Ontario; however this level of co-operation is not successful in all cities. Intercity/coach terminals in Toronto are generally segregated from other transportation services including VIA Rail, Go Transit and the subway, though intercity GO buses do run from the new (2002) Union Station bus terminal. Efforts are underway to correct this situation and the Toronto Economic Development Corporation (TEDCO) is working with GO Transit, Greyhound and other stakeholders to develop a new Toronto inter-modal terminal.

1. 3. 3 Public/Private Partnerships

Public/private partnerships in the industry have proven challenging in terms of maintaining service levels. Performance-based contracts are a commonly used method of achieving positive outcomes for those responsible for service in the public and private sectors, contractors, operating personnel and the riding public. One regime proposes a system that rewards service providers for both a minimum service level (MSL) and patronage increases (subsidy dollar per passenger) based on government service obligations and expected user and external benefits. This provides incentives for service providers to not only improve performance, but also to seek out new opportunities for growth, based on their knowledge of the market (Hensher, 2003a). As Savas and Cantarella (1992) found, it is easier to hold contractors to performance standards than a public agency. The development of a Service Quality Index (SQI) to measure service satisfaction from a customer perspective is another way service providers and regulators can ensure that service levels meet established benchmarks (Hensher, 2003b).

1. 4 Current Policies Regulating the Industry

1. 4. 1 Canadian Economic Regulation

Governmental regulation in the bus industry is a much-discussed topic among bus agencies, particularly in the intercity/coach sector. Much of the industry literature focuses on economic regulation through restrictive entry and route cross-subsidies. The passing of the federal Motor Vehicle Transport Act (MVTA 1954) confirmed federal jurisdiction on extra-provincial bus companies (those crossing provincial and international borders). Through the MVTA 1954, the federal government transferred the responsibility of regulating extra-provincial bus service providers to provincial governments and legislated that they be regulated in like manner to those under the control of provincial governments. It did not, however, create any type of consensus among the different jurisdictions on how rigid the regulations would be. Over the years, a wide variation of economic regulation developed throughout the country. Prince Edward Island, the North West Territories and Nunavut have deregulated routes. Ontario, Alberta, New Brunswick, Newfoundland and Labrador and Yukon have retained

some economic regulation. British Columbia, Saskatchewan, Manitoba, Québec and Nova Scotia have significant economic regulation (Fraser, 2002).

Proponents for governmental regulation argue that the cross subsidization of rural routes enforced by this type of framework is a fair trade-off for protection from competition on more profitable routes. Those in favour of opening up the market suggest that competition will allow the industry to grow, to lower fares, to foster innovation and to improve services to patrons. In addition to provincial consent, deregulation of the industry would likely require incentives for private operators to maintain services on unprofitable rural routes. These incentives would, as recommended in the Report to the Senate Standing Committee on Intercity Bus Services, cost upwards of \$30 million (Fraser, 2002).


Recently, modifications to Québec's Bus Transport Regulation have eliminated a 200-kilometre round trip limit on school bus charters. While still required to meet all other conditions of the regulation, school bus operators are now permitted to operate as charters to points across the province without kilometre restriction. It is felt that this regulatory change will not only help maximize the usage of the province's bus fleet, but also stimulate competition in outlying areas that are largely under-served by traditional charter operators (Lafrance, 2002).

1. 4. 2 International Economic Regulation

Economic Regulation internationally is also varied. Harvie (2000) compares urban bus services in Scotland with those in Germany. In Germany, scheduling, acquisition and subsidies are public, yet the companies remain private. There has been a 300% increase in ridership over the past twenty years and the introduction of new, quiet, low-floor/multi-floor buses that load and unload quickly, an efficient ticketing system, bus-only lanes and dial-a-bus service for after-hours. Scotland, on the other hand, has seen little investment or innovation in services in the ten years following deregulation. Over that period, bus miles driven have increased by 25%, and passenger miles driven have decreased by the same amount.

1. 4. 3 Deregulation Viewpoints

Deregulation has not been a panacea to stem the ridership decline. After a post-deregulatory spate of route closures, ridership has been found to return to its old rates. Although deregulation led to cost reductions per bus mile of 30% in the U. K. , wage reductions were an observed consequence (Stark & Krashinsky, 1998). In their Study of competitive tendering in Italy (giving the subsidy to the carrier bidding lowest for a given service), Cambini and Filippini (2003) determined that competitive tendering in a monopolistic way is a better system than the side-by-side competition created by the deregulation of individual routes. In the United States, a report by the United States General Accounting Office (GAO) found that deregulation led to a sharp reduction in services to rural communities, in phases. The GAO Study also found that more than 50% of U. S. communities lost all scheduled bus service in the initial seven years after the 1982 deregulation (United States General Accounting Office, 1992). Many senior industry stakeholders have pointed out that even under regulation Canada has nonetheless seen a significant loss of rural service across the country.



The Reverse-Onus Test

“Applicants for licences to a provincial board would get approval without a hearing, unless some person made the case that granting the licence would likely be detrimental to the public interest.”

Source: Fraser, 2002

In recent decades, deaths and hospitalizations due to motor vehicle traffic collisions have declined markedly in Canada. For example, since 1982 the road traffic death rate has declined by almost 50%. This decrease has occurred despite increasing numbers of vehicles and licenced drivers on our roads.... Government interventions such as laws mandating the use of seatbelts and child restraints, as well as more stringent drinking and driving sanctions, public education and enforcement campaigns, safer vehicles and road infrastructure enhancements have all contributed to the increased safety of Canadian road users. Improvements in emergency medical response and trauma care have also helped to reduce fatalities.

Source: Transport Canada, 2004b

Although there is an abundance of literature to support either side of the deregulation argument, a joint industry committee comprised of MCC, Canadian Bus Association, The Québec Bus Owners Association and The Ontario Motor Coach Association concluded that “the decision to deregulate or continue to regulate the industry is one that must be made by the [Federal] government based on what is in the public interest” (MCC, 2002, 2003b).

The Fraser report of 2002 outlines the situation in which the industry finds itself. Without a consensus among industry and the provinces, the government will not change current policies. As that consensus is unlikely among the involved parties, regulatory frameworks will probably remain fragmented in the foreseeable future. Development of an industry model based on the deregulation of the extra-provincial trucking industry was a joint industry committee consideration. It was also recommended that current policies should be amended to introduce a reverse-onus principle to granting licences. This was a significant change of perspective, in that in order to defend against potential new entrants, service providers in the 1970s oversupplied routes by 25% or more, claiming that additional competition was unnecessary as they guaranteed adequate services from termini.

1. 4. 4 Safety Regulation

The passenger/public safety record of the Canadian bus industry is exceptional. For the five year period 2000 – 2004 inclusive, only 186 of 20,417 (0.91%) vehicles of all types involved in Canadian traffic accidents in which a fatality occurred were buses. Only 28 of 14,135 (0.20%) of the traffic fatalities that occurred during this period were attributed to bus involvement in an accident. (Transport Canada 2005).

