

Public Comments – PT4 - March to June 2015

#		Date Received	Text of email/letter
1	Public Comment	26-Mar-16	I have read through the recent spate of reports on the current operation and future of BC Ferries and am generally pleased with what I read. It is my belief that BC Ferries has made substantial improvements in service and efficiency during the past few years and these reports confirm that impression. I am particularly impressed with emphasis on customer service which was often lacking at earlier times. BC Ferries is a convenient whipping boy for critics, including the minister responsible, but your reports make it clear that much of the criticism is unfounded. Now to the ongoing saga of the three terminals on Salt Spring. According to the Driftwood newspaper, there were exactly five public comments on this issue in the BC Ferries efficiency report. Two were in favour of terminal reduction , two against and one neutral. How then did this response get summarized in your report to " reducing the number of terminals on Salt Spring Island makes sense. " As two were against why not " doesn't make sense ". Or, more accurately " reduction in the number of terminals would be complex and costly and may or may not make sense." In my comment on this matter posted by you Jan 29/ 15, I pointed out that the terminal " rationalization " statement in BC Ferries report was bound to produce an ongoing round of speculation and as you know, that is what has occurred . The elimination of any terminal will have a major social and economic impact In the southern islands and ongoing speculation about where the axe may fall feeds a climate of uncertainty re the future. Once again, I ask the the commission to suggest to Ferries that they put some flesh on the bones of the rationalization statement. There are a limited number of options available for reducing the number of terminals so lay these out before the public and let discussion begin. My guess is, at the end of the day, the maintenance of three terminals may prove to be the best option
2	District of Sechelt	13-April-15	On behalf of our community and in response to your invitation for public comment on the Report on the Preliminary Price Cap Decision, Sechelt Council urges the Commission to take action to keep Coastal ferry fares affordable. The cost of ferry travel impacts almost every aspect of life in ferry dependent communities. These impacts are well documented in the August, 2014, Union of British

			Columbia Municipalities Policy Paper on the Socioeconomic Impact of BC Ferries. We encourage the Commission and Province to pursue stronger federal support for coastal ferry services. Federal support at a level that is more in line with the support provided to public ferry services on our nation's east coast could help offset costs for BC Ferries and reduce reliance on fares to generate the revenue needed to maintain quality ferry service for British Columbians. While we appreciate your recommendation of a cap on ferry fare increases to March, 2020, we urge you to consider fare freezes and roll backs. Lower fares are essential to ensuring that Coastal communities can continue to be affordable places to live.
3	Southern Gulf Island FACC	20-May-15	The FACC would like to submit the attached comments on fares and the PT4 fare cap for your consideration and that of BC Ferries and the Ministry. It has been reviewed and edited by the various FAC chairs. We believe it reasonably reflects the views of our neighbours. We ask that you consider it in balancing the interests of ferry users and their communities with the financial interests of BC Ferries and the Ministry. Appendix A
4	Chemainus-Thetis-Penelakut FACC	22-May-15	Please find attached comments on the proposed PT-4 fare cap from Route 20, Chemainus-Thetis-Penelakut FAC. Regards Appendix B
5	Public Comments	3-Jun-15	Gordon and Sheldon, Just a note to let you know I fully support the submission on PT fares by the FACC, of which I am a member. I feel it clearly reflects the mindset of the ferry users on routes 23 and 24. Appendix A
6	Chemainus-Thetis-Penelakut	6-Jun-15	Dear Gordon and Sheldon On behalf of the residents of Thetis Island, I would like to add our support to the attached document

	FACC		submitted by the FACC Chairs. I have circulated this document widely in our community and have received many favourable comments, both in person and via email. An email example is quoted below. <i>"Hi Keith,</i> <i>What a great comprehensive summary of causes and effects vis a vis ferry traffic, both vehicle and passenger. And what a lot of work compiling it and skill writing it.</i> <i>Thank you,,and thank all,"</i> Thank you for the opportunity to submit this to the PT-4 Fare Cap process. Best Regards... Appendix A
7	Northern Sunshine Coast FACC	7-Jun-15	Gentlemen; I am writing to add my support to the recent FACC submission, attached, with respect to PT4 fares. I was surprised and pleased with your preliminary price cap determination, but as stated in my January submission I believe the only acceptable final price cap is zero or lower. The FACC submission does an excellent job of describing the economic issues facing ferry dependent communities and I fully support their recommendation that fares for PT4 be reset with a 20% to 25% rollback. Appendix A
8	Public Comment	7-Jun-15	Chemainus Valley Courier Appendix C
9	Island Trust Council	10-Jun-15	I am writing today to give you advance details about a request the Islands Trust Council is making to the Minister of Transportation and Infrastructure. I am committed to working collaboratively with you, Minister Stone and BC Ferries on transportation issues that affect the Islands Trust Area. The Islands Trust plans to launch a public campaign on Thursday, June 11 to request provincial

			government investment of \$11-14 million dollars annually in BC Ferries to reduce the fares on all the minor routes by 25%, 2016-2020. We believe this strategic investment during BC Ferries' next performance term would attract more customers into the ferry system, bolster coastal economies, and result in increased provincial tax revenues. It could be a win-win for everyone. The Islands Trust hired Perrin Thorau & Associates to calculate the amount of funding required. I attach it here for your information. I have already shared this analysis with Minister Stone, Jordan Sturdy and Michael Corrigan. I sincerely want to support the government's, BC Ferries' and your efforts to make the ferry system more sustainable and affordable. On behalf of Islands Trust Area communities, thank you for the work you do. Appendix D
10	Public Comment	13-Jun-15	Further to the BC Ferry Commissioner, Gordon Macatee recommendation of a fare cap I believe the fares should be rolled back to promote more ridership. I find that I am not taking any trips out of town now because of the cost. If it wasn't for the medical travel assistance I wouldn't leave town at all.
11	Public Comment	16-Jun-15	Dear Mr. Macatee Please support a reduction in ferry fees to the Gulf Islands and Northern Communities. We believe it would increase ferry use and help our economy. Thank you.
12	Public Comment	16-Jun-15	I have been living on Denman Island for 5 years and I am amazed as of late to note how the Ferry captains have managed to not seem to care if they leave on time or not. The 12:30 ferry from Buckley bay today left at 12:35. Why?? Because it arrived and unloaded by 12:15 and then sat there until they decided to open the gates for foot passengers and cars at 12:28. My question is what were they doing in those 13 minutes? This is happening more and more frequently in if I was running BC Ferries it would be unacceptable. I am off to Europe in the fall and will take trains in Italy and Germany. One can set one's watch by their arrival and departure times. Might be a bit harder on water, but it would be a hell of a lot better if they would take a little pride in their work and maybe realize that their job is to serve the public. It is hard to get a crew member on the Denman Ferry to "smile". The ticket staff couldn't be better! The one ferry that is always late, is the one after their shift change and they are coming over to Buckley Bay to just about always is an

			“overload”. I volunteered at Whistler/Blackcomb Mountains for a number of years and they always had someone going around checking on the customer service that the paying public was getting from their employees. This was from slightly above minimum wage employees. They could teach these union employees something. These employees who are way over paid for what they do, with their expensive pension plans and other benefits. As a fare paying frequent ferry traveler it would sure be nice to feel that we are getting our monies worth because those rates outrageous. Hopefully you will follow up on this
13	Public Comment	17-Jun-15	Dear Premier Clark, Minister Stone, Mr. Mcrae & Mr. Macatee “My mother suggested that I should always put myself in the shoes of the other person before I made any decisions that might affect them”. I moved to Denman Island from the lower mainland 5 years ago, I vote liberal (not many of us do on the island), and I must say that I am “disappointed” in the way people along the coast who depend on the ferries are being treated by BC Ferries and our BC Government. Plain and simple, the costs for riding these ferries, which are part of the HIGHWAY SYSTEM, are too high. The ferries in the interior are free and the ones in the Maritimes are heavily subsidized by the Federal Government. Are we as provincial and federal tax payers living on the island in a different class???? You know the problems it has created re tourism etc.. Here is another one – a middle class family of 4 people living elsewhere in BC now find it too expensive, because of the ferry costs, to visit the CAPITAL OF BRITISH COLUMBIA. Now that is sad! Island Trust has recommended that the BC Government invest 11 to 14 million dollars a year in order to lower the fares on the small island ferries by 25%. Fourteen million dollars is pocket change and it would be an investment that rekindle the slumping tourist business on the islands.

			Hopefully their advice will be taken seriously and acted on very quickly. “MY MOTHER SURE WAS A GREAT HELP TO ME WITH HER GREAT WISDOM”! Thank you in for considering my letter. A loyal Liberal voter,
14	Public Comment	20-Jun-15	Denman Community Land Trust Association (DCTLA) is working to provide affordable housing for residents who are being forced to move off the island due to increasing costs. In addition to the rising cost of living, the recent steep rise in ferry fares has had a particularly strong impact. Elderly pensioners, many of whom have lived here all their lives, cannot afford to travel back and forth to visit federal and provincial government offices, or the many other essential services unobtainable on our island. People still working, especially those with young families, cannot afford to see a large chunk of each day’s wages swallowed up by ferry fares. Many Denman Islanders who work off-island find their paycheck, with transportation costs deducted, is just not enough to cover monthly rent or mortgage payments. We understand that the Province and BC Ferries are in the process of negotiating a renewed Coastal Ferry Service Contract. We urge the government, with your support, to insist on substantial reduction of fares for all the Gulf Island ferry services, and a permanent cap on future increases linked to inflation
15	Concerts Denman	22-Jun-15	Concerts Denman presents eight high-level concerts by touring professional BC Musicians in our annual fall-winter-spring season. Our concert series is one of Denman’s premiere cultural programs, stimulating our economy and raising our profile as an attraction for culture loving travelers for 25 years. It used to be that we attracted audience members from the Comox Valley and beyond. However, the high ferry fares and cancelled evening sailings have taken their toll reducing the number of non-resident visitors for our concerts to zero. We lose, and so does everyone else in the area. The Islands Trust Council has asked the Provincial government to invest \$11-\$14 million in BC Ferries each year over the next four years to reduce fares on the minor routes by 25%. The cost estimate comes from an independent consultant hired by the Islands Trust. This is a sound investment. I respectfully urge you to help achieve its approval.

