



ENSURING LONG-DISTANCE GROUND TRANSPORTATION IN NORTHERN B.C.

An independent audit report

November 2021



The Honourable Raj Chouhan
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
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Dear Mr. Speaker:

I have the honour to transmit to the Speaker of the Legislative Assembly of British Columbia the report, *Ensuring Long-distance Ground Transportation in Northern B.C.*

We conducted this audit under the authority of section 11.8 of the *Auditor General Act*. All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001—Direct Engagements, set out by the Chartered Professional Accountants of Canada (CPA Canada) in the *CPA Canada Handbook—Assurance*.



Michael A. Pickup, FCPA, FCA
Auditor General of British Columbia
Victoria, B.C.

November 2021

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AUDIT AT A GLANCE

Why we did this audit

- Northern residents often travel long distances between communities for work, health, education, and connecting with family and friends.
- For decades, northern residents without cars relied on Greyhound Canada until it withdrew service in 2018. No other private operator came forward.
- Local governments raised concerns that Greyhound's departure would disproportionately affect people with low incomes, those living in rural, remote and Indigenous communities, or people with disabilities.
- In May 2018, the Ministry of Transportation and Infrastructure directed BC Transit to provide a 12-month interim service ("BC Bus North"). The ministry also committed to finding a long-term solution for intercity travel in the north.
- BC Bus North has now run for more than three years and in November 2020, the government told the ministry to expand it.

Objective

To determine if the ministry:

1. *ensured the delivery of an interim long-distance bus service to B.C. northern communities that aligns with its direction to BC Transit*
2. *had a plan to develop a sustainable solution for long-distance ground transportation that reflects the needs of northern communities*

Audit period: April 1, 2017, to Sept. 1, 2021.

Conclusion

The ministry:

1. ensured the delivery of an interim long-distance bus service to northern B.C. communities but the delivery did not fully align with its direction to BC Transit. While the ministry ensured BC Transit collaborated with Northern Health transportation providers and provided required financial reports, the interim service covered half of all community stops previously served by Greyhound.
2. is working on a plan for intercity ground transportation across the province but it is not yet clear how this planning work will lead to a sustainable solution for northern B.C. specifically.

We made three recommendations focused on monitoring agreements, developing a plan, and engaging communities. The ministry has accepted all three recommendations.

What we found

Ministry ensured an interim service but can improve monitoring

- Directed BC Transit on what to include in interim service
- Worked with BC Transit and Northern Health to find efficiencies
- Set BC Bus North fares about 50% less than Greyhound fares
- Monitored financial data but not all of the passenger and service data required under agreements

Recommendation

1. Ensure it receives and reviews monitoring reports as set out in agreements.

Audit at a glance (continued)

Interim service covered half of former Greyhound stops near communities, with fewer trips

- Greyhound had 62 stops within 10km of a northern community
- BC Bus North covered 35 (56%) of those stops
- Stops were not replaced because they were: on routes into other regions, were unsafe, or alternate services were available
- Greyhound trips were mostly daily but BC Bus North runs once or twice a week

No Recommendation

Ministry working on provincial plan but not clear how it addresses northern needs

- Started planning in 2019, with focus on the north
- Work included limited community engagement, evaluation of BC Bus North, input from subject matter experts
- Scope shifted in 2020 from intercity transportation in north to the entire province
- Ministry is now working to address gaps in ground transportation provincewide but it's not clear how this supports northern B.C.

Recommendation

2. Ensure that the plan for provincewide ground transportation includes options for sustainable solutions in northern B.C.
3. Ensure broad engagement with northern communities as part of planning for sustainable ground transportation solutions.

After reading the report, you may wish to ask the following questions of government:

1. What is the ministry's timeline for presenting options for long-distance ground transportation in the north?
2. How will the ministry ensure communities are engaged during the planning process?
3. How will the ministry ensure that it regularly monitors the interim service?

BACKGROUND

Northern B.C. accounts for two-thirds of the province's land area (roughly the size of France) and is sparsely populated. About 285,000 people live in northern B.C. – in First Nations communities, small cities, towns, and settlements connected by Highways 16 and 97 or smaller roads. Driving can be challenging, particularly in winter when roads are dark and temperatures drop below freezing.

Not everyone drives a car, has access to a safe vehicle, or can afford gas to get to other communities for work, health, education, or to connect with family and friends.