In particular, intercity and tour/charter companies are affected by and must comply with safety legislation applicable to inter-provincial carriers.

- the 1987 National Safety Code consolidated and supplemented provincial and territorial motor carrier safety legislation and regulations with the objective of ensuring the application of consistent safety standards across Canada for motor carrier industries
- effective January 2006, the Motor Vehicle Transport Act was amended by the Motor Carrier Fitness Certificate Regulation, which provides a national framework for provincial implementation of a safety rating system for inter-provincial carriers, including the requirement that a safety compliance profile of each carrier must be maintained by the province in which the carrier is domiciled
- effective January 2007, revisions to the Hours of Service Regulations come into force. Applicable to inter-Provincial drivers, the new rules reduce the maximum daily driving time with the objective of enhancing operator cognizance/alertness

Relative to the school bus sub-sector, contextual data is indicative of the positive effect of the numerous requirements placed on bus manufacturers to ensure student-rider safety. Over the 10-year period 1991 – 2001, a total of 26,039 school buses were involved in 25,806 collisions resulting in 145 fatalities. Only seven of the 145 fatalities

were school bus occupants. During the eight-year period 1997 – 2004, of 33,352 Canadian vehicles involved in fatal collisions, only 108 (0.32%) were school buses. (Transport Canada)

Seatbelt safety, particularly the implementation of child restraint systems (CRS) on school buses has been a public issue since seatbelts became a widely accepted safety solution for automobile occupants. The findings of the U. S. National Transportation Safety Board and the National Academy of Science (NHTSA) in late 1980s, however, could not support the implementation of CRS's on school buses. The NHTSA Study concluded that "school bus crash data show that a federal requirement for belts on buses would provide little, if any, added protection in a crash."

In addition, it was determined that the comprehensively designed passenger protection system introduced in 1980 by Canadian Federal Motor Vehicle Safety Standards (CMVSS) 217, 220, 221, 222 and 301 provide adequate protection. Transport Canada testing shows that add-on seatbelts introduce different potential hazards, such as neck and facial injury, unless seats are redesigned for a different dynamic (Transport Canada, 2004c).

Experiences where CRS's are available, such as in Etobicoke Ontario, suggest that very young children will use them as instructed, but use diminishes with older elementary school children and in the secondary-school age group. This is also found to be the case with intercity bus passengers of all ages. In a report examining safety issues related to intercity buses, Transport Canada concluded that seatbelts would be of potential benefit in only a very few cases. Their use would need to be managed actively by bus service providers ensuring reliable use by passengers to achieve an acceptable level of effectiveness. Therefore, it appears that the benefit is too uncertain to impose the use of seatbelts without a clear demand for a standard from the public and the motor carrier industry (Transport Canada, 2004b).

Between June 1999 and June 2000, Transport Canada held regional consultations on school bus and motor coach safety regulations. The consensus of the sessions showed that seatbelts for school buses and motor coaches were not a priority issue. Other safety issues were listed as more important, including operator training and recruitment, passenger management and special needs transportation. Over the course of this Study, industry stakeholders emphasized the fact that the sector implementation of CRS's would raise issues similar to the Etobicoke experience illustrated above.

However, as of April 2007, Transport Canada regulation will require that all new school buses be equipped with a specific number of CRS anchorages, depending on the manufacturer's rated seating capacity of the vehicle. This requirement is initially oriented to accommodate the use of infant and small-child seats on buses.

1. 5 Public Sector Investment and Its Impact

1. 5. 1 Intercity and Charter

Public sector funding for intercity service providers exists in the form of small subsidies at the provincial level; the sub-sector receives no direct federal assistance. The area of sub-sector funding is contentious because urban transit operations, which are heavily

School Bus and Motor Coach Safety Consultation Participant Recommendations

- *make training programs (including upgrading and certification) mandatory for all motor coach operators across the country*
- *display operator certification to make passengers feel safer*
- *launch an advertising campaign that depicts the motor coach profession as professional and rewarding*
- *examine the working conditions ... and compensation packages to address some of the recruitment and retention issues*
- *launch a public education campaign to help curb improper passenger behaviour and shape public attitudes.*

Source: Transport Canada, 2001a



The User Pay Principle

The degree to which public resources should be used to support a particular mode of transportation is a key policy question, particularly as sustainable development concerns are encouraging a shift from the personal automobile of today toward more socially and environmentally sound forms of transportation. Accounting for the full infrastructure, social and environmental costs of a form of transportation, and charging users accordingly, would significantly alter the transportation choices people and businesses make to the benefit of the bus industry.

“Achieving the efficient amount of road use—and a balanced use among all modes—is a question of charging users for the real costs they impose.”

Source: Canada Transportation Act Review Panel, 2001

subsidized through large provincial and municipal funding arrangements, often intrude upon intercity markets (MCC, 2002). It is also highly contentious due to the magnitude of federal subsidies given to VIA Rail by the federal government. The Senate (Fraser, 2002) report outlines a few options for future programs to assist intercity service providers including operating subsidies, such as those provided to VIA Rail and to ferry operators, or a subsidy based on revenues to support remote routes. The report also identifies additional gasoline taxes and Transport Canada’s existing subsidy program as potential sources of funding.

1. 5. 2 Public Transit

Public transit systems receive funding through the provinces or territories and directly from municipalities. Provincial investment in transit has generally strengthened over the last few years (CUTA). In addition, the recent federal and provincial decisions to allocate substantial gas tax revenues to transit investment with particular emphasis on ridership growth represent a tangible increase in sub-sector funding commitments. Ten out of thirteen provinces/territories invest directly in public transit, and governments usually invest more heavily in specialized rather than conventional transit. Six provinces (Alberta, British Columbia, Manitoba, Ontario, Québec and Saskatchewan) invest in both. Prince Edward Island, Northwest Territories and Nunavut do not provide any funding.

While most provinces provide some funding, the monetary value of some grant programs is small. Indirect funding such as unallocated grants from provinces to municipalities (general revenue that may be used for transit) and dedicated taxes or fees (e. g. , fuel taxes and vehicle registration fees) is common. Overall, funding is growing, but is still considered inadequate by many jurisdictions (CUTA – 2003/2005).

Urban Transit Operations Funding: In 2004, operating contributions from governments exceeded \$1.845 Billion, representing 43.2% of total operating revenues. (*Statistics Canada* preliminary data).

Urban Transit Infrastructure Funding: For 2004, capital contributions from Governments amounted to in excess of \$772 Million. (*Statistics Canada* preliminary data).

