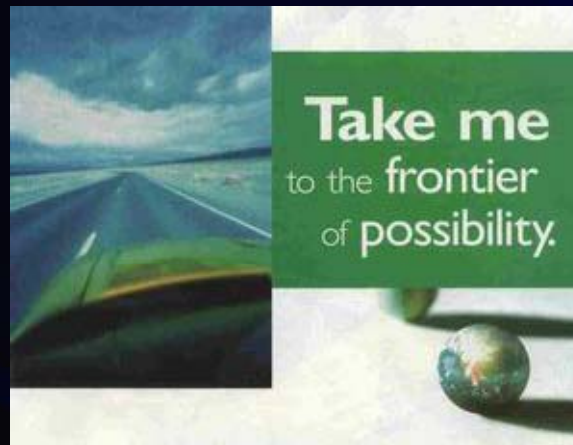


# Inter-City Busing in North America



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By Steve Lafleur



**FRONTIER CENTRE**  
FOR PUBLIC POLICY



# Decline of the US Intercity Bus Industry

- Ridership began a steady decline in 1960, due largely to expanding auto ownership.
- Airline deregulation in 1978 made fares affordable to middle class families, reducing demand for long bus trips.
- Decline was exacerbated by deregulation of intercity bus industry in 1982.

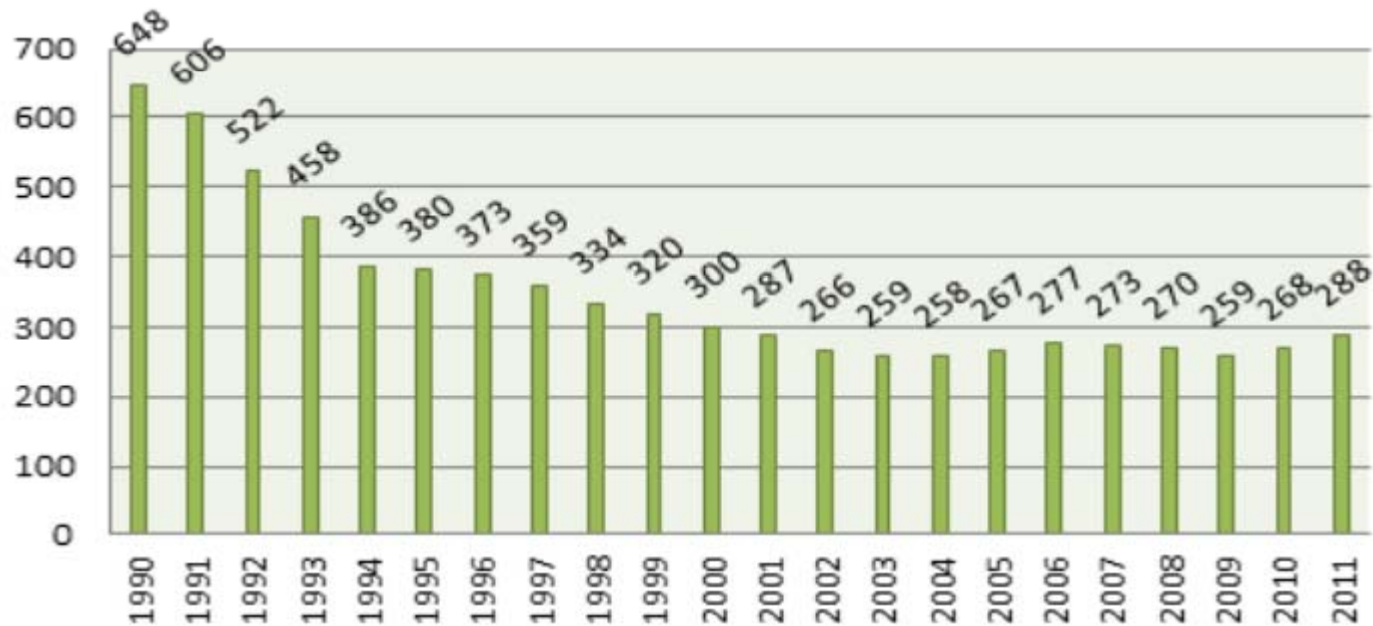
## Declining Ridership in Canada

- The same trends reduced ridership in Canada, but in slow motion.
- Lack of airline deregulation and lingering cross-subsidization schemes have likely mitigated the decline.
- Only 38 percent of route miles are profitable.

