

INTERCITY TRANSPORTATION BY BUS IN CANADA

Standing Committee on Transport, Infrastructure and Communities

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BRIEF

and Presentation Notes of

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and

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INTRODUCTION

Dear Mr. Chair and members of the Committee:

Thank you for giving me the opportunity to appear before you to provide an update on the current state of intercity transportation in Quebec, its carriers and our own company. When I appeared before the Committee, I also shared our views on the current state of the intercity bus transportation industry and proposed possible solutions that the federal government could implement to support intercity services in Canada, which would make it easier for residents to get where they need to go.

ABOUT ME

I am writing on behalf of two organizations.

On behalf of the Bus Carriers Federation (BCF)

I am on the BCF's board of directors representing the interests of the public transport sector, specifically for intercity and charter transportation. The BCF was formed through the merger of two major provincial associations in Quebec: the Quebec School Transportation Association (ATEQ) and the Quebec Bus Owners Association (APAQ).

The BCF therefore represents all bus carriers and owners operating all types of passenger bus transport, whether school transportation or urban, intercity, charter, tourist or shuttle transportation. When I say shuttle transportation, I mean a contract with a company wishing to provide transportation for their staff, customers and/or suppliers. All these services are operated using all categories of vehicles, ranging from coach buses to city buses, minibuses, school buses and school minivans (passenger vehicles).

When I appeared before the Committee, the private intercity carriers in Quebec that were BCF members were Orléans Express (Keolis), Intercar, Limocar-Transdev, Autobus Galland, Transco, Autobus Breton and Autobus Maheux and its subsidiary Autobus Gatineau. I would like to note in this brief, however, that Autobus Breton was forced to shut down its intercity service between the Beauce region and Quebec City as of March 31, 2023.

On behalf of Autobus Maheux Group

I am the president of the Autobus Maheux Group, a family-owned company headquartered in Rouyn-Noranda in the Abitibi-Témiscamingue region of northwestern Quebec. My father, Nérée Maheux, ran

a general auto repair shop in the town of Ste-Rose de Poularies, and in 1958 he moved into public transportation by providing a school bus service.

Twenty-odd years later, his eldest son, Roger Maheux, decided to specialize in bus transportation and founded Les Autobus Maheux Itée. His brothers, Marc-André and I, Pierre, joined the company, which has continued to grow over the years through a number of acquisitions as well as by obtaining permits and running various passenger transportation services. In recent years, the company has been led by a group of five directors/shareholders who have been fully dedicated to the organization for 42, 29, 12 and 10 years respectively.

In terms of intercity transportation, the turning point for the company came in 1994 when the Commission des transports du Québec (CTQ) granted Autobus Maheux the permits for the many regional and inter-regional routes that had been operated for many years by Voyageur. We are now in our 29th year of providing regional public transportation.

Autobus Maheux Group

- Comprises 9 operating companies
- Abitibi-Témiscamingue, Nord-du-Québec, Outaouais, Laurentides, Caniapiscou (Fermont)
- Approximately 340 employees and over 220 vehicles
- In business for 65 years
- Specializes in passenger transportation (school, coach, intercity, urban, charter, worker transport)
- Other related activities (courier/parcel services, mechanical services, SAAQ agent)
- 5 bargaining units

The intercity routes currently operated by Autobus Maheux Group:

- | | |
|-----------------------------------|---|
| ▪ Rouyn-Noranda/Val-d'Or/Montreal | ▪ Val-d'Or/Amos |
| ▪ Ottawa/Gatineau/Laval/Montreal | ▪ Val-d'Or/Rouyn-Noranda |
| ▪ Grands-Remous/Ottawa | ▪ Amos/Rivière-Héva |
| ▪ Val-d'Or/Chibougamau | ▪ Rouyn-Noranda/La Sarre |
| ▪ Val-d'Or/Chisasibi | ▪ Rouyn-Noranda/Témiscamingue/North Bay |
| ▪ Val-d'Or/Matagami | |