The Canadian Urban Transit Association (CUTA) estimates that transit infrastructure needs for the period 2006-2010 will reach \$20.7 billion (CUTA, 2006). These findings were based on a 2005 survey of CUTA members who were asked to identify their capital infrastructure needs, divided into four categories:

- currently planned rehabilitation/replacement
- rehabilitation/replacement contingent on external funding
- currently planned expansion/ridership growth
- expansion/ridership growth contingent on external funding

Responses indicated a greater preference for expansion or ridership growth rather than rehabilitation (56% to 44%, respectively), based on the expected mobility needs of the Canadian population. A significant shortfall in funding for the period is expected, however, as many investments have yet to be budgeted by municipalities and

authorities. Projects that are part of current plans total 79% of identified funding, and the balance (21%) remain contingent on external funding. The CUTA survey highlights the need for long-term reliable government funding to meet the Canadian population's (growing and forecasted) transportation needs (CUTA, 2004b). Recent federal and provincial government commitments to transfer funds from federal gas taxes to transit will help address the shortfall, but at present this is viewed as neither a long-term nor a sustainable solution (Metro Magazine, 2005a). Furthermore, the allocation of federal funds specifically to transportation initiatives is subject to provincial and municipal discretion.

1. 5. 3 Student Transportation

Student transportation funding also occurs at the provincial level, however funding formulae vary by province. While funding comes primarily from the general revenue of the provinces, Nova Scotia and Saskatchewan rely on partial municipal funding, and Manitoba school districts earn extra revenue by taxing transportation. In some provinces, allocation of funds occurs on a per student basis, whereas others are based on a total price submitted by the contractor (Boudreau, 2003). In Ontario, a new funding formula is being proposed in which total funding is considered the starting point rather than the outcome of the equation (Ontario School Bus Association (OSBA), 2003b & 2003c).

This new model addresses “general transportation; mobility accessible transportation; transportation for special education programs; other special transportation needs; and allowances for safety programs, administration, local priorities and local hazards” (Hartman, 2003). The formula follows recommendations made by the Education Equality Task Force chaired by Dr. Mordechai Rozanski. Rozanski not only recommended the development of a transportation grant, but also the immediate direction of funds to school boards with the greatest need in order to promote stability in the sector. The development of regional transportation consortia and the implementation of regional service boards were also recommended. According to the Ontario School Bus Association, the new funding model is still being assessed at the provincial level. The new model replaces a system that based allocation of funds on historical spending patterns. Those boards that traditionally spent more money received more funding, yet those which were cost effective were penalized, as they were given less (OSBA, 2003a).

In Québec, school bus transportation is funded by the Ministry of Transportation and is governed by the concept of a “global envelope” given to school boards. The global envelopes are fixed, but allow for escalator clauses in case of possible increases in fuel prices or other extraordinary items. The school boards negotiate school bus transportation contracts with private school bus companies, contracts that can be for periods as long as three years.

Generally speaking, in most parts of the country, school bus transportation contracts are offered through tenders to private contractors by local school boards with budgetary envelopes determined by a central agency. There is a general recognition that local school boards have a better sense of the local requirements. There are also several jurisdictions—school boards and in some cases provinces, like New Brunswick—where

The topic of funding proved to be one of the most critical human resource and business issues raised by industry stakeholders across the country. In both the urban and school sub-sectors, it is widely held that funding is not keeping pace with the increasing requirements of operations. While the province of Québec has been held up as a model for other provinces for school bus funding, Ontario continues to feel the effects of an inadequate funding model. Urban systems across the country are challenged to ensure that both current operational needs and future capital requirements are met.



school bus transportation is a public service operated by the school boards or a government agency.

Unfortunately, much of the literature surrounding funding of student transportation was at the descriptive rather than strategic or operational level. School bus transportation is an activity managed by provincial and territorial governments, and to date, a formal nation-wide association for school bus services does not exist.

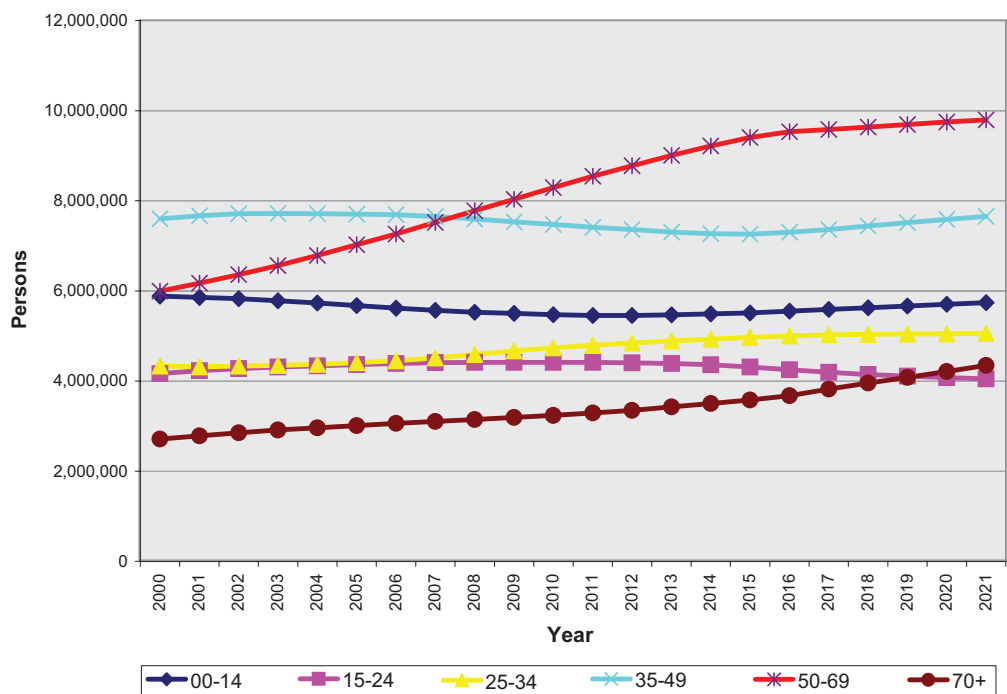
1. 6 Emerging Trends and Implications

1. 6. 1 Shift of Canadian Population Demographics

As illustrated (figure 1-16), the age distribution of the Canadian population will change dramatically over the next 15 years. The only significant growth in population cohort will occur in those aged fifty years and more (table 1-6).

Figure 1-16: Projection of Canadian population growth

Canadian Population
(by age cohort, 2000-2021)



Source: The Centre for Spatial Economics, unpublished data[®], 2004.

