Bringing the fleet up to scratch ~ commentary by Erik Andersen

As a way of helping improve our appreciation of BC Ferries capital requirements, Chief Financial Officer, Rob Clarke, stated that the average age of the fleet is greater than 32 years. There are several implications one can take from this statement but the most important is that for the last four decades we have been feeding off our capital base and now we face a very large ship renewal requirement. It presently looks as though the job of finding money for all those needed new vessels is expected to be from very much higher fares.

However, BC Ferries needs major amounts of new capital to overcome the enormous deficit created from four decades of under investment. The amount of financial help needed is probably beyond the capacity of the corporation—and its ferry dependent customers. Tinkering and cosmetic changes will not deliver enough money fast enough.

Now let’s look at BC Ferries fleet structure. It has 38 vessels and they are all different from each other. The largest vessel, Spirit of British Columbia, is 560 feet long, has capacity for 470 vehicles, 2,100 passengers and has a gross tonnage of 18,747. The smallest vessel, Nimkish, is 111 feet long, has capacity for 133 passengers, 16 vehicles and has a gross tonnage of 266.

Insights From The Airline Industry

BC Ferries has been and still is a monopoly corporation. By many measures BC Ferries is a ‘legacy’ carrier which only manages to survive because it has a monopoly in its market. To judge what BC Ferries might do, an examination of competitive transportation industries and operators might be useful.

In aviation circles the term ‘legacy’ airline is used as a pejorative modifier. Features of these airlines are that they have been around a long time; they have a wide array of aircraft types and sizes; they try to operate in dissimilar markets; they generally have spotty records of profitability and many of the bigger names end up insolvent or near insolvency.

Contrasting to these are operators who consistently post financial successes all the while delivering the best transportation values in their respective markets.

Now what it is that the money-makers do that is different from the ‘legacy’ group? The likes of Westjet, Southwest Airlines, Ryanair and others in that group succeed by the fullest use of new technologies and one aircraft model only. They have not stayed wedded to their still useful Boeing 737-300s; rather they have smartly stepped-up into the 800 series. Aircraft and engine design improvements over the past 30 years have meant a 100–200% gains in fuel efficiency.

In terms of labour efficiency, ‘legacy’ operators need double the manning levels of the other group. Southwest uses five-and-one-half aircrew per aircraft while Air Canada need about 11.

BC Ferries should be required to aggressively pursue fleet simplification. Two models with some capacity for stretches would be a good objective.

New Ships Also Save Fuel

BC Ferries has claimed that the new Coastal Renaissance gives a fuel saving of 30% over the previous cross-gulf vessels. It is a far cry from what the aviation industry has achieved but it is significant all the same. Having all new ships for the fleet today would be an enormous saving on fuel—the kind of savings we cannot afford to miss.

Although BC Ferry Services has been striving to find savings with the present fleet—according to the presentation given to Ferries Commissioner Martin Crilly, BCFS has slightly reduced consumption, by about 1-2% in each of the past three years However the rising cost of petroleum swamps these savings.

The annual fuel volume for BC Ferries is presented as about 122 million litres. A 30% reduction for the entire BC Ferries fleet would be about 37 million litres. At present-day value, 37 million litres of fuel over a period of 25 years represents an enormous saving.

Two Ferry Corporations?

BC Ferry Services could be partitioned in two corporations. The first having the large vessel operations and financing and the second having the operations for ferry-dependent communities.

It only needs the most cursory of examinations to discern how different the needs are for these two groups and how