ISSUES WITH THE REGIONAL INTERCITY NETWORK

Background

- When Autobus Maheux obtained the permits in 1994, the Abitibi-Témiscamingue intercity network was subsidized by the Abitibi-Montreal route. For years now, the revenues from this route and the parcel services have been too low to do so.
- Maintaining service delivery depends on contributions from Regional County Municipalities (RCMs) and the James Bay Regional Authority (ARBJ) in order to access funding under the Government of Quebec's Programme d'aide au développement de transport collectif (PADTC or public transit development assistance program).
- In 2019–2020, there was a forecast annual deficit of \$460,000, with \$155,000 coming from the sector and \$345,000 from the Quebec government. However, not all RCMs agreed to contribute, and several other RCMs informed us that it was the last time they would contribute. All RCMs agree that this essential service is important to the public, particularly for the most vulnerable citizens and low-income earners. However, the RCMs are telling us that inter-RCM transport does not fall within their jurisdiction and that they do not have the means to subsidize the service.
- COVID-19: Total shutdown of the provincial intercity bus network from April to July 2020.
- Partial and gradual resumption of services from July 2020 to March 2023, notably through the Programme d'aide d'urgence au transport interurbain par autobus (PAUTIA or emergency intercity bus assistance program). This later became the Programme d'aide à la relance du transport interurbain par autobus (PARTIA), a program to help re-establish intercity bus service delivery. No announcements have been made, but we anticipate the return to the regular PADTC program in the near future.
- The return to 2019 ridership levels is taking time. We are about 30% down on the Abitibi-Montreal line and 38% down on the regional network. The main reasons are the increased popularity of telework, the decrease in travel within the region, a return to single-occupancy vehicle use and the introduction of subsidized fares for regional air services.
- With this low ridership, not all services have returned to their previous schedules. This may have negatively impacted demand, but it would be too costly at this time to return to full service without funding.

Quebec's intercity network is still affected

The drop in ridership has been felt throughout the province of Quebec. There is not one carrier that has returned to 2019 user volumes. This is forcing all carriers to deliver reduced service compared to their pre-pandemic schedules.

Starting with our own company, Autobus Maheux now offers four departures a day instead of six on its main route between Rouyn-Noranda and Val-d'Or in Abitibi-Témiscamingue and the city of Montreal—only 66% of its 2019 service offering. The ridership for regional routes is lower than in 2019, and even in 2019 ridership was very low. It is clear that without financial assistance from the sector or from one of the levels of government, the company will be forced to apply to the CTQ for reductions or cancellations of regional services.

Similarly, Orléans Express, whose main route is Montreal/Quebec City, currently operates at 85% of its 2019 service offering. As for the route between Montreal and Sherbrooke, Limocar-Transdev is delivering 78% of its previous service offering on its main route and 90% of its regional service.

The situation is just as precarious for Intercar, which was unable to restore all its 2019 departure locations and was even forced to reduce its service offering by up to 50% on its main Saguenay/Quebec City route and by 20–25% on its regional routes. Also of note is a significant drop in ridership on the Quebec City/Baie-Comeau route, as well as the Baie-Comeau/Sept-Îles route to Havre-St-Pierre, now operated by Transco. The current level of ridership means Transco is unable to return to twice-daily departures between Quebec City and Baie-Comeau.

The situation is even more dire in the case of Autobus Breton, which, as mentioned above, was forced to permanently shut down its regional service linking the Beauce region to Quebec City on March 31, 2023. Autobus Breton did not have the funds needed to continue offering its bus service, so it went to the Commission des transports du Québec, which had no option other than to grant the discontinuation of the service this family business had operated for decades.

The last representations made

In Quebec, intercity carriers made numerous requests for government assistance in the years leading up to the pandemic. Several meetings were held between the Bus Carriers Federation (BCF) and the Ministère des Transports (MTQ), and a plan to revitalize intercity services was submitted. The MTQ and its Assistant Deputy Minister listened carefully to the carriers' issues. We even obtained amendments to the PADTC to introduce specific financial support for digitizing our services and implementing online ticket sales. Launching these online platforms helped to significantly slow the steady decline in ridership on Quebec networks at that time.

This was not a silver bullet for the carriers, however: they were still suffering then, and they are still suffering now, especially in remote regions where many regional routes are operating at a loss and are

at risk of disappearing. For this reason, meetings with the MTQ continued, with the last taking place a month before the pandemic in January 2020, at which government officials made two commitments they have yet to act on:

1. Work proactively on the Gare d'autocars de Montréal user fees file.
2. Establish two intercity transportation round tables, one for major cities and **one for the regions**.

Possible solutions proposed to the various levels of government

Here is a list of all our requests, classified according to the relevant levels of government.

▪ Solutions under provincial jurisdiction:

3. Hold a provincial summit on intercity bus transportation.
4. Ensure that per capita funding for regional public transportation is comparable to that available in major cities.
5. Review the terms and conditions of the PADTC to facilitate RCM involvement and their commitment to multi-year agreements with their carriers so as to reduce the municipality's mandatory share of the sector contribution; and include customer revenue as a share of the sector contribution.
6. Offer provincial tax exemptions on intercity fares.
7. Offer provincial tax incentives to regular intercity users.
8. New proposal: Use the \$30 registration fee collected by the SAAQ to fund public transit to the regions (conference or regional authority, RCM?).

