

Public Comments – PT4

#	Date Received	Text of email/letter
1.	27-Oct-14	<p>The efficiency plan is most important for the future of BC Ferries and coastal transportation in British Columbia. I support the analysis done regarding LNG, changes in vessels, the Horseshoe Bay terminal and south Gulf Island ferry network. The refurbishment of Horseshoe Bay terminal is one potential massive capital cost that should force every option for Vancouver Island to Mainland and Mainland to Sunshine Coast/Bowen Island to be examined.</p> <p>I would strongly suggest pursuing a fixed link between Sunshine Coast and Howe Sound, either via Squamish or bridges or tunnels further south. This would alleviate the need for this costly investment and give Sunshine Coast residents a more reliable fixed link. Tolls could either be the same as the ferry cost or lower, depending upon amortization time for a fixed link investment. If the link were far enough south, the Departure Bay to Mainland ferry could relocate to Langford. This would leave the possibility for redeveloping Horseshoe Bay, giving BC Ferries some capital for debt repayment or the other sizable capital expenditures needing to be made. Departure Bay Terminal should also be examined for redevelopment. Better access to the Sunshine Coast would much more likely provide stronger loading (and higher revenues) on the Powell River ferries, both between Earls Cove and Saltery Bay and between Comox and Powell River.</p> <p>Could Route 30 have its operating balance improved? Certainly if Horseshoe Bay to Departure Bay, route 2 traffic were all diverted to route 30, it would improve, but its \$30 million per year deficit is large owing to its long sailing time, 2 hours versus 1 hour and 40 minutes compared to route 2. The most direct route would of course be Tsawwassen to eastern Gabriola or northern Valdes Island, locations which currently do not have ferry terminals. As vehicular traffic is unlikely to be allowed to traverse these islands to transit between the Mainland and Vancouver Island, perhaps consolidating vehicular traffic to route 2 or 30 would make sense, but passenger ferry traffic could be shifted to a new route with a passenger ferry terminal built on eastern Gabriola or northern Valdes and Sea Island (Vancouver Airport). Passenger ferries would have increased frequency, connecting to Vancouver Island via a Cedar-Gabriola bridge, probably largely by bus. Vehicular ferries would be reduced to frequencies similar or lower than that of route 1.</p> <p>The southern Gulf Islands routes 5 and 9 are quite inefficient, so shorter links such as between Mayne and Saturna need to be reviewed, perhaps by cable ferries, requiring fewer personnel for operating them. One should ask if a bridge between Vancouver Island and Saltspring could provide huge savings: eliminate the</p>

		<p>Vesuvius-Crofton ferry and provide a cheaper alternate to route 30 between Tsawwassen and Long Harbour.</p> <p>Lastly, I would like to suggest that dimethyl ether be examined as an alternate fuel for diesel-run ferries. Recently Volvo trucks furnished with dimethyl ether engines have been tested and will be used in the California area port of Long Beach. DME is more similar to propane and thus needs fewer changes to motors compared to LNG; perhaps valves could be changed on diesel engines presently used.</p>
2.	28-Oct-14	<p>Please find my submission regarding short and long-term ferry plans for Route 3. Thank you BC Ferries – Route 3</p> <p>I am a resident of the Sunshine Coast. I use the ferry between Langdale and Horseshoe Bay 2-3 times a month. The majority of my trips are in conjunction with my role as a volunteer driver for Vancouver Coastal Health.</p> <p>I am writing to comment on the latest submission by BC Ferry to the Ferry Commissioner and on the Provincial Government’s plan titled “B.C. on the Move”.</p> <p>Thank you for this opportunity to comment on these short and long-term plans regarding Route 3 ferry service.</p> <p><u>Mandate of Government</u></p> <p>I believe the Provincial Government should be treating ferry service as an infrastructure system similar to health care, public education or highways. As I see it, the government should pursue the objectives of</p> <ul style="list-style-type: none"> -Making ferry transportation affordable for ferry dependent communities, -Utilizing ferry service as a means of protecting and growing Coastal communities – especially as the Province pursues its opportunities as a part of the Pacific Rim economy, and -Balancing the proportion of ferry revenue derived from provincial taxpayers with user fees. <p>At least as regards the Sunshine Coast, it seems clear that the Province is failing in all t all three of these objectives. A lack of affordability has reduced utilization, our economy has suffered, and user fees are climbing faster than tax subsidization and the cost of living.</p> <p>The apparent attitude of government seems to be that ferry service is a source of debt. As critical infrastructure, the benefits of an accessible, convenient and affordable ferry system should not be measured by profitability any more than the health care or education systems can be measured in that way.</p>

Mandate of BC Ferries

I believe that BC Ferry has been asked to achieve an impossible mandate. I think they are expected by the Provincial Government to keep ferry users happy (or at least off the government's back) while cutting or containing costs. To date the approach seems characterised by tinkering with service schedules and fares in a way that can only cause considerable unhappiness for regular ferry customers and hasn't solved the financial "problem" defined by the Government.

A re-negotiation of mandate in line with the objectives I outlined above might help.

Vessels and Schedule

A year round schedule of hourly car ferries for Route 3 is unrealistic. However, there are times in the summer and on holidays when an hourly ferry makes sense. BC Ferry should have data on demand that would let them create daily, weekly and monthly schedules better matched to demand.

I also think BC Ferry should be looking at utilizing a greater variety of vessels on Route 3.

A smaller car ferry for off-peak trips in low Season should be more economical to operate.

A walk-on only ferry going directly to one of the Sea Bus terminals in Vancouver is worth exploring. A higher walk-on fare for this would be acceptable.

Fare Structure

I don't think there is any serious objection to a co-pay for ferry service. Over and above our taxes we pay a premium for health care and tolls are being introduced for certain parts of the highway system.

What I find hard to accept is that fares are increasing faster than the cost of living and that there is no discount specifically for residents of ferry dependent communities. I also find it difficult to understand the raises and bonuses that the corporation has awarded itself in light of the decline in performance as measured by ridership.

I would like to see the previous two fare increases reversed. I would also like a pledge from BC Ferry and from

		<p>the Provincial Government that there be one fare adjustment per year pegged to the cost of living.</p> <p>I would like to see the introduction of a specially discounted Experience Card for residents of ferry dependent communities.</p> <p>I am a senior. However, I would have no objection to the elimination of the half-price fare for seniors <u>if</u> this would be replaced by a general reduction in fares. We need to make it more possible for younger people to live on the Sunshine. We have an attractive life style and affordable housing but jobs are off-Coast. I think a more affordable commute along with the suggestions I've made in re. Vessels and schedules is worth considering.</p> <p><u>Langdale Terminal</u></p> <p>The lack of a walkway bridge for foot traffic in Langdale is a disgrace. I have seen elderly passengers and Mom's with small children slowly making their way on to the ferry and stumbling about when the in the cold when the ferry bumps its way into the ferry dock. Aside from being a shameful way to treat people, this is clearly an accident waiting to happen. When it does and when the consequent lawsuit occurs suddenly something will be done about it. It astounds me that those responsible are going to wait until the pain and suffering occurs and the legal costs are incurred before spending the money to fix this problem. It would be less expensive and more humane to do it now.</p> <p>The Langdale terminal also needs an outdoor play area for children. I have seen families trying to cope with one ferry waits and service delays with kids in hot cars. The only outdoor option now is to share a grassed area with dogs and their droppings. A play area with some simple equipment would be low cost and service clubs and private donations could probably be enlisted.</p>
3.	4-Nov-14	<p>I am writing in concern over the possible closure or reduction of sailings between Departure Bay and Horseshoe Bay. It will negatively impact a great many people here on Vancouver Island, especially those living north of the greater Victoria area.</p> <p>For islanders, the ferry is not an unnecessary luxury we can choose to forgo. It is part of our highway system and essential to our access to the rest of the province. Making it more difficult to access (and as ridiculously expensive as it now is) impairs our travel as effectively as a highway closure on any part of the lower mainland would do to the citizens there.</p>

		<p>You want to fix this problem with the ferries? Lower the fares so people can afford to use the ferries more often. Usage will increase, and so will your revenues; revenues you could use to make the necessary upgrades to the Horseshoe Bay terminal.</p> <p>Please consider when making your decision the many, many people this will impact, the blow it will be to the island's economy, and the difficulty it will impose on islanders who need to access medical care and other essentials available only in Vancouver.</p>
4.	4-Nov-14	<p>BC Ferries should look at this as a wonderful opportunity to increase its ferry services in Horseshoe Bay. That part of BC is bursting at the seams with energy...making people drive fr Tswassen to get to Whistler or West or North Vancouver? Ridiculous.</p> <p>This is one of the worst proposals I've ever heard.</p> <p>I hardly take the ferry to travel around Bc anymore because of costs and limited service between the Sunshine Coast and Vancouver Island.</p>
5.	4-Nov-14	<p>This is personally the only terminal I will use. The rest of them are ridiculous to use, horrible to get to, over crowded, small and dirty.</p> <p>You say that this is one of the few routes that is profitable, then make the SMART choice, and do what upgrades are needed to keep it running. Forcing people to be funnelled like cattle into terminals that they do not want to go to, that do not take them where they wish to go, will only piss them off further, and you will lose even more revenue when people stop taking the ferry all together. Closing this terminal would be a financially STUPID move.</p> <p>I really hope you will consider the general populous who take the ferries for work, shopping, to visit family, etc and how this will affect them, rather than just the pocket books.</p>
6.	4-Nov-14	<p>Doing away with Horseshoe Bay is downright economically and environmentally insane. Shocked that this was even suggested. I don't think I need to list the reasons why not to do this as they seem so obvious. Please note my extreme concern and outrage at the idea, as well as our extended family.</p>
7.	5-Nov-14	<p>I was enormously disappointed to find out there is some talk of cancelling the Horseshoe Bay-Departure Bay ferry route. The ferry system is an extension of the Trans Canada Highway and is an essential service. The</p>

		<p>route in question is well-used and provides more direct access to travelers coming from downtown Vancouver, the North Shore, and the North Island. For someone without a car, like me, it would be a nightmare to have to take transit down to Tsawwassen on a regular basis. Those buses are already packed to capacity and having to add hundreds more foot passengers is unrealistic. BC Ferries also just spent millions to refurbish the Departure Bay Terminal just to close it down? How is that good money management? If you're so concerned about budget, reducing the Duke Point route seems a more logical path than cancelling Horseshoe Bay. Better yet, you could also consider reducing the Board of Directors and their absurd salaries/bonuses and the completely unnecessary BC Ferries Vacations. The ferries are an essential part of the Highway system in Coastal BC, not a cruise line. Surely there are budget options that can be explored internally before canceling routes thousands of people rely on?</p> <p>Additionally, I work for a tour operator and we sell BC Ferries to our travellers. You would not only be inconveniencing locals, but also visitors to our area who help support the local economy. Again I reiterate, as someone who works in the industry, BC Ferries Vacations is wholly irrelevant and a drain on resources. Please consider cuts there before make any decisions on routes.</p>
8.	5-Nov-14	BCF is an extension of the BC highways system and as such should be treated the same. It is time to reduce fares, return to schedules of 2010 and stop trying to make a profit off what is essentially infrastructure. Oh, and if doing public consultation, how about actually listening to the public?
9.	5-Nov-14	Under any plan to end or significantly reduce the frequency of the Horseshoe Bay to Nanaimo route that BC Ferries may propose as a way of capping expenditures to keep fares low, this means the only route left for Nanaimo residents to Vancouver will only be feasibly accessible for normal use to those who own a car given the distance of both ports from their respective city centers. I strongly urge the commissioners at the earliest possible opportunity to rule that such steps would amount to an unacceptable deprivation of service, if serving the greater public of Nanaimo - rather than only the middle-to-upper professional class - is at all your concern.
10.	6-Nov-14	I have written in before and my suggestions remain the same. Instead of thinking about downsizing Horseshoe Bay it may be a good idea to look at increasing the size of Departure Bay as all of the property to the east of the terminal has been abandoned by Ocean Cement and it would be an idea to close Duke Point, build a new ferry loading ramp at Departure Bay thereby consolidating mid-island traffic to one spot. Duke Point made sense when it was built but departure Bay could handle the load and financially makes good business. thanks
11.	11-Nov-14	I fail to understand how reductions in service and increased fares make the future of ferries more viable. The coastal communities of BC rely on regular, quality ferry services and the rest of the province relies upon the coastal communities as they rely upon their road networks.

