

Reprint **Island Tides**

Visit www.islandtides.com to read the current edition and more find more interesting articles on other BC, national & international topics in our extensive archive of newspapers and articles.

Reprint from Volume 22 Number 7

Apr 15, 2010

Ferry committee chairs seek *Coastal Ferry Act* changes; also commitment to 'modest and predictable' fare increases

Anticipating even higher ferry fare increases on BC Ferries Services (BCFS) minor routes in the future, Ferry Advisory Committee (FAC) Chairs met with the Minister of Transportation and Infrastructure Shirley Bond in early February, seeking commitments that the government will work towards the long-term sustainability of the routes that serve the Gulf Islands, from Quadra and Cortes in the north to Salt Spring,

Pender, Mayne, Galiano and Saturna to the south. The Minister indicated her interest in a 'collaborative approach' to ferry service problems.

With the 'privatization' of the ferry services in 2003, cross-subsidization of the minor routes from revenues of the major routes (between Vancouver Island and the mainland) was discontinued. At the same time, the overall provincial contribution to the costs of operating the minor

COASTAL FERRY ACT, please turn to next page

An Alternative: Scottish Ferries Use Road Equivalent Tariffs

The FACC presented a report in 2008 describing a Road Equivalent Tariff program about to be unveiled in the Scottish Ferry System (Caledonian MacBrayne, CalMac):

RET involves setting ferry fares on the basis of the cost of travelling an equivalent distance by road. The high cost of ferry fares is seen by many as a barrier to economic growth on the islands.

—Scottish Government

The 30-month program, the Pilot, was implemented in Oct 2008 on selected routes serving the Outer Hebrides, off the north-west coast of Scotland. The Policy was:

The Scottish Government recognises the vital importance of lifeline ferry services in supporting Scotland's island communities and understands the genuine concerns from our remote and fragile communities about the affordability of ferry travel and the impact this has on islanders. This approach would not just benefit islanders by providing cheaper fares but could also boost island economies by attracting tourists and supporting businesses.

—Scottish Government

An interim report covering the first year of the Pilot was released in January 2010. Salient comments included are as follow:

1. Fare reductions of 30% to 40% on RET routes;
2. Passenger traffic on RET routes up by 19%;
3. Car traffic on RET routes up by 30%;
4. Passenger and car traffic on non-RET routes increased by 3% and 2% respectively;
5. RET route revenue down by 28% for passengers, 16% for cars;
6. Vehicle traffic increase greatest during summer while passenger traffic increase spread over whole year on RET routes;
7. Increased frequency of travel (more repeat visits) by visitors on RET routes;
8. Day trips—shopping, 'leisure'—more common both to and from the islands;
9. Tourism related businesses busier, extending their opening season; and
10. Increase in numbers of businesses reporting 'full capacity.'

The 2008/09 Annual report shows a Government grant increase of £21 million, attributable 'to the increase in marine fuel costs and the effect of the planned introduction of road equivalent tariff on a number of Hebridean routes.'

In comparison, BCFerries Minor Route traffic dropped by 429,000 passengers (5.4%) and 178,000 vehicles (4.8%) between April 2003 and March 2009. Minor Route fares increased 49% over the same period.

© Island Tides Publishing Ltd. This article may be reproduced with this attribution, in its entirety, with notification to Island Tides Publishing Ltd.

This article was published (Apr 15, 2010) in 'Island Tides'. 'Island Tides' is an independent, regional newspaper distributing 17,500 print copies throughout the Gulf Islands and the Canadian Strait of Georgia from Victoria to Campbell River to Howe Sound.

Island Tides, Box 55, Pender Island, BC, Canada.
Email: islandtides@islandtides.com.

Phone: 250-629-3660. Fax: 250-629-3838.
Website: <http://www.islandtides.com>

routes was essentially frozen. It has not been increased to maintain the Province's percentage share of costs.

The result has been that all increases in minor route costs have had to be covered by fare increases. This has led to fare increases on minor routes averaging 60%, (some nearly doubling) from 2003–2010.

Low Ferry Utilization, Says Minister

Responding to concerns about these continuing fare increases, resultant reductions in passenger and vehicle traffic, and damaging effects on Island communities, the Minister had stated that ferry utilization on the minor routes was comparatively low, and that no other communities in BC received such high transportation subsidies (on a per capita basis).

(A characteristic of the minor routes is that service demands have 'rush hour' characteristics—in the morning, more ferry patrons wish to travel to Vancouver Island from the Gulf Islands than wish to go in the other direction; the reverse occurs in the evening. In contrast, on the major routes, more equal demand in each direction results in higher utilization figures.)

Aging Vessels and Terminals

The FAC Chairs pointed out that at the time of the handover of the minor routes to BCFS (ostensibly a private company but owned by the Province), much of the infrastructure of the terminals and many of the ferries were old and would require replacement within the next few years.

In addition, the ferry service faces steady increases in operations costs—fuel, maintenance, capital costs, and labour—and this trend may be expected to continue.

The FAC Chairs pointed out that the 2003 *Coastal Ferry Act*, while addressing the financial viability of BCFS, the sustainability of the major routes, and limiting taxpayer contributions to the ferries, failed to address the public service mandate of the ferry system, the impacts of fare increases on the Islands' residents and businesses, and the sustainability of the minor routes.

Public Service Not Considered, says FACC

In this respect, an earlier letter from the FAC Chairs to the Minister quoted the fall, 2009 report on the ferries by the Comptroller General:

'There is a risk that a focus on the profitability or sustainability of the ferry operator exclusively could be at the expense of the public service mandate of the ferry system. For example, short term decisions, focused on

maximizing profit to the operator, could compromise the public service goals of the ferry system by not considering fully the interests of users of the ferry system, local communities and taxpayers.'

The FAC Chairs also quoted the Comptroller General's criticism of the lack of any advocate for ferry users: 'The Commission's role as defined in the *Act* and interpreted by the Commission is not broad enough to adequately protect the public service mandate of the ferry system.'

Changes to Coastal Ferry Act Recommended by FAC Chairs

The FAC Chairs pointed out to the Minister that the ferry 'model' has had to be adjusted to avoid unacceptable fare increases on the northern routes, and similar adjustments should now be made for the minor routes serving southern islands. In particular, they recommended that the *Act* be amended to require that the Minister, in entering into any contracts for the operation of minor ferry routes, should consider all of the following:

- a) the minimization of costs and maximization of benefits of the ferry service to BC taxpayers;
- b) the provision of modest and predictable average fare increases for users of the ferry service;
- c) the economic enhancement of coastal regions and the communities that depend on ferry transportation;
- d) the long-term sustainability of the coastal ferry transportation system.'

This wording, said the FAC Chairs, would help provide the clarity recommended by the Comptroller-General and sought by the FAC Chairs since the *Coastal Ferry Act* was introduced.

The FACC have also supplied information on the Scottish Islands ferry service which might serve as a model for a better structure (see BOX, above). ☞