Table 1-6: Projected shift in Canadian population between 2000 and 2016 by age cohort

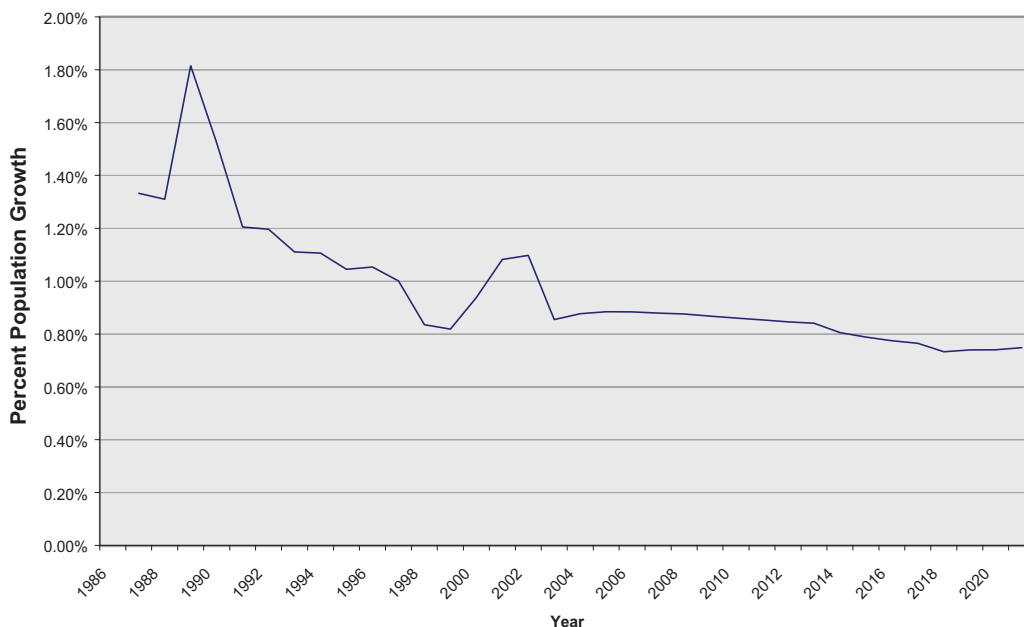
Age Cohort	00-14	15-24	25-34	35-49	50-69	70+
Change in Population	-333,900	83,845	667,103	-302,660	3,537,067	963,629
Percent Change	-5.68%	2.01%	15.40%	-3.98%	59.00%	35.54%

Source: The Centre for Spatial Economics, unpublished data®, 2004.

In contrast to the rapid rise in the number of elderly Canadians, overall population growth rate estimates point to an ever more slowly growing population. The growth rate, currently at just under 0.9%, will dip below 0.8% by 2014 and is expected to continue to decrease (figure 1-17). A significant proportion of the marginal growth in general population will be directly attributable to immigration, offsetting the Canadian population's declining net natural increase (Conference Board of Canada, 2004).

Figure 1-17: Projected growth rate of the Canadian population

Population Growth Rate Estimates



Source: The Centre for Spatial Economics, unpublished data®, 2004.



Impediments to Seniors' Access to Public Transit and Paratransit

- *absence and poor design of bus shelters*
- *adverse climate conditions*
- *wait times*
- *walking distances*
- *evening and weekend service schedules*
- *lack of awareness of information and options*
- *poor personal long-term transportation planning*

Source: Kerschner, 1999

1. 6. 2 Impacts of an Ageing Population on Ridership

The impact of an ageing population on the motor carrier passenger industry's ridership demographics is difficult to quantify accurately: "[Senior citizens'] travel behaviour ... has been and is expected to continue changing. However, the precise implications of these trends for transit ridership... and other travel patterns remain unclear" (Thomas and Deakin, 2001).

Data cited by Thomas and Deacon and the U. K. Commission for Integrated Transport (2004) clearly illustrate that preceding generations of adults 65 years of age and older show increasing rates of personal vehicle use. In other words, seniors are driving more than ever.

Furthermore, focus groups undertaken in the U. S.A. (Kerschner, 1999) revealed several themes that may mitigate the popular notions of the impact that a rising proportion of seniors will have on the motor carrier passenger industry:

- the private automobile is the dominant mode of transportation for seniors
- the inadequacies of other transportation options are both real and perceived
- seniors say they "will do just about anything to continue to drive," fearing that taking away their mobility will adversely affect their quality of life significantly
- many seniors who have stopped driving for health reasons are not fit enough, due to their preceding dependence on the automobile, to subsequently easily access other forms of conventional transportation and may be forced to rely on more expensive paratransit

Nonetheless, the bus industry will likely see increases in demand for services from seniors over the next ten years. In addition to devices that accommodate limited mobility, buses will also have to cater to the needs of those with other disabilities such as hearing and sight impairments (CUTA, 2004b). Transportation innovations specifically developed for the physically challenged and elderly include the low-floor urban bus, which is suspended nine inches off the ground, making curb-side boarding easier, and a 23-passenger bus that can accommodate up to nine wheelchairs (Walle, 2001).

Coaches are also equipped with lift technology. The larger intercity bus operators have at least 10% of their fleet fitted with lift equipment. A federal program designed to financially assist bus companies to retrofit existing buses or equip new ones had been operative, but has since been terminated.

1. 6. 3 Impacts of Accessibility

Most countries estimate that about 12-14% of their population is disabled in some way and 5-10% has walking or mobility difficulties. In 2001, 3.6 million Canadians, or nearly 13% of the country's population of over 31 million, lived with a disability; by 2011 this number is expected to grow to 5 million. Typically, 0.5-1% of the population uses a wheelchair, though often only for part of the time or for particular activities. By the year 2025, 23% of the Canadian adult population will be aged 65 years or more, 21% will be disabled and 12% will have a specific transportation disability (Transport Canada, 1997a, 1997b).

The development of accessible transport has been a long process of improving the physical design and the operation of transport systems to progressively remove barriers to particular sectors of the population. In recent years the emphasis has been on transport that caters to all users in a single integrated system rather than providing segregated accessible systems for particular groups of users, such as people in wheelchairs.

During the 1980s, research established the capabilities of persons with disabilities and elderly populations and the ergonomic requirements for the physical design of cars, buses, terminals and walking areas. Subsequent research has addressed the requirements of people with sensory impairments and provided guidance on the supply and display of information. It is expected that further improvements in the accessibility of transport will involve the use of electronic technologies.

In a recent report produced by Transport Canada it was emphasized that the following research and development tasks are necessary if Information Technology Systems (ITS) are to achieve their potential of increasing the accessibility of transport to the elderly and persons with disabilities:

- extend smart payment cards to enable a single card to cover public transport service providers in many communities plus railways and public telephones
- investigate the use of smart cards to carry optional information on traveler requirements, to help service providers provide services required
- develop equipment for a communication system between passengers and bus operators to help a passenger hail a community bus
- establish a system that provides transit, travel and business directory information using cable to a home computer or television, the internet or broadcasts to a portable receiver
- look for other low-cost ways to use ITS to help persons with disabilities. One possibility is the use of inductive loops in transit vehicles to enable people with impaired hearing to hear announcements direct through their hearing aid without interference from other conversations and background noise (Transport Canada, 2004d)

Transport Canada developed the Access to Travel (ATT) website to provide information on accessible transportation services across Canada to persons with disabilities, their caregivers and seniors in order to make their travelling experiences easier and more enjoyable. The ATT website is a communication tool that supports the Canadian policy of removing undue obstacles to federally regulated transportation services and facilities and encompasses broader accessibility objectives as well. On the site, users can find practical information on accessible transportation providers, along with their contact information, services and any restrictions. There is also information on policies and procedures, as well as mechanisms for making inquiries or complaints and providing feedback.

The ATT website also connects the user to another federal website, the Persons with Disabilities (PWD). This PWD website offers a wealth of information on government services and regulations. Users can find information on employment options, how to adapt a home to accommodate a wheelchair user and tax credit programs.



