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Gulf Islanders concerned about future ferry fares

Over the next few years, ferry routes serving the smaller islands in the Strait of Georgia and on the north and central coast face increasing costs, particular for the replacement of a fleet of aging vessels.

Failing an increase in the provincial government's contribution, this could lead to big fare increases or service reductions. (Discussions are already under way between BC Ferries Services Inc and the provincial government about the cost of replacing the 36-year-old *Queen of Nanaimo*.)

The Ferry Commissioner, Martin Crilly, also notes that the three Northern routes and the 18 minor routes already face 'generally stagnant or declining traffic volumes, but also significantly higher revenue requirements to cover operating costs and renewal costs for ships and terminals.'

The Ferry Advisory Committee Chairs (FACC), representing each of the Islands, have expressed serious concern about this, particularly in the light of forthcoming discussions on fare determinations for Performance Term 3 (2012-2016). Work has already started on a review of the contract between the provincial government and BC Ferries.

North Coast NDP MLA Gary Coons commented that the FACC is still the only body representing the users, particularly of the minor route group. He expressed concern about the impact of the HST on ferries' profitability. The Ferry Commissioner's Annual Report notes that 'BC Ferries' return on equity dipped to 1.1%, which is well below the Commission-established target of 13.18%, primarily due to traffic levels which, for the second consecutive year, were far below earlier expectations.'

Every four years the Province decides on the level of service it wants to see provided (number of sailings per route), and how much it will pay for it (transportation fee). The FACC are concerned that this current contract review faces a combination of factors that could lead to double-digit fare increases, or service cuts, or both.

During the coming year, the Province will make its

decisions, and the Ferry Commissioner will calculate new fare caps based on government parameters and BC Ferries' financial needs. BC Ferries' role is simply to provide forecasts of its finances and operations. While the controller-general's report recommended, and Bill 20 enacted, a provision that the Ferry Commissioner consider 'the interests of ferry users' in his decision making, no action has yet been taken to provide a structure for this.

Since the beginning of this contract-based system in 2003, the Province has not changed the core service levels. It hasn't changed its transportation fee either, except for the northern routes to help with the cost of their new vessels and terminal upgrades.

If the Province does not raise its fee in this review, ferry users can expect possible service reductions, or more likely, substantial fare increases on top of those of the past six years.

The Ferry Advisory Chairs' (FACC) concerns are based on several current factors. While all the non-major routes are affected by the transportation fee, some of these factors will affect every route:

- Province's legislated goal to reduce its transportation fee by moving toward user-pay;
- decreasing ferry traffic and downgraded traffic forecasts, which means either fares or fees must make up the revenue gap;
- cost of vessel and terminal upgrades required for minor routes during the next four-year term;
- no mechanism for the Commissioner to implement the Comptroller General's 2009 recommendation to consider public interest;
- replacement of the commissioner in the middle of the contract review process (currently, Martin Crilly's contract has been extended to December 31, 2010, but no replacement has yet been named);
- HST on BC Ferries expenses adding to the company's revenue needs;
- fuel cost volatility.

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‘Ferries are the public access to the BC Coast. They’re as important to this large region of the province as any highway or public transit,’ says Tony Law of Hornby-Denman. ‘We need to keep this part of the provincial transportation infrastructure affordable to British Columbians who depend on it, while also taking taxpayers’ interests into account.’

The FACC call on the government to undertake these measures:

- adjust transportation fee to keep fare caps in line with inflation, and also in line with government support for highways and transit;
- engage in focused discussion with FACC, BC Ferries and commissioner to seek pilot projects and innovations with potential to improve efficiency or increase revenue;
- retain the current commissioner until at least March 31, 2012, when the review process is over.

The FACC believe the action on the above measures would underscore the government interest and the public interest in safeguarding affordable public access to the BC coast. ☞

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