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Ferry fare increases unfair, says Islands Trust

The Islands Trust Council has recommended changes to the 2003 *Coastal Ferry Act* that would 'keep public access to the Islands affordable for all.'

'Half of the BC Ferry routes run within our area, and we are deeply concerned about the impact of the fare increases on coastal communities, which are wholly dependent upon the ferry system as other communities are upon the highway system,' said Kim Benson, chair of the Council. 'The coastal ferry system benefits not only the Islands, but also the adjacent urban centres and the provincial economy as a whole.'

Benson pointed out that fare increases under the *Act* were to be capped, but in less than a year, three extraordinary price cap increases have occurred, due to rising fuel costs. She continued, 'We believe the ongoing fare escalations mandated by the province are having a negative effect on community members, businesses and visitors, and that amendments to the *Act* are critical to the social and economic well being of BC's ferry-dependent coastal communities.'

The recommendations are contained in a position paper presented to the Minister of Transportation at the end of October. The presentation was supported by representatives from five of the Regional Districts in the Trust Area, and Bowen Island Municipality.

New Ferry Contract to be Negotiated

A renegotiation of the contract between the provincial government and BC Ferries Services Inc. is due within the next few months. The contract sets fixed contributions ('service fees') to be paid by the province for the operation of each route, with the remainder of the company's income to be made up from fares, food sales, and other services. The fares to be charged are capped according to a formula, and fare increases have to be approved by the Ferry Commissioner, Martin Crilly. The Commission is not, however, required to consult ferry users or their communities when considering increases.

The fare increases originally anticipated to occur in the 'first service period' (March 2003–March 2008) would have amounted to some 15% over five years for the main routes (between the Mainland and Vancouver Island), and some 24% for the smaller routes. Because of additional increases ('fuel surcharges') granted in July 2005, and January and June 2006, the fares on the main routes will have risen 25% by March 2008, and nearly 50% on the smaller routes—that is, provided

that there are no more fuel surcharges in the meantime (see *Island Tides*, June 29, 2006.)

In the case of the fuel surcharges, the provincial government was asked in each case whether it would contribute to the additional expenses, but it declined.

No studies of the effect of these fare increases on ridership have been made, but overall ridership has been dropping slightly, instead of increasing as might have been expected from increasing population.

The original contract anticipated that the minor routes might be put out to contract for operation by independent ferry operators, but so far there have been no takers. With this in mind, any cross-subsidization of the minor routes by the major routes was barred, resulting in the substantial differential in fare increases between the major routes and routes serving the Islands and smaller coastal communities.

'Service Fee' Subsidy Lower Than Other Transportation Services

Meanwhile, 'service fees' paid by the provincial government have remained fixed and now cover only 16% of capital and operating expenses, according to the Islands Trust. The government has made no contribution to the unanticipated increase in fuel costs, but has left ferry users to shoulder this entire burden.

The Islands Trust paper contrasts this with the provincial contribution made to support highways and transit costs. While BC Ferry fares (and other revenue) cover 84% of the operating expenses and capital costs of BC Ferries, Translink covers only 47% of its costs, and BC Transit only 37%. Only 70% (which includes gasoline taxes) of the cost of provincial roads is self-sustaining. The Trust suggests that ferries should be subsidized at least to the same extent as other transportation services.

Trust Recommends Expanding Ferry Commission Mandate

The Islands Trust Council is recommending that the following changes be made in the *Coastal Ferry Act*:

- eliminate the major/non-major route segregation in setting fare increases and using a system-wide approach to evaluating the financial performance of the coastal ferry service as a whole;

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- require full and reasonable consideration of the economic and social impacts on local communities and the provincial economy as a whole, rather than just the provincial contribution to the operation of the ferry system, before increasing fares or adjusting services;

- ensure more equitable sharing of price cap increases between users and the province by increasing the service fees paid by the province (similar to other provincially-funded public transportation systems);

- expand the mandate of the BC Ferry Commission, which regulates rates, to consider the community impact of fare or service changes; and,

- authorize the Commission to require the province to increase its service fee if fare or service changes are determined to have a harmful impact on coastal communities.

The Islands Trust Council is also recommending that the province should consult with coastal communities as part of its assessment of the review of the first performance term. ✍

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