			Appendix D
16	Public Comment	23-Jun-15	On Thursday, June 11, the Islands Trust Council asked the Provincial government to invest \$11 - \$14 million in BC Ferries each year over the next four years to reduce fares on the minor routes by 25%. This benefits all the minor routes from Haida Gwaii to Saturna. The cost estimate comes from an independent consultant hired by the Islands Trust. I believe this would be a sound investment in our coastal economies. The Province will attract more ferry riders, bolster coastal economies and gain from increased tax revenues. Minister of Transportation Todd Stone has acknowledged in the past that ferry fare increases are driving down ridership. He has also said that he has not rules out investment in BC Ferries but that he needs to have a conversation with his colleagues. As fares have risen over the years, as a resident on Denman Island, I have seen higher prices, lower ridership, and reduced ferry schedules. My friends and family are reluctant to visit because of the high cost of the ferries. I make fewer and fewer trips on the ferries as a direct result of the fares. My husband who works on Vancouver Island now parks his vehicle on Vancouver Island and commutes on the ferry as a walk-on passenger. This is of a major inconvenience to me as I am often running back and forth to the ferry to drop him off and pick him up. This is, in turn, adding to pollution and climate change. The fares charged on BC Ferries' routes have a direct impact on much more than our pocketbooks. I would ask that Minister Stone have the conversation he has referred to about decreasing ferry fares with his colleagues. And it should be a conversation which includes you. The province needs to know that the fares to ferry-dependent communities have been too high for too long. The proposed 1.9 per cent cap will make already expensive fares even higher, further stressing our communities. Since this is the time because the Province and BC Ferries are currently negotiating a renewed Coastal Ferry Services Contract that will be in place for four years -- from April 1, 2016 to April 1, 2020, I want to add my voice to those calling for an additional investment by the province and a reduction in ferry fares. The Islands Trust is not the only voice calling for a reduction in prices. The Ferry Advisory Committee Chairs have recommended that fares on the minor and northern routes and route 3 (Horseshoe Bay to Langdale) be rolled back 20 - 25%.

			In 2003, the Province affirmed the importance of affordable ferries to BC's economy. You much know how important they are to our Island economies! Please save our ferry-dependent communities before it is too late. Appendix D
17	Public Comment	23-Jun-15	To those people who are suppose to be making a better place for the people who live and work in BC. The ferry fares have been rising constantly since the 80's unlike the incomes of the average BC resident. The costs are causing a slide in property values and the desire of people to move to Vancouver Island, let alone one of the smaller gulf islands. The families that moved to the islands many decades ago and even more folks in recent times were under the impression that they would be moving to quiet, reasonably peaceful and inexpensive places to live. Well, this is just not so, as far as the costs go! The costs of the ferry passages have become so expensive that family gatherings have become fewer and fewer. All the governments are suppose to be there for the people, what happened to the support. This is tearing families apart not building them up. It would be in the governments best interests to insist on the lowering of the fares and the re-introduction of the great holidays offers that used to be available only 5-10 years ago. A family could buy a one week/ one way multi island passage ticket or a 3 day similar one way multi island passage ticket. They were wonderful and reasonably priced that would allow families to go on holidays. There is also the issue of people who live on small islands and need to commute to Vancouver Island for work. Many folks were born and lived their whole lives on the smaller islands and most of the islands don't have employment sufficient for the whole population to be employed there, therefore they need to leave daily to make a living. The price of one return passage on the ferry even if you walk on is more than a bus ticket in Vancouver. How is this FAIR, once you are on the other side you

			need to have a vehicle to get to the town because the bus service is insufficient to get people to and from the ferries. There are very few jobs for teens, no bus service or very poor bus service to bigger centres. Not to mention reduced sailings, to the point where it is very common for people to have wait a sailing to be able to get home. Having the BC Ferry Corp. tells people when they can go to town, when they can come home, if they can be in town to see a movie or go out for dinner or go visit friends. Without staying overnight, a normal life is impossible. Well, this is the results of all the nickel and dimeing by the ferry corporation. This was an arm of the Highways Department, now its a corporation trying to make profits from people trying to just live their lives. This is inadequate, unreasonable, and unjust.
18	Public Comment	23-Jun-15	Dear Minister Stone, I believe that BC Ferry Fares need to be reduced. I live on Denman Island and the fares are so high as to be an impediment for friends to come and visit. I've heard that from Vancouver, it costs the same to drive to Calgary as to Denman Island. Our ferry is like our highway and deserves the same support from our government. Clearly lack of visitors means fewer economic opportunities for islanders. Now is the time to reduce BC Ferry fares a meaningful amount. The Islands Trust has studied the fare structure and suggests a 25% reduction over 4 years. Please show your support for coastal British Columbian families by doing this. Appendix D
19	Bowen Island Municipality	26-Jun-15	Good Afternoon Commissioner Macatee, Please see the attached correspondence from Bowen Island Municipal Council, for your information and review.

			Appendix E
20	BC Ferry Coalition	25-Jun-15	Letter from BC Ferry Coalition Appendix F
21	Northern Sunshine Coast FACC	26-Jun-15	An addendum to the last email The current (temporary?) demise of Malaspina Coach Lines that has left Powell River and the Sunshine Coast without bus service is yet another casualty of the costs and inflexibility of BC Ferries and Government to address Coastal Communities plights. Thank you for the opportunity to respond to the PT4 Fares and Fare Cap. Please note that the attached response from the FACC has been endorsed by the Northern Sunshine Coast Ferry Advisory Committee, and has the full support of our members. We believe that the issues raised in this response accurately reflect the concerns that Powell River businesses and residences have around economical sustainability for coastal communities. Thank you in advance for balancing the interests of ferry users and their communities with the financial interests of BC Ferries and the Ministry. Once again, we appreciate the opportunity to respond to these reports. Appendix A
22	Public Comment	29-Jun-15	All of BC is being economically challenged by the UNAFFORDABLE, (and unacceptable) ferry fares being charged on our ONLY HIGHWAY to coastal communities, including 'our Capital City. I write in the hopes that you as the BC Ferries Commissioner, is our only hope of bringing a fare reduction to all BC Ferry routes, but especially to our smaller coastal communities serviced by a MONOPOLY company with fares that exceed other ferry systems. As a regular user, I see from personal experience, that most ferry users, no longer take a vehicle on

			the ferry, it is cheaper to walk on, take other cities public transport, or even own a 2nd vehicle to leave on each side of our water crossing. BC Ferry Corporation is affecting our BC economy. High fares, controversial service, route and sailing reductions has made BC less desirable. Canadian residents of other provinces look 'longingly' at BC as a great place to live, but cannot afford to live here, nor do they want to live on the coast due to BC FERRY 'highway robbery' fares. new residents are not moving to BC due to ferry fares and 'constant' issues, housing prices have dropped, real estate is sitting vacant, professionals and skilled trades with desirable interest, can find work in other provinces, without the ferry issue. So they do not 'move' here, and now they do not even 'visit' here. Is BC FERRIES IS sucking the life out of BRITISH COLUMBIA? I believe so. Surely other Canadians think so too. A reduction in fare fares on all routes, especially the smaller coastal communities, could result in an increase in interest resulting in an economy boost to BC. Help out the small communities, generate new interest and reduce growth from high density areas like Vancouver and Victoria if FERRY FARES were to be reduced. It is time for the Province of BC to invest more money into the Ferry system to REDUCE fares. This would attract more residents to BC (even as tourists) who may move here, relocate to small coastal cities build economies and generate a GAIN to BC. Your support in recommending a 25% reduction to BC Ferry minor routes is requested. WE LOOK FORWARD to your response and support.
23	Public Comment	29-Jun-15	We are seniors & residents of Denman Island & have been impacted by the monstrous increase in fares on the small Island routes as well as the Main routes. When we moved to the Island our families, including grandchildren, from North Vancouver could afford to come to visit. Now are we lucky to see them once a year over here. We have seen the drop in our property values & also young families moving off the Island. We deserve the same consideration as the citizens using our highways & feel the province needs to step up & increase the subsidy to BC Ferry Corporation. Feeling angry isn't good but being treated without careful consideration of the Islands needs makes us feel this way.

			Please consider the 25% reduction in fares as suggested by The Islands Trust after hiring an independent consultant to calculate the funding required to reduce the fares. We fully support their work on making fares affordable. Appendix D
24	Islands Trust Council	30-Jun-15	I am writing as a follow-up to the e-mail I sent you two weeks ago to advise you more formally of the Islands Trust Council's request that the Province of British Columbia invest an additional \$11 to \$14 million annually for four years to reduce fares on all BC Ferries' minor routes by 25%. This request was timed to influence the Ministry of Transportation and Infrastructure's negotiations for BC Ferries' Coastal Ferry Services Contract from 2016 to 2020. We could support the proposed price cap of 1.9% annual increases if these increases were being added to affordable fares. However, as your 2012 report on the <i>Coastal Ferry Act</i> indicated, the tipping point of fare affordability was reached some time ago. Since then, there have been annual increases of around 4% (about twice the rate of inflation) to fares that were already presenting affordability challenges and causing negative impacts to local economies and community well-being. We appreciate the work that has led you to being able to propose increases around the anticipated level of inflation over the next performance term. But we believe that the excessive increases over the previous performance terms also need to be taken into account in determining price caps that will enable a recovery in traffic and the associated improved economic activity. We note that while there have been some recent very slight increases in traffic compared with 2014 (the year of all-time low ridership levels), traffic on the minor routes is still well below historic levels. As locally elected officials we continue to hear distressing stories from our constituents about how high ferry fares are impacting households and businesses. In order to provide constructive information to support our request to the Province, the Islands Trust hired Perrin Thorau & Associates, a public policy consulting firm with expertise in BC Ferries' markets, to calculate the cost of lowering fares on all minor ferry routes to ferry-dependent communities. We hope that the model they created, using recent BC Ferries operating results and fare information, will facilitate the Ministry of Transportation and Infrastructure's examination of our suggestion.

			Reducing fares on the minor routes by 25% would return prices to the range they would have been if increases had been held to the rate of inflation. We are convinced that affordable fares would attract more customers into the ferry system, bolster B.C.'s economy and result in increased provincial tax revenues – a win-win for everyone. A well-advertised drop in fares on the minor routes would help our communities bounce back and give us all time to work together on longer-term solutions. On behalf of our island communities, thank you for your efforts to balance the interests of the operator, and taxpayer and the ferry user. I look forward to working collaboratively with others during my term in office towards a sustainable, affordable and appropriate ferry system. Appendix D
25	Denman Conservancy Association	30-Jun-15	On behalf of the Denman Conservancy Association I am writing to you today to urge the Government of British Columbia to seriously consider the Islands Trust Executive's proposal to increase the public's share of B.C. Ferries funding so that fares on minor and northern routes can be reduced. Our community depends on the ferries. Our conservation organization depends on a vibrant community of volunteers to help us carry out our important work of preserving and protecting the Coastal Douglas Fir Zone, one of the most endangered on Canada. The present high ferry fares have driven younger people off the island. It has simply become too expensive for lower income people to live on the islands. The fares have reduced ridership, visitors stop coming to the islands and everyone loses. Since the Province and B.C. Ferries are now in the process of negotiating a renewed Coastal Ferry Service Contract, we urge the government to find a way to reduce the present fares by 25% for all the Gulf Island and Northern ferry routes. for the Denman Conservancy Association, Appendix D

