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Ferry fares at sea ~ Patrick Brown

The BC Ferry Commissioner has granted preliminary approval for ferry fare increases for the third Performance Term of the contract between the provincial government and BC Ferries Services Inc. The annual increases, set to take effect on April 1, 2012, 2013, 2014, and 2015, would be up to 4.15% for major routes, and 8.23% for minor and northern routes. Over the next four years, this would amount to an increase of 18% on major routes and 37% on minor routes. The only good news was that these increases were substantially less than the 50% increases that BCFS president, David Hahn, had forecast earlier this year.

However, the province's new Minister of Transportation, Blair Lekstrom, said he felt the increases were still too high and the government would be looking at how to reduce them.

No Increase In Subsidy

The fare increases assume no increase in the province's subsidy for the minor routes, which has remained fixed since 2003, when BC Ferries was 'privatized' into a government-owned corporation. The intent of the government at that time was to require that all future cost increases be covered by fare increases. The result has been that fares have risen steadily at several times the annual cost of living, and ridership has suffered.

The approved increases follow this trend. The Ferry Commissioner's primary mandate is to ensure the financial solvency of BCFS, given the amount of the subsidy and the owner's return on equity, both of which are set by the province, and the traffic estimates provided by BCFS. This year, estimates foresee no increase in traffic. Traffic is described as 'flat' for the next four years.

Possible Changes In Service

New this year is a requirement to consider the needs of ferry users. The Commissioner states that he has met this requirement by setting a constant (and therefore predictable)

annual growth percentage in fares from year to year, and providing ferry users with a particular opportunity to comment on BCFS proposed cost reductions, and on ten possible changes in service levels.

These changes include:

- Elimination of Route 12 – Mill Bay to Brentwood Bay;
- Alternatives for Route 40 – Discovery Coast;
- Alternative Service Delivery for Shearwater and Ocean Falls;
- Extension of Northern Service to Tsawwassen;
- Change in Terminal Location for Route 19 (from Gabriola to Nanaimo Harbour to Gabriola to Duke Point);
- Elimination or Restructuring of Route 9 - Tsawwassen to Southern Gulf Islands;
- Inclusion of Route 3 in the Major Route Group;
- Off-peak Saturday Service for Route 30–Duke Point to Tsawwassen;
- Alternatives to the Charter Agreement for the Nicola; and
- All Routes – Increased Flexibility (?)

These impact of these changes have not been anticipated in the Commissioner's setting of preliminary price caps.

Alternative Service Providers

Built in to the *Coastal Ferry Act* is the requirement that BCFS continue to seek organizations which might be able to provide part of the ferry service under contract. So far, the only such service is the passenger ferry between Langdale, Gambier Island, and Keats Island.

The Commissioner has identified three services which might be candidates for subcontract: mid-coast service in the winter, Powell River–Comox and Powell River–Texada, and a Buckley Bay–Denman Island cable ferry.

The final price cap decisions are to be published by September 30, 2011. ☺

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