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October 3, 2014

File No. 0420-30

By online submission to: <https://www.leg.bc.ca/cmt/finance/submission.asp>

Select Standing Committee on Finance and Government Services
Room 224, Parliament Buildings
Victoria BC V8V 1X4

Dear Committee Members:

Re: Priorities for Budget 2015 – BC Ferries

Thank you for consulting about the 2015 provincial budget and fiscal policy. The Islands Trust Council requests that the Provincial government budget sufficient funding in 2015 and future years to:

- return BC Ferry fares to a level that would be in line with cost of living increases since enactment of the *Coastal Ferries Act* in 2003; and
- fund BC Ferries costs, including capital costs, at a level that will keep future fare increases in line with, or lower than, CPI while meeting essential transportation needs of ferry dependent communities.

Island communities have been hard hit by substantial cumulative fare increases. In 2015, the Provincial government will have a critical opportunity to re-stimulate BC's coastal economies when it re-negotiates the Coastal Ferry Contract with BC Ferries for performance term four (April 1, 2016 – March 31, 2020). We understand the Province will use this process to assess the amount of funding BC taxpayers will contribute to the coastal ferry system through the service fee it provides to BC Ferries.

The tipping point on fare affordability was reached several years ago. We were glad to hear Minister Stone acknowledge at the Union of BC Municipalities Convention in September that ferry fares are driving down ridership. We were also glad to hear the Minister promise to hold BC Ferries rate increases to the level of inflation starting in 2016. With fares scheduled to increase another 3.9% in April 2015, this investment will be too little, too late. It will not be enough to undo the cycle of dropping ridership in which our communities are caught.

We urge you to recommend that the Province budget enough funding to reduce BC Ferries fares. The alternative means forcing BC Ferries to continue to price themselves out of customers, or hollow-out their services which could further undermine ridership. Neither is good for British Columbia or our world-renowned coastal communities. As described recently in the Union of BC Municipalities report, *Boatswains to the Bollards: A Socioeconomic Impact Analysis of BC Ferries*, investment in BC Ferries is an investment in British Columbia's economy and its communities.

Minister Stone recently suggested that it would not be responsible for the Province of BC to ask British Columbia taxpayers to make up for past underfunding of BC Ferries. We disagree. If it is reasonable for provincial taxpayers to pay to replace aging highway infrastructure such as roads, bridges and tunnels, it is also reasonable to ask them to pay for the previously underfunded capital costs of the provincial ferry system. Funding for the ferry system is not a 'subsidy,' but a legitimate government contribution to essential provincial infrastructure.

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It is not reasonable to expect ferry users and ferry-dependent communities to carry the costs of both operating and renewing infrastructure for what is clearly part of the provincial transportation system. Ferry users have put in \$5.6 billion (versus the Province's \$1.25 billion) over the past ten years, and users are already paying 100% of ferry operating costs through fares, reservation fees, retail and catering purchases. The fiscal pressures facing BC Ferries today result from chronic provincial underinvestment and require provincial re-investment.

This request is not new. In the *Islands Trust Council's December 2012 submission to the BC Coastal Ferries Consultation Engagement Process*, we suggested that by reinvesting in the minor routes to reduce fares and jumpstart ridership, the provincial government could help restore the economic and social health of ferry-dependent communities and the Province. We also suggested that fare reductions will need to be widely advertised and promoted. There have been many other creative ideas advanced by our communities, but at the end of the day, increasing ridership and sustaining service levels is the surest way to increase revenues.

Eleven years ago the Province affirmed the importance of affordable ferries to BC's economy:

- *"The primary intent of this bill is to ensure that our coastal ferry service can flourish and support our economy".*
- *"We all want the service to succeed; we all need it. It is fundamental to local economies; and is one of the most prominent symbols of our lifestyle here on the west coast..."*
- *"Most of all, BC wants BC Ferries to meet its potential, to sail on time, to have clean facilities, a good selection of food choices and friendly services and, of course, to remain affordable".*
- *"...this piece of legislation ...gives assurances to people as we move forward that their ferry service will be there for them. They will know what rates they're going to pay so they can make their plans. The industries that use the ferries will be better served."*
- *"I believe this will lead us into a time where we can look forward to more people travelling on the ferries instead of feeling like the ferries were a bottleneck to our economic growth and prosperity."*

Hon. Judith Reid, Minister of Transportation, on 2nd reading of *Coastal Ferry Act* Hansard, March 24, 2003; 2003 Legislative Session, 4th Session, 37th Parliament

The promises made when the *Coastal Ferry Act* was introduced have not been fulfilled. It is time to acknowledge that in a coastal province, affordable ferry service is as necessary as affordable public transit or affordable highway systems in the land-based part of the province. Ferries are lifelines for coastal communities and businesses – as highways are in the rest of the province.

The Islands Trust is a federation of local government bodies representing 25,000 people living within the Islands Trust Area and another 10,000 non-resident property-owners. The Islands Trust is responsible for preserving and protecting the unique environment and amenities of the Islands Trust Area through planning and regulating land use, development management, education, cooperation with other agencies, and land conservation. The area covers the islands and waters between the British Columbia mainland and southern Vancouver Island. It includes 13 major and more than 450 smaller islands covering 5200 square kilometres. In its 2011-14 Strategic Plan the Islands Trust Council has prioritized advocating for fair ferry fares and service as a way of achieving our objective of enhanced community economic sustainability and security for our communities.

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Thank you for accepting Islands Trust Council's submission. We hope you will show leadership on this matter, which is of crucial importance to coastal communities, businesses and families.

Sincerely,



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Chair, Islands Trust Council

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cc: Trust Area MLAs: Gary Holman, Saanich North and the Islands
Don McRae, Comox Valley
Doug Routley, Nanaimo – North Cowichan
Nicholas Simons, Powell River – Sunshine Coast
Michelle Stilwell, Parksville – Qualicum
Jordan Sturdy, West Vancouver – Sea to Sky, and Parliamentary Secretary to
the Minister of Transportation and Infrastructure
The Honourable Christy Clark, Premier of British Columbia
The Honourable Todd Stone, Minister of Transportation and Infrastructure
Mike Corrigan, President and CEO, BC Ferry Services Inc.
BC Ferries Commissioner
Ferry Advisory Committee Chairs c/o Trustee Alison Morse
Coastal Regional District Chairs c/o Powell River Regional District Chair Colin Palmer
Association of Vancouver Island Coastal Communities members
Union of BC Municipalities Select Committee on BC Ferries
Bowen Island Municipal Council
Islands Trust Council