		<p>Should the BCF system not be a part of the provincial ministry of transport??</p> <p>BCF is a taxpayer and user supported service that tries to parade itself as a corporation. Clearly, it is in itself a top heavy organization which struggles to manage itself let alone a broad ferry system.</p> <p>Since it is taxpayer supported, the govt has a duty to ensure that the funding is properly expended on an annual and long term basis. Therefore, the govt has a duty to look at each ferry route to determine the most cost effective way of getting from point A to point B. BCF says that they are doing so but, they have no mandate to consider where bridges should be built; that is a govt function and I commend the govt for initiating the study of a bridge to Gabriola.</p> <p>Back in the 90's, I recall that the govt even considered a fixed link between the lower mainland and Vancouver Island and that study too should be dusted off and reconsidered. The point is that the provincial govt should be conducting review of the entire ferry system to see review the feasibility of ferries vs bridges system wide. As an example of where this should have been done, consider the Buckley Bay to Denman Island run. Had the feasibility of a bridge versus ferry been reviewed say over a 50 capital and operating life, it is clear that there would have been a bridge rather than an experimental cable ferry.</p> <p>Last weeks announcement of the possibility of shutting down horseshoe bay to Nanaimo exemplifies how the govt and BCF are disjointed.</p> <p>Please manage BCF by absorbing it into the MoT and give the taxpayers and ferry riders fair value!</p>
12.	13-Nov-14	<p>I have just been made aware of the proposal to eliminate the Crofton/Vesuvius ferry run. You have clearly not given this any real thought at all. It is beyond time that BC Ferry Executives got out of their high priced offices and started living in the real world like the rest of us.</p> <p>Exactly how do you intend to accommodate fuel deliveries to the island? All dangerous cargo sailings currently go through Vesuvius. Which sailings through Fulford would be designated as dangerous cargo? Any at all would exacerbate the already dangerous traffic congestion in Fulford village. How do you intend to deal with this? If Fulford became the only route to Vancouver Island the situation would be untenable. On Wednesdays it would be the only route off the island at all. Is this truly your intent?</p> <p>The economic impact on Salt Spring would be far reaching and devastating. School teams would be unable to compete in their zone, children who attend private school in Duncan would be unable to do so and likewise children from Vancouver Island who attend school on Salt Spring would also be unable to continue to do so. There would be a serious impact on trips to Mount Washington during ski season. Businesses in Cowichan and Nanaimo would also take an economic hit. The entire province would lose in tourist dollars. Have you even read the economic impact study of the decisions you have made to date?</p>

		<p>I expect this is simply another “bait and switch” ploy to get people upset and then tell us we can keep our terminal but we have to pay more. We are already voting with our wallets by not traveling as often as we used to. Economically, we simply cannot afford to. This is not the way to encourage Gulf Islanders to vote Liberal!</p> <p>I have no interest in my tax dollars going to help pay for new roads to LNG plants, snow clearing on mountain passes or a new bridge in Kelowna that I will never use unless other citizens also help to pay for my ferries. Return BC Ferries to MOTI as part of the essential transportation of the province.</p>
13.	26-Nov-14	<p>There will no doubt be a great deal of comment to you regarding the controversial elements of this report but I will restrict my comments to one item, namely : the rationalization of the three ferry terminals on Salt Spring.</p> <p>I was surprised when this showed up on BC Ferries " to do list " as ferry personnel , in their dealings with FAC members have not indicated that terminal rationalization was a priority. I became deeply concerned when Dave Hendry of BC Ferries explained to Gulf Islands Driftwood that " the province has had the radar on the 3 terminals there and the commissioner gets a lot of pressure about the 3 terminals. " In other words, the reason this statement appeared in the report is not that people operating the system see it as a priority but rather that the government wanted it there. The reference to pressure on the commissioner is also disquieting . Is this how we are going to make decisions?</p> <p>The elimination of one or more terminals on Salt Spring would have drastic consequences and the " rationalization " discussion has already started. A recent report on CTV speculated on the closure of Route 4 which shows the best financial performance of all the minor routes. BC Ferries has no such thing in mind but uncertainty feeds speculation and none of it is good for the people and the economy of Salt Spring.</p> <p>I suspect that routes 4 and 6 are safe for the long term . If this is the case ,it would be good to say so now. The future of the Long Harbour terminal can be discussed over the next four years . (at the end of the day ,I believe it will be determined that Long Harbour is essential if a cross gulf service to the Gulf Islands is to be maintained)</p>
14.	6-Dec-14	<p>The BCF exists primarily to serve ferry-dependent communities. Yet the objectives that BCF proposes to use to guide assessment "efficiencies" in PT4 (p.23) omit any reference to impacts on, or consideration of, communities and their desires/needs. Individual passengers do not necessarily have the same needs as</p>

		<p>communities, and relatively few individuals participate in public consultation on government policies.</p> <p>BCF should add, as the second objective in its list of objectives on p.23 "Strengthening ferry-dependent communities".</p>
15.	10-Dec-14	<p>This is a comment on BC Ferries' submission for performance term four of the Ferry Services Contract. I have already commented on BC Ferries' digital experience initiative and will not do so again here.</p> <p>On page 16 and onward in "Strategies for Enhanced Efficiency in Performance Term Four and Beyond," BC Ferries outlines the need for possible changes to service levels on routes 2 and 30. I am amenable to service cuts on the Tsawwassen-Duke Point route as it was introduced later (early 1990s) than routes 1 and 2 and carries the least amount of traffic. It was also meant to be part of the government's ultimate plan for fast ferries (the PacifiCats could not carry trucks), and arguably is a remnant of that initiative. However, I am opposed to cuts on route 2 as it is a vital link used by commuters between Nanaimo and Vancouver.</p> <p>I have, in fact, long in favour of rationalizing the three terminals in Nanaimo. Duke Point terminal was purpose-built in the 1990s; it is located outside the city and could potentially be expanded. Ideally, I would like to see Departure Bay closed and all Nanaimo traffic routed through Duke Point. Doing this would also be a relief to those who live around the Departure Bay terminal. This is a much "gentler" way of implementing cuts than eliminating or drastically cutting route 2.</p> <p>I am also in favour of doing something about the terminal for trips to Gabriola Island in downtown Nanaimo; hopefully, the province's current bridge study will result in a solution to this problem without BC Ferries having to get involved.</p> <p>I have no objection to BC Ferries' Gulf Islands proposals. I am in favour of reducing the number of terminals on Salt Spring Island, though exactly how this would be accomplished is unclear to me at present.</p>
16.	30-Dec-14	<p>Dear Mr Gordon Macafee Commissioner This letter is to show you how you can save about \$29.Million and not have to raise ferry fares. <i>(personal information remove)</i> and constantly see either the Mayne Qeen or the Queen of Cumberland come all the way from the main passage where all the ferries to Victoria go. I keep saying what a waste of diesel fuel and time plus wear and tear on the engines, So here goes. About 20 years ago BC Ferries put in Berth #2 on Mayne Island which is capable of taking the upper deck traffic from a Victoria bound ferry. The ferry terminal was expanded to 10 lanes to hold traffic bound for other islands. Now you are going to expense millions of dollars having to replace the queen of Nanaimo in 2016 so why dont you save this money get the ramp built to unload from the Victoria ferries and have one sailing in the AM and one in the PM</p>

		<p>unload the upper deck for all the gulf islands le Galiano,Mayne,Pender,Saturna,and Salt Spring and have the Mayne and Cumberland Queens deliver them to their respective Islands. Now for the piece de resistance. Build 2 small bridges smaller than the bridge from North Pender to South Pender Go from Mayne to Samuel and from Samuel to Curlew then to Saturna in your own car. Great savings on time and ferry fuel. This would be a better idea than the Site C. 6 Billion dollar fiasco thats before over runs that will surely be there.Look to at least 8 Billion or more and for what a big legal fight with 1st Nations again. Havent we learned from Northern Gateway. So Mr. Macafee what do you think or is this a Buck Rogers too far in the space future for us earhlinks to consider. Have a chat with that young whipper snapper Todd Stone if he wants to beat the Phil Gaglardy. or Alex Fraser legends. I always remember if you think you can you will, If you do not spculate you will not accumulate and if you think you cannot you will not. Regards</p>
17.	29-Jan-15	<p>Please find attached my personal comment on PT4 in response to the invitation noted. The main comment is in the word document which, in turn, is supported by the pdf document.</p> <p>Thank you for the opportunity to comment.</p> <p style="text-align: center;">BCFS Inc. SUBMISSION TO THE COMMISSIONER FOR PT4, including the 10 YEAR CAPITAL PLAN and an EFFICIENCY PLAN</p> <p style="text-align: right;">January 29, 2015</p> <p><u>Public Comment on the above BCFS Inc. PT 4 submissions to the Commissioner</u> <u>Background and reason for this submission</u></p> <p>This personal public comment is based on my business and personal experience as a BCF customer as well as my experience as a member of the Northern Sunshine Coast Ferry Advisory Committee for 8 years, including 6 years as Chair. I am somewhat familiar with the Coastal Ferry Act and the process used by the Commissioner to establish a price cap for Performance Term 4 and will attempt to provide some relevant comment as suggested by the Commissioner in a recent email.</p> <p>As noted in previous personal submissions to the Commissioner, the primary reason for providing this comment is my concern for the economic health of the Northern Sunshine Coast Community of Powell River. It is imperative that ferry fares are affordable, they currently are not, and based on the limited information available in the above BCFS Inc. submissions it seems the ‘preliminary price cap’ will be well above BC CPI just as it was heading into PT3 a disastrous result for our Community.</p> <p>In the Commissioner’s January 2012 Coastal Ferry Act Review he introduced the concept ‘tipping point of affordability’ for ferry fares and indicated that the tipping point had already been reached (page 35 of the review). Since that report was issued there have been 3 annual ferry fare increases of a nominal 4%, well</p>

		<p>above BC CPI for the same years while average wage increases for ferry users have generally been below the CPI over the same period. In addition, a myriad of permanent incremental costs to the ferry users have been introduced including the current ICBC premium increases, the recently announced MSP annual premium increase and a significant increase in BC Hydro rates. The bottom line is that the discretionary income for ferry users has been greatly reduced which in turn will continue to drive ferry traffic down and thereby continue to harm the economy of Coastal Communities. In my view the only acceptable ‘final price cap’ heading into PT4 is 0% or lower.</p> <p><u>Discussion – Based on the three BCFS Inc. documents noted above</u></p> <p>1. The BFS Inc. Efficiency Plan</p> <p>For purposes of comment on the Efficiency Plan, the main comments will be relative to the 4 new initiatives identified by BCF. However, on page 7 of this plan, BCF indicate that they forecast a revenue shortfall of \$33M in PT3 due to traffic levels. Since this is based in part on a traffic decline in F2015 of .1% for vehicles and .2% for passengers against current YTD values of .3% and .4% respectively, this estimate is significantly understated. In addition BCF forecast that F2016 traffic levels will increase to F2014 levels in the last year of PT3. I submit that this is very unlikely and that the revenue shortfall due to traffic levels in PT3 will be in excess of \$40M directly because of the affordability issue and the upcoming 3.9% fare increase on April 1, 2015.</p> <p>a. Liquefied Natural Gas (LNG) Efficiencies – I am in complete agreement with the proposed conversions to LNG and have no basis on which to challenge either the schedule or benefits identified in this section of the Efficiency Plan. I would suggest, however, that the Commissioner challenge BCF on the capital plan schedule in order to confirm the benefits schedule applicable to PT4.</p> <p>b. Business Transformational Strategies Enabled by Technology – I have already commented on this Efficiency Plan initiative with a submission relative to the Section 55 application by BCF, however a more detailed comment follows with respect to the impact on fares in PT4. My understanding of how the fare flexibility item works is as follows; specifically as it will relate to route 17 as it already has reservation capability. The starting point will be to ‘imbed’ the historical reservation revenue for the route into the ‘fare of the day’ so there will initially be a fare increase (1% to 4%?) in order to arrive at an ‘average fare’ for the route going forward. Following that step, discounted fares will be available on underutilized sailings (discount % not stated) and a premium fare (premium % not stated) used on highly utilized sailings; revenue neutral I assume. For example, on route 17 a premium fare will target Friday morning and afternoon sailings from Powell River and Sunday afternoon and evening sailings from Comox.</p>
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		<p>These sailings are heavily utilized for weekend travel by Northern Sunshine Coast residents for many reasons including weekend school and club sporting events, educational and cultural events as well as personal and family travel. These sailings are used by residents who work Monday to Friday and families with children in school. Travel using discounted fares on underutilized sailings is not an option for these residents! In fact these frequent Friday/Sunday travellers have been <u>targeted</u> with premium fares!</p> <p>BCF claim a 3% to 5% increase in traffic due to this initiative. I submit that this will not happen on route 17 (and likely not across the system) because residents and others take the sailings they do because those sailings align with their personal schedules for work, school and other activity. In fact I submit that this initiative will cause a further traffic decline and, more important, cause further harm to the local economy. In addition it may well force residents to opt out of participating in sporting, education, cultural and family events they would otherwise support, a negative impact on the cultural health of the Community, particularly for youth. As a result, ferry traffic declines.</p> <p>I submit that the Business Transformational Strategies Enabled by Technology will <u>not</u> have a positive financial impact in PT4.</p> <p>c. Major Routes Strategy – Given the recent media coverage on the route 2 issues it seems this strategy will not influence the price cap determination for PT4. BCF alludes to this possibility, in any case, on page 21. I have no further comment.</p> <p>d. Southern Gulf Islands Strategy – Since I have very little knowledge of the Southern Gulf Islands system and the fact that BCF indicates on page 25 there will be no savings in PT4; I have no comment on this item.</p> <p>2. The 10 Year Capital Plan</p> <p>I have reviewed the 10 year capital plan in its entirety and can find very little information that is relevant to PT4 other than those items that are already covered in the efficiency plan. On page 17 there is confirmation that the capital plan reflects the service model outlined in the current CFSC and that no other route or service adjustments are contemplated over the period of this plan, in other words no new service adjustments planned at this time. In terms of schedule, to the best of my knowledge the public consultation with respect to the replacement of the North Island Princess (also on page 17) that was to take place in the fall of 2014 did not happen so there may be a delay in that overall schedule. I would also note that the schedule shown on page 26 is incomplete with respect to the timelines for individual capital projects and is of little use in making comment regarding PT4 price</p>
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		<p>caps? I have no further comment on this item.</p> <p>3. BCFS Inc. Submission to the Commissioner for PT4</p> <p>This is a most frustrating document to review as there is virtually no PT4 forecast information available in terms of revenues, expenses or traffic. The PT3 document, as I recall, was a little more forthcoming.</p> <ol style="list-style-type: none"> a. Looking ahead: Performance Term 4, page 12 – The title for this part of the report suggests some relevant PT4 forecast information, however it simply speaks to the efficiency plan items already discussed above and also indicates that most of these items will fully manifest themselves after PT4. It is noted that efficiency plan items 1 and 2 will show some benefits in the later part of PT4, which I have already commented on. b. Section 1: Core Ferry Services – On page 16 BCF suggests that unless the current CFSC contract is amended for PT4, the single route group will revert to the previous 3 route groups. It seems to me that would be a mistake given the financial accounting aspects of that change. The coastal ferry system should be treated as a ‘whole’. c. Section 2: Tariffs for Core Ferry Services – There is little or no information in this Section that is directly relevant to establishing a price cap for PT4. The inclusion of the tariff tables for all routes in this document, however, is a reminder of the huge variation in Experience Card discount rates for the minor routes. As part of the price cap process it might be reasonable to include a common discount rate for all minor routes on a revenue neutral basis as part of PT4. These discount rates are steeped in history and would be best changed by an independent body such as the Ferry Commission, assuming it fits into the Ferry Commission mandate in some way. d. Section 3: Service Fees and other Provincial Contributions – The table and notes on page 32 relative to PT3 Provincial Ferry Transportation Fees provide some insight into the revenue forecast for PT4. The incremental transportation fees of \$54.5M provided by Bill 47 and Bill 14 presumably will not be available in PT4 nor will the \$7.1M identified in Note 5. In addition the Reallocated Seniors Discount Program transportation fee of \$21M, described in Note 6, presumably will not be available in PT4 either. This means that a total of \$82.6M in transportation fees that were provided as revenue to BCF in PT3 will not be available in PT4 (subject to any decisions made by the Province once the preliminary price cap is announced). The table on page 32 (note 2) also raises the question of what decisions have been made for the Queen of Chilliwack. If this vessel has been or will be retired or sold it is reasonable to
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		<p>assume that a financial write-off will be required. While that will likely not directly affect the price cap calculation (?) it will impact the BCF financials in some manner.</p> <p>e. Section 4: Revenues from all Sources – I do not agree with the PT3 traffic forecast shown on page 41 as I have already described in part 1 of this submission. To repeat I believe the traffic revenue of PT3 will end up as a shortfall in excess of \$40M relative to the business plan. I have no basis upon which to challenge the other revenue increases forecast for F2015 and F2016 in PT3.</p> <p>f. Section 5: Expenses – Based on the table on page 47, expenses are forecast to increase by \$55M over PT3 or approximately 1%/year. It is identified on pages 49 and 50 that these increases are net of cost savings from service adjustments. The picture in my mind heading into PT4 is that expenses continue to climb, traffic continues to decline and service adjustments are <u>not</u> significantly improving the situation; a bleak picture indeed. I am aware that these comments are related to dollars of the day and not reflective of performance against the business plans for PT3.</p> <p>g. Section 6: Alternative Service Providers – I have no comment on this section.</p> <p>h. Appendices – I have no comments on the appendices.</p> <p>4. Conclusions</p> <p>It is virtually impossible to draw any firm conclusions based on the content in the three BCFS Inc. submissions related to the price cap determination for PT4. I have made what I consider to be some relevant observations/opinions in the discussion above which I believe should be considered. Based on those observations/opinions it seems to me that the financial outlook at the end of PT3 and heading into PT4 does not bode well for an affordable preliminary price cap determination. I have also included the short report, ‘Performance Term 3 (PT3) Service Cuts will not solve the Problem’, which I co-authored with others in November 2013. It is based on negative variance to the business plans for PT3 and does support the observations/opinions in this submission and is just as valid today as it was when it was written.</p> <p>My personal conclusion, having completed this submission, has reinforced my concern that the long standing and current commerce based economy on the Northern Sunshine Coast is in serious jeopardy due primarily to the potential for escalating ferry fares heading into PT4. I understand the issues, but the Province has to accept the reality that affordable transportation infrastructure is fundamental to</p>
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economic sustainability and development. Heading into PT4 the ball is clearly in their court.
Thank you for opportunity to make the above submission.