The Intercity Bus Code of Practice

The Intercity Bus Code of Practice sets out best practices for providing services in a safe and dignified manner to travellers with disabilities. Championed by Transport Canada's Advisory Committee on Accessible Transportation (ACAT), the Code was developed over two years by a group of industry stakeholders and consumer representatives.

Under the provisions of the Code of Practice, persons with disabilities providing advance notice of travel (24, 48 or 72 hours, depending upon the service required) are guaranteed accessible bus services. Persons with disabilities who require the assistance of a personal aide may bring their companion free of charge.

Passengers who experience barriers can initiate a 3-step complaint process with ultimate recourse to Transport Canada. Complaints are extremely rare, even though accessible coach bookings are increasing rapidly for this growing market.

Source: Greyhound Canada, 1999

Canada currently adopts a voluntary approach to improving accessibility. The Intercity Bus Code of Practice, effective October 1, 1998, is a good example of this approach (Transport Canada, 1998a). It is designed to remove barriers to access for travellers with disabilities when using scheduled intercity bus services in Canada. It was developed by bus companies and consumers and is monitored by Transport Canada.

The provisions of special lift technologies and services at terminals were examined by Transport Canada. Users with accessibility concerns and bus terminal service providers were surveyed in terms of how the Code is implemented. Transport Canada's report recommended an American approach; in this approach the number of buses with lift capabilities is stipulated by regulations; however, bus service providers have strongly opposed any regulation on this issue and continue to support a voluntary approach. As the industry strives to make transportation systems more accessible and the demographic patterns of our communities change, demands placed on bus operators to contend with passengers' special needs will increase, as will the corresponding training requirements (HLB Economics, 2002). MCPCC's *Special Needs Rider Program* and CUTA's Ambassador Program have already addressed the need for this specialized training.

At a provincial level, there are many efforts to respond to the needs of people with special mobility needs. As an example, Ontario adopted the Accessibility for Ontarians with Disabilities Act, 2005 replacing previous 2001 legislation. The new law will require government to work with the disability community and the private and public sectors to jointly develop standards to be achieved in stages of five years or less, leading to an accessible Ontario in 20 years. Standards will be set in both the public and private sectors to address the full range of disabilities—including physical, sensory, mental health, developmental and learning.

Ontario public transportation providers are required to consult with people with disabilities and examine all aspects of their operations to identify barriers and the steps to be taken over time to remove these barriers and prevent new ones. Organizations need to take into consideration their roles as service providers and employers when preparing plans. Accessibility plans must be developed annually in consultation with people with disabilities. The first of these plans was due by September 30, 2003. To assist urban transit systems, the Ontario Community Transportation Association (OCTA) has developed a guide to accessibility planning for public transportation organizations called the Transit Accessibility Blue Print.

In Québec, it is estimated that special transport services are available to 95% of the province's population. More than 60,000 persons use these services; in total that translates into more than 4.5 million trips per year (table 1-7).

Table 1-7: Québec Accessible Transportation 1998-2002

	1998	1999	2000	2001	2002
Service Providers	102	104	104	106	102
Municipalities	881	911	893	845	783
Persons Transported	50,033	52,963	55,836	59,609	62,786
Passenger trips	4,085,760	4,314,469	4,427,573	4,534,853	4,804,712
Vehicles	327	347	364	381	394
Subsidies	37,960,000	41,400,000	44,210,000	46,380,000	49,220,000

Source: Québec Ministry of Transportation®, 2005 .

In other provinces, like Alberta, Nova Scotia and New Brunswick, the province provides information about the services available in the communities across their respective provinces.

In all municipalities across Canada, the objective of the service providers has been to make the service more affordable and more inclusive. The following statistics (table 1-8) show that the people with special mobility needs are responding well to the new services. At the moment it represents less than 1% of the total ridership for urban transit systems across Canada and has an average annual growth rate of 3%. The number of registrants (i. e. , persons who meet the eligibility criteria and have registered to use specialized/accessible transit services) shows a constant progression.



Table 1-8: Operating Statistics – Specialized Urban Transit Services (1994-2004)

Year	Service Population	Service Area (sq. metres)	Registrants	Ridership	Total Vehicle Kilometres	Total Vehicle Hours	Average Adult Cash Fare
1994	13,705,836	9,796.80	161,038	8,019,800	43,154,188	2,214,648	\$1.63
1995	14,371,390	11,115.40	175,230	8,665,024	46,537,387	2,317,571	\$1.68
1996	14,291,793	11,317.20	166,690	8,625,883	46,034,481	2,274,051	\$1.74
1997	14,500,386	11,839.90	175,520	8,846,485	46,761,999	2,339,514	\$1.84
1998	14,758,468	13,112.50	161,053	9,109,898	45,254,869	2,275,553	\$1.90
1999	16,185,118	20,174.70	187,787	10,364,999	50,629,636	2,591,523	\$1.99
2000	17,442,062	21,153.00	205,003	10,872,901	54,148,617	2,761,906	\$1.99
2001	18,478,383	28,934.60	208,847	11,126,423	52,524,934	2,801,192	\$2.05
2002	18,249,063	29,183.40	218,771	11,612,074	55,555,949	2,894,969	\$2.12
2003	18,457,405	30,975.90	237,665	11,794,969	55,689,393	2,914,933	\$2.18
2004	18,528,390	30,325.40	245,138	12,490,525	59,585,921	3,034,041	\$2.28

Source: CUTA®, 2005

1. 6. 4 Greater Immigration and Ethnic Diversity

The U. S. Transportation Research Board Results Digest (2001c) and the Price Waterhouse Study (1997) recommended for the implementation of better techniques in the handling of ethnic diversity among both riders and operators. New immigrants are a growing source of industry potential labour. The Conference Board of Canada (2004) predicts an increase in annual immigration levels from 235,500 in 2003-2004 to 252,800 in 2015, but claims little is currently being done by Canadian employers to access this resource pool. Greater efforts and outreach are needed to overcome the language and cultural barriers and facilitate job access. The report concluded that Canadian industry needs to provide instruction in understanding diversity, develop courses that will assist new immigrants with language skills and overall skill development and work with government agencies to encourage new immigrant populations to participate in industry.

1. 6. 5 Border Security

The effects of recent reactions to Canada-U. S. border security concerns, particularly the Western Hemisphere Travel Initiative (WHTI), which will require all travellers to present a passport or other appropriate secure documents when entering or re-entering the U. S. A. , will pose significant challenges to the charter and tour sub-sectors. From ensuring that all cross-border employees and travellers are prepared and legally permitted to cross the border, to dealing with the scheduling challenges posed by any delays or disruptions in service, the industry will need to manage both the perception and the reality of border crossing-related delays, annoyances and risks.

1. 6. 6 Environmental Awareness

“In Canada, transportation is the single largest source of greenhouse gas emissions, accounting for 25% of the total” (Transport Canada, Kyoto Protocol - 2004).