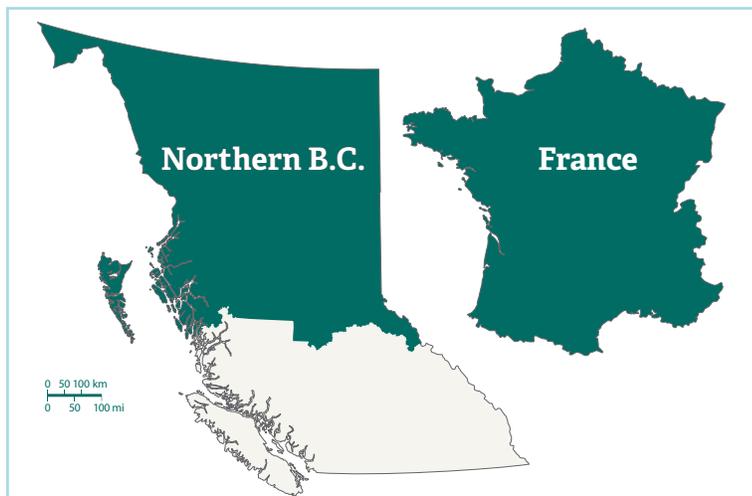
For decades, Greyhound Canada was the main option for northern residents who needed to travel between communities. In 2017, the company applied to the Passenger Transportation Board to eliminate service in several parts of the

province, including the north. The board granted permission to discontinue the routes after May 2018. Greyhound later withdrew from the entire province, citing declining ridership and competition from publicly-subsidized transportation services. No other private company came forward to replace the former Greyhound routes in the north.

In May 2018, the Minister of Transportation and Infrastructure instructed BC Transit to set up a 12-month interim long-distance bus service along former Greyhound routes in northern B.C. The same letter stated that the ministry would “work with communities to develop longer-term solutions” during the interim period.

BC Transit identified Diversified Transportation, a private company owned by Pacific Western Group of Companies, as a viable service provider. Diversified also ran Northern Health Connections, a long-distance transportation service funded by Northern Health for patients travelling to appointments.

In June 2018, the interim service – called BC Bus North – was launched. Originally intended to run for 12 months, funding for Diversified to operate BC Bus North has been extended three times.



OBJECTIVE

The objectives of our audit were to determine whether the Ministry of Transportation and Infrastructure:

1. Ensured the delivery of an interim long-distance bus service to B.C. northern communities that aligns with its direction to BC Transit.
2. Had a plan to develop a sustainable solution for long-distance ground transportation that reflects the needs of northern communities.

Scope

We examined the ministry's specific responsibilities for BC Bus North, including its direction to, and oversight of, BC Transit.

We also examined the ministry's development of a plan for a long-term solution.

We did not audit BC Transit or Diversified's role in delivering the interim service, or the work of other transportation providers in northern B.C.

Audit period: April 1, 2017, to Sept. 1, 2021.

Learn more about the [audit criteria](#).

Learn more about how we [did this audit](#).



BC Bus North coach in Prince George. (Province of British Columbia photo)

CONCLUSION

CONCLUSION 1: The ministry ensured the delivery of an interim long-distance bus service to northern B.C. communities but the delivery did not fully align with its direction to BC Transit.

The ministry set clear expectations, ensured that BC Transit collaborated with Northern Health transportation providers, and considered affordability when setting fares. However, the interim service covered half of all community stops previously served by Greyhound. Reductions reflect the ministry's decision to not offer service beyond the region, where an alternate service was available, or where stops were considered unsafe.

We also found that – while the ministry monitored required financial reports and met regularly with BC Transit – the ministry did not receive regular passenger reports from BC Transit. This could help the ministry understand whether the interim service was working as intended and make adjustments if needed.

CONCLUSION 2: Although the ministry is developing a plan for long-distance ground transportation across the province, it is not yet clear how this planning work will lead to a sustainable solution for northern B.C. specifically.

The ministry started planning for intercity ground transportation in 2019, initially focussed on solutions for northern B.C. The scope of this work shifted in 2020 to include the whole province. The ministry recently identified gaps in provincial intercity ground transportation, including the possible need to fund intercity transportation on priority highways. However, it was unclear how this planning would specifically lead to a sustainable solution for northern B.C.