26	Public Comment	3-July-15	I have been traveling on the BC Ferries Langdale route for more than 50 years. In the past ten years, BC Ferries has demonstrated itself to be the most poorly run and inefficient ferry service I have ever experienced. The incompetence of management is beyond anything I have observed in either the private or public sector. Having to contend with the irresponsible and irrational practices of BC Ferries ruins my enjoyment of our family recreational property to the point where I am contemplating its sale. Please let me know whether a fundamental and complete overhaul of BC Ferries management is imminent. Thank you.
27	Bella Coola Valley Tourism	6-July-15	Letter from Bella Coola Valley Tourism Appendix G
28	District of Port Hardy	10-July-15	Support of Reduction in Ferry Fares on Minor Routes Dear Mr. Macatee: The Council of the District of Port Hardy, at their June 23, 2015 regular council meetings, reviewed a letter from Peter Luckham, Chair of Islands Trust regarding a reduction in ferry fares on minor routes. At that meeting Council passed the following motion: <i>THAT the District of Port Hardy write a letter to the BC Ferry Commissioner to in support of Island Trust in advocating for provincial government investment in reducing fares by 25 per cent from today's prices on all BC Ferry minor routes.</i> A well advertised drop in fares on the minor routes would provide an economic boost to our community allow time to work on longer-term solutions. Appendix D
29	City of Powell River	21-July-15	Powell River City Council at its July 16, 2015 Council meeting supported the Islands Trust request to the Province to fund a reduction in ferry fares on BC Ferries' minor routes by 25%. We agree with the Islands Trust Council that ferry fares for ferry-dependent communities have

			reached the tipping point where they are causing economic challenges and reducing ferry ridership. We are well aware of this in our own community and are greatly concerned. Your support for their request is strongly encouraged. Appendix D
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Appendix A

Public Comments PT4

PT4 Fares, Economies and Sustainability

The Fare Cap

The Ferry Advisory Committee chairs were pleased, and surprised, with the announcement of the 1.9% preliminary fare cap. Surprised, because with a nominal 2% inflationary increase in expenses, and the substantial capital program, we were expecting a much higher cap. Given the ground rules – existing service levels and assumed continuance of FY2016 service fee – we realize getting to a 1.9% fare cap was a major achievement. Any further reduction that might be considered between April and June would require additional accommodation.

Sustainability

Sustainability, the term, is borrowed from environmental science referring to 'endurance of systems and processes'. We hear it referred to in terms of sustainability of the coastal ferry service, as if BC Ferries is in danger of no longer 'enduring'. This seems to us like wondering if UBC or BC Transit or VGH or the Coquihalla Highway will 'endure'. In fact, we believe that all four of those, as well as BC Ferries, will (and must) endure, hopefully in good health. That good health will depend primarily on adequate funding from governments and 'customers'. All five are vital elements of the broad community infrastructure. The demise of any is inconceivable.

We are more concerned with the economic sustainability of the ferry-dependent communities served by the Minor and Northern routes, and Route 3. The ferry service is the economic life-line for these communities. Over the past decade, we have seen the micro-economies of our once-vibrant communities slowly but steadily wither. Death by a thousand cuts. We, and local business operators, believe the rapid rise of ferry fares to unprecedented and unaffordable levels (Attachment 1) is the primary cause of the decline of most of our local economies. While the communities will likely remain on the maps, their economic sustainability is in grave danger.

Economic sustainability of coastal communities absolutely must be assessed and included in any future plans for coastal ferry service. Adequate funding and service levels must be factored into any vision that values adequate, affordable life-line transportation to and from coastal communities.

Local Economies

Macro-economies expand or contract in response to major events, largely beyond local control. Consider:

- Alberta's economy responding to the slump in oil prices.
- California's economy responding to cataclysmic water shortages.
- Ontario's economy responding to changes in the value of the Canadian dollar and low-cost foreign production.

The effects of these negative events include widespread bankruptcies, massive lay-offs, plant closures, destruction of once-productive farms and orchards.

Our local economies, on the other hand, experience hard times in local terms. With few exceptions, the economies of our communities are all about small, family-operated businesses. Those include country inns, local pubs, eco-based businesses, restaurants, B&Bs, residential construction and trades people, artists, realtors, small farms, general stores. Most are heavily dependent on tourist traffic and, to a lesser degree, on the in-migration of urban dwellers to supplement the diminishing ranks of full time residents. Powell River and the Southern Sunshine Coast are notable exceptions with heavier industry and larger retail and service sectors. Yet their problems remain the same.

Rather than factory closures, shrinking economies in our communities manifest themselves as B&B's closing, pubs and restaurants shutting for the winter season and operating on short weeks through the shoulder seasons, businesses laying off staff, young people leaving the communities for lack of work, artists leaving, seeking healthier markets. It's a circular process, with fewer and fewer visitors attracted to the communities as local attractions become less available. While not exactly a death spiral, the process saps a community of its heart and soul. Or less dramatically, the people who provide the many volunteer services – fire fighters, ambulance attendants, entertainers, summer markets, local theatre – that make a community come alive.

Traffic changes

Ferry traffic in FY2014 was the lowest it's been in over 20 years, having dropped precipitously since 2008. Attachment 2 illustrates traffic changes on the Major and Minor routes since the current organization was established in 2003. It is evident that traffic losses began sooner, and dropped more, on the Minor routes than on the Majors, no doubt related to the Minor route fare increases and fuel surcharges being approximately double those of the Majors. Changes in population and GDP are commonly recognized ferry traffic determinants. Given the increases in both, it is posited that a traffic increase of 1% per year would have been a conservative expectation, had fare increases been kept in line with CPI increases.

Traffic is the lifeblood of our ferry-dependent communities. We, and most others, believe traffic is directly related to both the rate of increase of fares, and their absolute levels. Thus, any discussion of future fares, as they relate to the

economic health of our communities, must start with an understanding of traffic, where it's been and where it's going. Attachment 2 provides the starting point, major and minor route traffic changes since 2003. Major route traffic grew at about 1% for the first four years until the 2008 meltdown, when it commenced its downhill drift. Minor route traffic grew slightly the first year, and has been declining steadily ever since. Though not shown on the graph, northern route traffic has dropped a shocking 25% for vehicles and 31% for passengers since FY2003.

Zeroing in on Minor route traffic since its peak in FY2005 (Attachment 3), it's clear the trend has been steadily down as fares went steadily up. The drop was more abrupt in FY2009, thanks to global economic difficulties, together with the imposition of an 18% fuel surcharge Aug 1, 2008, which brought traffic to a screeching halt in what is usually the highest traffic month of the year. Minor route traffic recovered somewhat the following year, returning to its previously established downward path. Given the constancy of the trend line, there is little reason to expect it to change dramatically in the absence of a significant resetting of fares.

Discretionary vs non-discretionary traffic

There is a spectrum of necessity to ferry travel, from the commuter going to work five days a week, to the visitor checking out the weekend market. While there are black and white examples, there are fifty-one shades of grey in between . . . the person who must go 'to town' but can maybe get by going once every two weeks rather than every week, the person visiting his dying relative in the hospital, the person connecting with an airline for a European vacation, and so on. Each community has its own discretionary traffic profile.

The discretionary, and leaning-to-discretionary, traveler is going to be most sensitive to high fares. The commuter has no choice in the short term. In the long term, he will consider moving to where the work is.

There is a theory that suggests there is a lower limit to how far the discretionary traffic can drop before it 'bottoms out'. This limit, if it exists, is critical for tourism businesses, in making decisions based on whether or not such a limit is at hand, or whether business is going to continue to decline. The split of Minor route traffic between Experience Card traffic (E-Traffic) and cash ticket traffic is a reasonable surrogate for discretionary and non-discretionary traffic. Generally, people living in the communities have Experience Cards (E-Cards). Visitors usually don't. There are some weaknesses in the assumption – Route 9 doesn't have E-Card fares; some residents will be traveling on E-Cards for discretionary purposes – but it's the closest we have to a workable tool to make the comparison. A related problem: the buy-in cost can be too high for some living below the poverty line, resulting in their having to pay full cash fares, a

compounding hardship. BC Ferries has built in some flexibility to cover such situations, but it doesn't resolve them all.

There are some who have watched the average fare decrease as the percentage of minor route E-Card travel increased. The explanation we've been offered is that local residents who'd been paying cash were migrating to E-Cards as fares increased, causing increases in E-Card travel. In fact, as Attachment 4 illustrates, E-Traffic has been slowly declining, while the cash fare traffic has been dramatically dropping. The former reflects non-discretionary traffic; the latter, discretionary traffic.

The point of this is that while traffic declines may be seen to be slowing down, the discretionary traffic, the bread and butter of our tourism economies, has been falling much more rapidly (15% for passenger and 22% for vehicles in just five years). While traffic may or may not be bottoming out, it needs to recover if there is to be any hope of breathing life back into coastal ferry communities tourism.

Relationship of traffic to fares

There have been several elasticity studies to try to predict traffic outcomes related to fare adjustments. Their conclusions point in similar directions. One thing they, and most everyone, agree on is that fares *do* affect traffic. How much is open to discussion. Our point is that there needs to be an elasticity factor established for just the discretionary traffic. The relatively high proportion of non-discretionary traffic, which has very little elasticity, is masking the discretionary traffic elasticity.

And it's been that dramatic shrinkage of discretionary traffic, that we believe is substantially responsive to fare levels, that's crippling our local economies.

Balance: government funding, service levels, BCF efficiency, fares

We realize there needs to be a balance between government funding, service levels, internal BCF efficiencies and customer fares.

We accept that the Province has to retain the right to determine its contribution, and in so doing retains the final say on how high fares and fare increases will be.

Service levels have been dramatically cut on the Minor and Northern routes, and somewhat less dramatically on Route 3. Meanwhile, service has been just modestly tweaked on the Big 3 Major routes. Part of the Province-directed initiative to save \$18.9M specifically through service cuts, was a \$4.9M commitment to be realized on the Big 3 Major routes this year. We now

understand BCF has decided to abandon that commitment. The company indicates it hopes to realize the savings through other unspecified, non-service related efficiencies. This contrasts to the rigid environment in which the cuts on the Minor and Northern routes, and Route 3, were imposed.

We believe there should be no further cuts on the Minor and Northern Routes and Route 3, without a full community impact study on the cuts already made and any cuts proposed for future consideration. The absence of such an in-depth study prior to the last round of imposed cuts was out of keeping with Commission recommendations regarding consultation prior to undertaking major changes.

We accept from the BCF reviews conducted as part of the PT4 process that BCF is effectively managed, and continues to find efficiencies as and where it can. Hopefully, the pursuit of further cost-effective efficiencies will be a way of life in the corporation.

Finally, to fares. There are no absolutes. A few people still buy Ferraris. But there does seem to be general consensus emerging in government and BCF that fares are too high. There is wide-spread certainty along the coast that fares have long since passed the tipping-point threshold and have caused, and continue to cause, substantial economic hardship in our ferry-dependent communities. While it may seem great that the passengers are now paying, between fares and Sunshine Breakfasts, over 100% of operating costs, the price of getting there has been too dear.