PERFORMANCE TERM 3 (PT3) SERVICE ADJUSTMENTS WILL NOT SOLVE THE PROBLEM

November 10, 2013

Coastal Ferries Service Contract: PT3, Price Caps, Traffic and Service Adjustments

BC Ferries annual Business Plans for Fiscal 2013 and 2014 forecast a moderate increase in traffic for F2013 and traffic steady at F2013 levels for F2014, the first two years of PT3.

Price Caps of a nominal 4% were set by the Commissioner for PT3 based on traffic remaining at F2012 levels for all four years, according to the 'plan' submitted by BCF.

Traffic was well below 'plan', more than 1%, for F2013, and at mid F2014 is showing a further traffic loss of about 1% overall. It is unlikely that the F2014 traffic loss will recover over the next 6 months so BCF will again be reporting traffic below their business plan at fiscal year-end, likely 1% or more.

In the Coastal Ferry Services Contract (CFSC), a new section 3 describes 'service adjustments' to achieve net savings of \$30M over the 4 years of PT3; details to be agreed and the CFSC amended by June 30, 2013. Currently the remaining net savings target to be realized in the next two years is \$18.9M and the amended CFSC delayed until April 1, 2014.1

Financial impact of traffic loss against the PT3 'Plan' for Fiscal 2013/14

The financial impact of traffic loss has been calculated by route based on vehicle and passenger numbers and average fare for each route. Results can be expressed as a variance to the PT3 'plan' with respect to the tariff revenue component as follows:

Fiscal 2013 – Negative variance to 'plan' for traffic revenue of (\$4M)2

- Reason for variance; traffic approximately 1% below 'plan'

Fiscal 2014 – Mid year forecast indicates traffic loss will be approximately 1% below F2013 levels. Negative variance to 'plan' for traffic revenue of (\$8M)

- Reason for variance; traffic expected to be 2% below 'plan'

Cumulative variance to 'plan' for the first two years of PT3 is therefore (\$4M) (F2013) plus (\$8M) (F2014) for a total projected variance of (\$12M).

Outlook for the balance of PT3, Fiscal 2015 and Fiscal 2016

Fiscal 2015 will begin April 1, 2014 with another 4% fare increase and notice of service adjustments saving BCF \$18.9M over the next two fiscal years. A further 4% fare increase happens April 1, 2015.

	<p>The combination of fare increases and service cuts will likely prevent any significant traffic recovery by the end of PT3 as more ferry users will reach the ‘tipping’ point of affordability and the service cuts may mean some ferry users may have to make significant changes to their ferry use which could also negatively impact ferry traffic. The best case scenario is that ferry traffic will remain at Fiscal 2014 levels for the balance of PT3. Given that assumption, the following variances to the PT3 ‘plan’ are expected over the final two years.</p> <p>Fiscal 2015 – Negative variance to ‘plan’ for traffic revenue of (\$8M) - Reason for the variance; traffic remains at F2014 levels</p> <p>Fiscal 2016 – Negative variance to ‘plan’ for traffic revenue of (\$8M) - Reason for the variance, traffic remains at F2014 levels</p> <p>Looking at the best case scenario for PT3 based on the situation to date is that the cumulative variance to the PT3 ‘plan’ is a total of (\$28M). This variance can be directly compared to the current Provincial initiative to find \$18.9M in savings from service adjustments by the end of PT3. Note that this is a very conservative estimate and that further traffic losses could happen in Fiscal 2015 and F2016. A more likely case is that the traffic in the final two years of PT3 will continue to respond to increasing fares and will continue to decline at a 1% level on a year over year basis. Should that be the case, the cumulative variance to ‘plan’ for PT3 will rise to \$40M. This outcome is the reason for the title of this document. The real problem is that escalating fares are the most significant factor in declining traffic across the BC Ferries system. At the end of PT3 the Province and BCF will find themselves in a very similar financial position to the one they were in at the beginning of PT3. In addition the Communities that BCF serve will have experienced further harm to their local economies and may be close to the point of no return. The downward spiral will not have been stopped. Service adjustments will not have solved the problem!</p> <p>At some point in the very near future the Province has to recognize that the transportation infrastructure that BCF provides drives the sustainability of coastal communities. That transportation structure must be affordable, adequate and reliable and must be treated fairly in terms of the financial support provided to transportation infrastructure in the rest of the Province.</p> <ol style="list-style-type: none"> 1. The original \$30M in service adjustments was initially reduced to \$26M as a result of service adjustments already implemented by BCF. This target was further reduced to \$18.9M as a result of not being able to implement service adjustments by June 30, 2013. The revised target and implementation date has been agreed in a further amendment of the CFSC. 2. The \$4M variance is calculated on a route by route basis using the Fiscal 2013 traffic loss for each route, passenger and vehicle, and multiplying that by the average fare for each category and summing the positive
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		and negative variances for all routes. Data used is taken from the BCF report to the Commissioner for Fiscal Year 2013. Passengers were down by 250, 879 ferry users and vehicles were down by 92, 578.
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18. 21-Jan-15



Union of BC Municipalities
Suite 60 10551 Shellbridge Way
Richmond, BC, Canada V6X 2W9
Phone: 604.270.8226
Email: ubcm@ubcm.ca

January 21, 2015

Mr. Gordon Macatee
British Columbia Ferry Commissioner
BC Ferry Commission
PO Box 9279 Stn Prov Gov
Victoria BC
V8W 9J7



Dear Commissioner Macatee:

Re: Opportunity to Comment on BC Ferries' Regulatory Reports and Submissions for the Next Performance Term

The Union of BC Municipalities (UBCM) is the association that has represented the interests of all local governments in BC since 1905. While membership in the association is voluntary we are proud to have had full local government membership for over 30 years. Our members include: municipalities, regional districts and, more recently, we have added six First Nation members. Policy for the association is directed by the membership at our annual convention through the resolutions process and the endorsement of policy papers.

Over the years our membership has endorsed a number of resolutions related to BC Ferries and has made representation to the Ferries Commissioner previously as part of the Review of the *Coastal Ferry Act* in 2011. Our most recent work was undertaken in response to the Province's November 2013 announcement that changes to BC Ferries service levels and fares would be made as early as April 2014.

Concerned that the Province was planning to proceed with changes to fares and service levels in the absence of any socioeconomic impact analysis, or what we deemed to be an 'information gap', our membership urged us to take action. In February 2014, our association agreed to work with the Association of Vancouver Island and Coastal Communities (AVICC) to establish a Special Committee on BC Ferries to commission its own socioeconomic impact analysis.

Under the direction of the Special Committee members, the focus of the consultant's work was framed on the following five questions:

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ubcm.ca

1. Have ferry passenger fare increases from 2003-2013 reduced ridership levels? If so, how significant were the impacts and on which communities / routes?
2. What are the main factors that explain passenger volumes in the ferry system?
3. What is the economic impact of BC Ferries and how can we estimate its impact on not only coastal communities in BC, but throughout the province?
4. Has reduced ridership from 2003-2013 resulted in "downstream" impacts in coastal communities, such as business formations and failures, population migration, property values, consumer prices, and other areas?
5. In light of historical trends in fare and passenger levels, what are the expected future trends?

And what did we learn? The following extract from the BC Ferries policy paper summarizes some of our key findings:

"The economic impact of BC Ferries on coastal communities and the provincial economy as a whole is substantial. Over 2003-2013, when nearly all modes of transportation in BC reported volume increases (ranging from 5 to 68%), BC Ferries recorded a decrease (-6.8%). Not only has a negative correlation between increasing fares and ridership been established, the quantitative impact of this reduced ridership across both coastal and non-coastal communities is significant. Equally noteworthy is the analysis of foregone tax revenues that could have accrued to all orders of government if fare increases had been capped at the rate of inflation. Based on these findings, and others reported in the SEIA, it appears that ferry fares are having a negative impact on ridership and this decrease in ridership is significantly impacting overall provincial GDP and tax revenues accruing to all orders of government. While some routes are more price sensitive than others, in the longer term, overall ridership will continue to decline as fares continue to increase. This downward trend does not bode well for coastal ferry sustainability."

(Pg.4-5, Policy Paper #1 Socioeconomic Impact Analysis of BC Ferries)

How do fare increases translate in terms of foregone economic activity. The impact identified by our consultant is significant:

- *If fare increases had been limited to the rate of inflation from 2003-2013, it is estimated that passenger volumes would have grown 19% over the period, to 25.7 million in 2013 (compared with an actual ridership of 19.9 million in 2013);*
- *Foregone economic activity (gross) resulting from ferry traveller declines from 2003-2013 represents a reduction in GDP of \$2.3 billion over the ten year period (2003-2013);*
- *The foregone economic activity (gross) related to historical fare increases from 2003-2013 resulted in an estimated cumulative loss of \$609 million in tax revenues, including \$325 million to the federal government, \$231 million to the provincial government, and \$53 million to municipal governments.*

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On behalf of the UBCM membership, I wish to formally convey to you a copy of UBCM's policy paper #1 – *Socioeconomic Impact Analysis of BC Ferries* and the accompanying consultant's report *Boatswains to the Bollards: A Socioeconomic Impact Analysis of BC Ferries* endorsed by our members at the September 2014 UBCM Convention.

We encourage you to review the policy paper, the consultant's report and the recommendations and findings contained therein. The purpose of this work was to fill an identified information gap. As a result of our findings, we have encouraged the Province to take action and acknowledge that we need to find a new way forward, recognizing that the existing course of action is not viable.

We hope that our work will stimulate discussion, serve as a call to action, and set BC on the path to developing a long-term strategy for affordable, efficient and sustainable coastal ferry service.

We wish you all the best in your deliberations as you move toward making a preliminary decision on price caps for the next performance term. If you have any questions on the material provided please feel free to contact our office.