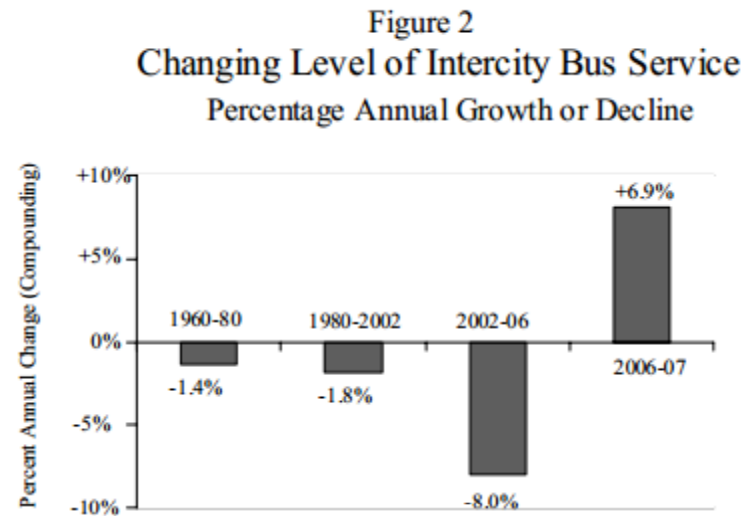
# Ridership Decline in Saskatchewan

**TABLE 1**

**STC Annual Ridership (000s)**



# Decline and Recovery of US Ridership



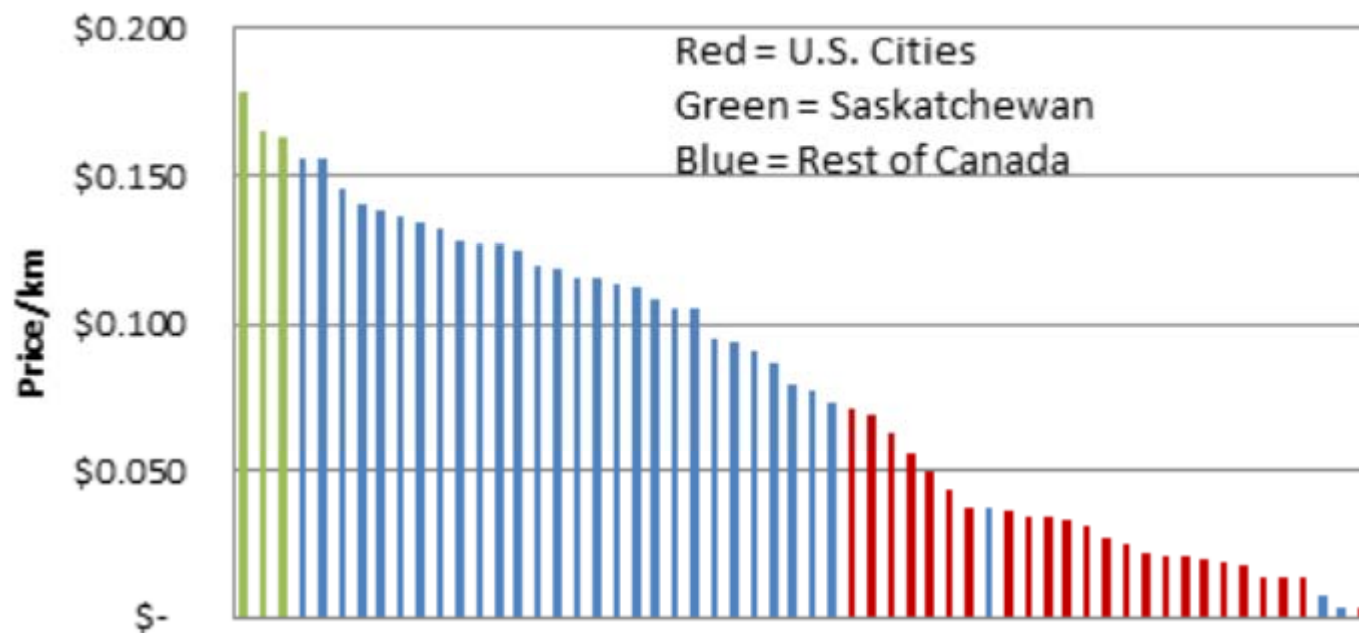
## Why the Recovery?