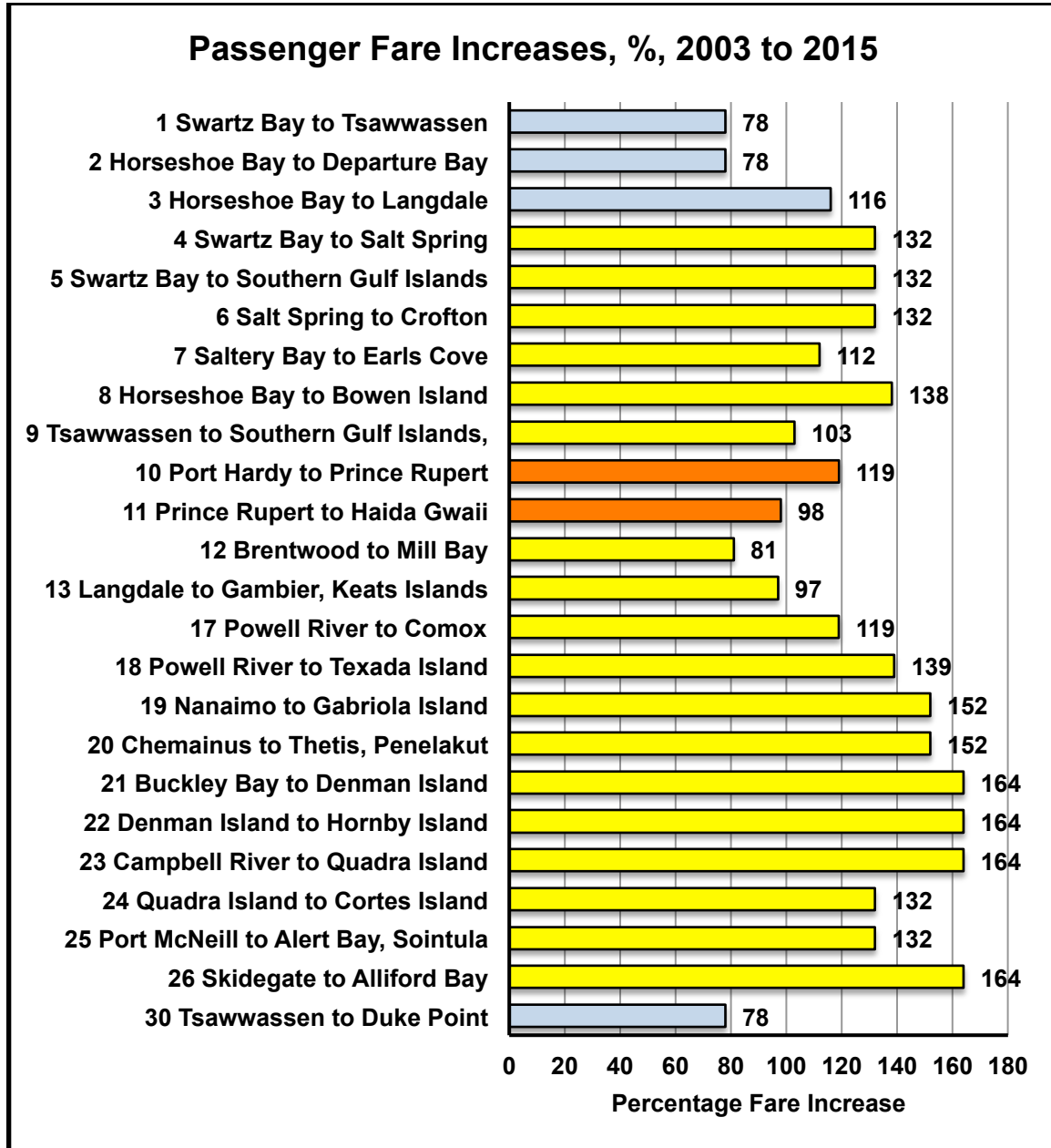
Recommendation:

In the interests of beginning to restore economic stability to the ferry-dependent coastal communities, we recommend that fares on the Minor and Northern routes and Route 3 be reset by a 20% to 25% rollback April 1, 2016, achieved through some combination of additional government funding, further BCF efficiencies and service reductions on the Big 3 Major routes. We would then expect to see subsequent fare increases in the order of CPI increases in the following years. Such an adjustment would fall, we believe, within the ambit of balancing the interests of the users and the ferry dependent communities with those of BC Ferries and the Province.

The Province can decide to reverse the economic decline of the coastal community. Please, let's not lose this once-every-four-years opportunity.

Ferry Advisory Committee Chairs: May 2015

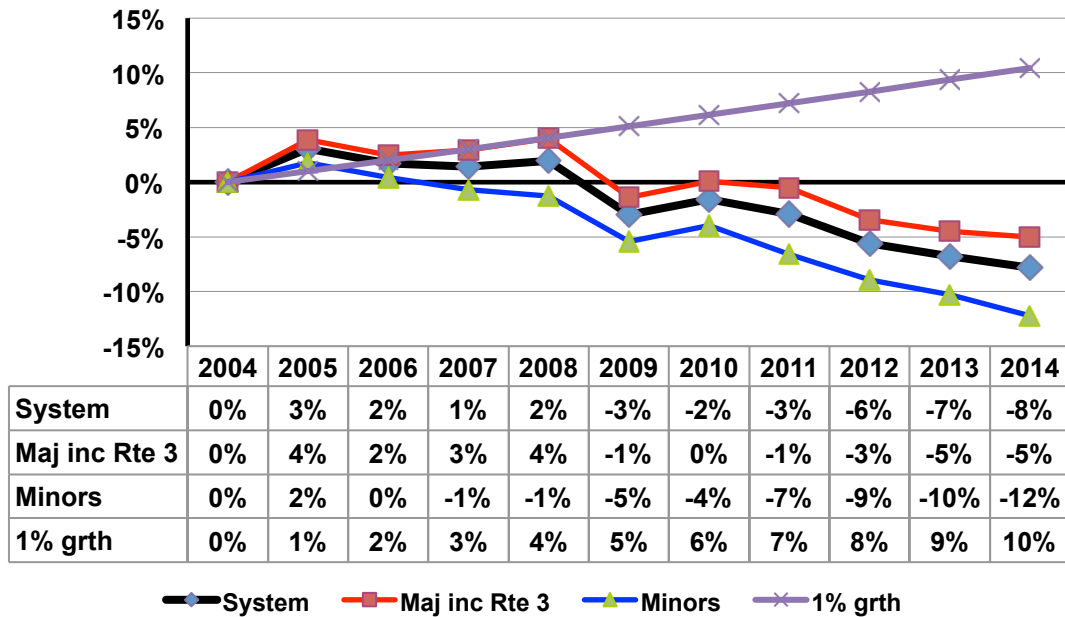
Attachment 1: Fare Increases Since 2003



Minor routes
Major routes
Northern route

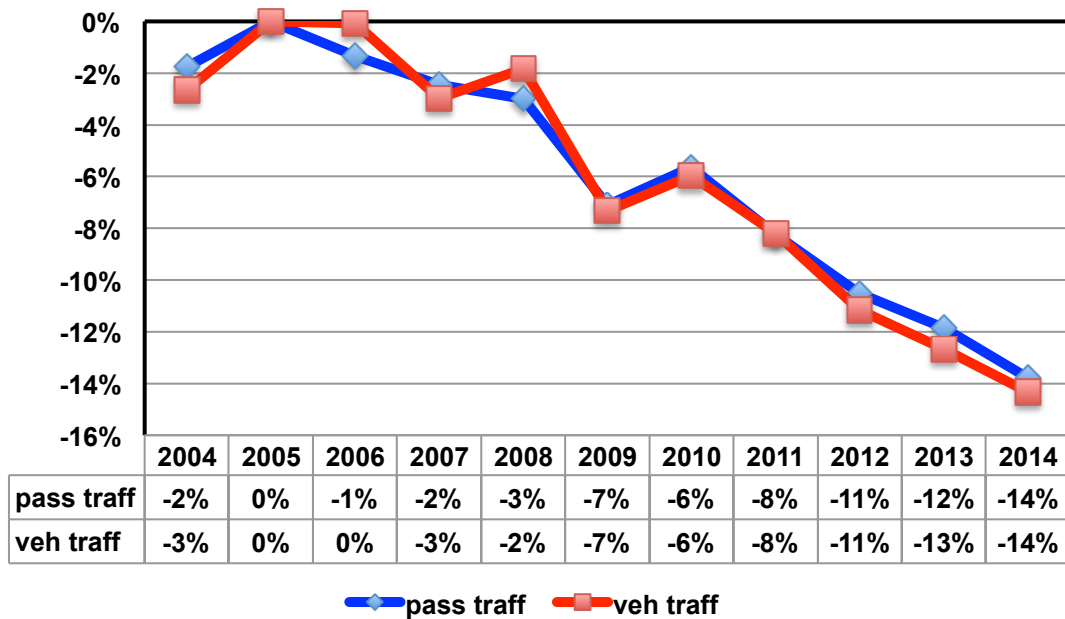
Attachment 2: Passenger Traffic Since and Compared to FY2004 Levels

Passenger Traffic Change Since FY2004

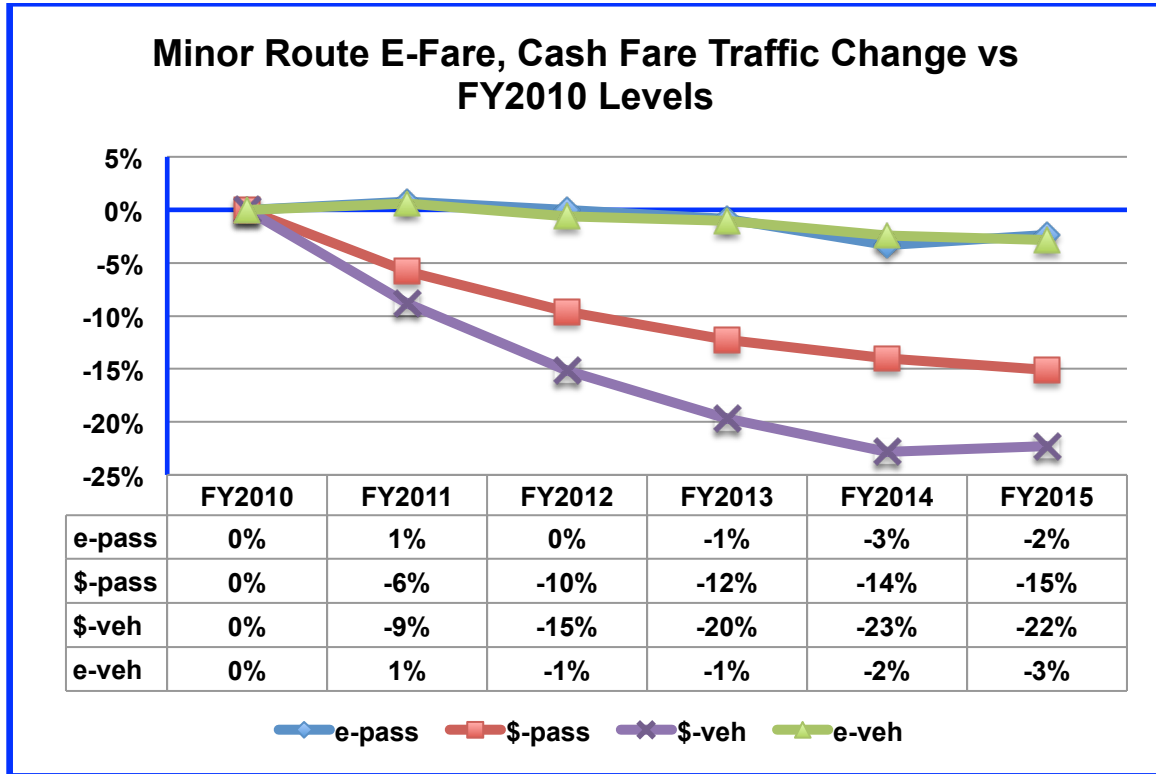


Attachment 3: Minor Route Traffic Compared to FY2005 Levels

Minor Route Traffic Variance vs FY2005 Levels



Attachment 4: Discretionary and Non-Discretionary Traffic Trends



Appendix B

Public Comments PT4

Performance Term 4

An Opportunity to Reset Ferry Fares

Background:

The British Columbia Ferry Corporation was established in 1958 through the Toll Highways and Bridges Authority. It was a government Crown Corporation to provide public ownership of transportation routes previously serviced by the Canadian Pacific Railway and the private carrier Blackball Ferries.