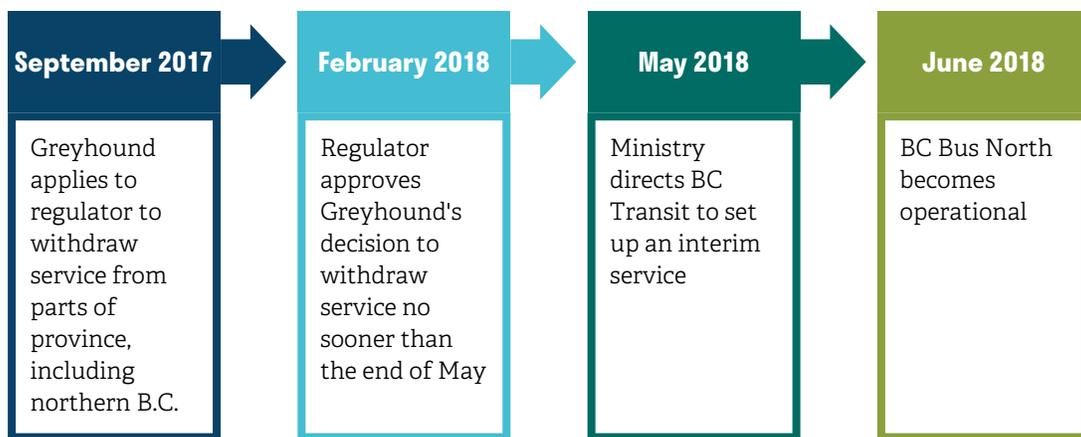
Indigenous art on BC Bus North coaches. (Diversified Transportation photo)

FINDINGS AND RECOMMENDATIONS

Establishing the interim service

The BC Bus North interim service was established in one month (Exhibit 1). In this part of the audit, we examined whether the interim service was set up and monitored based on the ministry's direction to BC Transit.

EXHIBIT 1: Timeline from Greyhound Canada request to withdraw to BC Bus North operations



Ministry set clear requirements for interim service

What we looked for

Did the ministry set clear expectations for BC Transit when setting up the interim service?

Learn more about the [audit criteria](#).

What we found

The ministry established clear requirements for the interim service in a May 2018 letter of direction to BC Transit. The letter instructed the corporation to form a 12-month, interim bus service in northern B.C. where Greyhound routes were eliminated. It also stated that BC Transit should work with both the ministry and Northern Health to maximize opportunities for an efficient and integrated service.



Claire Trevena, former B.C. Minister of Transportation and Infrastructure, at a BC Bus North transportation service announcement in July 2018. (Province of British Columbia photo)

“ I am directing BC Transit to provide an interim, 12-month long-distance bus service for northern communities where routes are being eliminated by Greyhound. ”

– Claire Trevena, former Minister of Transportation and Infrastructure, May 3, 2018

The ministry set additional requirements for BC Transit in two contribution agreements (2018 and 2019-21), outlining expectations for route coverage, fares, and regular reporting.

Why this matters

Setting clear requirements at the outset of any new program or service helps ensure all parties know their roles and responsibilities, as well as the intended outputs and outcomes. This was especially important for BC Bus North, which was set up outside BC Transit’s usual service delivery model. Normally, BC Transit would negotiate an agreement with a local government to deliver bus services within a community. But without a local government partner to take on the usual roles and accountabilities, the ministry had to ensure that BC Transit understood its role, and that all key responsibilities were clearly assigned.

BC Bus North replaced half of Greyhound stops in northern B.C.

What we looked for

Did the ministry ensure BC Transit provided interim long-distance bus service to northern B.C. communities where Greyhound discontinued routes?

Learn more about the [audit criteria](#).