- Curbside busing. Pioneered by “Chinatown buses”, expanded by MegaBus, BoltBus, etc.
- Smartphones made purchasing tickets convenient.
- Downtown to downtown service is convenient and cheap for students and young professionals.
- Increasing hassle of flying made busing more attractive.
- Deregulation

# Competition Leads to Lower Fares in Urban Centres

**TABLE 6**

**Price per Kilometre for Select Canadian and U.S. Urban Routes, 31-day Advance Purchase**





## Rural Service

- Profitability of rural service has eroded due to declining rural populations and increased auto ownership.
- Cross-subsidy schemes used to allow Greyhound to serve entire provinces unsubsidized, but this is no longer viable.
- Greyhound received \$8.4 million in subsidies for Manitoba alone between 2009 and 2011.
- Federal Government declined to subsidize.



# Public Monopoly Costlier than Private Monopoly

**TABLE 2**

## **Inter-city Bus Service in Saskatchewan and Manitoba**

	Manitoba	Saskatchewan
Population <sup>18</sup>	1,235,412	1,045,622
Communities Served	293 <sup>19</sup>	290 <sup>20</sup>
2010 Operating Miles	3.6 <sup>21</sup>	3.2 <sup>22</sup>
2010 Operating Loss (millions)	\$4.8 <sup>23</sup>	\$8.4 <sup>24</sup>

## Determining Costs

- With a public monopoly, bus company has the ability to set rates and can justify all costs.
- With a private monopoly, company subject to greater pressure from government and riders.
- Only way to really determine cost is to have competition.

## Least-Cost Subsidies

- Pioneered by Washington State.
- Adopted in Oregon, California, Colorado, Maryland.
- Has reduced costs while expanding service levels.
- Supported by Canadian Bus Association.

# Least-Cost Subsidies Bring Down Prices

**TABLE 8**

**Per-Kilometre Cost Comparison of Subsidized Routes in Saskatchewan and Washington State, Including Subsidies (31-day Advance Purchase)**