▪ Solutions under federal jurisdiction submitted to the STANDING COMMITTEE:

9. Offer exemptions from federal taxes on intercity fares.
10. Offer federal tax incentives to regular intercity transit users.
11. Reimburse intercity carriers a portion of federal fuel taxes.
12. Make changes to the Rural Transit Solutions Fund, particularly to support operating expenses and make the fund available to those operating inter-regional routes, directly with intercity carriers that apply and demonstrate that they meet the criteria.
13. If the Rural Transit Solutions Fund cannot be made available to businesses for jurisdictional reasons, open it up to the provinces directly so that they can support intercity transportation through their respective assistance programs, such as the

PADTC, which is already in place in Quebec. *(Not discussed during our presentation on March 7, 2023.)*

14. Make changes to the Rural Transit Solutions Fund or create a new one so that financial assistance is available directly for interprovincial routes operating at a deficit. *(Not discussed during our presentation on March 7, 2023.)*

▪ **Municipal–provincial collaboration—a lever for all modes of public transportation:**

15. Establish regional public transit authorities.

16. Collect \$0.01 per litre of gasoline sold in the region.

This solution was implemented in the Gaspésie region of Quebec. We believe that with the fluctuations in fuel prices in recent years, consumers would be relatively unaffected by this tax. In fact, at \$0.01 a litre, vehicle owners would not even realize that they are supporting public transit in their region. The authorities could then not only maintain the network, but also add more departures to stimulate demand.

ANSWERS TO QUESTIONS BY COMMITTEE MEMBERS

For your information and further consideration, we have included direct quotes providing our answers to questions we were asked during our appearance before the Standing Committee:

First excerpt

“For longer distances, I think that transport costs are also an important element and a brake. We are facing a very significant increase in these costs. In intercity transport, which is provided by private companies as opposed to public transport services, the customer pays the full costs plus, in principle, a profit margin. By comparison, customer revenues in urban and suburban transport networks are only 35%, 45% or 55% of operating costs..

This leads to aberrations. When a bus operated by a company under contract with a public transit company leaves Joliette or Sainte-Julie for Montreal, the customer will pay five or seven dollars for his or her “urban” ticket, while for the same distance, the customer would have to pay \$25 or \$30 to a private intercity transport company. Yet, in our rural areas, the rider would normally be entitled to that same trip for a similar cost, which might encourage them to take the bus, allowing them to go to the city, not only for cancer treatment, but also for pleasure, to visit family and to go shopping.”

Second excerpt:

“As I said earlier, there is a double standard for people living near major urban centres, and those living in sparsely populated or more remote settings.

Speaking of distance and isolated places, I just heard Ms. Perry talk about indigenous people and Ms. Jaffe describe the situation in Saskatchewan. In 2016, we launched a new service to the village of Chisasibi, near the shores of James Bay, from Val d’Or, a journey of almost 1,000 kilometres. Along the way, we do pass through Amos and Matagami, but we also stop in the communities of Némiskau, Eastmain, Wemindji and Waskaganish. Why do we do it?

It’s not because the federal government is helping us, but because the indigenous communities and the Grand Council of the Crees decided to put money in to benefit from the Quebec Programme d’aide au développement du transport collectif, which allows us to use this money to reduce our operating costs as a carrier.

There is no doubt that the private sector is the solution to intercity transport operations, which Mr. Roberts will be pleased to hear me say. Earlier, Mr. Strahl was talking about turning all this into a public transportation company. The Saskatchewan Transportation Company had to close because its operating costs per kilometre travelled, which were double ours, had become too high. This closure had caught my attention.

I agree that service should be provided, but there are limits to creating public transport companies that cannot maintain reasonable operating costs while ensuring adequate working conditions, safety, vehicle maintenance and compliance with all rules. In intercity transport, therefore, it is clear that the private sector is the solution. As for rural areas, I will take the example of our line between Val-d’Or and Chisasibi. Ms. Jaffe rightly pointed out the whole issue of transporting parcels, goods and equipment for various services, which take up a large part of our luggage bays on that line..”

Third excerpt:

“With regard to the UMQ’s second proposal, which is to improve the Zero Emission Transit Fund, I fully agree. I’ll just digress for a moment regarding technology. Today, in intercity transport, the technology does not yet allow electric buses to travel long enough. They can travel 80 kilometres and come back, but that is not what we call intercity transport in the major regions

of Canada. You have to be able to go 500 kilometres, and there's no technology to do that right now, even if we wanted to.

We have a lot of electric vehicles at home, especially in school transportation. At our congress, we were just trying out a new fully electric coach from MCI, and it had a range of 200 or 300 kilometres, round trip. It's not enough yet, but we'll get there one day, for sure.

