

From: Transportation, Minister TRAN:EX
[<mailto:Minister.Transportation@gov.bc.ca>]
Sent: May-14-14 9:39 AM
To: Sheila Malcolmson
Cc: OfficeofthePremier, Office PREM:EX; Minister, SDSI SDSI:EX; michelle.stilwell.mla@leg.bc.ca;
Sturdy.MLA, Jordan LASS:EX; mike.corrigan@bcferries.com
Subject: 226787 - B.C. Coastal Ferry System

Sheila Malcolmson, Chair
Islands Trust Council

smalcolmson@islandstrust.bc.ca

226787 - B.C. Coastal Ferry System

Dear Chair Malcolmson:

Thank you for your e-mail of April 23, 2014, and attached letter and report, regarding our coastal ferry system. I am also responding on behalf of Premier Christy Clark to your e-mail of March 31 on the same issue.

As the 2000 study you mention indicates, BC Ferries' operations provide considerable benefit to the province. We acknowledge that coastal ferry services continue to be an important economic driver in the province. The community engagement process undertaken late last year was used to gauge the anticipated impacts of the proposed service changes. As you note, to address concerns about tourism and the local economy heard during the engagement process, BC Ferries has worked with designated community representatives to modify the proposed schedules to better meet the needs of ferry users.

Given the rising cost of providing ferry services, matching service levels to the demand is a necessary step to ensure the sustainability of the coastal ferry system. Ferry users, taxpayers and the ferry operator all need to be part of the solution, and taxpayers already contribute a significant amount to support coastal ferries with an additional \$86.6 million to 2016, bringing total contributions to \$200 million this year and \$1.9 billion since 2003/2004.

The \$18.9 million in service reductions are intended to reduce the pressure for future fare increases and protect basic service levels for communities.

The changes to ferry service are part of a number of actions that enable the BC Ferry Commissioner to limit the fare increases to 4 per cent this year and 3.9 per cent next year. Otherwise, the fare increases would have been much higher.

With respect to your comments about cutting discretionary costs, as you are likely aware, the Province has challenged BC Ferries to find \$15 million in efficiencies through to 2016. This is in addition to the \$39.2 million required by the BC Ferry Commissioner, for a total of over \$54 million in efficiencies by 2016. As they have already achieved approximately \$30 million in efficiencies, BC Ferries is well on the way to achieving this target.

Going forward, the government and BC Ferries will continue to look for opportunities to achieve additional savings and efficiencies. While a number of long-term measures are being explored to address affordability concerns, such as moving to liquefied natural gas, replacing vessels on the minor routes with "no frills" vessels and creating more interoperability in the system, these ideas will take time to implement.

Thank you again for taking the time to write.

Sincerely,

Todd G. Stone
Minister

Copy to: Premier Christy Clark

Honourable Don McRae
Minister of Social Development and Social Innovation
MLA, Comox Valley

Michelle Stilwell
MLA, Parksville-Qualicum

Jordan Sturdy
MLA, West Vancouver-Sea to Sky

Mike Corrigan, President and CEO
BC Ferries