Yours truly,

19.	29-Jan-15	<p>The final paragraph on page 25 of this report reads as follows : " Rationalizing the number of terminals on Salt Spring Island, which would also have implications for the 2 other routes serving Salt Spring : Route 4 (Swartz Bay to Fulford) and Route 6 (Crofton to Vesuvius) " On first reading I assumed that " rationalization " referred to getting rid of the Long Harbour terminal but I wondered why they just didn't come out and say that. I read again and the question on implications for routes 4 and 6 raised more questions. Frankly, the statement left me totally confused . I have found that others are equally confused. As you are aware, CTV got the impression that the reference to route 6 suggested that this highly efficient route might be eliminated and they floated a TV news item based on that speculation.</p> <p>It is important that BC Ferries clarify that statement. If routes 4 and 6 are going to continue to operate for the foreseeable future, as I believe they are, that should be spelled out. If options for eliminating Long Harbour terminal are being considered they should be presented to the public right away, even if they are in early stages of consideration. It is clear that BC Ferries was under some pressure from above to include this item in the report but I have to assume some options are being considered.</p> <p>Over the past few years the matter of 3 terminals on " tiny " Salt Spring has received a lot of uninformed attention from some members of the media. The simple message was--- Salt Spring has too many terminals These people ignore the history of the system and the geography of the island and the fact that Long Harbour serves as home port for Route 9 serving all the southern islands.</p> <p>The Fulford Ferry has been in continuous operation for 85 years and I am sure this makes it the oldest operating car ferry route on the coast. Vesuvius was inaugurated 59 years ago to serve demonstrated demand. Long Harbour was developed by BC Ferries in .1960 as the logical home port for Route 9 . This history is important because removal of one of these terminals removes one link in a long established marine highway system.</p> <p>I completely understand and agree with the effort to improve the efficiency of the system . If there are better ways to provide service to Salt Spring , lets hear about them . But, it must be understood that the lives and well being of Gulf Islanders and visitors will be impacted by the elimination of a terminal and these people must be involved early on.</p> <p>In closing I ask that BC Ferries review the offensive paragraph and come up with something that gives islanders a clearer idea of what lies ahead.</p>
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20.	30-Jan-15	<p>Dear Commissioners, As an attachment I send you my thoughts of how BCFSI could be brought back to a commercially viable venture. Sechelt, 20th January 2015</p> <p><u>BCF PT4 Submission</u></p> <p>Having been immersed in ferry matters for the last 20 years my following comments might be worth considering.</p> <p><u>Possible (necessary) savings for BCFSI:</u></p> <p>Let us start with the <u>Board of Directors of BCFSI</u>. I have not heard one public comment by the BCFSI board about the inadequate funding by the provincial government of BCFSI. I have been at every annual general meeting of BCFSI except the last one. Little new information has come from the board chair of what their dire financial needs are and what we cannot glean from their Annual Report. It would be interesting to pursue all the board minutes for the last eleven years to see what “important?” resolutions have been passed. As far as I know very few, that could not have been decided upon by a much smaller board of some five directors instead of the present eleven. It also appears that the board is an “old boys club” where not necessarily the most knowledgeable persons are selected to serve on the board.</p> <p>In my opinion the board has grossly neglected to set realistic performance limits for the “retained earnings” portions to be earned by the three top executives of BCFSI. (Operating Expenses - 2011 actuals \$ 558 mn. 2012 forecast \$ 593 mn but actuals only \$569 mn Creating a “performance/retained earnings” cushion of \$ 24 mn!!! Same for the financial year 2015. Operations budget – Operation Expenses fiscal 2014 \$ 565 mn – fiscal year 2015 forecast \$ 593 – inflation 2 %? \$ 576 mn))</p> <p>Therefore, reduce the number of directors to 5 and reduce their fees by 10 %.</p> <p>The Board of the BCFerries Authority is a joke. It has only fiduciary functions. It should be reduced to three board members or eliminated altogether and its functions reverted to the Ministry of Transport. The four directors, who should represent the four regions in which BCFSI operates, have absolutely no influence on this fiduciary board, because such reps should be on the board of BCFSI.(This board’s main powers are to administrate the one voting share of BCFSI, appoint directors of BCFSI and approve financial compensations for directors and top executives of BCFSI).</p>
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	<p>The Comptroller General of BC in her report stated that “Compensation of the BSFSI top executives was excessive” and that it should be aligned with other public sector monopolies of similar size”. Translink would be a good example where the CEO earns some \$ 350,000 p.a. compared with the CEO of BCFSI of \$ 500,000. In BCFSI the Finance VP earns \$ 467,000 whereas the one for Translink earns \$ 190,000. Top salaries in the Washington State Ferries are even lower than those for Translink.</p> <p>BCFSI is not some international glamour company which has to produce huge profits and fight competition for their survival, which would warrant huge salaries and bonuses. As BCFSI themselves repeatedly said, they are merely a contractor to the Ministry of Transportation to run the ferry system. They have a virtual monopoly. Therefore, the salaries for top officers in BCFSI should be brought in line with those of Translink.</p> <p>I have heard that some salaries of tradespeople in BCFSI appear also excessive. \$ 70 per hour for a carpenter has been mentioned. The Collective Agreement for BCFSI staff will come up for renewal towards the end of 2015 and wages/salaries should be aligned to average levels which prevail “in the open B.C. labour market”.</p> <p>With BCFSI being faced with rapidly increasing “infrastructure costs” (amortization and debt financing). These costs cannot be recovered all at the fare box without driving fares sky high. End 2004 Capital Assets \$ 551 mn – long term debt \$ 428 mn = amortization/financing \$ 70 mn. End 2014 Property Plant and Equipment \$1,539 mn and long term debt 1,067 mn = amortization/financing = \$ 208 mn. 2015 Twelve year Capital Plan add \$ 3,113 mn which will drive infrastructure costs to the moon! There is still no provision in the BSFCSI accounts to take care of the huge cost of replacing/upgrading terminals and ships. Amortization is calculated on historical cost, but replacement cost of ships and terminals are likely to be at least 66 % higher than historical costs. Commercial ship lifespan of 40 years “amortization hulls over 40 years, propulsion over 20 years”)</p> <p>A permanent adequate financing arrangement has to be agreed upon.</p> <p>The most numerous and consistent comments at the public consultation meetings, including yours, were that the ferry routes to ferry dependent communities are our provincial highways. (WAC Bennett on forming the BCFerries Crown Corporation infused \$ 30 mn in annual Highway Equivalency Payments). Therefore, same as for the provincial highways system, infrastructure costs should be borne by the provincial government. (And the operating costs should be covered by tariff revenue and other revenue such as catering).</p> <p>One positive feature is the prevailing much lower fuel prices. This might allow you to propose annual fare</p>
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		<p>increases for PT4 at close the annual consumer Price Index increase of annually 2 %. If I remember correctly BCFSI has a large discretion to hedge forward their fuel prices/cost.</p> <p>These are only a few points, others such as fare equalities, service levels, allocation of resources, etc. will be dealt with by the SSCFAC.</p>
21.	07-Feb-15	<p>In drafting your 10 Year Capital Plan and Efficiency Plan for PT4, please consider the development and deployment of electric ferries on your shorter routes. This has been done in Scandinavia, and would seem feasible for such routes as the Fulford Harbour-Swartz Bay and Vesuvius-Crofton runs here on Saltspring Island where I live. An electric ferry has been developed by the German company Siemens in conjunction with the Norwegian shipyard Fjellstrand for use between Lavik and Oppedal in Norway. (http://www.siemens.com/innovation/en/news/2013/e_inno_1301_2.htm) Given the high and volatile prices for the fossil fuel we are using to power our ferries and the fact that we need to take urgent action to deal with climate change, this would seem like an easy and obvious way to reduce our carbon emissions at a single stroke. This technology has been developed by Siemens, but there is no reason we could not develop a Made in British Columbia version of this for use on this coast. There is also no reason that we could not also build photovoltaic power generation systems at our ferry terminals to supplement the power used to recharge ferries while they are in port.</p> <p>Please act now to reduce our collective carbon footprint.</p>
22.	07-Feb-15	<p>In drafting your 10 Year Capital Plan and your Efficiency Plan for PT4, please consider the development and deployment of electric ferries(some could also be sail assisted) on your shorter routes. This has been done in Scandinavia, and would seem feasible for such routes as the Fulford Harbour-Swartz Bay and Vesuvius-Crofton runs here on Saltspring Island where I live. An electric ferry has been developed by the German company Siemens in conjunction with the Norwegian shipyard Fjellstrand for use between Lavik and Oppedal in Norway. http://www.siemens.com/innova.../.../news/2013/e_inno_1301_2.htm</p> <p>To not investigate a mode of transport that is more enviro friendly at a time when urgent action is needed to mitigate the effects of GHG emissions on global warming is highly irresponsible.</p> <p>This technology has been developed by Siemens, but there is no reason we could not develop a Made in British Columbia version of this for use on this coast. There is also no reason that we could not also build photovoltaic power generation systems at our ferry terminals to supplement the power used to recharge ferries while they are in port.</p> <p>Please act now to reduce our collective carbon footprint.</p>

		I would be most obliged if you would do me the courtesy of a reply.
23.	12-Feb-15	<p>Please find attached a submission prepared by members of the Southern Sunshine Coast Ferry Advisory Committee. A copy has been shared with BC Ferries early today.</p> <p>The focus is on the process of balancing the interests of ferry users. It was prompted by comments that we receive from residents who have little understanding of the role and powers of the Commission but have expectations that all regulatory processes will give fair consideration to their issues.</p> <p>I trust that the comments are helpful to you.</p> <p>Att: BC Ferry Commissioners</p> <p>RECOMMENDATION Conduct review of the intent, scope and application of the requirement in the Coastal Ferry Act that the Commission must balance, in the manner the commissioner considers appropriate, the interests of ferry users.</p> <p>RATIONALE On 6 January 2015 the BC Ferries Commissioner published a notice seeking public comment on: (i) the regulatory quarterly and annual reports maintained by BC Ferries and provided to the commissioner under sections 65 and 66 of the Act; (ii) the submissions by BC Ferries for the next performance term including information on the current performance term, a 10 year capital plan and an efficiency plan; (iii) any other information on the commissioner’s website that relates to the commissioner’s powers and duties relative to the establishment of price caps for subsequent performance terms under section 40 of the Act.</p> <p>This submission was prepared by members of the Southern Sunshine Coast Ferry Advisory Committee (SSCFAC). The main role of Ferry Advisory Committee (FAC) members is seen as liaison between their communities and BC Ferry Services Inc. (BC Ferries); relaying BC Ferries information to the community and providing BC Ferries advice and insight into the concerns and opinions of people in those communities. BC Ferries appoints all members, based on volunteers and nominations from local governments and First Nations. Our response focuses on item (iii) regarding other information on the commissioner’s website that relates to the commissioner’s powers and duties relative to the establishment of price caps. The rationale for limiting our comments to item (iii) is that:</p> <p><input type="checkbox"/> General comments on items (i) and (ii) were provided by the Ferry Advisory Committee Chairs group. We provided input into those comments and fully support them.</p>

