

Ferries on Auto Pilot: II

The *Queen of the North* was on autopilot with no-one at the helm when she crashed into Gil Island. She should have changed course; but she didn't.

BC's 'privatized' coastal ferry system is itself on a financial autopilot, set by the provincial government. It's headed straight for outrageous and destructive fare levels.

Here are some examples of the recent increases and those to come: for a vehicle, a driver, and one passenger, on a summer weekend:

Mainland - Vancouver Island return
2002: \$105 2007: \$121 2011: \$143 - \$147

Tsawwassen - Galiano Island return
2002: \$81.75 2007: \$113.05 2011: \$148 - \$154

Swartz Bay - Outer Gulf Islands return
(using discount commuter tickets)
2002: \$19.32 2007: \$28.35 2011: \$37.25 - \$38.75

Now do we have your attention?

It's Time To Voice Your Concerns

The 'First Performance Term' under the Ministry of Transportation's contract with BCFS expires on March 31, 2008; the 'Second Performance Term' runs four years from April 1, 2008 to March 31, 2012.

The process of setting fares for the next four years is underway. The *Act* required that the Commission make a 'preliminary' finding by March 31, 2007. This finding estimated the fare levels that would result if the provincial contract 'Service Fee' (which used to be known as the subsidy) remains the same as at present.

The provincial government then has until June 30, 2007 to decide whether it will increase its 'Service Fee' under the contract for the new 'Performance Term'. Then the Commission has until September 30, 2007 to calculate the resultant fare levels.

So if the ferry-using public does not complain now, before June 30, and vociferously, the fares will be what the Commission has projected, as we have shown on the front page.

Many readers will recall cable companies' negative option billing scheme of a few years ago, or they may be familiar with municipal 'counter-petitions.' This is remarkably similar. So if little protest is heard the government will happily assume these new fares are acceptable. There will be no increase in the Service Fee, and the fares will be what the Commission has already projected.

Increases So Far

Over the first five years the government has pursued a straight course; the 'Service Fee' has not been increased. Fares, on the other hand, have risen significantly.

In addition to regular annual fare increases, 'fuel surcharges' to cover the rising price of fuel oil have been permitted by the Commission, but the provincial government has refused to make any contribution to these unanticipated costs. The result has been that the main, profit-making routes between the Mainland and Vancouver Island have seen total fare increases of roughly 25%. The other routes, serving communities on the smaller Islands and the Sunshine Coast, have seen increases close to 50% and in some cases higher.

Increases To Come

At the end of March, the Commission published its preliminary findings. On the main routes, they foresaw an increase of 5.4% on April 1, 2008, followed by increases of between 3% and 4% on the three following April Fool's Days (these increases are compounded on top of the final increase of Performance Term 1, which will be 2.8% on November 1, 2007). There is no subsidy on the main routes.

Changing Direction

It's time to change course. But this will only happen if Islanders (including Vancouver Islanders) convey this directly to the government, in no uncertain terms. *Now*.

The current course was set by the provincial government in the 2003 *Coastal Ferries Act*, which laid out the twin objectives of a profit-making, but heavily indebted, government-owned 'private' corporation (BC Ferries Services Inc), together with minimally subsidized 'user-pay' fare levels.

The autopilot is the BC Ferry Commission, a 'regulatory' body that does not regulate, but is designed merely to carry out the calculations to maintain the course set by the government.

The Commission's Terms of Reference are limited to ensuring the financial viability of the corporation; they specifically state that it must not consider the public interest in any way—just like the other autopilot.

4.4%.) The 'Service Fee', or subsidy, will be divided among these routes to ensure that all percentage increases are the same.

These annual increases have been calculated by the Commission based on the British Columbia Consumer Price Index rising between 2% and 4% per year. The actual formulas are:

Main routes: $2\% + .5 \times \text{CPI}$

Other routes: $5.2\% + .73 \times \text{CPI}$

(Note that there would likely be further increases on April 1, 2012, at the start of the 'Third Performance Term'.)

The Commission promised, on March 31, to provide details of the assumptions and calculations which support these formulae. As this is written, it is nearly a month later, and those details have failed to appear.