City	Province/State	Destination	Distance (km)	Price	Carrier	\$/km	Subsidy	Subsidy/km	Total cost/km
Burbank	WA	Pasco	12	\$ 4.00	Grape Line	\$ 0.33	\$38	3.17	\$ 3.50
Coronach	SK	Regina	223	\$ 43.15	STC	\$ 0.19	*	2.42	\$ 2.62
Melville	SK	Regina	147	\$ 26.25	STC	\$ 0.18	*	2.42	\$ 2.60
La Ronge	SK	Saskatoon	383	\$ 67.90	STC	\$ 0.18	*	2.42	\$ 2.60
Lloydminster	SK	Saskatoon	276	\$ 48.00	STC	\$ 0.17	*	2.42	\$ 2.60
Yorkton	SK	Saskatoon	329	\$ 56.20	STC	\$ 0.17	*	2.42	\$ 2.59
Estevan	SK	Regina	201	\$ 33.90	STC	\$ 0.17	*	2.42	\$ 2.59
Carnduff	SK	Regina	293	\$ 47.20	STC	\$ 0.16	*	2.42	\$ 2.58
Eastend	SK	Regina	385	\$ 61.80	STC	\$ 0.16	*	2.42	\$ 2.58
Meadow Lake	SK	Saskatoon	297	\$ 47.40	STC	\$ 0.16	*	2.42	\$ 2.58
Creighton	SK	Saskatoon	546	\$ 81.40	STC	\$ 0.15	*	2.42	\$ 2.57
Deer Park	WA	Spokane	36	\$ 10.00	Gold Line	\$ 0.28	\$69	1.92	\$ 2.19
Loon Lake	WA	Spokane	52	\$ 15.00	Gold Line	\$ 0.29	\$69	1.33	\$ 1.62
Wallula	WA	Pasco	28	\$ 7.00	Grape Line	\$ 0.25	\$38	1.36	\$ 1.61
Chewelah	WA	Spokane	78	\$ 15.00	Gold Line	\$ 0.19	\$69	0.88	\$ 1.08
Touchet	WA	Pasco	50	\$ 8.00	Grape Line	\$ 0.16	\$38	0.76	\$ 0.92
Addy	WA	Spokane	92	\$ 15.00	Gold Line	\$ 0.16	\$69	0.75	\$ 0.91
Arden	WA	Spokane	105	\$ 18.00	Gold Line	\$ 0.17	\$69	0.66	\$ 0.83
Colville	WA	Spokane	115	\$ 20.00	Gold Line	\$ 0.17	\$69	0.60	\$ 0.77
Kettle Falls	WA	Spokane	128	\$ 20.00	Gold Line	\$ 0.16	\$69	0.54	\$ 0.70

City	Province/State	Destination	Distance (km)	Price	Carrier	\$/km	Subsidy	Subsidy/km	Total cost/km
Discovery Bay	WA	Seattle	81	\$ 39.00	Dungeness Line	\$ 0.48	\$14	0.17	\$ 0.65
Walla Walla	WA	Pasco	78	\$ 10.00	Grape Line	\$ 0.13	\$38	0.49	\$ 0.62
Port Townsend	WA	Seattle	90	\$ 39.00	Dungeness Line	\$ 0.43	\$14	0.16	\$ 0.59
Sequim	WA	Seattle	106	\$ 39.00	Dungeness Line	\$ 0.37	\$14	0.13	\$ 0.50
Wenatchee	WA	Ellensburg	113	\$ 22.00	Apple Line	\$ 0.19	\$30	0.27	\$ 0.46
Orondo	WA	Ellensburg	130	\$ 26.00	Apple Line	\$ 0.20	\$30	0.23	\$ 0.43
Port Angeles	WA	Seattle	132	\$ 39.00	Dungeness Line	\$ 0.30	\$14	0.11	\$ 0.40
Chelan Falls	WA	Ellensburg	168	\$ 29.00	Apple Line	\$ 0.17	\$30	0.18	\$ 0.35
Pateros	WA	Ellensburg	198	\$ 32.00	Apple Line	\$ 0.16	\$30	0.15	\$ 0.31
Brewster	WA	Ellensburg	207	\$ 32.00	Apple Line	\$ 0.15	\$30	0.14	\$ 0.30
Malott	WA	Ellensburg	236	\$ 36.00	Apple Line	\$ 0.15	\$30	0.13	\$ 0.28
Okanogan	WA	Ellensburg	249	\$ 37.00	Apple Line	\$ 0.15	\$30	0.12	\$ 0.27
Omak	WA	Ellensburg	257	\$ 37.00	Apple Line	\$ 0.14	\$30	0.12	\$ 0.26

Note: Both STC and the Rural Inter-city Bus Program (RIBP) operate on fixed prices, so dates booked are irrelevant.

\*STC subsidy per kilometre arrived at by applying the average per-mile subsidy (converted to km) only to unprofitable route miles (estimated based on Canadian Bus Association estimate that 62 per cent of route miles are unprofitable<sup>55</sup>).

## Manitoba Context

- Manitoba significantly liberalized intercity busing in July of 2012.
- Still requires 90 days notice to discontinue service.
- Eliminated restrictions on where they are able to offer service, or on the number and seating capacity of buses.



# Sources

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