

## **Bus Modernization Frequently Asked Questions**

### **Why does Alberta need to modernize its bus policy?**

The current regulated system is no longer economically viable and many rural communities may lose bus service. A new regulatory framework addresses current and future needs for intercity bus service in Alberta. The new framework fosters the growth of regional transit, which becomes increasingly important as the province's urban areas continue to grow. The new framework also addresses deficiencies with the current regulated system for longer-haul bus carriers.

### **How does the current regulated system work?**

Any carrier providing scheduled intercity bus service in Alberta is required to obtain a provincial operating authority certificate (OAC). The Government of Alberta sets the conditions of the OAC. In Greyhound's case, one condition is providing service to less-profitable rural routes. In exchange, government limits competition on more-profitable routes such as the run between Calgary and Edmonton. Essentially, it is a cross-subsidization model where the profitable routes subsidize the less-profitable rural routes. The system also applies to regional transit service such as the C-Line between Leduc and Edmonton. Existing carriers may file an objection to an OAC application, which may result in a public hearing. The hearing provides opportunities for all interested parties to give evidence as to why the OAC should or should not be issued. At the conclusion of the hearing, the Registrar decides whether it is in the public interest to issue the OAC.

### **Why does the regulated system no longer work?**

Economic conditions have changed since the regulated system was put in place and ridership on the rural routes has fallen dramatically. In Greyhound's case, the rural routes' losses are no longer offset by the profitable routes.

### **Why does Alberta regulate scheduled bus service?**

The current regulated model was put in place in the 1960s at a time when there were very few options for bus service. The idea was to manage Greyhound's virtual monopoly and ensure service was available to rural and more remote communities.

### **What is the government going to do to address this issue?**

Government is being proactive and modernizing the regulatory framework for intercity busing to essentially create an open market for bus service. This supports free enterprise, fosters competition and helps further develop regional transit service.

Our goal is to have a system that is flexible and responsive to the varied busing needs across the province.

### **Will some communities lose their scheduled service?**

We know that an effective busing system is important to Albertans and that is why the government is making these changes.

It is possible that some communities may lose current busing service because Greyhound has indicated it intends to withdraw from or reduce service on some routes. This decision will happen with or without a new policy. This new framework is being put in place to provide opportunities for new entrants to provide service and potentially fill in some of the gaps.

**When would modernization take place?**

The modernized framework will be in place by October 1, 2011. This gives government an opportunity to inform carriers and other stakeholders about the new framework. It also gives new service providers opportunities to start up new services in Alberta.

**Why would anyone want to service the rural routes if they are not profitable?**

Some of the rural routes have the potential to be profitable if the right business model and equipment are used. For instance, a carrier may use smaller vehicles or operate with a more appropriate schedule for the area. The modernized framework gives potential carriers that option without having the service objected to by existing carriers or the need to go through public hearings, which can be time-consuming, expensive and pose a barrier to the new carrier.

**What if new carriers do not come in to service some of the rural routes? Is the Government of Alberta prepared to offer direct subsidies on some routes or provide the service directly?**

Government has no plans to subsidize private industry and believes private industry is best at responding to market demand and deciding how to operate a rural route. Government also has no plans to get into the busing business.

**Does the new framework change safety standards?**

The new regulatory framework will not compromise safety. Service providers will still have to obtain an OAC and comply with all the safety and vehicle equipment regulations required for passenger service. This means carriers will have to operate safe vehicles, have properly licensed drivers, have the appropriate insurance coverage and be subject to commercial vehicle inspection requirements.

**How much will the changes cost the Government of Alberta?**

The cost to government is negligible. In fact, the new framework may cost less than the current one because the need for public hearings related to OAC applications is being eliminated.

**Regional transit is operated by municipalities and most transit systems have to be subsidized by municipal taxpayers. Is it fair to expect private industry to compete with subsidized transit?**

Regional transit and longer-distance bus services serve different customers and really do not compete with each other. Their services are complementary rather than competitive. However, there are some private carriers that provide regional transit and there are possibilities they may have to compete with subsidized municipal services. Government encourages municipalities to work with private-sector operators, where feasible, to provide regional transit.

**Regional transit systems can also apply for grant funding under the Green Transit Incentives Program (GreenTRIP) while private carriers cannot. Does this also give an unfair advantage to regional transit over private carriers?**

Private carriers who provide regional transit services can apply for funding under GreenTRIP if their applications are supported by a municipality or a transit service. GreenTRIP funds can be used for capital purchases such as new vehicles.

**How will municipalities, industry and stakeholders be engaged?**

Alberta Transportation's project team will be hosting information sessions with municipalities, industry and other stakeholders in July. The information sessions will inform stakeholders about the new regulatory framework and provide information on the application process for potential carriers and regional transit providers. Information will also be available on the Ministry's website soon.

**Has there been much interest from other providers to get into the market?**

Yes, there have been applications for OACs from new carriers in addition to applications from existing carriers to service new routes. Government is also aware of interest from several municipalities to begin providing regional transit services.

**How will Albertans learn about future changes to bus service in their area?**

As with any business, new or existing service providers are responsible for marketing their services to potential customers. How this is done is best left up to the service provider.

**Where can I go for more information?**

More information on bus service modernization is available on Alberta Transportation's website at [www.transportation.alberta.ca/499.htm](http://www.transportation.alberta.ca/499.htm).