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~ Patrick Brown: Ferries on Autopilot IV

Full speed ahead on ferry fare increases

Last Friday, June 6, the BC Ferry Commissioner announced that there would be no significant increase in the 'service fee' paid by the province to BC Ferry Services Inc during Performance Term 2, from April 2008 to April 2012. This means that virtually all increases in the costs of operating coastal ferries will be paid by users, resulting in a continuation of the steep rises in ferry fares that Islanders have experienced over the last five years. This decision was made despite Ferry Advisory Committee discussions with Transportation Minister Kevin Falcon, which had offered some hope that the burden of increased ferry fares on coastal communities might be relieved.

The existing fuel surcharges will be included in the new fare increases; the Commissioner previously estimated that, if there were no increase in the service fee, on April 1, 2008, fares will go up by 5.4% on the major routes (between the Mainland and Vancouver Island) and 3.6% on all other routes. On April 1 of 2009, 2010, and 2011, fare increases are calculated depending on the Consumer Price Index for BC. With a CPI of 2%, these future annual increases would be 3% for major routes and 6.7% for all other routes.

Northern Route Service Fees

The contract between the Province and BCFS has had a number of minor amendments. However, the only increases in the service fee are related to capital costs incurred on the northern runs for replacement vessels, particularly for the *Northern Adventure*, replacing the shipwrecked *Queen of the North*. The *Northern Adventure*, formerly the *Sonia*, was imported and refitted, incurring import duties of some \$13 million; these duties have now been rebated by the federal government. The province has not yet decided how this rebate will be applied, but the commissioner says that if it is applied to reduce fare caps, it is estimated that it will reduce annual fare increases from 6.7% to 6.3% over Performance Term 2.

Allocating Service Fees Between Routes

The Route Groups in the original contract have been simplified, giving BCFS more flexibility in allocating the service fee, and making it easier to ensure that fare increases are the same across

all routes in each group. The new route groups are #1–Majors (Mainland to Vancouver Island); #2–Route 3 (Horseshoe Bay to Langdale); #3–Northern (Port Hardy to Prince Rupert, Queen Charlotte Islands, and Discovery Coast); and #4–Minors (all other routes, including Sunshine Coast and the Gulf Islands). There has been a 'partial re-allocation' of the service fee for Route 3 to the Minor routes in order to equalize percentage fare increases.

Fuel-Cost Surcharges

During the last few years, a fuel-cost surcharge has been applied to all fares in addition to annual increases. It is not covered in the contract between the province and BCFS, and the province has steadfastly refrained from making any contribution to it. It has, however, been reviewed and approved by the commissioner. The province has made a one-time contribution of \$7 million to paying down the deficit in the fuel-cost deferral account, to be applied first to the Northern Route Group, then to the Minor Routes. The commissioner's summary indicates that no reduction in fuel surcharges is expected from this pay-down, since the price of fuel is still going up. While existing fuel surcharges have been 'rolled into' the new fare caps, it seems possible that in the future, additional fuel surcharges could occur.

Varying Daily Round Trips

Contract changes will allow BCFS greater flexibility in varying the number of round trips daily on the major routes and many of the minor routes; the minimum number of daily round-trips may be one less than it was in Performance Term 1. However, the annual number of round-trips is to be the same, so users may see a reduction in service in the winter, to be made up by an increase in the operating day in the summer and at peak periods. On the three major routes, it is also possible that some trips may be reallocated between routes. On minor routes, the number of annual trips per route is to remain the same. Finally, this provision does not apply to Routes 5 & 5a (Swartz Bay–Southern Gulf Islands), Routes 9 & 9a (Tsawwassen–Southern Gulf Islands), 17 (Powell River–Comox), and Northern Routes 10, 11, & 40 where the number of daily trips will not change. Schedules will now be published one year rather than two years in advance. ☞

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