The government of Premier WAC Bennett established the service in part as a response to labour unrest that led to job action. He declared that a reliable and affordable connection between Vancouver and Victoria constituted an essential service because British Columbians have a right to uninterrupted and affordable transportation services to their communities. Premier WAC Bennett knew that if the provincial economy was to grow that the communities of British Columbia needed to be connected by road, and in the case of coastal communities by ferries, which like bridges and tunnels extended the highway by overcoming natural barriers to the movement of goods, services and people.

In 1961, the Toll Highways and Bridges Authority made the decision to expand the ferry service and purchased the Blackball Ferry Company for \$6.6 million dollars integrating it as a part of the BC Ferry Service. This was done to expand government-funded marine transportation service from the original Tsawwassen to Swartz Bay route to include service from Horseshoe Bay to Gibsons (Langdale) and to Nanaimo.

On January 1st, 1977 BC Ferries was formed as a government-sanctioned monopoly Crown Corporation to operate the coastal ferry service that was initiated by the Province in 1960. The mandate of the original contract with BC Ferries reads:

The coastal ferry system is integral to economic growth and development in British Columbia, and getting people and goods to their destinations safely, efficiently and on time is essential if British Columbia is to be competitive in the world economy in which it operates.

And

BC Ferries is an integral part of British Columbia's coastal ferry system, linking Vancouver Island to the mainland of British Columbia and linking many other coastal communities.

In the mid-1980s BC Ferries took over the saltwater branch of the Ministry of Transportation and Highways which ran K-class ferries to service small coastal island communities like Thetis and Penelakut. These privately contracted services administered by the Marine Branch of the Ministry of Highways and Infrastructure provided additional services across the Fraser River, and in the interior of the province.

Route 20 History:

BC Ferries Route 20 services Thetis and Penelakut Islands. Thetis Island has a permanent population of 350 folks that swells to close to 1000 in the summer months with vacationers and the summer camps for children and teens. Penelakut Island is a First Nation's community that has a permanent population of approximately 450 members.

Ferry service to Thetis Island and later to Penelakut Island (called Kuper at the time) was the result of an agreement in 1958 by then Transportation Minister Phil Gaglardi and Adam Hunter, a third generation Thetis Island resident. Adam would build a road to Pilkey Point from Clam Bay, a distance of 4 km, and develop 60 building lots in exchange for the ferry. The construction of the road and side roads, which included significant drilling and blasting to get over Moore Hill, was done solely at Adam's expense. This agreement was further evidence of the commitment of the BC Government to grow the provincial economy through remote community development. In other words the agreement was Thetis Islanders, you build the road and we, the government will provide ferry service at a reasonable cost.

The inaugural ferry run was on March 17, 1959, when the 6 car ferry, the MV Ethel Hunter started service to Thetis Island (see photo below). Service to Penelakut Island began for passengers in 1963, and included vehicles in 1975.



The cost of the sailing was set by calculating the gas tax that was lost to the province on that 6 km crossing had it been a highway. This was 50 cents one way per vehicle and 12

cents one way per passenger. The setting of the fare structure was part of the governments' commitment to provide safe, efficient and timely service to the residents of Thetis and Penelakut Islands. Fares stayed at this level for many years. However by 1987 cash fares had risen to \$7.80 for car and driver return.

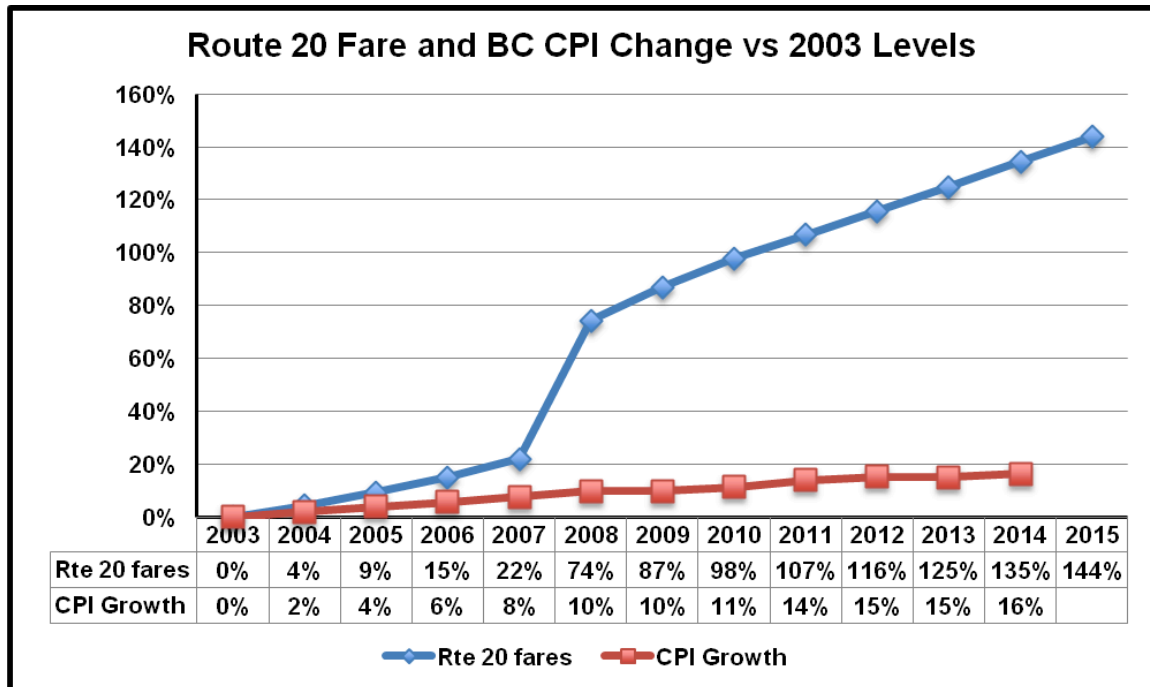
Recent History:

In December of 2002 the then Minister of Transportation (MoT), Judith Reid introduced a new ferries model. According to the MoT news release the revitalized ferry system would result in; improved service and customer choice, guaranteed service levels and fair rates, and economic development and job creation.

Residents and business owners of Thetis and Penelakut Islands were encouraged with the Minister's 2002 announcement for a 'new' ferries model. The promise of economic development and fair rates offered hope for a healthy future for our two ferry dependent communities.

However, the structure that was set up by the government created extreme financial and operational difficulties for BC Ferries and resulting undue hardship for residents and businesses of coastal communities. Basically the government who used to own controlling interest in BC Ferries, which had a book value of \$503 million, divested itself of this interest. On April 2nd, 2003, the government issued BC Ferries a debenture for \$427.7 million, which BC Ferries promised to pay in cash. The government was issued 75,477 non-voting preferred shares in BC Ferries valued at \$1000 per share. On May 27th, 2004, BC Ferries paid the debenture of \$427.7 million plus \$25 million in interest to the government. This left the BC government with a minor \$76 million stake in one of the largest ferry companies in the world. The resulting stagnant funding (\$144 million per year in contract service fees) from government and the need to build and replace ships and upgrade terminals, left BC Ferries no choice but to put this burden on ferry users by continually raising fares (the beginning of the governments user pay policy). Within a year of the 'new' ferries model announcement, fares began to outstrip CPI growth by more than double on Route 20 (see graph 1). Additionally, overheated fuel costs along with the other operating, capital and overhead expenses drove Route 20 fares up 144%, from 2003 to 2015. This was in contrast to a BC CPI increase of 16% up to the end of 2014.

As fares rose on Route 20 inevitably traffic began to decline. Reduced tourist traffic, less commercial traffic and residential traffic had real estate sales dry up and caused businesses, summer camps and B&B's to close their doors.



Graph 1

note: Fare Increases based on car, driver and passenger, using prepaid fares

Current Situation:

As has been stated over and over again – in the Commission report and through the governments ‘engagement’ processes of 2012 and 2013 – the ever-increasing fare level is the primary cause of declining traffic, and related shrinking of our island economies. There can be no question the two are directly related. Moreover, residents of Penelakut Island suffer an additional burden. With high unemployment and reliance on social assistance many band members can not afford to load up an Experience card (minimum buy in is \$115), so they pay primarily cash fares which are 30% higher. The Experience card system disproportionately disadvantages low income individuals and families, many of whom do not have a credit card or the cash to load the card. This is a real and daily hardship for these customers that are least able to cope with fares that have long since passed the tipping point of affordability.

The 1.9% preliminary fare cap, while barely approaching the inflation rate, was a welcome departure from earlier fare caps. But like a river overflowing its banks, the rate of increase becomes secondary to the absolute level. The economy of the gulf islands has contracted substantially as a result of ferry fare levels, particularly in the last six or so years. There is no shortage of evidence. We know from the substantial, sustained traffic increases that resulted from removal of the over-height premiums that traffic will respond to significant fare reductions.

Recommendation:

Route 20 Ferry Advisory Committee, on behalf of the residents and businesses of our two communities recommend that in the interests of beginning to restore economic stability and reduce the very real financial hardship to the ferry-dependent coastal communities, that fares on the Minor Routes be reset with a 25% rollback effective April 1st, 2016. This could be achieved through some combination of additional government funding, further BCF efficiencies and service reductions on the 3 Major Routes. We would then expect to see subsequent fare increases in the order of CPI increases in the following years. Such an adjustment would fall, we believe, within the context of balancing the interests of the users and the ferry dependent communities with those of BC Ferries and the Province.

The Province has long since broken its commitment to residents of Route 20 for affordable ferry service. The province alone can reverse the economic decline of all coastal communities. Please, let's not lose this once-every-four-years opportunity.

Sources:

British Columbia Ferry Corporation and Fiscal Fairness for Ferry-Dependent Communities January 2013. Report prepared by Maradadi Pacific Holdings Ltd.
PT4 Fares, Economies and Sustainability, submitted by the Ferry Advisory Committee Chairs, May, 2015
PT4, Time to Reset Ferry Fares?, submitted by the Southern Gulf Islands Ferry Advisory Committee, April, 2015

Appendix C

Public Comments PT4

Thetis-Penelakut ferry users asking for fare rollback

THETIS ISLAND – The Ferry Advisory Committee representing residents on Thetis Island and Penelakut Island is demanding a 25 per cent decrease in fares.