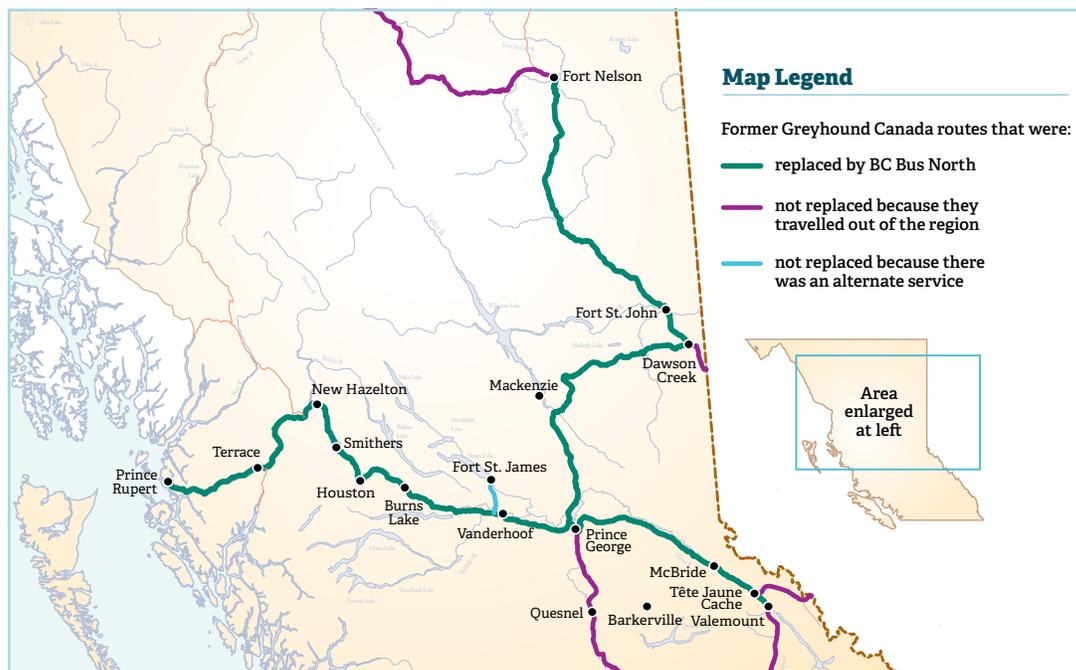
DEFINITIONS

- **Northern:** Within the boundaries of the Northern Health region.
- **Community:** An area where we could confirm people lived within 10 km of a former Greyhound stop. This definition could include an Indigenous community, an incorporated municipality, or an unincorporated location. There was no minimum population required to be designated a community, which meant populations ranged from the thousands to less than 50.

What we found

The ministry ensured BC Transit provided interim long-distance bus service to half of the former Greyhound stops located near communities. It did not replace the service for communities on routes that travelled outside the region (i.e. the south, to Alberta or the Yukon), had an alternative service or were along stops considered unsafe.

Before Greyhound left in 2018, it was providing bus service on nine routes in northern B.C. with 62 unique stops situated near a community (see [text box](#) for definition of community). BC Bus North offers service on four routes in northern B.C. to 35 stops.

EXHIBIT 2: Map of former Greyhound Canada and current BC Bus North routes

While BC Bus North did not fully replicate the 2018 Greyhound service in northern B.C., the ministry had explanations for reducing community stops.

- As shown in Exhibit 2, four Greyhound routes (purple lines) extended outside the region, either to the south or across provincial/territorial boundaries. The ministry decided not to offer BC Bus North service beyond northern B.C., which affected 11 stops near communities (listed in Exhibit 3).
- BC Bus North did not replace a short route (blue line) from Prince George to Fort St. James because another transportation service was available. This decision affected eight stops near communities.
- BC Bus North also did not replace eight stops near communities because of safety concerns. These stops were all Greyhound flag stops, which meant riders had to stand on the side of the road and wave down the bus.

So, while BC Bus North covered only 56% of total former Greyhound stops in northern B.C., this was largely because it did not replace routes that left the region. Of the four Greyhound routes that BC Bus North did cover, the ministry ensured that 76% of stops near communities were replaced.

EXHIBIT 3: Greyhound stops near communities not covered by BC Bus North

Rationale for not replacing	# stops	Name of former Greyhound stops (within 10 km of a place where people lived)
On routes bound for Yukon, Alberta or southern B.C.	11	Alberta Border (Hwy 2), Fireside, Hixon, Liard River, Lower Post, Mount Robson, Muncho Lake, Pouce Coupe, Quesnel, Toad River Lodge, Tomslake
Alternative service available	8	12 Mile, Bednesti Resort, Dog Creek, Finmore, Fort St James, Mapes Rd, Mud River, Telachick Rd
Unsafe	8	Arras, Bowron River, Crescent Spur, Dome Creek, Kwinitza, Lamming Mills, Salmon River, Tyee
Total	27	

There was also a difference in trip frequency between Greyhound and BC Bus North services. Greyhound ran daily trips on most of its northern routes, while BC Bus North runs twice a week on three routes, and once a week on one route. The ministry considered the lower trip frequency to be reasonable for a subsidized service. When approving the northern route eliminations in 2018, the regulator noted that “the routes... had extremely low ridership and very large operating losses.”

