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Editorial: Foot In Mouth Disease

In a press release announcing that \$100 million of duty remission on the German-built Super-C Class ferries will be used to reduce ferry fares, BC Ferries Services' CEO David Hahn is quoted as follows:

'Our customers will significantly benefit from this announcement and it clearly reflects an understanding by Prime Minister Harper and the Government of Canada of the importance of our west coast ferry transportation system to BC's economy. The announcement also represents a substantial commitment by Premier Campbell and the provincial government to lower fares on the minor, northern and Sunshine Coast routes. This is certainly a win-win for all concerned.'

And, in case we didn't get the point:

'Without the support of Federal Ministers' Stockwell Day and Jim Flaherty this could not have been accomplished. I also wish to thank Premier Campbell and Transportation Minister Shirley Bond for their decision to apply the provincial portion of the savings to lower fares on the minor, northern and Sunshine Coast routes.'

Who's Making These Decisions?

If we remember right, BC Ferries Services Inc is a corporation specifically set up by the *Coastal Ferries Act* especially to be independent of political interference. But Mr Hahn has credited no less than five politicians with this ferry fare reduction.

So who's making BC Ferries' decisions now? And what's with the very well paid and recently reappointed Boards of Directors of the BC Ferry Authority and BC Ferries Services Inc? (See also article page 3.)

It's Borrowed Money

The money to pay this duty was borrowed by the corporation, and if it is not needed, it should be used to reduce BC Ferries Services' debt, which is 'maxed out'.

Much as we are inclined to applaud any decrease in ferry fares, it is not sound management to do it with borrowed money.

Is It Cross-Subsidization?

Further, the money was borrowed to purchase the Super-C class vessels for the major routes. It's very thoughtful of Mr. Campbell to allocate some of it to reducing fares on the minor routes, but isn't that an exception to the policy that there should be no cross-subsidization from the major routes to the minor routes?

What's The 'Provincial Portion'?

Mr Hahn's announcement is puzzling in other ways. If the money was borrowed (through a bond issue) by BC Ferries' Services Inc, what is 'the provincial portion of the savings'? Was there 'a provincial portion' of the borrowing?

How About The Ferry Commissioner's Independence?

Under the *Coastal Ferries Act*, fares are set by the BC Ferry Commissioner following an application by BC Ferries Services Inc. There has been no announcement from the Commission; the press release says, 'it is expected that the future benefit will continue to be in the neighbourhood of a 2% savings over what fares would have otherwise been.'

It looks as if the Ferry Commission is being told what to do.

A Drop In The Bucket

Which brings us to one final point. We don't know why Mr. Campbell should suddenly decide that patrons of the minor, northern, and Sunshine Coast routes would like a break on their ferry fares. But in the light of the massive and relentless annual increases since the ferry system was 'privatized', 2% is a drop in the bucket.

We can only hope that this 'substantial commitment by Premier Campbell and the provincial government to lower fares on the minor, northern and Sunshine Coast routes' is a precursor to really significant increases in the provincial government's financial support of the coastal ferry service, our marine highway. ☺

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