	<p><input type="checkbox"/> There is little detailed financial information in the BC Ferries public submissions ait was likely contained within supplemental documents that BC Ferries provided to the Commission. BC Ferries September 30, 2014 letters forwarding the Performance Term Four and Capital Plan submissions to the Commissioner refer to supplemental documents and schedules requesting that the Commission and its advisors maintain confidentiality over these supplemental documents in the accordance with section 54 of the Act. BC Ferries stated that the documents contained information that is confidential and commercially sensitive.</p> <p>o 54 Despite any obligation imposed on the commissioner under this Act to obtain, maintain or make available information or records, the commissioner, every deputy commissioner, every employee of the commissioner and every inspector must not disclose or be compelled to disclose any information or record that is obtained in, or that comes to the person's knowledge during, the course of the administration of this Act or the course of any inspection authorized under this Act, unless and only to the extent that such disclosure is consistent with the <i>Freedom of Information and Protection of Privacy Act</i>.</p> <p><input type="checkbox"/> Our Southern Sunshine Coast Ferry Advisory Committee (SSCFAC) is not considered to be an advisor to the Commission and the supplemental documents are therefore not available for our review and comment. We are not inclined to seek out this information through the Freedom of Information and Protection of Privacy Act. Even if we were successful in obtaining this information, it would likely require a substantial amount of work and delay. We therefore, unfortunately, feel that we are unable to provide meaningful comment on the fare cap calculations and potential impact on our residents and communities. We will provide that type of comment when the Commissioner's preliminary fare cap decision is publically communicated on or before March 31, 2015.</p> <p>The Coastal Ferry Act defines the role of the Commission and sets specific requirements. 38 (1) Without limiting any other power of the commissioner under this Act, the commissioner must, after considering public feedback obtained under this Act, regulate each ferry operator in relation to the core ferry services that are to be provided by that ferry operator and the tariffs, including, without limitation, reservation fees, that may be charged for those core ferry services, and must undertake that regulation in accordance with the following principles: (a) the primary role of the commissioner is to balance, in the manner the commissioner considers appropriate, (i) the interests of ferry users, (ii) the interests of taxpayers, and (iii) the financial sustainability of ferry operators;</p>
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		<p>The phrase ‘in the manner the commissioner considers appropriate’ would appear to provide substantial independence in how the interests of ferry users are determined and considered during the process of balancing the interest of ferry users, taxpayers, and the financial sustainability of ferry operators. This flexibility and accountability to interpret and apply what is ‘appropriate’ is consistent with the independent status as detailed on the Commission web site:</p> <p>“The Commission is independent of both the provincial government and of BC Ferries.”</p> <p>The public were very impressed with the Commission’s Review of the Coastal Ferry Act consultations in the fall of 2011 and the report dated January 24, 2012. This raised expectations that there was potential for substantially improved consultation with the Ministry and BC Ferries about local issues. Sadly, this has failed to materialize and it was demonstrably diminished during the course of the 2012 and 2013 engagement processes when our access to almost all relevant data was denied under FOI legislation as that data was interpreted by the Ministry and BC Ferries as ‘cabinet confidences’.</p> <p>Some of the recommendations in the Commission’s Review of the Coastal Ferry Act report resulted in changes in legislation. From our perspective, the most significant change was adding the requirement that the Commission consider the interests of ferry users. The purpose of this submission is foster discussion about how the Commissioner is to determine and consider those interests.</p> <p>The independent role of the Commission was mentioned extensively throughout the provincial government (Province) coastal ferry consultation processes in 2012 and 2013 in the context that it meant that ferry users have been considered. Ministry, BC Ferries, and the Consultation Contractor (Kirk & Co.) officials frequently responded to questions from the public with statements that implied that the specific route fares and service reductions were approved by the Commission; and that the Commission and the Province had considered the interests of ferry users. In the public meetings, that approach was largely successful in deflecting attention from the Ministry and BC Ferries; but in our opinion overstated the role of the Commission in determining local fares and service adjustments, and was therefore not helpful in clarifying the role of the Commission and maintaining the image of the Commission. It is unfortunate that a Commission official was not involved in the 2012 and 2013 Ministry consultations to hear the public input and provide an opportunity to increase the public understanding of the independent role and responsibility of the Commission. We are of the belief that ferry users and communities are prepared to accept change if they perceive that there is meaningful two-way consultation to explore options and conduct research to assess the local financial and social impacts, and that the involvement of an independent Commission has the potential to convince ferry users that user and community interests are being given significant consideration.</p> <p>We understand that the original intent of the Coastal Ferry Act was to provide a ‘light-handed’ approach to regulation, with a minimum of intrusion into the day to day operations of the ferry operators. This high level</p>
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	<p>objective is not well understood by the public at this time when the Province and BC Ferries are trying to communicate that the Commission is independent and is empowered to consider user interests. The public perception is that the Province is narrowly focused on balancing their budget interests and that equates to minimizing taxpayer contributions and maintaining the financial sustainability of BC Ferries. This has been demonstrated by media coverage indicating that the Province or BC Ferries did not conduct any research on the potential economic and social impact on users and their communities. People have been left with the impression that the Province requires them to simply adjust even though there is no research, no meaningful long-term vision and strategies for the coastal ferry system, or an understanding of what the short term efficiency decisions are doing to residents, the region, and the province. This situation has raised public expectations that only the Commission is required / able to consider user interests and needs to step up to the challenge as required by the Coastal Ferry Act. One should therefore reflect on whether the Commission has the tools and resources to realistically represent the interests of ferry users. The Province has not undertaken any research / analysis of the needs of ferry users and ferry-dependent communities, and it does not appear from recent press coverage that they have any intention to study and consider the ferry customer's needs. We bring forward the following examples that should prompt reflection on how the interests of ferry users are now being addressed. We ask that you look at the examples from the perspective of the users and coastal communities. Does it seem, as you would assess it from your perspective, that there has been sufficient consultation and attention to the interests of ferry users? We would ask the Commission to bring forward recommendations requiring more effective two-way community consultations when substantial changes are being considered. If the objective of the consultations is clearly stated and the process is transparent, we expect that the public will bring forward information and suggestions that will result in a 'better' solution for all stakeholders. We understand, as clearly stated on your web site, the Commission is not an ombudsperson acting to resolve any private disputes with the company nor an advocate to help communities and particular interest groups to lobby government. Our question is simply how does the Commission fulfill the requirement to balance ferry users interests and collect the background information from the public in order to be sufficiently informed and understand the potential impacts.</p> <p>A. Service Reductions</p> <p>At the Ministry's BC Coastal Ferries Community Engagement meeting in Gibsons on 30 November 2013, a member of the engagement panel said that the reduction of the Sunday sailing on Route 3 had been approved by the Commission. We publically challenged that statement during the meeting. We were later advised by the Ministry that the Commission had not approved the service reduction plan that was the subject of the Province's engagement and the rationale for not involving the Commission in development of the specific service adjustments is that service levels are a provincial policy matter; the Province and BC Ferries mutually agreed to make service reduction changes within the service contract.</p>
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	<p>Following is item from Commissioner's January 24, 2012 report at page 74: <i>In conclusion, we believe the current level of capacity utilization is inefficient on some routes and needs to be improved. Service reductions need to focus on sailings which produce the largest cost savings, in order to minimize the total number of sailings which might be affected. The ability to do this in the short term is constrained by the lack of robust systems for reservations and point of sale. Once those systems are up-dated, it should be possible to offer an equal or improved level of service on a fewer number of total sailings. In the meantime, the Coastal Ferry Service contract should make provision for modest improvements to capacity utilization on sailings with an established history of low ridership. The contract should set a target, and empower the Commissioner to approve changes to the schedule to meet the target, following public consultations and with consideration for the best interests of ferry users and taxpayers.</i></p> <p>Recommendation #9 read: <i>9. The Province should make provision for some improvements to capacity utilization within defined parameters. Subject to those parameters, the Commissioner should be given authority to approve specific changes to service levels, based on a consideration of the interests of ferry users, the taxpayer and the financial sustainability of the ferry operator.</i></p> <p>From the above, it appears that the Commission was generally supportive of making some schedule adjustments following public consultations and with consideration for the best interests of ferry users and taxpayers. Sadly, the engagement processes in 2012 and 2013 were viewed as placing the cart before the horse.</p> <p>The engagement team learned about the impacts of their plan at the public open houses. That is, after the plan was completed and announced publically by the Province as a 'done deal'. That approach is not what was recommended in the Commission report that prompted the initiative. In developing the service reduction plan, the Province claimed to have considered the interests of ferry users, taxpayers and the ferry operator. They claimed that the plan was developed in a way to mitigate impacts to communities, as much as possible, by focusing on low-utilized sailings where both labour and fuel savings could be achieved. We question why the Commissioner was not asked for input on the specific adjustments in the current plan; and whether the independent regulator should have been engaged to provide input on whether the plan properly balanced the needs of ferry users.</p> <p>B. Service Discontinuance The Coastal Ferry Act legislatively requires the Commission to approve a service discontinuance (see extract below). In the Ministry's 2013 consultation process, representatives of the Ministry gave the impression that the elimination of Route 40 had been approved by the Commission. This implied that the reasonable requirements within the Act had been applied by the independent ferry regulator. However; we understand</p>
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	<p>that the Ministry and BC Ferries independently agreed to discontinue the route by simply amending the Coastal Ferry Services Contract and thereby excluded the Commission from conducting a review that would have otherwise been required by the Act. We believe that this abbreviated process undermined the public trust that would be expected had there been a credible independent review by the commissioner in order to determine and address the interests of ferry users and their communities. While we appreciate that the Province has the authority to make independent decisions on any matter, we are concerned how it affects the public trust that ferry users had a meaningful say in decisions that radically impact their position. While the decision may have satisfied the economic wishes of the Province and their service provider BC Ferries, it appears to have been made without meaningful consideration of the interests of ferry users and others.</p> <p>No discontinuance without authorization</p> <p>44 (1) A ferry operator must not discontinue all or any part of a designated ferry route on which the ferry operator is to provide ferry transportation services under the Coastal Ferry Services Contract unless the ferry operator first obtains the authorization of the commissioner.</p> <p>(2) A ferry operator that wishes to discontinue a designated ferry route must make application to the commissioner for the authorization required by subsection (1) and must, in that application, justify the requested discontinuance.</p> <p>(3) Promptly after applying to the commissioner under subsection (2), the ferry operator must</p> <p>(a) provide a copy of the application to the minister, and</p> <p>(b) provide public notice of the application in the manner, with the information and for the period required by the commissioner.</p> <p>(4) The commissioner may, before providing an authorization under this section, hold a public hearing on the application.</p> <p>(5) If a public hearing is held under subsection (4), the commissioner must</p> <p>(a) give notice of the public hearing in a manner that the commissioner is satisfied will bring the notice to the attention of the public, or</p> <p>(b) order the ferry operator to provide notice of the hearing in the manner, with the information and for the period required by the commissioner.</p> <p>(6) Despite subsections (3) to (5), the commissioner,</p> <p>(a) promptly, and in any event within 3 months after receiving the full information required by the commissioner in relation to an application under this section, must issue the commissioner's preliminary decision on the application to the ferry operator and the government, and</p> <p>(b) within 6 months after receiving the full information required by the commissioner in relation to that application, must issue the commissioner's final decision on the application to the ferry operator and the government.</p>
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	<p>(7) In assessing an application for authorization under this section, the commissioner must consider whether</p> <ul style="list-style-type: none"> (a) another form of affordable transportation exists or is likely to be established to link the locations served by the designated ferry route, (b) it is possible to operate the designated ferry route economically at an affordable tariff level, (c) the government is willing to reduce the core ferry services required on, or increase its service fee contribution for, the designated ferry route, and (d) an extraordinary drop in traffic has occurred because of a change in the local economy or some other unanticipated factor. <p>(8) The commissioner must not authorize the discontinuance of a designated ferry route unless</p> <ul style="list-style-type: none"> (a) the ferry operator has made a suitable economic case for the designated ferry route's discontinuance, and (b) the commissioner is satisfied that increasing tariffs on the designated ferry route would not, because of a reduction in user demand or otherwise, result in designated ferry route revenues increasing to the extent necessary to enable economic operation of the designated ferry route. <p>(9) If the commissioner agrees to authorize the discontinuance of a designated ferry route, the commissioner must</p> <ul style="list-style-type: none"> (a) publish, promptly after issuing the final decision under subsection (6) (b), a notice in a manner that the commissioner is satisfied will bring the notice to the attention of the public, stating <ul style="list-style-type: none"> (i) that the designated ferry route is to be discontinued, and (ii) the date on which that discontinuance is to take place, which date is, subject to subsection (10), to be one year after the date on which the final decision was issued under subsection (6) (b), (b) order the ferry operator to post, on the ferries being used on that designated ferry route, notice of the authorization in the form, with the information and for the period required by the commissioner, and (c) provide the authorization to the ferry operator and the minister in writing. <p>(10) The date on which a designated ferry route discontinuance authorized under this section is to take place may be a date that is less than one year after the date on which the final decision was issued under subsection (6) (b) if the commissioner considers that there are extraordinary circumstances that require that earlier date, and in that event, the commissioner must set, as the date on which the discontinuance of the designated ferry route is to take place, the latest practicable date for that discontinuance.</p> <p>(11) A ferry operator that is authorized under this section to discontinue a designated ferry route may discontinue that designated ferry route in the manner, and in accordance with the terms and conditions, specified by the commissioner, but not otherwise.</p> <p>C. Regulatory Exclusion</p> <p>We acknowledge that the Province has the power to exclude an independent regulator when making any policy decision. In doing so, we feel that it is a courtesy to the public to refrain from implying that the</p>
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		<p>Commissioner has approved the decisions that result.</p> <p>We are concerned about how that reduced process can reasonably be expected to satisfy the legislative intent to consider ferry user interests. In a streamlined process, we are confident that the Ministry will speak to taxpayer (budget) issues and BC Ferries will speak to issues regarding their financial sustainability. They have the resources and expertise to ensure that their individual interests are placed on the table. However, it begs the question as to how the interests of ferry users are determined / researched / balanced in a process where users and / or the Commission are not at the negotiation table? We believe that the public expects that the Commission has an important and independent role in identifying user and community interests and balances them in all circumstances with the expectations of the other two parties.</p> <p>We acknowledge that we may have misheard or misinterpreted some statements during the Ministry’s consultations. However, that should not take away from our recommendation for a current review of the intent, scope and application of the requirement in Coastal Ferry Act that the Commission must balance, in the manner the commissioner considers appropriate, the interests of ferry users.</p> <p>We have attached copies of previous submissions to provide background:</p> <ul style="list-style-type: none"> • 2014 - BC on the Move: 10-year Transportation Plan • 2013 - Coastal Ferries Community Engagement <p>We trust that these comments will be helpful to the Commission and we look forward to a discussion about the issue.</p>
24.	25-Feb-15	<p>B.C. Ferry Commission: Attached is a submission respectfully submitted by the BC Ferry Coalition.</p> <p>“All British Columbia citizens deserve a well-maintained provincial transportation system of roads, bridges, ferries and tunnels. This transportation system should allow the efficient and cost effective movement of people, commercial goods, farm products, and natural resources for the economic vitality and benefit of each individual community and the province. For coastal British Columbians, BC Ferries is our marine highway; our vital link between our communities and to all other areas of the province. BC Ferry’s operations and fares have direct impact on our coastal economies and our quality of life.</p> <p>The BC Ferry Coalition is a community-based citizens group working with local governments and coastal and mainland communities to raise awareness of the need to revitalize coastal and ferry impacted communities. To that end we are advocating for the provincial government to:</p> <ul style="list-style-type: none"> • Recognize that our coastal ferry system is part of our provincial highways system • Return BC Ferries to more direct governmental control with a clear mandate to function both as a vital