Why this matters

The government committed to provide an interim service for northern communities where Greyhound canceled service. The ministry needed to ensure BC Transit delivered this service to demonstrate accountability for its commitment and support northern residents without transportation.

Ministry coordinated with Northern Health during interim set up

What we looked for

Did the ministry ensure that BC Transit collaborated with other northern service providers to maximize efficiency and avoid duplicating services?

Learn more about the [audit criteria](#).

What we found

The ministry worked with BC Transit and Northern Health during the formation of BC Bus North to look at expanding Northern Health's transportation service to the wider public.

BC Bus North runs through communities that receive intercity transportation services from other government-funded organizations. The services include:

- Northern Health Connections, a specialized coach service for people travelling to and from medical appointments, as well as older adults. The service is funded by Northern Health and is delivered by Diversified under a separate contract.
- BC Transit has four routes between communities along Highway 16 ("Highway of Tears"), established in response to recommendations of the Missing Women Commission of Inquiry.
- Also, in response to recommendations from the inquiry, the ministry funded the Community Transportation Grant Program, to assist in purchasing vehicles for community groups that provide transportation to residents of remote communities.

The ministry had early conversations with Northern Health about expanding the Northern Health Connections service to more people but Northern Health said this would not work, given the unique needs of patients using the Northern Health Connections service.

Despite this position, the early collaboration resulted in Northern Health Connections opening its service to people without medical appointments who use wheelchairs, as BC Bus North coaches were not equipped to transport wheelchairs. BC Bus North was also scheduled to run on opposite days from Northern Health Connections, which the ministry said was intended to prevent an overlap in services.

Why this matters

The province was already funding transportation services in northern B.C. It was important for the ministry to know of any service overlaps and see if subsidized transportation could be delivered more efficiently.

The ministry considered affordability in setting fares

What we looked for

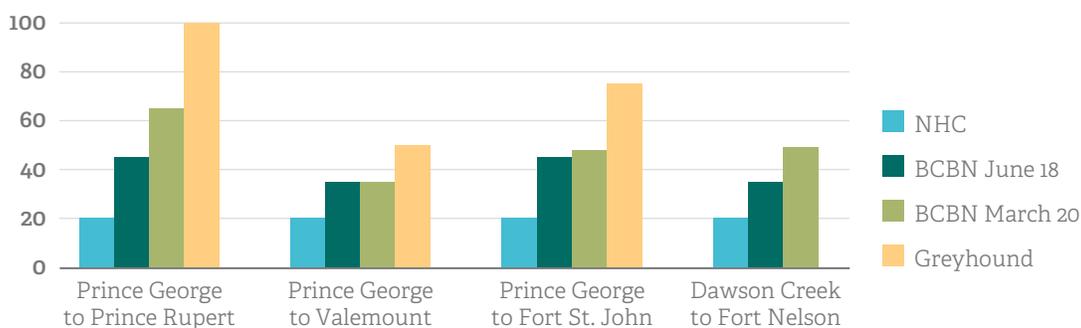
Did the ministry set fares that took affordability into account?

What we found

The ministry considered affordability when setting fares.

When the interim service started in 2018, the ministry set fares for BC Bus North at \$35 or \$45, roughly halfway between Northern Health Connections fares and Greyhound fares (see Exhibit 4). This meant BC Bus North fares were between \$15 to \$55 lower than Greyhound and \$15 to \$25 higher than Northern Health Connections fares.

EXHIBIT 4: Comparing fares: BC Bus North, Greyhound and Northern Health Connections



Source: OAG. Greyhound fare for Dawson Creek to Fort Nelson not available.

In 2019, Diversified recommended that the ministry adjust BC Bus North fares to move towards a distance-based fare structure (price per km), in line with industry practices. In response, the ministry analyzed and changed the BC Bus North fare structure, effective March 2020. Overall, fares for the four routes increased by an average of \$9 (lower than the increase proposed by Diversified). The change to distance-based fares also resulted in lower fares for some shorter trips.

The ministry recommended setting fares lower than what was proposed by Diversified as it was concerned that raising the fares by too much would conflict with government’s affordability commitment and lead to reduced ridership.

Why this matters

In 2019, a province-wide IPSOS survey found affordability was a top factor for people who considered themselves “very likely” to ride an intercity bus in B.C. If the ministry wanted people to use the service, it had to set fares that were not too expensive for people with lower incomes.

