



EMBARGOED RELEASE

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Until 2:15 PM

Crown Investments Corporation (CIC) 17-880

GOVERNMENT ENDS SASKATCHEWAN TRANSPORTATION COMPANY (STC) SUBSIDY – BUS COMPANY TO BE WOUND DOWN

Crown Investments Minister Joe Hargrave today announced that operating and capital subsidies to the Saskatchewan Transportation Company (STC) will end in 2017-18, leading to the company being wound down. Freight will continue to be accepted for delivery until May 19, and passenger services will cease May 31, 2017.

“As ridership has declined and costs have increased, STC’s subsidy has reached unsustainable levels,” Hargrave said. “STC’s per passenger subsidy has grown from \$25 per passenger 10 years ago to \$94 per passenger today.

“Over the next five years, STC is forecasted to require more than \$85.0 million in subsidies to continue operating. Our government believes that those funds can be put to better use elsewhere in government.”

A number of long-term trends have contributed to the deterioration of the sustainability of STC:

- Canadian intercity bus travel continues to decline - National trends in intercity bus travel continue to impact STC’s ability to provide service. Decreased connecting schedules in neighbouring provinces, increased vehicle ownership, moderate fuel prices, and increased migration to urban centres have led to a decline in intercity bus travel. (Statistics Canada, The Daily, July 25, 2016)
- Provincial ridership is steadily declining - Only two out of twenty-seven routes in STC’s network are profitable. The popularity of intercity bus travel in Saskatchewan peaked thirty-five years ago and has declined by 77 per cent since then.
- Competition with parcel delivery sector - Competition with private sector delivery companies has been a concern. Removing STC from the parcel delivery sector opens up the competitive process for the private sector operators.
- Efforts to limit the growth of the company’s subsidies have been exhausted.

Throughout the 1990s, thirteen routes were discontinued and service frequencies were reduced. Beginning in 2012, further frequency reductions and schedule adjustments were implemented on numerous routes and three additional routes were discontinued. Despite these and other efforts, the subsidy continues to grow.



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"The decision to wind down STC was not arrived at easily," Hargrave said. "Over the last number of years, our government has made a determined effort to contain the growth of the company's annual subsidy. But based on all of the trends, it is clear that ridership will continue to decline, costs will continue to rise and more and more money would go into STC to keep it operating. The \$85.0 million that would have been spent on STC's operations over the next five years can be redirected to other priorities."

A total of 224 staff will be impacted by the closure. STC employees will receive fair treatment in accordance with corporate policies.

OPERATIONAL NOTE: To enable STC staff to meet with management regarding the wind-down, operations will be curtailed on March 22-23:

- Beginning at 1 p.m. March 22, various scheduled trips across the network will be suspended for the remainder of the day and into the morning of March 23.
- The Regina, Saskatoon and Prince Albert terminals will remain open.
- Services will resume regular schedules during the afternoon of March 23.

Please check the website at www.stcbus.com, call 1-800-663-7181, or call your local Terminal or Agency for further information on schedules during this period. For specific details and facts, see the attached backgrounder.

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Saskatchewan Transportation Company (STC) Backgrounder

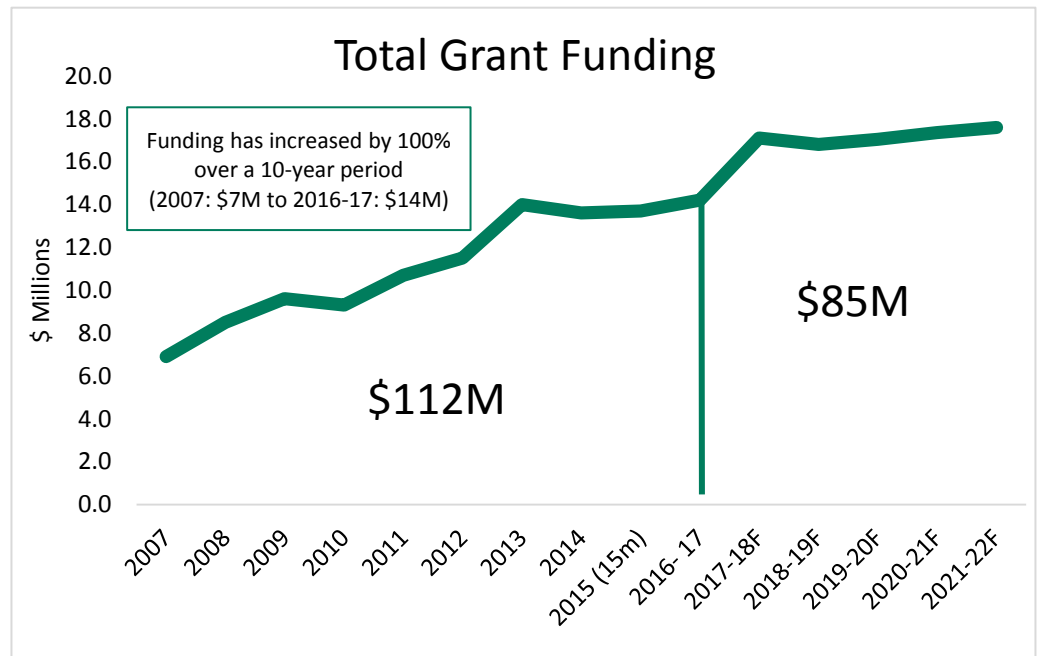
FACTS

- STC operates 25 routes and contracts two additional routes to a private sector operator.
- STC routes service 253 communities out of 500 urban and northern municipalities, leaving about half of Saskatchewan's municipalities without direct access.
- Ridership has declined by 35% since 2012, and roughly 77% since 1980.
- Subsidies provided to STC in 2017-18 were expected to cover approximately 50% of the cost of service; revenues cover 50%. That is up from covering 47% of the cost of service in 2016-17 and 38% in 2015-16.
- Subsidies required to support STC operations are forecast to total more than \$85M in the next 5 years; subsidies forecasted at \$94 per passenger in 2017-18, up from \$25 per passenger in 2007.
- Since 2007, \$112M has been provided to STC to support operations and capital needs. During this period, additional capital grants were provided to complete the Regina Terminal (2007-2008: \$20.4M) and refurbish the Regina Garage (2014-2016: \$3.4M).
- Removing STC from the parcel delivery sector opens up the competitive opportunities for private sector operators.
- Driving is by far the most popular commuting method.

GRANT FUNDING IS INCREASING

**Total Subsidy
2007 to 2016-17:
\$112 Million**

**Estimated Total Subsidy
2017-18 to 2021-22:
\$85 Million**



Saskatchewan Transportation Company (STC) Backgrounder

RIDERSHIP IS DECLINING

Year	Riders	Amount	%
1980	787,455	27,741	3.70%
1985	736,777	-50,678	6.44%
1990	648,050	-88,727	12.04%
1995	380,199	-267,851	-41.33%
2000	300,396	-79,803	-20.99%
2005	267,385	-33,011	-10.99%
2010	268,335	950	.36%
2011	288,164	19,829	7.40%
2012	282,119	-6,045	-2.10%
2013	276,113	-6,006	-2.10%
2014	261,531	-14,582	-5.30%
2015	200,914	-60,617	-23.20%
2016/17 Forecast	182,386	-18,914	-9.41%