The other proposal is the one I mentioned earlier. The federal government, while investing billions of dollars in infrastructure, has abolished the transit tax credit that was available to transit pass holders making intercity trips. It should be reinstated because it is important for riders in small communities. For example, to get here to Ottawa, our riders can use our Grand-Remous-Maniwaki-Gatineau-Ottawa route, which we have been operating for years with the help of the Gatineau Valley Regional County Municipality. We had users who paid a monthly transit fare, and when this tax credit was withdrawn, it had a significant impact on the use of this line. So that measure should be reintroduced.

I talked about bus companies that have a contract with public transit companies, which is very common in Quebec. I gave the example of a customer who gets on a bus in Joliette and pays five or seven dollars to go to Montreal. This customer does not pay any tax on his or her ticket. Why should people have to pay a tax on intercity transportation services? If you want people to use it and you want it to be fair, a tax exemption would be in order.

Here is another proposal. In Quebec, there is a gas tax rebate. This rebate does not exist at the federal level. The federal government could contribute by refunding a portion of the excise tax to carriers. That would certainly help..."

Fourth excerpt:

"Our strategy is relatively simple. In fact, the Abitibi to Montreal route was profitable and busy enough to subsidize our other regional routes, five of which, as Mr. Roberts mentioned, are rather unprofitable. However, the decline in ridership on our main line means that we are left with a money-losing network, which we could not operate without government assistance.

I'd like to quickly return to the question you asked just before. The Quebec government has done something special: it has put in place an assistance program that I think does not exist in other provinces. When a municipality agrees to support a private carrier and maintain a service, for every dollar it invests, three dollars are invested through the Programme d'aide au développement du transport collectif. Despite this, some municipalities do not have enough funds. However, many routes, in our region in particular, have been supported by..."

Fifth excerpt:

“I would just like to raise an important point. Does anyone here in the committee or in the room know where the bus terminal is in Ottawa?

It no longer exists since the Greyhound operator got into financial trouble, as we did, and discontinued service across Canada, including in your riding of Vaudreuil-Soulanges, Mr. Chair. Your bus service is therefore no longer offered.

Intercity services in Canada are ailing, the proof being that there is no longer a bus terminal in Ottawa, where a real estate developer is developing the site of the old terminal. There are four or five carriers serving Ottawa. There is our new service that covers Montreal, Laval, Gatineau and Ottawa, if I may say so. There are also Keolis Canada buses, which run on Highway 417, and Ontario Northland buses, which come in from Sudbury and North Bay.

However, where do these buses stop to unload passengers loaded with luggage? They have to stop on street corners, in snow banks. The fact that Canada’s capital doesn’t have a bus terminal really does not make sense.

I think the solution involves public transit companies, which should provide access to platforms and services using the subsidies they receive from municipalities, the provincial government and the federal government.”

CONCLUSION

We are once again taking our case to all levels of government with the power to make a difference, starting with the members of the Standing Committee on Transport. Clearly, the battle is far from won: this is largely due to the fact that many elected federal officials believe direct intervention in support of bus transportation operators is not part of the federal mandate, and that it is a matter of provincial jurisdiction.

However, the federal government has made generous financial contributions to VIA Rail and to airports, even though trains and planes are in direct competition with intercity bus transportation. That is a double standard; it is talking out of both sides of your mouth.

Second, taking care of minorities and those who get left behind is also part of the federal government's mandate. The federal government is responsible for monitoring the state of public services that residents have a right to access in various remote communities and regions, whether Indigenous or otherwise, but mainly they are in the minority, and often with few options for public transport in their area.

The longer we wait to implement adequate funding and service, the more difficult and costly it will be to recover lost ridership and establish services that favour regional development.

For populations outside of major urban centres, public transportation is either severely underfunded or entirely unavailable. This makes no sense in 2023. It creates a two-tier system. The intercity bus system remains highly efficient compared to other modes of public transit. Considering the cost of funding various modes of transport, it would cost very little to fund the bus network directly, and not much more to improve it.

We believe the Committee's mandate includes advocating for Canadians who do not have access to regional transportation services and/or who may lose that access. These services are essential for them to travel for work, health care and leisure activities, and to visit their loved ones. We invite you to bring this cause before the Senate and the House of Commons to urge the Canadian government to take action on behalf of minority populations' access to adequate regional transit that is on par with service in major urban centres.

Addressing this problem would also reduce the number of vehicles on our roads, thereby reducing Quebec's and Canada's carbon footprint.

Thank you, Mr. Chair and members of the Committee, for listening, thank you for understanding, and thank you for any actions you might take to support regional intercity transport in Canada and ensure that people can get from place to place in every region of the country.