The growing awareness of the environmental effects of automobile emissions and greenhouse gases (GHG) may potentially contribute to increasing bus ridership, as the industry is clearly a leader in fuel efficiency and greenhouse gas emissions as compared to all other modes of transportation (figure 1-18). The most significant GHG, in quantity and effect, is carbon dioxide (CO₂), which comes primarily from the burning of fossil fuels. The international community has responded with the Kyoto Protocol, under which participating nations are legally bound to reduce GHG emissions by 2012. Canada agreed to a 6% reduction relative to 1990 levels (Hartman, 1998). As our emissions have grown significantly since 1990, Canada is now facing a reduction need of about 30% (National Round Table on the Environment and the Economy, 2004).

In May 1998, the federal, provincial and territorial Ministers of Transportation established the Transportation Climate Change Table as part of a national process to develop a climate change strategy in response to the Kyoto Protocol. The table was comprised of transportation sector experts from a broad cross-section of business and industry, government, environmental groups and non-governmental organizations. It was mandated to identify specific measures to mitigate greenhouse gas emissions from Canada’s transport sector (Transport Canada, 2000). Strategies to reduce emissions in the transport sector relate to reducing private vehicle travel and include:

- transit investment
- designating high occupancy vehicle lanes
- traffic-flow improvements
- dense, transit-oriented development
- building park-and-ride facilities
- fuel, road and parking pricing adjustments
- providing operator education (Grant et al. , 1998)



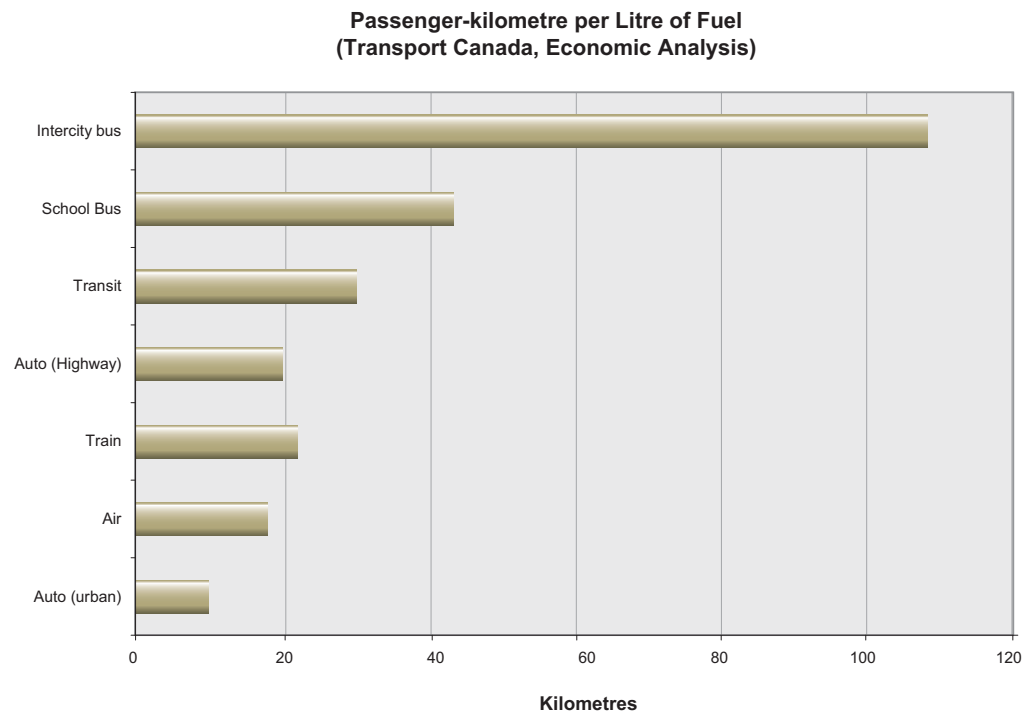
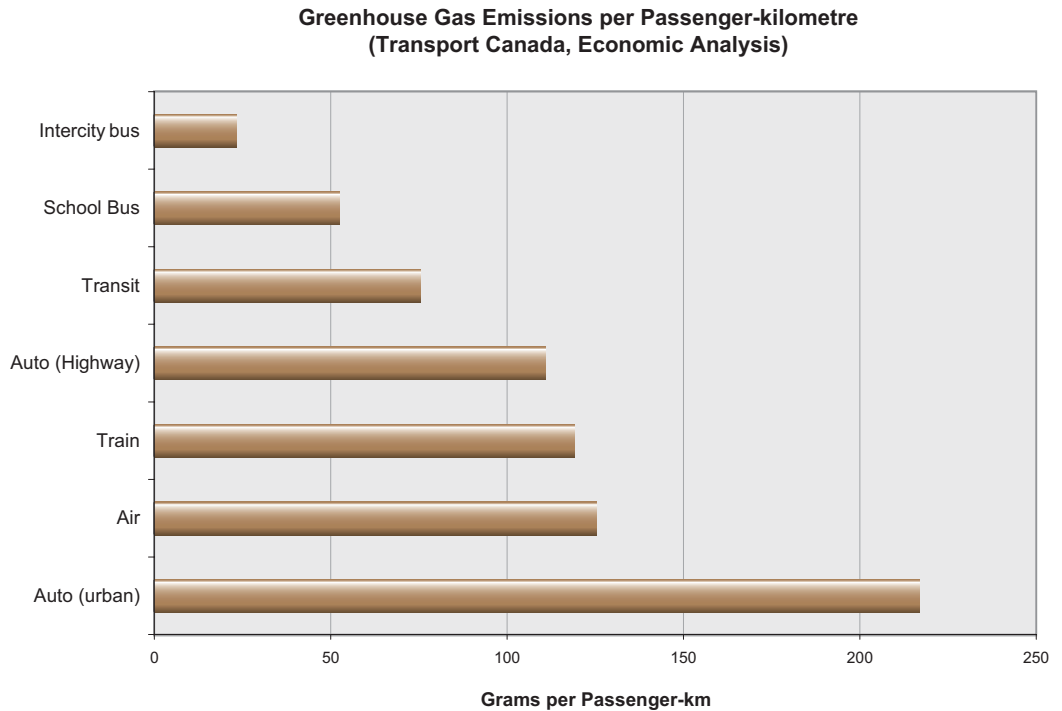
FleetSmart

FleetSmart offers free practical advice on how energy-efficient fleets of trucks, buses and other commercial vehicles can reduce operating costs, improve productivity and increase competitiveness.

SmartDriver

Through a unique combination of coaching and on-the-road training, these innovative training modules can demonstrate how a driver can reduce fuel consumption significantly.

Figure 1-18: The Bus Industry's Environmental Advantage



Source: Transport Canada, 2001b

A survey of 1,974 adult Canadians on issues surrounding climate change showed that environmental issues are important to individuals and the majority believe individual action can make a difference. However, almost half could not name any action they could take. Most respondents are looking to industry, scientists and the government to take a lead, inform the public, enact change and play a leadership role domestically and internationally. Of the proposed individual actions to reduce climate change, the most common response (30%) was a reduction in car use. As the climate change issue becomes more prominent in the minds of the general public, the alternatives to car use can be recognized as a contribution the individual can make to climate change reduction and amelioration (Marzolini, 1998).