The Route 20 Ferry Advisory Committee is urging the Province to cut fares in an effort to lessen the negative impact on businesses and residents of the two islands. In a comprehensive presentation, the committee provided background on ferry service and data that suggests fare increases have out-paced other costs-of-living and discouraged ferry travel.

“In the interests of beginning to restore economic stability and reduce the very real financial hardship to the ferry-dependent coastal communities, (we request that) fares on the Minor Routes be reset with a 25 per cent rollback effective April 1, 2016,” the report says.

The authors of the report state that cuts are achievable through a combination of additional government funding, further BC Ferries efficiencies and service reductions on the three Major Routes.

“The Province has long since broken its commitment to residents of Route 20 for affordable ferry service. The province alone can reverse the economic decline of all coastal communities.

“Please let’s not lose this once-every-four-years opportunity.”

BC Ferries Route 20 services the two islands that have a significant number of permanent residents and

summer vacationers. Thetis Island has a population of 350 that swells to close to 1,000 in the summer months with vacationers and summer camps for children and teens. Penelakut Island has a permanent population of about 450 members of the Penelakut First Nation.

Rapidly rising fare rates have had a devastating impact on Island life putting hardships on residents and businesses, the report claims.

“As fares rose on Route 20, inevitably traffic began to decline. Reduced tourist traffic, less commercial traffic and residential traffic had real estate sales dry up and caused businesses, summer camps and B & Bs to close their doors.”

The report contains a fascinating history lesson, detailing the early days of ferry service to the two neighbouring islands.

“Ferry service to Thetis Island and later to Penelakut Island (called Kuper at the time) was the result of an agreement in 1958 by then Transportation Minister Phil Gaglardi and Adam Hunter, a third generation Thetis Island resident. Adam would build a road to Pilkey Point from Clam Bay, a distance of 4 km. and develop 60 building lots in exchange for the ferry.

“The construction of the road and side roads, which included significant drilling and blasting to get over Moore hill, was done solely at Adam’s expense. This agreement was further evidence of the commitment of the BC government to grow the provincial economy through remote community development.

“In other words, the agreement was Thetis Islanders, you build the road and we, the government, will provide ferry service at a reasonable cost.”

The inaugural ferry run was on March 17, 1959, when the six-car ferry, the MV Ethel Hunter started

service to Thetis Island. Four years later, service to Penelakut Island began for passengers. It began to accommodate vehicles in 1975.



Ferry service to Thetis Island began in 1959 with the launch of the MV Ethel Hunter. The fare for a vehicle was 50¢ and passengers paid 12¢.

The report notes that the cost of sailing was set by calculating the gas tax that was lost to the Province on that six km. crossing had it been a highway. This was 50¢ one way per vehicle and 12¢ one way per passenger.

“The setting of the fare structure was part of the government’s commitment to provide safe, efficient and timely service to the residents of Thetis and Penelakut Islands. Fares stayed at this level for many years. However by 1987 cash fares had risen to \$7.80 for car and driver on a return trip.

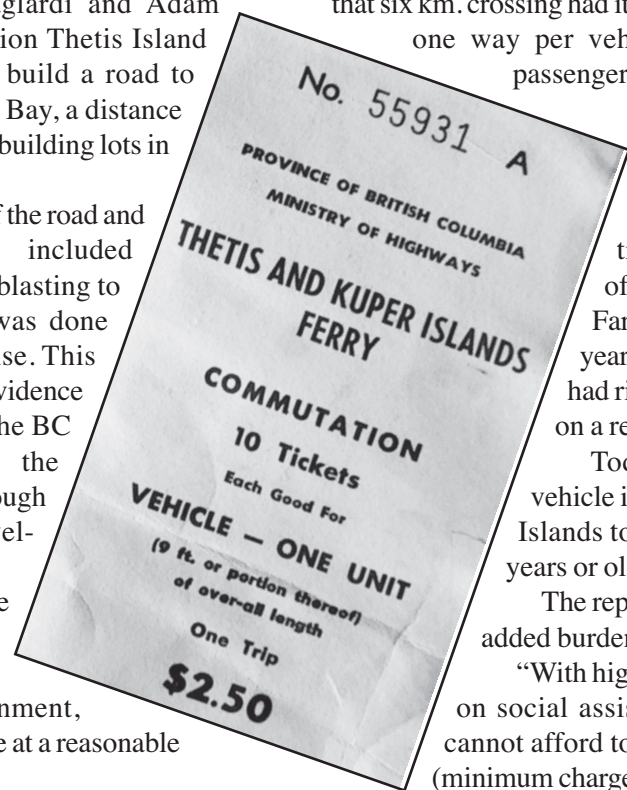
Today, the fare for a standard vehicle is \$26.45 for crossing from the Islands to Chemainus. A passenger 12 years or older pays \$11.25.

The reports suggests high fares are an added burden for Penelakut residents.

“With high unemployment and reliance on social assistance many band members cannot afford to load up an Experience Card (minimum charge is \$115 to buy at a discounted rate) so they pay primarily cash fares which are 30 per cent higher.”



The first ferry was named in honour of Ethel Hunter.



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Appendix D

Public Comments PT4

**Calculating Investment Needed to
Reduce BC Minor Routes Fares by
25%**

May 2015

**Prepared for
Islands Trust
#200 1627 Fort Street
Victoria, BC V8R 1H8**

by



Introduction

The Islands Trust proposes that the BC Ministry of Transportation and Infrastructure should increase funding to BC Ferries allowing fare reductions and resultant ridership recovery. The Islands Trust is concerned about the the negative impact that ferry fare increases have had on coastal communities. The Islands Trust contracted us to provide calculations and a range of estimates of the amount of funding required to reduce BC Ferries minor routes fares by 25%, beginning April 1, 2016.

Estimated Additional Government Funding Requirements for FY 2016/17

Exhibit 1 provides estimates of the additional funding required from government for 25% fare reductions on BC Ferries Minor Routes for the fiscal year beginning April 1, 2016. The estimates assume no increase in population in the service area and are in 2015 dollars.

Exhibit 1 – Minor Routes

Fare Reduction	Price Elasticity of Demand	2016/17 Additional Funding
25%	-0.15	\$15,819,000
25%	-0.20	\$14,888,000
25%	-0.25	\$13,958,000
25%	-0.30	\$13,027,000

Exhibit 2 provides estimates of additional funding required from government for a 25% fare reduction on BC Ferries Route 3 (Horseshoe Bay – Langdale) for the fiscal year beginning April 1, 2016. The estimates assume no increase in population in the service area and are in 2015 dollars.

Exhibit 2 – Horseshoe Bay – Langdale

Fare Reduction	Price Elasticity of Demand	2016/17 Additional Funding
25%	-0.15	\$8,571,000
25%	-0.20	\$8,067,000
25%	-0.25	\$7,563,000
25%	-0.30	\$7,058,000

The government funding requirement is the output or dependent variable in the spreadsheet model developed for this exercise. The independent variables include annual fare increases (Δ Fare), changes in population (Δ POP), percentage fare reduction (Discount), price elasticity of demand (E_d) and inflation rate (Δ CPI). Different inputs or assumptions for the independent variables determine the output or government funding requirement.

Assumptions

Two key assumptions include an inflation rate of 2% from 2016-2020 and annual fare increases of 1.9% April 1, 2017 to April 1, 2019. If fares increase at general inflation, ferry travel is not becoming more expensive relative to other possible expenditures. Thus there is no expectation of shifting expenditures away from travel, with attendant impact on the funding requirement calculations for 2017-2020. We have provided calculations and a range of estimates of the amount of funding required annually to reduce BC Ferries minor routes fares by 25%, beginning April 1, 2016, until April 1, 2020.

Another key assumption is rate of change of population. Traffic growth results from population growth, all things being equal. This increases the funding estimate slightly as more travellers benefit from fare reduction compared to the base case with no fare reduction. We have input a 0% increase in population (Δ POP) based on a Statistics Canada Report which showed the 2006 population of 25,365 in the Island Trust Area increased to only 25,570 in 2011.

The discount applied to fares is 25% as specified by Island Trust. A smaller discount rate reduces the government funding requirement.

Price Elasticity

The range of estimates provided reflects the different assumptions made concerning price elasticity of vehicular and passenger traffic on the routes. Price elasticity of demand is a measure used in economics to show the responsiveness, or elasticity, of the quantity demanded of a good or service to a change in its price.

The differing funding requirements reflect different input price elasticities ranging from -0.15 through -0.30, with a mid-range estimate using an elasticity of -0.25.

Price elasticity is market-specific (meaning origin-destination, sailing time and type of travel). Ideally we would have a comprehensive travel demand study to derive elasticities for each route and the spreadsheet model could be altered to accommodate this if this information becomes available. The spreadsheet model uses identical elasticity estimates for vehicular and passenger traffic.

We checked the spreadsheet model results against another Perrin, Thorau & Associates model for BC Ferries routes. The other methodology produced a funding requirement of \$12.0 million for a 25% cut in fares in 2016/17. That compares closely to the spreadsheet model estimate of \$13.5 million for a 25% cut in fares, using an elasticity of -0.30. (The Perrin, Thorau & Associates model indicated elasticities of -0.22 for passengers and -0.27 for vehicles; it included all Minor routes, except for Route 12 (Brentwood-Mill Bay).)

Although the Islands Trust has only asked us to consider elasticities of -0.15 to -0.30, we are aware that BC Ferries has commissioned studies which include the estimation of price elasticities for various routes and for the system. One such estimate is -0.40, which we believe is used by BC Ferries internally. Assuming a price elasticity of -0.40, with consistent assumptions for other independent variables, the spreadsheet model estimates a minor routes funding requirement of \$11.2 million for Fiscal Year 2016-2017.

Prepaid Fare Increases on Selected Routes 2003-2015

Exhibit 3 provides data and calculations for Route 4 (Swartz Bay to Fulford Harbour, Salt Spring Island); Route 8 (Horseshoe Bay, West Vancouver to Snug Cove, Bowen Island); Route 19 (Nanaimo Harbour to Gabriola Island); and Route 22 (Hornby Island to Denman Island).

Exhibit 3 illustrates the actual and percentage increases in prepaid fares for car and driver from 2003 to 2015 for selected routes. The 2003 base fares were derived from the prepaid adult (book of 10) and prepaid car (book of 10) published rates for the subject routes. The 2015 fares were based on the published cost of a fare for car and driver using the Experience Card on the subject routes. Some interpolation was required and rounding for consistency.

All fares are for an under-height passenger vehicle and adult driver using prepaid fares which are the least expensive fares in the tariff. This would have required a ticket in 2003 and using the Experience Card in 2015. The second column of Exhibit 3 shows April 1, 2003 prepaid fares. The third column shows April 1, 2015 prepaid fares. The fourth column calculates % increase of April 1, 2015 prepaid fares over April 1, 2003 prepaid fares. The fifth column calculates what the prepaid fare would be if prepaid fares had only increased at the rate of the CPI since 2003 (2003-2015 CPI increase = 24.4%). The last column shows what the 2016 prepaid fare would be after a 25% reduction on selected routes.