		<p>public transportation service and as an economic generator for the entire province</p> <ul style="list-style-type: none"> • Substantially reduce fares to increase usage • Increase daily sailings to reduce wait times and extend the travelling day • Re-instate the Seniors’ discount, and • Adjust ferry fare structures to eliminate route inequities.” <p>(Mission Statement, BC Ferry Coalition, September 9, 2014)</p> <p>As stated, the B.C. Ferry Coalition is a group of community-based citizens and the volunteers have spent many hours participating in community events and listening to suggestions, concerns and issues from community members about our current ferry system. The voices of coastal communities need to be heard and the future direction of BC Ferries should be determined by the needs of the ferry dependent communities. We believe that the submission below reflects the voices of many coastal residents.</p> <p>In the 2003 reorganization of BC Ferries, the Provincial Government promised the people of British Columbia that “the new structure will help ensure services are delivered on time and on budget. It will create a vibrant, properly managed ferry system that improves customer service, creates new jobs for coastal communities, ensures stable rates and is sustainable for the future”. We are now eleven years into the ‘new’ version of the ferry system and it has not met any of those promises for coastal residents. Rates continue to climb at an alarming rate, sailings are being curtailed, dependency on ‘on time’ ferries is not recommended, and ridership is declining. Members of the BC Ferry Coalition have read the BC Ferries PT4 submission and it appears that although the current strategies are not working, BC Ferries is not proposing any improvements, instead only concerned with introducing further ‘efficiencies’ for the system. These efficiencies will not address the needs of coastal communities and we urge the Ferry Commissioner to consider those community needs with equal weight and consideration.</p> <p>1. Require a needs assessment and a review of impacts of ‘efficiencies’ in the BC Ferry system to coastal communities before making any further changes to this vital transportation system.</p> <p>The provincial government has not completed a needs assessment of communities served by BC Ferries, claiming that it is unwarranted. However, when such reviews were conducted by an independent consultant on behalf of the Union of BC Municipalities (UBCM) and the Association of Vancouver Island and Coastal Communities (ACICC), the negative impacts on coastal communities, and in fact the entire province, by the current ferry system was very evident. “Forgone economic activity (gross) related to historical fare increases from 2003-2013 represents a reduction in GDP of \$2.3 billion over the ten year period.” A financial loss to the</p>
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	<p>economy effects all British Columbians, not just those living in coastal communities. It would be a benefit to B.C. if the government completed an assessment of the needs in coastal communities, then developed a long term vision for this sector of the highway system, and only based their future decisions for ferry service with consideration of those needs.</p> <p>2. Use of operational statistics that use route averages and do not address the service variance or deficiencies on specific routes.</p> <p>In the PT4 Report, BC Ferries is quick to claim “their service reliability is strong at 99.7% of scheduled sailings delivered” (page 6), however for the travelling customer on-time performance is equally if not more important, and those are not mentioned. In public meetings, BC Ferries states that their on-time performance is 97%, but that is averaged over all routes and is not telling the whole story. One needs to drill down from these system wide averages and look at the individual routes and 3 particularly those sailings that residents rely on for essential travel to work and school. For Route #3, the on-time performance is only 62%, with many delays in the 30 to 59 minute range. It is most frustrating that BC Ferries does not mention or provide any solutions in the PT4 report for these inadequacies of service.</p> <p>3. Financial viability of BC Ferries</p> <p>We believe that BC Ferries’ financial situation is precarious and if they were a genuine stand-alone corporate entity, they would be bankrupt. Currently ferry fares cover over 90% of the ongoing operating costs of BC Ferries but none of the debt or other costs such as shore facility upgrades or ongoing fleet replacement. The Provincial government is not willing to increase the subsidy to BC Ferries to cover the rest of the expenses, so BC Ferries must borrow money in the bond market in order to make up the difference. Since BC Ferries has a higher borrowing rate than the BC Government, they end up paying millions of dollars more in interest than if the government borrowed the money. They borrow their financing on the bond market and pay only the interest, so the principal remains the same. They take out new loans in order to pay off the principal of older loans while not having the ability to ever pay off the loans in their entirety.</p> <p>No amount of fare increases, service cuts, fuel savings, or business efficiencies is going to enable them to pay the billions of dollars owed. We believe at some point the provincial government is going to have to step in and assume the debt of BC Ferries. The longer they wait to do so, the larger the debt and greater the cost to all citizens of British Columbia. This is but one reason why it is in the interest of the citizens of this province to have BC Ferries repatriated back under direct government control.</p>
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	<p>4. Need for advocacy by Provincial Government for an increase in Federal funding to match funding given to the Atlantic provinces.</p> <p>When there are discussions about the financial commitment to the BC Ferry System by both the provincial and federal governments, it is quickly pointed out that the eastern seaboard provinces have received far more from the Federal Government in financial investments for their ferry service than in BC. Although we realize that some of this inequity is in part due to constitutional commitments, we also believe that our provincial government should be making a strong case to the Federal Government for equity in this matter. 4</p> <p>5. Fare increases, impacts and equity</p> <p>BC Ferries has not made any examination and revision of the fare structure for the ferry routes, instead continually increasing rates by percentage across the board. There is a substantial inequity in fares and increases, with some routes being unfairly penalized. When questioned by the public, BC Ferries merely states that the fares are ‘historical’ from 20 years ago and that any change will create ‘winners and losers’. That may be so, but coastal communities need to know that there is a rationale for how these rates are set and that they make sense!</p> <p>a. Fare increases The yearly increase of fares has reached a tipping point where it has become unaffordable for many residents and travellers. This is clearly evidenced by the continual drop in ferry usage rates and if the fares continue to rise, this drop will worsen. High fares prevent families from visiting each other, commuters are forced to move to the mainland for their work, and goods cost more to everyone because of high transportation costs. These negative impacts on coastal communities, businesses and families although significant, have not been investigated at all by the provincial government nor solutions proposed. Raising the rates to personal and commercial vehicles yet again is not the way to create a healthy and vibrant provincial economy – in either the coastal communities or the province.</p> <p>b. Commercial rate, oversize rate An example of the inequity of fare rates, Route #3 is grouped with the major routes of #1, #2, and #30 by BC Ferries, but the rates for commercial and oversize vehicles are significantly higher for #3 (\$6.65 per foot) than for others in this same group (\$6.10 per foot). Adding to this inequity is the fact that the Horseshoe Bay-Langdale route (9.7 nautical miles x return) is far shorter in distance than the other major routes (#1 – 24, #2 – 30, #30 – 38). Commercial vehicles transporting goods to communities is the lifeline of those communities. An inequitable fare structure penalizes some communities over others. What is the justification for this</p>
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		<p>current structure?</p> <p>c. Experience card</p> <p>BC Ferries introduced an Experience card on March 18th, 2008 which replaced books of tickets. Although the concept of a card that automatically provides a discount is laudable, the actual experience card has created its own set of challenges. First, the purchase to 'load' the card requires a minimum of \$65 for passenger fares and \$115 for vehicles. This significantly impacts ferry users who through either fixed incomes/low economic status, are unable to afford to pay out lump sum payments in advance, thus losing the opportunity to receive any discounts. As troubling is the issue of equity of discounts, with a huge range from 22% for Routes #3, #7 and #17, to a whopping 63% for #12, with an average of 37%.</p> <p>We suggest that instead of an Experience Card, there be a return to a 'Resident Card' (easily verified) which would provide all Coastal residents with an automatic discount when checking through toll booths.</p> <p>6. Community consultation process and the voice of FACs. Community consultation is minimally sought and then mostly ignored. FAC selection process is not equitable, transparent or representative of the coastal communities.</p> <p>In both the PT4 Report and Efficiency Plan filed by BC Ferries, community consultation is mentioned as a very important aspect of their process for decision making. "BC Ferries' ongoing dialogue with stakeholders . . . and Ferry Advisory Committees has helped shape the initiatives included in this Plan" (page 3, Efficiency Plan) and "The views of stakeholders, including customers and coastal communities will continue to be important considerations in making decisions in respect of service levels" (page 5, Efficiency Plan). Although BC Ferries has held consultation with the community, it is infrequent, and then for the most part, ignored. Despite the fact that BC Ferries states "As the operator, BC Ferries worked in collaboration with affected communities to determine how best to implement service reductions, and in many coastal communities, it was the residents who determined which particular sailings to eliminate," this was not consultation. The Ferry Advisories were given very poor options to pick from and told to pick one. There was no option of 'none of the above'!</p> <p>BC Ferries has 13 Ferry Advisory Committees for the Coastal Communities which meet only twice a year (for two hours), and only one of those meetings is face to face. This limited consultation by BC Ferries with FACs does not provide adequate opportunities in coastal communities for meaningful discussion and input into the services provided by BC Ferries. Our members routinely attend those meetings. It appears that these groups exist mainly so that BC Ferries can claim they are 'consulting' but the consultation about local issues appears</p>
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	<p>to be ignored for the most part. It is common for local issues to be deferred to future meetings. The term for the volunteer positions on the FACs is now four years (in line with civic election process), and the entire procedure is managed by BC Ferries. There is no application, nor a list of qualifications that BC Ferries uses to select these volunteers. This term there was no public advertisement for the positions in local newspapers. This significantly limited the opportunity for public interest in the FAC. Anyone that learned of the process was directed to send “a couple of lines” to indicate their interest and then 2-3 BC Ferries personnel would make the selection. There was also no time frame provided as to when the final selection would be announced so any community members that applied are left in limbo. The process used to garner interest and select FAC members does not provide any confidence of a fair and equitable process in final selection by BC Ferries!</p> <p>The Commission’s January 24, 2012 Review of the Coastal Ferry Act report stated: “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”. There have been few if any changes. This is particularly evident for BC Ferry Coalition in the consultation process between BC Ferries and coastal communities.</p> <p>Recommendation #24 in report stated: ‘Ferry Advisory Committees should be appointed by the Commissioner and remain advisory. The terms of reference, structure of and appointments to the Committees should be at the discretion of the Commissioner, with the intention of ensuring that each committee includes people with a range of perspectives on the various users of the system, including a resident, a commuter, a tourism operator, a commercial operator and a local government official.’</p> <p>We recommend that the Commissioner conduct a review of the FAC consultation process to ensure that the Commission will remain sufficiently informed about key local issues as it is now a requirement of the Coastal Ferry Act that the role of the commissioner is to balance, in the manner the commission considers adequate, the interests of ferry users, interests of taxpayers, and the financial sustainability of ferry operators. During this balancing process, the Province can provide input on the interests of taxpayers and BC Ferries can provide input on the financial sustainability of ferry operators. One needs therefore to put in place and monitor the effectiveness of a process to ensure the Commission is well informed about ferry user interests, with those interests not first filtered through BC Ferries. An additional possible improvement would be to also have a representative of the Ministry and the Commission attend as observers at FAC meetings.</p>
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		<p>7. Proposed New Reservation System</p> <p>BC Ferries is proposing a new reservation system within PT4 where they suggest customers that book travel in advance will realize discounts on “select routes” at “select times” and will also “offer greater departure certainty on select routes.” BC Ferries suggests in the PT4 report that “the successful implementation of this initiative will lead to increased ferry traffic and increased revenue, helping to reduce pressure on fares and improve fare affordability”. It has also been suggested that this new system will be similar to booking a hotel room or an airline ticket. However, coastal residents are using the only highway available to them to get home – a ferry. Just like a highway, planning your exact time of ferry travel is often difficult to predict in advance, with traffic slow-downs or auto accidents on your route to the ferry terminal. Now BC Ferries is hoping to provide further frustration for ferry users who would stand to lose their discounted space if they miss their ferry. If this same reservation system was proposed for the Sea-to-Sky 7 highway or the Port Mann Bridge where people had to book their travel time there would be a public uproar. How are coastal residents any different?</p> <p>8. Business model of meeting needs of ‘customers’ to enhance bottom line</p> <p>BC Ferries states at the beginning of the PT4 report that it provides “an essential transportation link that connects coastal communities and facilitates the movement of people, goods and services” Although they appear to acknowledge that ferries are a vital link for coastal communities, BC Ferries goes on to say “These initiatives will need to centre on larger, structural changes regarding how BC Ferries provides service, and how customers adapt and change their behaviour as a result of these changes.” ‘Efficiencies’ to service become the top priority and customers are expected to “adapt and change”. BC Ferries has proven over and over again that their customers come last – no needs assessment for the coastal communities they serve, continually raise rates, reduce sailings, and minimal consultation with public whose concerns and suggestions are then ignored. BC Ferries has no pressure to develop and maintain excellent customer service as coastal residents have no other transportation choice. It is time that the needs of ferry users are given top priority and that BC Ferries is held accountable for the current frustration of ferry users.</p>
25.	25-Feb-15	<p>Please see the attached correspondence from Bowen Island Municipality Chief Administrative Officer.</p> <p>Bowen Island Municipal Council at its meeting on Monday February 23rd considered the attached submission in response to your request for comment on:</p> <p><i>1. the regulatory quarterly and annual reports maintained by BC Ferries and provided to the commissioner under sections 65 and 66 of the Act;</i></p>

	<p><i>II. the submissions by BC Ferries for the next performance term including information on the current performance term, a 10 year capital plan and an efficiency plan;</i></p> <p><i>III. any other information on the commissioner’s website that relates to the commissioner’s powers and duties relative to the establishment of price caps for subsequent performance terms under section 40 of the Act.</i></p> <p>Council unanimously resolved: That Council endorse the submission in response to the BC Ferries Commissioner’s request for comment on:</p> <p>I. the regulatory quarterly and annual reports maintained by BC Ferries and provided to the commissioner under sections 65 and 66 of the Act;</p> <p>II. the submissions by BC Ferries for the next performance term including information on the current performance term, a 10 year capital plan and an efficiency plan;</p> <p>III. any other information on the commissioner’s website that relates to the commissioner’s powers and duties relative to the establishment of price caps for subsequent performance terms under section 40 of the Act.</p> <p>and: That staff be directed to forward the submission to the BC Ferry Commission.</p> <p>Bowen Island Municipality Comment to the BC Ferry Commissioner February 2015</p> <p>These comments are submitted in response to the BC Ferry Commissioner’s request for comment on:</p> <p><i>I. the regulatory quarterly and annual reports maintained by BC Ferries and provided to the commissioner under sections 65 and 66 of the Act;</i></p> <p><i>II. the submissions by BC Ferries for the next performance term including information on the current performance term, a 10 year capital plan and an efficiency plan;</i></p> <p><i>III. any other information on the commissioner’s website that relates to the commissioner’s powers and duties relative to the establishment of price caps for subsequent performance terms under section 40 of the Act.</i></p> <p>The Regulatory Reports</p> <p>Comments on the regulatory reports submitted to the commissioner have been submitted by the FACC group. We are supportive of those comments.</p> <p>The Submissions re PT4</p> <p>The FACC group has submitted comments on the BCF submissions for the next performance term and we do not disagree with those comments. However, we would like to add some comments from the Bowen Island perspective.</p>
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	<p>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. Bowen (rte. 8) also has the largest volume of both vehicle and passenger traffic of all the minor routes, with 1,117,329 passengers and 475,937 vehicles (AEQ) in fiscal 2013/14. 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 morning and afternoon overloads and the high Experience card use. Also, 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%.</p> <p>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. As with other coastal communities we have noticed an impact on tourism with a drop in visitors which has a negative economic impact. We also note that the rise in fares causes a similar rise in the buy in levels for the experience card. This makes it even more difficult for those that can least afford it to have an experience card. We believe that fare increases should be in line with inflation. Unfortunately the submissions lack any information that would give us any idea as to what fare increases might be expected for PT4; thus our only comment can be that we do not want to see fare increases that exceed inflation.</p> <p>The capital plan also does not provide sufficient detail. However, it appears that the 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. As Bowen has such a large number of residents commuting to work in Metropolitan Vancouver, we wonder why the capital plan and the efficiency plan do not contemplate a passenger ferry service to the SeaBus terminal in Vancouver. Bowen is part of Howe Sound and a passenger ferry service is a service both the Sunshine Coast (rte. 3) and Squamish are also interested in. As well the capital plan does not seem to contemplate a reallocation of vessels amongst the routes to better utilize the existing vessels and put new vessels where they are needed to provide the best service to match needs and demand. The capital plan contemplates the status quo and is not innovative.</p> <p>We are pleased to see that the capital plan contemplates technology systems that will enable time-of-day pricing, which might increase ridership or divert traffic from the peak times. We note that length-based commercial measuring systems are being tested in Horseshoe Bay and we expect that the new technology will also enable length-based pricing for non-commercial vehicles or pricing for different sizes of passenger vehicles. We would also suggest that consideration be given to transponders and an automatic billing system for cars, thus enabling an unmanned ticket booth. A keypad could be provided for the driver to key in the</p>
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	<p>number of passengers. New technology should enable an alternative system that provides the same fare reduction as an experience card to those that cannot afford the buy in levels of an experience card. Being part of Metro Vancouver and the TransLink system, we would like to see seamless transportation for commuters and other travelers. This means being able to use just one fare medium to access both the TransLink and BC Ferries services. Seamless transportation could also mean continuing the current direct bus from Bowen to downtown Vancouver that is currently being successfully trialed while we have the smaller Bowen Queen during the Queen of Capilano refit. Innovative initiatives such as the through bus reduce overloads at peak times, provide affordable transportation options and reduce the region's carbon footprint.</p> <p>The efficiency plan suggests that to find further efficiencies through further cost containment strategies is not realistic and that <i>“New initiatives are required to achieve even greater savings, and these new initiatives, among other things, will involve significant consultation with stakeholders if they are to be successful.”</i> We assume that the reference to stakeholders means the communities served by BC Ferries and the ferry riders and that it will be true consultation that will happen as part of developing the new initiatives rather than at the end of the process.</p> <p>The capital plan suggests that extensive work is contemplated at the Horseshoe Bay terminal in excess of 200 million dollars. As we understand it, part of the work being contemplated is the replacement of the transfer deck. This is a project that will significantly impact the operation of the terminal and the timely operation of the three routes that use that terminal. That in turn will impact the commuters especially and their commute times and quality of life. We were pleased to see the major routes strategy in the efficiency plan and it seemed like an excellent time to ascertain just what the service should be. The route 2 vessels need replacing and the type of service needed should be ascertained to ensure that the right vessel replacements are identified. At the same time, the type of service needed for not just for route 3 but for route 3 and route 8 together as a Howe Sound plan should be examined. A three vessel strategy has often been suggested for route 3 and route 8, which could provide better peak time coverage and better utilization for late evening runs. This should be examined as part of the major route strategy. We would also like to suggest that a reservation system should be considered for route 2 and perhaps route 3 like that used for route 9. This could reduce the amount of holding space needed and thus reduce the need for a transfer deck. The removal of the transfer deck rather than the replacement would be much less disruptive to ferry service in Horseshoe Bay. Therefore we support the examination of the options for Horseshoe Bay terminal and the major route strategy so that all the options, costs, economic and social impacts are on the table.</p> <p>We also note in the last paragraph on page 19 of the efficiency plan that reference is made to the summer schedule changes impacting all routes and that they are of particular concern to route 3. We would add that they are also of significant concern to route 8 and that route 8 along with route 3 would like to meet with BCF to discuss how we can have a year-round schedule.</p>
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		<p>Interests of Ferry Users</p> <p>The fare increases and the recent service cuts were done without any consideration of the impact to the economic and social health and well-being of the communities affected. Until the 2011 census the population growth for Bowen had matched or exceeded that of the Metro Vancouver Regional District. That was not the case with the 2011 census. Real estate values have also declined. The population in the Metro Vancouver area has been growing as it has in the east side of Howe Sound. The stagnation of the housing market and population on Bowen coincides with the excessive increases in ferry fares.</p> <p>Any changes to the service and the fare levels need to consider the economic and social impacts to the communities affected and to involve those affected communities in meaningful discussions from the outset of any proposed service changes.</p> <p>The Coastal Communities consider the BC Ferry system their highway system and that it should provide for economic, social and cultural development opportunities for the residents of Bowen Island and the other coastal communities just as the land-based highway system does for other areas of the province.</p> <p>We have read and support the comments made in the submission from the Southern Sunshine Coast. We look forward to the release of the preliminary price cap report and the four performance reviews and providing further comments related to those documents.</p>
26.	27-Feb-15	<p>Thank you for the opportunity to comment on the future performance term of the BC Coastal Ferry service. We offer three points for consideration:</p> <ul style="list-style-type: none"> i) The ferry service is an important component of the highway transportation infrastructure and vital to tourism. ii) Annual fare increases in excess of inflation negatively affect travel decisions and threaten the economic viability of small tourist businesses. iii) Excess or underutilized capacity needs to be discounted and packaged. <p>i. The ferry service is an important component of the highway transportation infrastructure and vital to tourism.</p> <p>This key principle is important as the ferries are the only means for vehicular traffic to get to and from the Islands and the Mainland. The BC coastal ferry routes have been in place for many years and people have built businesses and communities based on a consistent and reliable ferry service. Ferries are an extension of the provincial highway system connecting British Columbians and out of province visitors between the Mainland and Island highways. The ferry system and existing service levels need to be returned to the 2013 levels and operating shortfalls subsidized in their entirety by the taxpayers. Ferries are an important part of the highway infrastructure, therefore vital for trade, commerce and tourism.</p> <p>ii. Annual fare increases in excess of inflation negatively affect travel decisions and threaten the economic viability of small tourist businesses.</p>