At the political level, strategies to develop a transportation system promoting environmental sustainability include the provision of long-term sustainable funding for public transportation systems and investment in integrated, multi-modal transportation systems. Canada had been the only G7 country without a national transit investment program because of constitutional barriers until the Prime Minister's Caucus Task Force on urban issues recognized urban transit as a new area of long-term national investment (Prime Minister's Caucus Task Force on urban Issues, 2002).

Through the work of the Transportation Table on Climate Change, it was established that training was one of the major measures that could influence GHG emissions in the transportation sector. Natural Resources Canada (NRCAN), Office of Energy Efficiency has been charged with the development of dedicated training and awareness programs on fuel efficiency for the bus industry and with encouraging voluntary participation. The MCPCC has partnered with NRCAN to engage the industry in programs development and implementation.

1. 7 Strategies to Defend and Increase Urban Transit Ridership

1.7. 1 Passenger Counting and Route Profiling

Passenger counting is becoming an important function at transit agencies. Profiling routes and journeys can help service providers understand the needs, characteristics and opinions of riders and potential riders in order to improve planning, marketing and promotion, policy-making and image building. Research points to the importance of individual and household characteristics in defining current transit users. Three non-service factors stratify and profile travelers and their trip choices: vehicle access, destination land use/location and origin land use/location. Other factors influencing trip-making and mode of choice are: age or stage of life, employment status and the quality of the transit connection between the origin and destination.

Two marketing strategy approaches were identified to encourage greater ridership, one focusing on frequent riders, the other on occasional riders. It is argued that it is easier to target and encourage current riders, who are already familiar with the system, than to attract new riders (Crowley, 2000). Frequent riders, those who purchase pre-paid passes, should be surveyed and have strategies designed to appeal to their needs (e. g. , preferential treatment and targeted promotional materials). Occasional riders should be encouraged to use the transit system more frequently through discounted fares on pre-paid ticket prices.

EcoPasses: Employer-based Transit Passes

Programs currently being implemented to increase service and ridership include the Eco Pass, Youth Pass and U-Pass (CUTA 2003d). Geared toward unique target markets, these programs are designed to encourage transit use by offering members of a specific group, such as employees or students, discounted or even free monthly transit passes. Costs assumed by the employer or school are recovered in the form of reduced parking infrastructure requirements or tax avoidance. The transit service provider in turn gains ridership and obviates the development of more car-friendly infrastructure. Canadian universities currently operating a U-Pass program include, Calgary, Victoria, Guelph, Trent, McMaster, Queen's, Dalhousie and University of British Columbia.



1. 7. 2 Parity in Tax Treatment of Parking and Transit Benefits

Though employer-provided parking and employer-provided transit benefits are both considered taxable under the Federal Income Tax Act, efforts are continually being made to have the federal government allow transit cost exemptions from income taxes. Studies have shown that the implementation of employer-provided income tax exempt transit benefits, as has existed in the U. S.A. for more than 20 years, shows significant positive impacts on transit ridership levels (CUTA, 2005c).

1. 7. 3 Influencing Modal Choice

Though argued that it may be easier to increase ridership by targeting current riders, the benefits of successfully encouraging commuters to leave their cars at home are far more significant. Given the 75% ridership share of the automobile (i. e. , three car riders to one non-car rider), “the switch of a very small proportion of trips from car to public transport would mean very significant increases in demand” (Commission for Integrated Transport, 2004). In terms of the strategies that would be required to encourage a modal switch from the car, “if the transit system wants to attract significantly more riders and reduce automobile travel, however, fares will need to decline and service improve to attract more price-sensitive discretionary riders” (Litman, 2004).

An examination of various transit ridership initiatives published by the Transit Cooperative Research Program revealed that most systems experiencing major ridership increases attribute the increases to various combinations of strategies (Transit Cooperative Research Program, 1998b). This review suggests that approaches taken can generally be categorized as follows:

- service adjustments
- fare and pricing adaptations
- marketing and information initiatives
- planning orientation
- service co-ordination, collaboration and market segmentation

Key findings from a comprehensive review of academic literature on factors influencing transit ridership are found below.

The Factors Influencing Transit Ridership

- transit functions in most places for most trips as an “inferior good” to private vehicles, such that the **demand for transit services is largely determined by the supply of private vehicle access**
- as transit systems in most metropolitan areas have lost market share for most trips to private vehicles, **the importance of two transit markets has grown: travellers with limited access to private vehicles (children, the elderly, the disabled and the poor) and commuters to large employment centres**
- taken as a whole, variables which directly or indirectly measure **automobile access and utility** (including auto ownership and parking availability) **explain more of the variation in transit ridership than any other family of factors**
- with respect to internal factors, improvements in service supply—for example, frequency, coverage and reliability—have been shown to be more important than price in determining ridership
- [Studies] that have measured service quality have found that **service quality is a more significant factor than both quantity and price**
- **focused fare programs** that target populations, including student and transit-dependent, with relatively high price-elasticities of demand **have been very effective in attracting riders**
- while many of the factors which most affect transit ridership are outside the control of transit managers, they are not beyond the bounds of public policy. **Policies which support private vehicle use**—such as extensive arterial and freeway systems, relatively low motor fuel taxes, policy which require parking to be provided to satisfy all demand at a price of zero—**affect transit use more than policies such as substantial public transit subsidies which encourage transit use**

Source: Taylor and Fink, 2003



1. 7. 4 Approaches to Increase Ridership in Practice

Though available research on ridership is predominantly focused on the urban transit sub-sector, American publication Metro Magazine has profiled some of the approaches service providers in the North American transit, intercity and charter and tour sub-sectors are currently using to improve their service and market share (*see illustration*).

As a Canadian initiative, in June 2002, the region of York entered into a Public/Private Partnership (P3) agreement with a group of seven companies known as the York Consortium 2002. The objective was to design, build and operate a state of the art bus rapid transit system (VIVA) in York region and develop a long-term plan to bring a full-scale rapid transit network to York beginning in 2005. The award-winning bus manufacturer Van Hool constructed the Viva rapid transit vehicles in Belgium. These new, modern rapid transit vehicles are fully accessible, with wide doors, low floors and ramps to accommodate wheelchairs and strollers. They operate on clean burning fuel and meet the latest government emission standards. Today, there are 40 rapid transit vehicles delivering the VIVA service, and that number is expected to increase to 85 vehicles by the time the system is fully operational.

1. 7. 5 Road Pricing

The issue of road pricing and user pay needs to be raised, as their implementation would certainly affect the bus industry. Although we are far from a national consensus on the matter, these issues have been raised on several occasions, and more particularly, they were debated during the Canadian Transportation Act Review exercise in 2000-2001. The Canadian Transportation Act Review commissioned reports on the question of user pay and in its final report also made some specific recommendations on the issue. The recommendations call for charges for road usage based on costs imposed, differentiated so far as practical by the nature of the vehicle, the type of roads and the amount of congestion in the city core. Some cities such as London and Hong Kong have introduced new schemes for road pricing to limit congestion. While this approach has not been implemented in Canada, it suffices to say at this time that the issues of road pricing and user pay will not vanish from the national scene, as further studies are being conducted in selected markets.