Ministry did not get all reports required by contribution agreements

What we looked for

Did the ministry monitor the interim service according to the reporting requirements of its contribution agreements with BC Transit?

What we found

The ministry received financial reports and met frequently with BC Transit but it did not receive monthly passenger reports.

The ministry signed two contribution agreements with BC Transit (2018-19 and 2019-21). Both agreements (see Exhibit 5) required routine meetings (initially both monthly and quarterly, then quarterly only) and regular reporting by BC Transit. Other BC Transit reporting requirements were added to the second agreement to ensure the ministry met its funding agreement with Western Economic Diversification Canada (see [text box](#)).

FUNDING AGREEMENT WITH WESTERN ECONOMIC DIVERSIFICATION CANADA

In September 2019, the ministry signed a cost-sharing agreement with Western Economic Diversification Canada (WD), a federal department that awards grants to support economic development in Western Canada. Both governments agreed to contribute a maximum of \$1.9 million each to fund BC Bus North until March 2021. The funding agreement was then extended for another year, until March 2022. The ministry was required to submit quarterly financial reports to WD, to receive payment for BC Bus North. This requirement was also included in the ministry’s contribution agreement with BC Transit.

EXHIBIT 5: Requirements in contribution agreements

#1 Contribution Agreement First contribution agreement began June 3, 2018, and was extended to Oct. 31, 2019.	#2 Contribution Agreement Second agreement covered Nov. 1, 2019, to March 31, 2021.
<p>Financial reporting (Sec. 4.2)</p> <ul style="list-style-type: none"> statement of eligible expenses statement of revenue for fiscal 2018-19 and for the 12-month term of the agreement (quarterly) 	<p>Financial reporting (Sec. 4.1, Schedule D)</p> <p>BC Transit will prepare the following reports:</p> <ul style="list-style-type: none"> statement of WD eligible expenses (quarterly) financial statement (quarterly) annual financial statement (yearly) service operator report (quarterly)
<p>Monthly passenger reports (Sec. 4.4, Schedule C)</p> <ul style="list-style-type: none"> number of passengers on each route, including origin and destination number of children under five number of one-way trip/round-trip purchase report of bulk buy tickets number of no-shows, ticket refunds, calls booked by call centre and booked online incident reports disruption to service reports 	<p>Monthly passenger reports (Schedule C)</p> <ul style="list-style-type: none"> number of passengers on each route, including origin and destination number of children under five number of one-way trip/round-trip purchase report of bulk buy tickets number of no-shows, calls booked by call centre and booked online incident reports disruption to service reports
<p>Meetings</p> <ul style="list-style-type: none"> Monthly and quarterly meetings between BC Transit and ministry to discuss BC Bus North 	<p>Meetings</p> <ul style="list-style-type: none"> Quarterly meetings between BC Transit and ministry to discuss BC Bus North

The ministry regularly received financial reports but did not receive monthly passenger reports (described in Exhibit 5). These reports were supposed to include monthly ridership numbers as well as information about the number of child passengers, purchasing trends, incidents, and disruptions to service. Only one set of these passenger reports was on file – a document that combined most of the required information from June to December 2018 – even though the requirement was in place for 33 months from June 2018 (when BC Bus North started) to March 31, 2021. We found the ministry collected ridership numbers directly from Diversified but this was just one of the required components of the monthly passenger reports.

We also found that the ministry and BC Transit frequently met to discuss the service but the meetings did not follow a monthly or quarterly schedule.

Why this matters

The lack of passenger reports and regularly scheduled meetings does not mean the ministry was uninformed about BC Bus North's performance. But meeting the requirements in the contribution agreements was important because they provided a regular opportunity for the ministry to oversee BC Transit's delivery of the service.

BC Bus North was a unique service set up in a month and was not initially expected to run for more than a year. As of September 2021, it had been operating for more than three years. Routine reporting and meetings could help improve the service and guide future planning for northern ground transportation.

The current oversight model as set out in the contribution agreements for BC Bus North will end in March 2022. After that, there is a new agreement (see [text box](#)) between the ministry and the Northern Development Initiative Trust to design and administer a fund for northern intercity transportation that includes requirements for regular reports and meetings. It will be important for the ministry to ensure that all monitoring requirements in the new agreement are met.



BC Bus North coach in Prince George. (Province of British Columbia photo)

MINISTRY AGREEMENT WITH NORTHERN DEVELOPMENT INITIATIVE TRUST

In March 2021, the ministry signed an agreement with Northern Development Initiative Trust to administer a funding program for northern transportation services, aided by \$7.9 million from the provincial and federal governments.