Exhibit 3: Prepaid (Discount) Fare Increases since 2003 for car and driver

Route	2003 Prepaid Fare	2015 Prepaid Fare	% Increase since 2003	2015 Prepaid Fare at CPI % increase	2016 Fare with 25% cut
4	\$15.40	\$33.10	115%	\$19.10	\$25.30
8	\$13.05	\$29.45	125%	\$16.25	\$22.55
19	\$10.60	\$23.45	121%	\$13.20	\$17.95
22	\$8.55	\$20.35	138%	\$10.60	\$15.55

Part of the differential percentage increase in fares is a result of the practice of BC Ferries rounding up individual and ticket book fare increases to the nearest 5 cents or 25 cents rather than as a straight percentage increase. This is a practical administrative matter for BC Ferries but over the years has resulted in greater percentage increases for some routes that started with a lower base fare.

Calculating Investment Needed to Reduce BC Minor Routes Fares by 25%

The CPI used was for Canada from Statistics Canada, CANSIM, table 326-0021 modified 2015-01-23. The base year is 2002 and the CPI in 2003 was 102.8. The estimated CPI in 2015 is 127.2. The increase from 2003 to 2015 is 24.4%.

The fares reflect the historical circumstances under which BC Ferries acquired each route. The routes in the southern Gulf Islands were acquired in the early 1960s from a private company. The northern Gulf island routes were transferred from the BC Department of Transportation in the early 1980s.

The original fares subsequently increased, often annually, on approval by the BC Cabinet. The tariff (the collected fare structure) contains obvious inconsistencies. Although attempts have been made, it has never been rationalized.

There is variation in transportation needs and in economic and social circumstances between the island communities. Increases in ferry fares of over 100% in a period when the consumer price index rose by only 24% have adversely affected both the Vancouver Island and the coastal economies. Many of the highest percentage fare increases have impacted the most disadvantaged and poorly-served communities.

Conclusions

We note that, while fares have increased steadily, revenues from vehicle traffic have seemingly plateaued in Fiscal 2013/14. The market elasticity may be such that further fare increases will not translate into added revenue, and presents the possibility that a well-designed fare structure (including discounts) could well mean better financial results. Of course, this requires sophisticated coordination of fares with service plans, as implied by BC Ferries in its document *Fare Flexibility and Revenue Management Strategy*.

Recommendation:

Additional government funding to reduce ferry fares by 25% on the Minor routes and on Route 3 would begin to reverse some of the negative consequences of the accelerated fare increases experienced in coastal communities since 2003. Δ

Sheet1

Analysis of Increase in Prepaid Fares on Selected Routes

	Swartz to Fulford SSI	W. Van to Bowen
Route	4-PPD	8-PPD
Passenger Vehicle (Under Height) 2001	\$10.95	\$9.32
<u>Adult Passenger 2001</u>	<u>\$3.50</u>	<u>\$2.95</u>
Total for car & driver 2001	\$14.45	\$12.27
passenger Vehicle (Under Height) 2003	\$11.63	\$9.91
<u>Adult Passenger 2003</u>	<u>\$3.75</u>	<u>\$3.15</u>
Total for car and driver 2003	\$15.38	\$13.06
Passenger Vehicle (Under Height) 2005	\$12.30	\$10.50
<u>Adult Passenger 2005</u>	<u>\$4.00</u>	<u>\$3.35</u>
Total for car and driver 2005	\$16.30	\$13.85
Passenger Vehicle (Under Height) 2015	\$24.65	\$22.10
<u>Adult passenger 2015</u>	<u>\$8.45</u>	<u>\$7.35</u>
Total car and driver 2015	\$33.10	\$29.45
% Change from 2003	115%	125%
Passenger Vehicle (Under Height) 2015	\$14.46	\$12.33
<u>Adult passenger 2015</u>	<u>\$4.67</u>	<u>\$3.92</u>
Total car and driver 2015	\$19.13	\$16.25
CPI increase	24.4%	24.4%
Passenger Vehicle 2016 not reduced	\$25.12	\$22.52
<u>Adult Passenger 2016</u>	<u>\$8.61</u>	<u>\$7.49</u>
Total Car and driver 2016	\$33.73	\$30.01
% Change		
Passenger Vehicle 2016 25% reduced	\$18.84	\$16.89
<u>Adult Passenger 2016 25%reduced</u>	<u>\$6.46</u>	<u>\$5.62</u>
Total Car and driver 2016 25% reduced	\$25.30	\$22.51

Sheet1

Nanaimo to Gabriola Hornby to Denman

19-PPD

22-PPD

CPI

CPI

\$6.95

\$5.90

\$2.75

\$2.48

\$9.70

\$8.38

97.8

2001

1995

1996

1997

1998

1999

\$7.63

\$6.03

\$2.98

\$2.49

\$10.60

\$8.52

102.8

2003

2000

2001

2002

2003

\$8.30

\$6.15

\$3.20

\$2.50

\$11.50

\$8.65

107.0

2005

2004

2005

2006

2007

2008

\$16.90

\$14.35

\$6.55

\$6.00

\$23.45

\$20.35

127.2

2015

2009

2010

121%

139%

2011

2012

\$9.49

\$7.50

\$3.70

\$3.10

\$13.19

\$10.59

127.2

2015

2013

2014

24.4%

24.4%

Note: Annual

Source: Stati

Last modified

2015 and 20

2015

2016

\$17.22

\$14.62

129.2

2016

\$6.67

\$6.11

\$23.90

\$20.74

\$12.92

\$10.97

129.2

2016

\$5.01

\$4.59

\$17.92

\$15.55

CPI increase %

1.2568093

All-items 2002=100	Change from previous year %
87.6%	2.2%
88.9%	1.5%
90.4%	1.7%
91.3%	1.0%
92.9%	1.8%
95.4%	2.7%
97.8%	2.5%
100.0%	2.2%
102.8%	2.8%
104.7%	1.8%
107.0%	2.2%
109.1%	2.0%
111.5%	2.2%
114.1%	2.3%
114.4%	0.3%
116.5%	1.8%
119.9%	2.9%
121.7%	1.5%
122.8%	0.9%
125.2%	2.0%

All average indexes are obtained by averaging the indexes for the 12 months of the calendar year ending in the year indicated. Source: Statistics Canada, CANSIM, table [326-0021](#) and Catalogue nos. [62-001-X](#), [62-010-X](#) and [62-55-X](#).
Date: 2015-01-23.

16 CPI increased by 2%

127.2%	2.0%
129.2%	2.0%

2003-2015 24.40%

year.
7-X.

Appendix E

Public Comments PT4

June 26, 2015

BC Ferry Commissioner
PO Box 9279 Stn Prov Gov't
Victoria, BC, V8W 9J7

Dear Commissioner Macatee:

At its regular Council meeting held Monday June 22, 2015, Bowen Island Municipal Council considered the attached submission in response to your invitation for comment on The Preliminary Decision on Price Caps and The Report on the Preliminary Price Cap Decision for the Fourth Performance Term.

Council unanimously resolved:

"That Council endorse the submission in response to the BC Ferries Commissioner's invitation for comment on The Preliminary Decision on Price Caps and The Report on the Preliminary Price Cap Decision for the Fourth Performance Term, and;

That staff be directed to forward the submission to the BC Ferry Commissioner."

Yours truly,



Kathy Lalonde
Chief Administrative Officer
Bowen Island Municipality

*copies to : Minister of Transportation and Infrastructure Todd Stone
MLA Jordan Sturdy West Vancouver Sea to Sky
Mike Corrigan, Chief Executive Officer, BC Ferries*

**Bowen Island Municipality
Response to the BC Ferry Commissioner
Re: The Preliminary Decision on Price Caps and
the Report on the Preliminary Price Cap Decision For the Fourth Performance Term**

These comments are submitted in response to the BC Ferry Commissioner's invitation to comment on The Preliminary Decision on Price Caps and The Report on the Preliminary Price Cap Decision for the Fourth Performance Term.

We are relieved to see the preliminary price cap at 1.9%, close to the rate of inflation. However we must note that the 1.9% will be added to an existing fare that has already reached the tipping point, as noted in your January 2012 report, and is too high. As noted in our earlier submission; past fare increases well in excess of inflation have had a financial impact on the commuters as well as our other residents and the recent service reductions have had an impact on the quality of life for our residents.

Bowen's close proximity to Vancouver makes it unique amongst the minor routes. Bowen Island is part of Metro Vancouver, which is expecting over 1 million new residents by 2040. A significant portion of the residents of Bowen commute on a daily basis to the largest metropolitan area in BC. Bowen (rte. 8) is very much a commuter route as can be seen from the peak morning traffic off Bowen and afternoon return from Horseshoe Bay and the high Experience card use. Bowen, unlike many of the other minor routes, has a significant population of families with young children: 28.0% of the population according to the 2011 census was age 0-18 compared to the provincial average of 20.6% and the Islands Trust average of 14.9%.

Metro Vancouver's recently completed *Housing and Transportation Cost Burden Study* presents a new way of looking at housing affordability in the Metro Vancouver region. The Executive Summary notes that "*many families are struggling under the weight of a heavy housing and transportation cost burden, leaving them with difficult choices about what to spend on food, clothing, child care, and other expenses.*" The report goes on to say "*High housing and transport costs together make the region less competitive.*" This is even truer for Bowen with the added cost of ferry fares that have increased well above the rate of inflation.

The Islands Trust Council, as the Commissioners know, has asked the Province to invest additional funds annually to reduce fares by 25%. Bowen Island Municipality supports this request. Considering the above comments this should have a positive impact on commuter travel costs giving them more discretionary dollars to spend, increase ferry ridership and benefit the Bowen economy and thus provincial revenues.

Another impact of the high fares is the high buy in amount for the experience card which many lower income households find difficult to pay. These households, the ones who least can afford it are forced to pay the regular fare as they cannot afford to maintain an experience card. Lower fares could help with this issue.

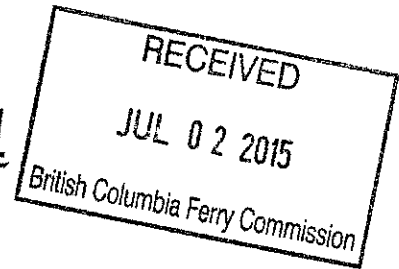
We are pleased to note that the report makes the following comments with respect to the estimated capital investments of over 200 million for the rebuild of the Horseshoe Bay terminal as well as replacement of six vessels: *“Avoiding at least some of that capital cost would have a positive effect on fares in PT5 and beyond. For purposes of planning for PT5, BC Ferries is directed to revisit its capital plan with a view to reducing the total long term capital plan by \$100 million. To do this, the company will need to continue its planning and analysis on the Major and Minor Routes strategies, including a revisit of its plans for the Horseshoe Bay terminal and consolidation of terminals.”* As route 8 uses the Horseshoe Bay terminal we are extremely concerned about the disruption that a major rebuild would cause and being a commuter route this will mean daily impacts to our residents for many months. We are also concerned about the costs for this work being allocated to route 8. Therefore we are very supportive of the need to do the proper analysis of all the options so that decisions are made with full knowledge of all the costs and impacts. We also support the need for significant public consultation particularly with the daily users of the terminal such as the riders on route 8.