Innovative Motor Coach Operators 2005

Metro Magazine, January 2005

TECHNOLOGY

- Creating a positive on-line image by offering customers on-line ticket purchasing capability, surveys and other information
- Improving communications and establishing better relationships with drivers through on-line communication of future route assignments and information on pay and hours worked
- Improving customers' tour experience with DVD presentations to complement operator narration

MARKETING

- Exploring complementary markets
- Increasing community involvement
- Partnering with tour companies and destinations
- Offering special-needs tours
- Exploring high-profile, high-publicity jobs to improve image

HUMAN RESOURCES

- Improving customer service through an emphasis on training (drivers, sales associates and mechanics) and better communications with clients (thank you cards and customer surveys)
- Providing enhanced driver training on vehicle operations, maintenance, geography and public speaking
- Offering cutting-edge maintenance by offering mechanics continuous updates and training and modern equipment
- Providing 24-hour-a-day assistance and support to staff
- Improving drivers' sense of ownership and pride by assigning each driver to only one coach

INNOVATIONS

- Offering luxury, first-class service to fill the gap left by the declining luxury and weakening image of air travel
- Expanding relationships into rural markets by partnering with local transit agencies and small private operators to create networks that feed into one another



1. 8 Role of the Canadian Motor Carrier Passenger Industry within the Global Transportation Industry

The bus industry plays a critical role in the Canadian economy. It contributes to creating:

- a more mobile workforce, which is of value to both employers and employees
- a more inclusive workforce and society, reducing transportation barriers to numerous groups
- more sustainable, more efficient and healthier communities

Its sustainability is of vital importance to not only the service providers and their employees, but also to the people they serve, both directly and indirectly.

1. 8. 1 International Competition

Competition for the ownership of Canadian service providers is significant. Some examples include: Laidlaw International Inc. 's operations, including its Greyhound operations; the buy-out of Coach Canada by Stagecoach Group PLC of Perth, Scotland; and the acquisition of Orléans Express by the French firm Keolis.

1. 8. 2 Competition for Funding

Funding is integral to the operation of a great proportion of the Canadian bus industry; it can also cause competitive friction between different sectors and modes of transportation. Specific to the intercity sub-sector, expansion of municipal transit boundaries and competition from highly subsidized government operated entities (e. g. , VIA Rail) place significant competitive challenges on the intercity bus sub-sector. "In fact, while highly illogical in these days of municipal budget shortfalls, some communities operate subsidized competition with non-subsidized services provided by private sector bus companies, forcing the private carrier out of the market" (MCC, 2002). The position taken by MCC states that public (subsidized) transportation should be prohibited from competing with private carriers and should not be allowed to operate beyond their municipal borders.

Government involvement, according to MCC, should be limited to planning. Expansion plans that displace private carriers should be rejected and replaced with plans to expand existing services for the benefit of both parties (MCC, 2003b). Private carriers are often unable to compete with the low fares set by transit systems supported by government subsidies.

1. 8. 3 Sector-Level Competition for Ridership

As previously illustrated, competition in the surface transportation industry is dominated by the automobile. In studies of efforts to encourage greater use of public transport (both bus and rail), and given that it is in the public interest to do so, the U. K. Commission for Integrated Transport (2004) has concluded that:

- public passenger transport modes **must compete more effectively with the private car** and have no alternative but to do so.
- **maximum benefits will come through the minimization of costs**—keeping fares as low as possible and reducing the time elements of public transport (waiting, journey time, access time to end destinations).
- **co-ordination between providers and between transport modes reduces costs**—perceived and actual journey times as well as the fare price of journeys (where a change of mode or service is required).
- inter-provider competition can reduce costs (predominantly through the fare price), but does not give the types of **enhancements to service delivery offered through greater cooperation**.
- **common ownership of different modes is not a necessary precondition** for co-ordination and integration.

A Study on an integrated transport network's ability to compete with the private car, particularly with respect to the co-ordination of services required between modes (Wardman, 2001), revealed that car users prefer service improvements in public transportation to measures designed to persuade them from their cars (i. e. , improvement in a mode's reliability, frequency and speed of services). However, they consistently estimated, accurately or otherwise, that their potential commute would take a long time. The Study concluded that more effective communication strategies to persuade car users and inform existing users of the actual levels of service, reliability and frequency are needed.

1. 8. 4 Performance Relative to Other Countries

Canada and the U. S.A. face similar problems in their efforts to recruit and retain a skilled workforce, driven primarily by changes in technology, demographics and industry growth. A Study commissioned by the American Public Transportation Association (APTA) identified the efforts of the Motor Carrier Passenger Council of Canada (MCPCC) as an innovative organized approach to dealing with workforce issues, which could be used as a model for U. S. action.

A comparison of personal vehicle ownership statistics illustrates not only the more dominant position of the automobile in the U. S.A. , but also how considerably more costly car ownership is in Canada, a potential comparative advantage for the Canadian bus industry (table 1-9).

The Most Important Facilities at Interchange Locations

- *good shelters*
- *real-time information*
- *printed timetable information*
- *good signage*

Source: Wardman®, 2001



Urban Transit in Canada and the United States

Interestingly, with a population of approximately 10 times that of Canada, U.S. urban transit statistics and performance do not reflect the same ratio. For example, while the per capita use of transit in Canada is 50% higher than in the U.S., the number of vehicles used is higher only by a factor of 7 (30% less) and the level of service by a factor of 8 (20% less). This indicates that transit systems in Canada have a higher productivity level than those in the U.S. in terms of kilometres travelled per vehicle and passengers carried per kilometre.

Noteworthy also is the level of government investment in public transit in the U.S.A. compared to Canada. In absolute terms, government funding for urban transit in the U.S.A. totals CDN \$24.5 billion compared to \$2.0 billion in Canada, 12 times the rate in Canada. On a per capita basis, U.S. government support is approximately \$86.70 versus \$66.67 for Canada, a difference of \$20 per capita or \$600 million.

Source: IBI Group®, 2002

Table 1-9: Canadian and American car ownership statistics

Statistic	Canada	U.S.A.
Vehicles per driving age population (2004)	0.694	1.009
Vehicles per driving age population (1960)	0.44	0.545
Annual km driven per vehicle (2004)	19,037	20,906
Annual km driven per vehicle (1960)	16,495	17,047
Vehicle Durability (2004)	230,000 – 250,000	300,000 – 320,000 km
Vehicle Durability (1970s)	150,000 – 160,000	170,000 – 180,000 km
Passenger Car Affordability - weeks of post tax income (2004)	26	18.6
Passenger Car Affordability - weeks of post tax income (1991)	21	22

Source: DesRosiers, 2004a