Applicants apply for money to operate transportation services, like long-haul coach and/or smaller community shuttle services. Eligible applicants include small-to-medium size companies, First Nations, local government, and non-profits. BC Transit is not eligible to receive funds.

The agreement does not state that the trust will ensure BC Bus North continues. However, both the trust and the ministry said there is an expectation that long-haul coach service will be provided through the funding program. The trust said it would work to ensure there is no gap in intercity bus service while the new program is established.

The funding agreement between the ministry and the trust runs until March 2026.

Under the agreement, an advisory committee (including members from the trust, BC Transit and the ministry) must meet at least semi-annually and the trust provide quarterly reports on all recipients to the ministry.

Recommendation

We recommend that the Ministry of Transportation and Infrastructure:

1. Ensure it receives and reviews monitoring reports as set out in agreements.



Signage on Highway 16, the Yellowhead interprovincial highway. (Petr Podrouzek photo)

The plan for sustainable solutions

After forming the interim service, the ministry was supposed to find sustainable ground transportation solutions for the northern region.

“The 12-month interim period will provide us with an opportunity to better understand the demand for long-distance bus service in the region and help inform the development of sustainable longer-term solutions.”

- Claire Trevena, Minister of Transportation and Infrastructure, May 3, 2018.

In this part of the audit, we examined whether the ministry developed a plan for a sustainable solution for ground transportation in northern B.C.

Ministry is working on a plan for ground transportation across the province; options for the north unclear

What we looked for

Did the ministry have a plan to develop a sustainable long-distance ground transportation solution that reflected the needs of northern communities?

Learn more about the [audit criteria](#).

What we found

We found that the ministry was working on a plan for intercity ground transportation across the province but it was unclear how it would lead to a sustainable solution specifically for northern B.C.

The ministry began planning in 2019, with a goal to identify solutions for intercity ground transportation specific to northern B.C. As part of this work, the ministry evaluated the interim service, carried out some limited engagement with northern communities, engaged with subject matter experts and collected financial information to assess the long-term viability of the service. The ministry also continued to secure funding for the interim service (see Exhibit 8).

EXHIBIT 8: *Timeline of funding for interim long-distance transportation service*

Fiscal year	Funding source
2018-19	BC Bus North funded from BC Transit budget
2019-21	Cost-sharing agreement reached between ministry and Western Diversification Canada
2021-22	Cost-sharing agreement extended one year
2021-26	Funded by cost-sharing agreement between federal government and province. Additional agreement signed with Northern Development Initiative Trust to distribute the funds to support long-haul transportation (i.e. BC Bus North or something similar) and/or community shuttle services in northern B.C.

The ministry told us that it had expected to gather feedback from northern communities as part of its planning but the pandemic (starting in March 2020) prevented travel and in-person meetings. The ministry was able to do some limited engagement (see text box). Northern Development Initiative Trust said it was planning to do community engagement related to intercity bus in 2022 and the ministry said it planned to participate in some of that engagement.

ENGAGEMENT ACTIVITIES

The ministry performed limited public engagement and associated planning work, including:

- Two meetings in 2019 between the minister of transportation and local governments to discuss BC Bus North.
- Hiring a consultant in July 2020 for a project that included making a list of stakeholders for engagement to support its work on a provincewide ground transportation framework (Exhibit 6, item 2).
- Hiring a consultant in 2021 who spoke by phone with local governments and First Nations in 16 rural, remote and Indigenous communities (including seven in the north) about their transportation needs (Exhibit 6, Item 3). The focus of the project was on remote communities and did not include feedback from residents of most of the larger communities served by BC Bus North, such as Prince George.

The ministry broadened the scope of its planning work to include ground transportation for the whole province in 2020. Planning documents from that time show the working goal was to have “a provincial intercity bus network along major provincial corridors.”

Since then, the ministry has assessed the current state of subsidized ground transportation in B.C. and conducted a transportation needs assessment for rural, remote and Indigenous communities across the province (see [text box](#)). In July 2021, it identified gaps in provincial ground transportation where the government could be involved. One of these gaps is long-haul intercity bus service on priority highways. The ministry said it would work on recommendations and plans related to these gaps throughout the fall and winter 2021-22.

While this work could help inform options for the province, it is not yet clear how it will address sustainable ground transportation in northern B.C. Based on this, we could not conclude that the ministry had a plan for sustainable ground transportation that reflected the needs of northern communities.