As for the accumulated extra fuel costs that have not yet been recovered from the customers through fuel surcharges, they will be 'rolled in' to future fares. And, in addition, the Commission has invented a new and easy way to increase fares should fuel costs get out of hand again.

What The Government Said

Now may be an appropriate time to quote from a December 9, 2002 Ministry of Transportation press release:

New ferries model means better service, more jobs, stable rates

VICTORIA: BC Ferries will be transformed into a customer-focused and financially stable marine transportation system that improves services and revitalizes the economy of the province's coastal communities, Minister of Transportation Judith Reid announced today. ...

An independent regulator will be appointed to regulate rates and protect consumers' interests. ...

Reid said a revitalized ferry system will mean:

- Improved service and customer choice
- Guaranteed service levels and fair rates
- An independent regulator to protect the public interest
- Economic development and job creation
- Public ownership of ferry terminals
- No new public debt
- Ongoing accountability.

So What's Actually Happening?

BC Ferries remains a natural monopoly, and behaves like one service levels are unchanged and rates are increasingly unfair the regulator is not independent and is specifically forbidden to consider the public interest; most of the job creation has been in Germany, the economic development of ferry-dependent

reach \$2 billion within a few years; BCFS is specifically excluded from accountability through the provincial auditor, the *Freedom of Information Act*, and the Ombudsman, and claims 'commercial confidentiality' for its supplier and shipbuilding contracts.

'User Pay' Comparison

The Islands Trust has pointed out that BC Ferries is already 84% 'user pay'. It contrasts this with Translink, at 47.1% 'user pay,' and BC Transit, at 37.2% 'user pay.' And the Ministry of Transportation, which together with the Transportation Financing Authority builds highways and is financed by fuel taxes, is only 70% 'user pay.' (The ferries, of course, are the highways to the Islands.)

Without those financial calculations that the Commissioner has been unable to provide, we cannot calculate the 'user pay' percentage which would result from another four years with no increases in the 'Service Fee.' But it seems certain that 'user pay' would have been virtually achieved—by stealth.

Complain, Loudly, Now

The effects of these fare increases are without doubt negative for the Islands, particularly those served by 'minor' routes. They hit particularly hard at those who live and work here. They reduce recreational property values. They discourage visitors.

The Commissioner has pointed out, disingenuously, that fare increases over the past few years have resulted in no significant decrease in ridership and little public protest.

But firstly, in a period when both the population and the economy of the province are booming, there has been no significant ridership increase either. And secondly, in the entire elaborate *Coastal Ferries Act* fare review structure, there is no provision for public or passenger input, let alone protest.

Nearly three quarters of a million British Columbians must take a ferry to get to Vancouver. The government's 'user-pay' policy holds them all to ransom. They should complain, loudly. The government should listen.

Here are the people to write to and send copies to:

- Premier Gordon Campbell (LIB): premier@gov.bc.ca
- Transportation Minister Kevin Falcon (LIB):
Minister.Transportation@gov.bc.ca
- Ferry Commissioner:
martin.crilly@bcferrycommission.com
- Leader of the NDP Opposition and MLA for
Victoria-Beacon Hill: carole.james.mla@leg.bc.ca
- NDP Opposition ferry critic and MLA for North Coast:
gary.coons.mla@leg.bc.ca

MLAs for ferry-dependent ridings:

- Alberni-Qualicum (NDP): scott.fraser.mla@leg.bc.ca
- Comox Valley (LIB): stan.hagen.mla@leg.bc.ca
- Cowichan-Ladysmith (NDP):
douglas.routley.mla@leg.bc.ca
- Esquimalt-Metchosin (NDP):
maurine.karagianis.mla@leg.bc.ca
- Malahat-Juan de Fuca (NDP): john.horgan.mla@leg.bc.ca
- North Island (NDP): claire.trevena.mla@leg.bc.ca
- Oak Bay-Gordon Head (LIB): ida.chong.mla@leg.bc.ca
- Powell River-Sunshine Coast (NDP):
nicholas.simons.mla@leg.bc.ca
- Saanich North & the Islands (LIB):
murray.coell.mla@leg.bc.ca
- Saanich South (NDP): david.cubberley.mla@leg.bc.ca
- Victoria-Hillside (NDP): rob.fleming.mla@leg.bc.ca ✉