We note that the capital plans set out in BC Ferries submissions will be subject to a more thorough review and approval through a Section 55 application. As we noted in our earlier submission the capital plan contemplates replacing like with like and providing the exact same type of service as the contract sets out and does not contemplate any consultation with the communities to ascertain just what type of service or type of vessel the community needs. We trust that this is the sort of review the Commissioners will require and for commuter routes such as ours and for Howe Sound that passenger ferry service to Vancouver will be considered. As well we note that the PwC comments on the Efficiency Plan indicate that Integration Planning with the provincial transportation network will also be essential. For the routes feeding into Horseshoe Bay it is important to also integrate planning with the South Coast British Columbia Transportation Authority (TransLink) network.

We trust that the Commissioners will provide the necessary impetus to BCF to move forward with new and creative ways to deliver the service the communities need in consultation with the communities.

Appendix F

Public Comments PT4



BC Ferry Coalition, PO Box 824, Sechelt, B.C., V0N 3A0
mail@bcferrycoalition.com -- www.bcferrycoalition.com

June 25, 2015

Gordon Macatee,
BC Ferry Commissioner,
PO Box 9279 Stn Prov Gov
Victoria BC
V8W 9J7

Dear Commissioner Macatee:

Additional Fare Increases Unwarranted

On behalf of the BC Ferry Coalition, which has garnered the support of some thirty municipal and band governments across coastal and mainland BC, we offer the following comments regarding the proposed 1.9% fare annual increase from 2016 – 2020.

In the fall of 2011 you conducted extensive public consultations across coastal communities serviced by BC Ferries in order to gauge the concerns of ferry users in preparation for your January 24, 2012 Review of the Coastal Ferry Act (Review).

In your Review you stated: "The objective of the Review is to recommend to the Minister of Transportation and Infrastructure changes to the Act which will better enable the Commission to balance the interests of ferry users with the financial sustainability of ferry operators."

You then went on to state:

The Commissioner is able to draw the following conclusions in relation to the Review:

- **Current ferry fares and the proposed increases have reached the tipping point of affordability and are imposing significant hardship on ferry dependent communities and the ability of people to visit family members and friends as frequently as they would like. (emphasis added)**
- The six “guiding principles” in the Act are not perceived to be protecting the interests of users.
- There needs to be greater transparency and accountability for the operation of the ferry system. Governance and oversight of the ferry system is perceived to be weak. There may need to be some strengthening of the oversight role of the Commission as a result, particularly with regards to BC Ferries’ operating and capital costs.
- **There needs to be a more effective process for consultation and input from ferry users. BC Ferries’ operating policies and procedures do not appear to ferry users to be serving their interests as a priority and there is a perceived lack of meaningful consultation on decisions affecting them. (emphasis added)**

In January 2012 you were of the stated conclusion that then current ferry fares, that is the 2011 ferry fares in effect during the period of your public consultations, had already reached the tipping point. Fare increases since then, inclusive of the April 1, 2015 fare increase, compounded to a further 17% increase in ferry fares **beyond** your stated 2012 tipping point.

We point out that the pre-2012 fare increases had been substantially above the rate of inflation, as have the 2012 to the present fare increases. We also point out that ferry users, as is the case for the vast majority of other British Columbians, have not seen their incomes keep up with inflation. The inescapable mathematical conclusion is that ferry fares have grown increasingly unaffordable and the hardships vested on ferry dependent communities have increased lock step with the excessive ferry fares. We are well past the tipping point and well down the slippery slope of economic decline.

Less service at a higher price

The members of the BCFC are concerned about statements in the “Report on the Preliminary Price Cap Decision For the Fourth Performance Term” (pages 4–6) which in part read as follows:

In response to the commissioners' recommendations in the Review, the government articulated a vision for coastal ferry service as follows: "The guiding principles behind all future decisions to affect coastal ferry service will be based on an affordable, efficient and sustainable system which protects basic service to coastal communities for future generations". . .

Government proceeded to amend the Act and expanded the powers for oversight by the commissioners. **In changing the legislation the government enshrined the principle that the interests of the ferry user, the operator and the taxpayer must be balanced.** . . (emphasis added)

Ferry users have done their part as well. They have adapted to revised service levels, ridership declines have leveled off, utilization of ferry capacity has improved, revenue from ancillary business lines are growing, commercial business has grown, and customers are buying BC Ferries' vacation packages. **The Ferry Advisory Committees have provided valuable input and ably represented the interests of the ferry users in their communities.**

Although the Role of the Commissioner as listed in Section 38(1) of the Ferry Act is to balance the interests of ferry users to those of taxpayers (which also includes ferry users) and the ferry operator, we see no evidence of any consideration for ferry users with the negative impacts ferry fare increases are having on Coastal communities. The report places great emphasis on meeting the needs of the ferry operator but other than listing the comments from the public, there are no indicators that these comments carried any weight in the determination of the price cap.

BC Ferries appears to have little interest in meeting the needs of the domestic travelling public and businesses, appearing more concerned with tourist travel. Late sailings and overloads are a very common occurrence on some routes and both negatively impact residents and tourists. Route #3 – Horseshoe Bay– Langdale – for example, is only on time 60% – 70% of the sailings yet BC Ferries has only very long range plans to rectify the situation, with no relief for current ferry users.

When the public or Ferry Advisory Committees attempt to seek answers or elicit solutions they receive mere lip service and are subsequently ignored without due consideration or explanation of decisions taken. As acknowledged in your 2012 Review, Ferry users are thus left with no

ability to influence the quality and service of BC Ferries: a transportation monopoly that we believe is providing less service at a higher price.

Despite repeated requests for them to do so, BC Ferries will not consider a needs assessment process to determine what ferry dependent communities require from their coastal ferry service, in the apparent belief that it is not their role to gather such information. The Province appears to take a very similar position. This is unacceptable. The quality and cost of service for the traveling public – domestic, commercial and tourism, needs to be given much more attention and a higher priority than is presently the case.

Conclusion

In conclusion, the BC Ferry Coalition asks that you rule that the initially proposed 1.9% annual fare increases from 2016 – 2020 are excessive and not in the interests of ferry users, their families, their communities or the province and should therefore be abandoned. We ask that you rule instead that there should be **no additional fare increases from 2016 – 2020**. This will allow whatever rate of inflation that occurs during those four years to begin to rebalance BC Ferries fares with the interests of ferry users, their families, their communities and the province. It will not be enough to eliminate the hardships we are living, but it will help.

We also ask that you recommend to the Minister that any financial shortfall BC Ferries may experience as a result of freezing fares for four years be made up by increased public investment in BC's public coastal ferry system. That investment will benefit coastal communities and the provincial economy.

Finally, we ask that you recommend that a comprehensive, transparent bi-annual coastal community's needs assessment process be initiated across ferry dependent communities addressing the needs of ferry users with respect to service levels, fares and performance that reports to both the provincial legislature and the general public concurrently.

Respectfully submitted on behalf of the BC Ferry Coalition,


Jef Keighley & Ric Bills
Co-Chairs
BC Ferry Coalition

Appendix G

Public Comments PT4



The Honourable Todd Stone, Minister
Transportation and Infrastructure
Parliament Buildings
501 Belleville Street
Victoria, BC
V8V 2L8

July 6, 2015

Dear Minister Stone:

On behalf of the membership of Bella Coola Valley Tourism (BCVT), I am writing to request that you delay signing the pending “service agreement” with BC Ferries.

We understand, from your June 25 announcement in Williams Lake that the British Columbia government intends to sign that agreement “within the next couple of weeks”, and we trust it has not done so since the announcement was made. We are pleased that in your June 25 remarks you said that the role of transportation and infrastructure in economic development has now been “strategically targeted” with a focus that is “more intense than before”.

We present our request because we are concerned that the decision to make the BC Ferries Route #10S “connector” a long-term configuration for the mid-coast service may be based on incomplete information. That is, we are not aware of a consultative process that has examined the tourism potential of our region with a view to designing a summer marine service that will provide a suitable link in the Discovery Coast Circle Tour to pursue that potential.

We urge you, the minister responsible for the infrastructure needed to support regional economic development, to reconsider locking the province into a contract that may not serve the tourism industry as well as it could at a time when tourism is so crucial to the desperate economy of our region from Vancouver Island to the Cariboo.

While I speak directly for BCVT, which represents nearly all of the businesses in the Bella Coola Valley as well as many further afield, my concerns are not isolated to this organization and this community. We are very aware that tourism industry leaders and others (e.g. Chambers of Commerce) are likewise concerned that a “connector service” may not be the optimum way to maximize the tourism potential of our region. Likewise, while we are pleased that work will soon begin to replace the *MV Nimpkish* on Route #10S, we are concerned about the adequacy of whatever vessel is to replace the *Nimpkish*

... 2



and the way a future summer service will be scheduled – both the duration of the season and the timing of arrivals and departures as they relate to tourism.

Please advise me of your intentions with regard to signing the “service agreement”. Should you agree to the requested delay, I extend an invitation to visit the Bella Coola Valley officially at your earliest convenience to begin the consultative process our industry so dearly requires.

Sincerely and Respectfully

Doug Baker, President

dbsymphony@yahoo.ca
phone: 250-982-2537

cc. Premier Christy Clark
Shirley Bond, Minister, Jobs, Tourism and Skills Training
Naomi Yamamoto, Minister of State for Tourism and Small Business
Coralee Oakes, Minister, Community, Sport and Cultural Development
Marsha Walden, CEO, Destination BC
Donna Barnett, MLA, Cariboo-Chilcotin
Jennifer Rice, MLA, North Coast
Claire Trevena, MLA, North Island and Ferries Critic
John Horgan, Leader of the Opposition
Gord Macatee, Commissioner, BC Ferries
Mike Corrigan, CEO, BC Ferries
Claudia Blair, Executive Director, Williams Lake and District Chamber of Commerce
Angela Smith, Executive Director, Port Hardy Chamber of Commerce
(North Island Representative, Ferry Advisory Committee, BC Ferries)
Hank Bood, Mayor, Port Hardy Chamber of Commerce
(Port Hardy Representative, Ferry Advisory Committee, BC Ferries)
Reg Moody, Chair, Central Coast Regional District
Darla Blake, Chief Administrative Officer, Central Coast Regional District
Walt Judas, CEO, Tourism Industry Association of British Columbia
Pat Corbett, President, Cariboo Chilcotin Coast Tourism Association
Amy Thacker, CEO, Cariboo Chilcotin Coast Tourism Association
Petrus Rykes, President, West Chilcotin Tourism Association
Ernest Hall, Secretary, Bella Coola Valley Tourism
(Bella Coola Representative, Ferry Advisory Committee, BC Ferries)