	<p>The ferry system is now locked into a price cap system until March 31, 2016. Under this approach fare prices under the cap imposed by the commission will continue to go up annually in fact they could go up another 3.9% this year. As fare prices rise people change their behavior – this is price elasticity of demand economics. As prices increase some consumers choose not to buy. Tourists have a budget and choice. The largest market for small tourism accommodators is British Columbians who make up 50 – 60% of their annual business and arrive in their own or rented vehicle. These customers can choose to spend money on the Islands or on the Mainland, or unfortunately drive south. Price is a key factor in choice and a trip to the Islands or Sunshine Coast is costly, especially for weekend getaways.</p> <p>BC Lodging and Campgrounds Association members are reporting significant declines in domestic and US vehicle traffic to the Islands from the Mainland. The impact being felt is not extending to the European market that rent cars or RVs but there is a definite reduction in BC, Alberta and American travellers. The reason quoted by guests is the cost is too high to take the ferry.</p> <p>For instance, for a 35 foot long car & travel trailer combination the rate one way to Vancouver Island is about \$144.75, and with two adult passengers the one way fare is easily \$177.25. The US customers (most of which have very large RV's) pulling vehicles are much longer. So for instance a 53 foot combination costs \$254.80 plus the passenger fares. With full service overnight campsites averaging \$35 per night the \$177.25 one way ferry trip cost equates to five nights camping on the Mainland and seven nights for the \$254.80 one way ferry trip. These people have to pay the same fare to return further disadvantaging the economics of camping on the Islands. At consumer RV Shows in Alberta, the term BC unfortunately means “Bring Cash” especially if you plan travelling on the ferry system.</p> <p>If fare prices continue to increase, the volume of travellers will continue to fall, putting in jeopardy the viability of small tourist establishments on the Islands. With the drop in oil prices there should be rollback in pricing or at a minimum a price freeze cap for a couple of years (2017 and 2018) to build back market share, and then the introduction of future fare caps from 2019 and beyond that are tied to the rate of annual inflation.</p> <p>iii. Excess or underutilized capacity needs to be discounted and packaged.</p> <p>BC Ferries already provides travel discounts when packaged with an activity or accommodation and we suggest this be extended to include camping and RVing. The approach would be to have RV parks offer discounted bookings on BC Ferries when they receive enquiries or bookings at their establishments. Their marketing can carry announcements of ferry travel preferred pricing by encouraging guests to sail on underutilized routes or at off-peak times.</p> <p>One suggestion we have is to expand the special offer for over-length vehicles, (RVs and travel trailers) by giving a break on ferry prices early in the week from April to mid-June and in mid-September to October for more sailings and travel days such as Monday, Tuesday, and Wednesday. The intent is to encourage use of underutilized sailings in shoulder seasons and build back business.</p>
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		<p>Other ideas include discounts on late or underutilized sailings; discounts for pre-purchase of tickets through the reservation system; sports and concert special rates; and package deals with the RV rental companies. Some of these approaches need to be sold in co-operation with affinity partners such as destination marketing organizations and sector groups such as ours (www.travel-british-columbia.com) who have significant traffic on their websites. The approach would be to have a 'book now' widget or a 'special offers' widget and a commission share to encourage partners to aggressively promote options.</p> <p>Who We Are</p> <p>The British Columbia Lodging and Campgrounds Association is a non-profit trade organization representing over 400 motels, motor inns, hotels, resorts, lodges, bed and breakfasts, campgrounds and RV Parks throughout British Columbia.</p> <p>The BC Lodging and Campgrounds Association has been effectively representing small and medium sized accommodations since 1944. Our mandate is to expand the public's utilization of the camping, RVing and lodging sectors, promote excellence in service and to improve member businesses' financial performance.</p> <p>Thank you again for the opportunity to provide comments.</p> <p>Respectfully submitted</p>
27.	28-Feb-15	<p>Dear Commissioner: I have to express my complete lack of confidence in BC Ferries ability to manage it's affairs competently and efficiently for the following reason:</p> <p>Two re-fits ago of the Capilano, BC Ferries completely refurbished the passenger deck for a cost of \$ 2.8 million. This amount was confirmed by BC Ferries staff at a public meeting. This renovation was completely and utterly un-necessary as the existing condition was essentially new. It is believed that the reason for this complete waste of money was the Ferries attempt at "branding" i.e. making all vessel look the same for reasons of image. The new seats are in fact vulnerable to vandalism/slashing which the original furnishings were not.</p> <p>As a result of this waste of money, BC Ferries then had to raise fares and cut service to Bowen Island of app. \$ 175.000 per year. I submit to you that this action is incompetent, wasteful and punitive, which should not be tolerated from an organisation which is essentially a transportation utility. I ask you to demand that the fare increase be rescinded and BC Ferries be held responsible for its own mistake.</p> <p>Because of the above event I am concerned that the current high-cost refit of the same vessel is a similar waste of capital, as the increase of only ten car spaces barely addresses the current chronic overloads and makes no provision for population and traffic growth even in the near future. It suggests that BC Ferries planners have no understanding of population growth in the Metro region.</p>

		Thank you for any action you can take regarding the above and thank you for all your efforts in the interest of all ferry users
28.	28-Feb-15	<p>Please find attached my submission for PT4. I look forward to your decision on fares for PT4. BC Ferry Commission Submission Feb 2015</p> <p>FINANCIAL SECTION</p> <p>A sustainable ferry system requires a sustainable financial plan. The present financial plan and structure of British Columbia Ferry Services Inc. (“BCFSI”) is not sustainable. This puts constant pressure on fares and has resulted in a fare structure that is harmful to the communities served by BCFSI.</p> <p>The recent UBCM study indicates the negative economic impact of the historical ferry rate structure in the areas served by BCFSI is \$2.3 billion dollars over the last 10 years. We can argue about the amount of lost economic activity but there certainly is a negative economic impact when transportation costs increase and availability decreases in a competitive marketplace. One of the main drivers of any economic development plan is to facilitate the movement of goods and services in the region. Currently our ferry system restricts such movement.</p> <p>The BC ferry system is a public transportation system. The BC ferry system users pay 100% of the operating expenses through fares and Other Revenue. This is the highest Fare Box Recovery (FBR) ratio of any public transportation system in the world except some in Asia which carry billions of riders every year. In North America the highest FBR is 78.2% for the Toronto area GO Transit system. The Toronto Transit system (TTC) is second at 73%. The federal, provincial and local governments subsidize the fares on those systems to facilitate the economy. We need the same sort of forwarding thinking with respect to our ferry transportation system on the west coast of Canada.</p> <p>BCFSI is a “zombie” corporation. It does not generate sufficient funds from operations to meet its commitments for debt service and the capital expenditures required to continue operations. This is unsustainable, if BCFSI were indeed a private corporation it would be bankrupt. A higher level of government support is required. Even the bond underwriters have admitted BCFSI’s cashflow is challenged and the gov’t should to provide more support. The question is what amount and type of support.</p>

