Reprint
Island Tides
Visit www.islandtides.com for more interesting articles on other BC, national & international topics

Reprint from Volume 25 Number 22 Nov 7, 2013

Ferry crisis unnecessary says FACC

BC Ferries is in an affordability spiral. But if public investment in the coastal ferry system were increased to a level comparable to investment in the rest of BC's transportation infrastructure, the ferry system would not be in crisis.

This is the major point of the submission to the BC Provincial Government Budget 2014 Consultations from the Ferry Advisory Committee Chairs (FACC), who represent routes carrying 9.6 million passengers per year.

The FACC asks the government to 'review and adjust' its plans so as to increase government financial budgets, both operating and capital, for the minor route ferry services. Inadequate allocations over the past ten years have led to increasing fares and decreasing traffic—the 'crisis'.

Creating Coastal Prosperity

The FACC emphasizes that the prosperity of coastal BC depends on transportation, like any other region of the province. Comparable public transportation investment on the coast means investing in the ferry system.

Obviously, the province considers the present level of public investment is reasonable. But the ferry system is in financial trouble. The FACC asks, 'Why?' and goes on to provide answers and suggest solutions.

> ...if public investment in the coastal ferry system were increased to a level comparable to investment in the rest of BC's transportation infrastructure, the ferry system would not be in crisis.

The sustainability of the ferry system depends on the economic health of the communities it serves. And that economic health depends on the affordability of ferry fares.

The 'affordability spiral' means that planned and continued fare increases lead to continuing reductions in ridership, and that the current provincial government short term fix—to cut service —would have 'minimal impact' on this. Service cuts would have to be huge to achieve the province's $18.9 million targeted savings; the result, says the FACC, would be a 'skeleton' ferry system. The spiral will continue.

Reversing 'User Pay'

The 'greater reliance on a user-pay system' set out in the 2003 *Coastal Ferry Act* was removed in 2010, but its effect lives on. Revenue projections for the current performance term (to 2016) assume traffic remains constant at 2013 levels; the FACC calls this 'optimistic'. The proportion of revenue from fares continues to rise. And the next performance term, starting in 2016, will use these fares as the baseline. And unavoidable capital costs for new vessels will then start to affect fares.

Underfunded Since 1983, 'Privatized' Since 2003

The FACC's analysis of provincial government underfunding went back to 1977. While the federal government contribution has consistently had annual increases based on the Consumer Price Index, the provincial government contribution, since 1983, has not.

The result is that BC Ferries has experienced growing debt, from both operating and capital costs, essentially equivalent to the cumulative shortfall in the provincial government contribution. If the provincial government contribution had continued to be indexed to the CPI, then BC Ferries' cumulative debt up to 1998 would have been covered.

When the ferry corporation was 'privatized' in 2003, the costs of renewing the fleet and terminals were transferred from the provincial government to ferry-users, and the ferry system has continued to accumulate debt. The ferry system, and its users, cannot afford more. Hence the crisis.

Treating Coastal Ferries Like The Rest

The FACC makes a strong case for treating the financing of coastal ferries like the rest of the province's transportation systems. The FACC: 'If there were no distinction, and the government were to have pegged its funding on an analysis of benefits to British Columbia of affordable ferry service, and if it were to have indexed its annual funding to inflation, there would be no shortfall, no ferry crisis.'

The FACC challenges the provincial government to provide a clear rationale for the distinction.

Island Tides Publishing Ltd, Box 55, Pender Island, BC V0N 2M0 • 1-250-216-2267 • islandtides@islandtides.com • www.islandtides.com

By way of an experiment, the FACC also proposes some 'traffic stimulus' pilot plans with various combinations of fare rollbacks, and challenges the government to try them out.

No 'Silver Bullet'; A Vision Is Required

Ferries cost what they cost, says the FACC. 'The provincial government gets good value for its money with coastal ferries. This is confirmed by numerous reviews that describe the company as well managed.' There is no 'silver bullet' that will minimize the expense of coastal ferry service, says the FACC.

The FACC debunks much that has been said about 'capacity utilization', pointing out that low figures on minor routes are often inherent in either the route or schedule patterns, seasonality, or the lack of suitability of the ferries that have been assigned.

But the most significant factor, the FACC points out, is that the higher comparative utilization factors recorded for major routes fail to take into account the unused capacity on ferries that lie idle during the week and in the off-season. On the major routes, it is much easier to match the capacity demanded with the ferries to be assigned.

Finally, the FACC criticizes the provincial government for its 'narrow focus' of its quest for a ferry vision. Once again, it emphasizes the need for a vision for coastal communities as an absolute prerequisite for determining their ferry service needs. 'The starting point for a vision is clear: ferries are supposed to serve communities.'

The FACC represents 13 coastal ferry advisory committees, with more than 100 volunteer members from communities served by 22 minor, northern, and Sunshine Coast routes. ✐

Island Tides Publishing Ltd, Box 55, Pender Island, BC V0N 2M0 • 1-250-216-2267 • islandtides@islandtides.com • www.islandtides.com