Why this matters

There is a risk that – without an approach for northern B.C. – the broader work on ground transportation across the province may not lead to a sustainable solution in the north.

Recommendation

We recommend that the Ministry of Transportation and Infrastructure:

- 2.** Ensure that the plan for provincewide ground transportation includes options for sustainable solutions in northern B.C.
- 3.** Ensure broad engagement with northern communities as part of planning for sustainable ground transportation solutions

See the [response from the auditee](#).

ABOUT THE AUDIT

We conducted this audit under the authority of section 11(8) of the *Auditor General Act* and in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001—Direct Engagements, set out by the Chartered Professional Accountants of Canada (CPA Canada) in the *CPA Canada Handbook—Assurance*. These standards require that we comply with ethical requirements and conduct the audit to independently express a conclusion against the objective of the audit.

A direct audit involves understanding the subject matter to identify areas of significance and risk, and to identify relevant controls. This understanding is used as the basis for designing and performing audit procedures to obtain evidence upon which to base the audit conclusion.

The audit procedures we conducted included document inspection, enquiry, observation (walk-throughs) and reperformance.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our office applies the Canadian Standard on Quality Control (CSQC 1) and we have complied with the independence and other requirements of the code of ethics issued by the Chartered Professional Accountants of British Columbia that are relevant to this audit.

Audit report date: November 4, 2021



Michael A. Pickup, FCPA, FCA
Auditor General of British Columbia
Victoria, B.C.

APPENDIX A: RECOMMENDATIONS AND AUDITEE RESPONSES

RECOMMENDATION 1: Ensure it receives and reviews monitoring reports as set out in agreements.

RECOMMENDATION 1 RESPONSE: The ministry accepts this recommendation.

The ministry will schedule regular meetings with BC Transit and Northern Development Initiative Trust to receive and discuss reports required by each organization's respective agreement.

RECOMMENDATION 2: Ensure that the plan for provincewide ground transportation includes options for sustainable solutions in northern B.C.

RECOMMENDATION 2 RESPONSE: The ministry accepts this recommendation.

The ministry recognizes the importance of reliable and affordable transportation options for people in rural and remote areas of the province. The ministry will continue to explore opportunities for better integrated reliable transportation services throughout the province.

RECOMMENDATION 3: Ensure broad engagement with northern communities as part of planning for sustainable ground transportation solutions.

RECOMMENDATION 3 RESPONSE: The ministry accepts this recommendation.

The ministry will benefit from Northern Development Initiative Trust's engagement activities associated with the delivery of northern transportation services.

APPENDIX B: AUDIT CRITERIA

Objective 1: To determine whether the Ministry of Transportation and Infrastructure ensured the delivery of an interim long-distance bus service to B.C. northern communities that aligns with its direction to BC Transit.

- | | |
|-----|---|
| 1.1 | The ministry set clear expectations for BC Transit when setting up the interim service. |
| 1.2 | The ministry ensured that BC Transit provided interim long-distance bus service to B.C. northern communities where routes were eliminated by Greyhound. |
| 1.3 | The ministry collaborated with northern transportation service providers to identify opportunities for an integrated interim service. |
| 1.4 | The ministry set fares that took affordability into account. |
| 1.5 | The ministry monitored the interim service according to the reporting requirements of its contribution agreements with BC Transit. |

Objective 2: To determine whether the Ministry of Transportation and Infrastructure has a plan to develop a sustainable solution for long-distance ground transportation that reflects the needs of northern communities.

- | | |
|-------|--|
| 2.1 | The ministry has a plan to develop a sustainable solution. |
| 2.1.1 | Plan includes goals and objectives. |
| 2.1.2 | Plan includes clearly defined roles and responsibilities. |
| 2.1.3 | Plan includes deliverables with completion dates. |
| 2.1.4 | Plan aligns with the ministry's strategic direction for safe and reliable transportation systems that provide affordable, efficient and accessible transportation options. |
| 2.2 | The ministry evaluated the interim service to identify improvements to inform its long-term plan. |
| 2.3 | The ministry's plan includes engaging with communities to determine satisfaction levels with existing services. |
| 2.4 | The ministry's plan includes consulting with subject matter experts. |
| 2.5 | The ministry's plan includes obtaining financial information to assess the long-term viability of options. |



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BC Bus North coach on Highway 16.
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