	<p>The Mar 31, 2014 Year End Financial Statement for BCFSI reflects \$14M EBITDA before government subsidies. Interest costs are \$67M and capital expenditures were \$125M during the year. The Principal payments required to retire the \$1.3B in debt outstanding would require another \$45.8M for a total of \$237.8M. Although government subsidies of \$208M increase EBITDA to \$222M they are still short of the funds required by \$15.8M.</p> <p>In 2015 BCFSI plans to spend \$226.6M in capital expenditures. 2015 financing costs are projected to be \$65.3 for a total of \$291.9M. Projected EBITDA is \$232M and a shortfall of \$59.9M will have to be funded. These figures do not include any debt principal repayments.</p> <p>BCFSI has not repaid any material amount of debt principal since 2003. Debt has increased to \$1,287M at the end of Sept 2014. Maturing debt has been repaid with new debt. BCFSI has not advised how much debt they anticipate adding to meet their \$3.1 billion capital expenditure program over the next 12 years. We understand the Ferry Commission has approved this Capital Plan. Did they receive the financing plan and the repayment plan to ensure 2.5 : 1 Debt Service Coverage Ratio and 17.5% equity positions will be maintained while capital program is implemented?</p> <p>We expect debt will increase by at least \$150M per year adding \$1,800M to current debt levels and debt will be \$3B in 12 years. That will triple interest costs to \$157M per year. Fares will have to increase by 25% just to cover the increased interest costs.</p> <p>The current financial structure whereby BCFSI borrows directly from the bond market without an explicit government guarantee costs the ferry users \$20M per year at current interest rate levels. The balance weighted cost of the current \$1,296M in debt is 5.054%. The last 30 year bonds were issued at an effective interest rate of 4.45%. The current 30 year bond rate for the Province of B.C. is 3.40% and the 27 year Government of Canada bond rate is 2.64%. Therefore the current cost of BCFSI debt at 5.054% is about 1.60% higher than the Province of B.C. and 2.40% higher than the federal government. Provision of a provincial government guarantee would drop BCFSI rate to 3.40% saving \$20,736,000 per year. If the feds were to guarantee the savings would be more. The BCFSI debt of \$1.3B and annual cost of \$65.3 would not materially alter the Province of B.C.s debt rating with \$62B in current Debt Outstanding. Apparently the bond underwriters are relying on the implicit guarantee of the Province anyway so any impact on the BC Government rate should be already be factored in.</p> <p>All of BCFSI bond debt is callable and they should do as many corporate borrowers have done in this low</p>
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	<p>interest rate market and re-finance their debt to lower the cost of their debt. Why is this not being done? Even at their current bond rate they could reduce the cost of debt from 5.05% to 4.3% and save 0.74% or \$9.5M per year.</p> <p>If the government does nothing else they could at least guarantee the BCFSI debt or borrow the funds and lend it to BCFSI at the Prov. of B.C. rate. The excess cost of debt works out to about \$1 per passenger carried. Another way to look at it is that the federal subsidy goes to support this fictitious financial structure.</p> <p>Clearly this present plan is unsustainable and a new plan is required.</p> <p>Our position is the government should take formal responsibility for the debt and capital expenditures. The ferry users cannot pay a fare which will cover all these items, now or in the future. If the government wishes to keep the current structure then they will have to increase their subsidy for 2015 fiscal year to \$338M to cover debt interest (\$65.3M), debt repayment (\$45.8M) and capital expenditures (\$226.6M). This subsidy should increase as debt interest, debt principal repayment and capital expenditures increase. This will insulate fares from increases required for these items. The current fare regime and operating expenses do not generate any funds from operations for these items. Nor are they projected to any time soon.</p> <p>BCFSI should be required to set up Sinking Funds for each bond issue and deposit sufficient funds annually to accumulate adequate funds, at current projected investment rates, to repay debts when they come due.</p> <p>The model we propose already exists for the provincial highway system. The assets and debt are the responsibility of the Crown and a Contract Operator(s) operates and maintains the highway assets for an agreed Contract Price. In BC Ferries case the compensation would be partly fare and Other Revenue topped up by the government to meet the agreed Contract Price.</p> <p>To implement a system similar to the BC Highways system would be conceptually quite easy. The ferry assets are transferred back to the Crown and the Crown issues new bond debt to repay the debts of BCFSI. A new department would have to be set up within the government and could consist of the people who presently administer debt and capital for BCFSI.</p> <p>Ridership is at a 13 year low and is not recovering with the increasing fare regime presently in place. BCFSI projects ridership to be flat for 2015 and they make no prediction beyond 2015. If ridership continues to decline or not increase along with the increase in operating expenses the pressure on fares will continue.</p>
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		<p>We believe a fare structure designed to increase ridership is desperately needed for the sake of BCFSI and the economy of the west coast of Canada. We propose a 25% across the board fare reduction to stimulate traffic and provide economic stimulus to the communities of the west coast of Canada. 2014 Fare Revenue was \$492M and a 25% fare reduction would require an increase in subsidy of \$123M if there is no ridership change. However for every 1% increase in traffic an estimated additional \$3.69M in Fare Revenue would result. Other Revenue would also increase as traffic increases. If ridership increased by 25% there would be no cost to the government. An analysis of the impact of a 25% fare reduction and 10% and 20% ridership increases is attached.</p> <p>There are other aspects of the financial administration of BCFSI which are not acceptable.</p> <p>The public rhetoric and Business Plans etc. issued by BCFSI extol BCFSI success in reducing operating expenses or “achieving Productivity targets”. The financial statements do not reflect any savings in operating expenses and they continue to increase year after year. A 5% increase is projected for 2015 Fiscal Year and operating expenses have increased every year since BCFSI was created.</p> <p>The administrative expenses including salaries and bonuses have been a subject of much discussion over the years but nothing has changed. With \$222M in EBITDA for 2014 the executive will get 100% of the portion of their “salary holdback” which is based on financial results. This for essentially maintaining the status quo with respect to operating results. The bonus structure should be based on more desirable operating outcomes like ridership levels or reduction in operating expenses as recorded on the annual financial statement. Linking bonuses to EBITDA does not necessarily encourage the behaviours required, puts pressure on fares and perpetuates the fantasy BCFSI and the ferry users can pay their own way.</p> <p>Quarter 1 2015 administrative expenses are up 8.57% over Q1 2014. Transferring responsibility for debt and capital assets would reduce administrative expenses for BCFSI as they relate to these functions. Also if the duties and responsibilities of senior executive at BCFSI are reduced then their salaries could be reduced as well.</p> <p>Cross subsidization of routes within the BC Ferry system should never have been allowed by the Ferry Commission and the practice should be discontinued. Charging the users of the Major routes a fare far in excess of the operating expense to subsidize transportation in another part of the Province is just wrong. If a region of the Province requires subsidization of their transportation system that should be done through</p>
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	<p>general taxation not from certain tax payers only. This is probably unconstitutional as well.</p> <p>BCFSI has lent \$25M to the developer (<i>personal information removed</i>) of their Victoria office building. On top of that the loan is interest only. BCFSI is not so flush with cash they can be lending it to their friends. BCFSI would be considered and “A” tenant and any established developer should be able to get his own financing without help from the tenant except a commitment to Lease. BCFSI has a need for cash and this loan should be repaid. It also has very poor optics.</p> <p>We ferry users want a new paradigm where the focus is on the customer and not the needs of BCFSI and the provincial government. A strategy that does not rely on continual fare increases and service reductions. A strategy that supports the economy of the west coast of Canada and not restricts it.</p> <p>It is particularly galling that we ferry users pay for a system that exports jobs to other parts of the world while our economies wither. BCFSI is in a downward spiral with increasing costs requiring increasing prices and declining sales volumes as a result. It is taking our communities down with it. Something has to be done to break the downward spiral and increasing fares is definitely not it.</p> <p>It is irresponsible of BCFSI and the Province of BC to continue this practice of building a huge debt burden in BCFSI with no plan of, or ability to, repay the debt. Frankly, no intention of repaying the debt except with new debt. The definition of a Ponzi scheme.</p> <p>If this structure and financial plan for BCFSI distorts the financial position of the Province of B.C. to investors is that ethical? Should it be allowed to continue? What about the Sea to Sky highway, the Golden Ears bridge and Plenary Justice which result in another \$2B in debt not appearing on the Province’s Balance Sheet? All are completely unsustainable without the government’s direct and indirect financial support.</p> <p>The government seems to understand the need to improve transportation linkages when it comes to the Perimeter Road system and other highway and bridge projects in the Lower Mainland on which they are spending billions. It is puzzling to see why they won’t make any investment in the ferry system serving 1/3 of the province’s economy. The funds are available as the BC Government posted a \$300M surplus for 2014 fiscal year end and project \$444M surplus for 2015. Is it because 10 out of the 14 ridings vote NDP? Or is it because a large proportion of the population in some ferry dependent communities are First Nations. Their policies with respect to coastal ferries do not jive with their rhetoric in “B.C. on the Move”. Or is it because many MLAs recognize that improved access to ferry dependent communities will allow competition with their constituents</p>
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		<p>in places like Kamloops?</p> <p>Links: Fare box Recovery rates: http://en.wikipedia.org/wiki/Farebox_recovery_ratio</p>
29.	28-Feb-15	<p>Please find attached the FACC comments on various BC Ferries reports provided to the Commission. This document, and the comments contained therein, has been endorsed by the Norther Sunshine Coast Ferry Advisory Committee, and has the full support of our members.</p> <p>Thank you for the opportunity to respond to these reports.</p> <p>Ferry Advisory Committee Chairs Comment: BC Ferries Regulatory Reports</p> <p>The commissioner is seeking comment on the regulatory quarterly and annual reports maintained by BC Ferries and provided to the commissioner.</p> <p>1. The Annual Report to the Commissioner</p> <p>This report is invaluable for any financial or performance analysis. The Operations Report section provides traffic, tariff revenue and utilization by route and route group. The Route Financial Report section provides a breakout of revenues and costs (capital and operating), by route and route group. The Customer Satisfaction section summarizes customer feedback information collected on a regular basis.</p> <p>As useful as this report is, there are areas that could be improved . . .</p> <p>- <i>Operations Report: Traffic count</i> . . . there seems to be confusion at BC Ferries as to how traffic is counted on routes with two legs. Example: we asked if, when a passenger travels from Port Hardy to Bella Bella on the <i>Northern Expedition</i> (Route 10) and transfers at Bella Bella to the <i>Nimpkish</i> (Route 10S) to carry on to Bella Coola, is that counted as one Route 10 trip, or two Route 10 trips in the online stats? The online stats form the basis of what is reported to the commissioner. We were told it would be counted as one trip. Another party, asking the same question was told that it appears as two trips. We asked BC Ferries in November for clarification, but have yet to receive it. If this count is unclear, it raises the question about how other trips that combine two routes – routes 5 and 9, routes 5 and 5A, routes 1 and 5/4 – are counted. The method is less important than the clarity of method, and hopefully, consistency of its application.</p>

	<p>- <i>Operations Report: Vessel capacity and utilization</i> . . . vessel capacities have changed (reduced) with vessel modifications over the years. As long as vessel capacities are being used to establish utilization, they should be current and agree with operational capacity.</p> <p>- <i>Route Financial Report: Total Operating Expenses</i> . . . we have asked on numerous occasions to have a breakout, by route, of 'Total Operating Expenses' to show administration (overhead) expenses (as was done in the past). We've been refused on the basis that these expenses are considered 'commercially sensitive'. Given the lack of third party competition over the past decade, that seems like a stretch. We would request Total Operating Expenses be broken out at route level, as they have been in the past, into:</p> <ul style="list-style-type: none"> o Ships <ul style="list-style-type: none"> • Wages • Fuel • Maintenance and refit • Other o Terminals <ul style="list-style-type: none"> • Operating costs • Maintenance o Regional services o Corporate services <p>This is comparable to the breakout of revenue into its main components and is almost certainly tracked internally in this fashion, or close to it. We believe it is in the public interest, and that of the commission, that this information should be available rather than homogenized into an amorphous lump. Whatever risk might exist in a phantom competitor accessing this knowledge would, we believe, be more than offset by the public having a better understanding of just how the expenses are arrived at for their ferry service. It's about transparency.</p> <p>- <i>Customer Satisfaction Report: overall program</i> . . . This customer satisfaction program has been in place for a long time. It's extremely detailed in some areas, while blank in others. It is almost entirely focused on how customers feel about various aspects of BC Ferries</p>
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	<p>travel (variety and selection of merchandise at terminal gift shops and news stands), while ignoring the opportunity to learn something about the customers (fare sensitivity, sailing time sensitivity, employment status, age). The survey is done three times each year. It is no doubt expensive. An option might be to do it only twice in a year (Aug and Nov), and only every second year. As well, we would suggest that professional phone and/or on-line surveys should be undertaken in ferry catchment areas to assess community attitudes and trends toward ferry travel (including those who have abandoned the idea of ferry travel). We would refer you to the Washington State Ferries approach to customer information gathering, which we believe has merit, http://www.wsdot.wa.gov/NR/rdonlyres/41834A0B-DABC-48FA-9700-DF0298AA65B4/58519/RidershipandDemand.pdf . The fact that the current survey has been around for the past ten years doesn't make it sacred, or even necessarily appropriate for current circumstances. It's time, in the interests of the commission, BC Ferries and the public that the 'customer survey' process be streamlined to reduce costs while being expanded to address some much-needed understanding of customer needs, wants and sensitivities.</p> <p>- <i>Customer Satisfaction Report: excluded routes</i> . . . This survey maybe works for the major routes, with all four of them included. It is woefully inadequate for the minor routes, as it only includes four of the eighteen minor routes, and those clustered in the south (routes 4, 5, 9 and 19). Seven of the eight routes surveyed operate out of Tsawwassen, Horseshoe Bay or Swartz Bay. Perhaps it's coincidence, but the eight sampled routes can all be comfortably surveyed out of Vancouver without incurring any travel expense. We trust that the cost of doing the survey wasn't the sole criterion in determining which routes would be surveyed. We've asked to have all the minor routes included and been told the report would then lose its consistency, and so any expansion would not be considered. It seems that if the report is consistently inadequate, steps should be taken to make it at least adequate, if not consistent, to meet the objectives of measuring customer satisfaction. Issues and conditions are <i>not</i> identical across the whole minor route</p>
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	<p>system. To presume they are is a serious mistake. We propose doing a stripped down version of the survey, appropriate to the minor routes, twice a year (Aug and Nov), every second year. Routes 9 and 17 should retain the major route survey, as they include food and gift shop amenities.</p> <ul style="list-style-type: none"> - We believe it appropriate that northern route customers also be surveyed, probably with a survey appropriate to those route issues. - <i>Customer Satisfaction Report: content . . .</i> The survey is heavily focused on major route issues – gift shops, food services, terminal amenities – while overlooking some issues relevant to the minor routes, such as overloads, service levels, resolution of competition between islands for common service, ferry marshaling along roadways. The report isn't capturing customer feedback on issues important to many of the seven million passengers who use the minor routes every year. As above, we propose using a stripped down version of the survey – simpler, less expensive – including only the topics relevant to minor route customers but expanded to include information about the customers. - <i>Customer Satisfaction Report: excluded information . . .</i> The initial Coastal Ferry Services Contract indicated, for most routes, a summer and winter breakout, by percentage of trips, the trip purpose (workrelated, vacation, shopping or visiting) and the residence of the traveler (local, lower mainland, Vancouver Island, rest of BC, outside of BC). We believe this information is still being collected, but not presented. It would be most useful in order to identify where the traffic shifts are occurring (discretionary vs non-discretionary travelers, etc). Awareness of the customer profile and its changes over time are relevant regulatory issues. We would like to see that information included for all the routes. There's an important story waiting to be told. As well as sharing this information, which we believe is still being collected, we believe, as stated above, that it's time to overhaul the program to include a much-needed customer-focused dimension. <p>2. Average Fare vs Fare Cap Summaries and Graph</p> <p>This report provides the one and only measure of whether the average fare</p>
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	<p>being charged is within the fare cap. It works reasonably well, when only fares are included to define the average fare. When accounting 4 adjustments, unrelated to fares, are introduced, this regulatory tool is corrupted. Because the quarterly figures are rolling twelve-month averages, any corrupting influence remains within the measurement for four quarters, not just the quarter in which it occurs. This has happened occasionally over the past years, and is presently occurring as a result of moving \$1.2M out of the average fare account to the fuel deferral account (distorting it as well). The fact that this method of accounting may comply with GAAP is irrelevant. It is the single regulatory indicator that identifies whether fares being charged are within the fare cap. It needs to be respected as such. We would urge that in future, content in the average fare calculation be restricted to actual fare information, whether paid by the user or by the government. There are existing remedies for adjusting the average fare to stay within the cap when that needs to be done.</p> <p>3. Fuel Deferral Account Reconciliation</p> <p>As with the average fare vs fare cap information, this is a most useful report (assuming what we receive is the same as what the commission receives). It provides current balances as well as the sources of adjustments (charges, surcharges, rebates) to that balance. Considering current sensitivity to the use of deferral accounts in BC Hydro, the BC Ferries fuel deferral account has appropriate control mechanisms and is fully transparent. Like the fare cap process, it works best when not corrupted with extraneous adjustments. We can accept it being used to return the duty rebates as there doesn't seem to be any other mechanism to do that simply. However, when it is used as a dumping ground for fare overcharges, it starts to lose its integrity. This is a special account with a singular purpose. To view it as simply another box that money can be moved into and out of to serve unrelated purposes is to forget why it was created, and to discount the public trust that went into its establishment.</p> <p>4. Quarterly Operational/Financial Reports</p> <p>These are used by some chairs as a means of tracking corporate performance through the course of the year, and are most helpful</p> <p>Thank you for the opportunity to comment. The reports submitted by BC Ferries</p>
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		<p>to the commissioner are the much-needed portals into the company required to sustain public confidence in it. As useful as they've been, we believe it's time to take a hard look at some of them, with respect to the value of the existing content and the need/opportunity to gather important customer information.</p> <p>Ferry Advisory Committee Chairs January 31, 2015</p>
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