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November 5, 2008

File Number: PG/11-1

Honourable Kevin Falcon
Minister of Transportation and Infrastructure
P.O. Box 9055 STN PROV GOVT
Victoria BC V8W 9E2

Dear Minister Falcon:

Re: Provincial Contribution to BC Ferries Service Fee

I am writing on behalf of the Islands Trust Council to encourage the Provincial Government to implement the recommendations made by the Ferry Advisory Committee Chairs provided in their *Towards a Minor Routes Strategy for Coastal Ferry Service* discussion paper, and in their recent submissions to the *Select Standing Committee on Finance and Government Services*.

These recommendations suggest that the transportation fee provided to BC Ferries by the Province should be increased as part of a strategy to sustain the ferry system on a sound financial footing so it can continue to provide accessible (reasonably priced) ferry service to ferry-dependent coastal communities in order to protect the social and economic well-being of those communities.

BC Ferries is an essential and integral part of the provincial transportation infrastructure. As such, BC Ferries plays a critical role in BC's social fabric and overall economy. The resident populations and tourist economies of the Lower Mainland, Vancouver Island, and ferry dependent coastal communities benefit greatly, both directly and indirectly, from the scenic and recreational amenities they access through BC Ferries service.

Increases in ferry fares have had a negative impact on service demand and financial performance across the ferry system as a whole. Fares on some coastal routes have increased by as much as 125% since 2003. Ten fare increases in five years have been followed by steady declines in ferry passenger traffic.

We appreciate the Premier's initiative to fund a 33 per cent reduction of ferry fares for December and January and to restore cancelled sailings. We support these much needed interim measures and encourage your Government to enhance its financial contribution to ferry service as a means of sustaining this vital marine component of BC's transportation network over the longer term.

Within the Islands Trust Area, eleven BC Ferries routes provide direct public access to fourteen island communities that have a total resident population of approximately 23,000 people. In fiscal 2007, 5.3 million out of 21.6 million passengers on BC Ferries (almost 25%) were travelling to and from Islands Trust Area islands. In peak seasons, less than a quarter of travelers on Southern Gulf Island routes are residents.

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On a system-wide basis BC Ferries receives a much lower percentage of its total revenues from taxation and other direct government subsidies than either BC Transit or the Ministry of Transportation's highway network. And BC Ferries recovers a much higher percentage of its operating expenses from direct "user pay" revenue sources than transit or roads.

Ferry users contribute to the funding of all forms of essential public transportation infrastructure in BC (including BC Ferries Service Fees, roads, and transit systems) through various taxes and levies. Ferry users and taxpayers from ferry-dependent communities reasonably expect the Province to use their tax contributions to sustain essential and affordable public access to communities served by BC Ferries, in addition to sustaining other transportation infrastructure throughout the province.

Again, we appreciate government's recognition that ferry service costs are having an impact upon coastal communities, and we support the efforts of the Ferry Advisory Committee Chairs to work with your Ministry in taking a collaborative approach to sustaining coastal ferry service.

Yours sincerely,



Kim Benson
Chair, Islands Trust Council

cc: Honourable Gordon Campbell, Premier
Honourable Colin Hansen, Minister of Finance
Honourable Blair Lekstrom, Minister of Community Development
David Hahn, President and CEO, BC Ferries
Honourable Murray Coell, Minister of Advanced Education and Labour Market Development,
MLA for Saanich and the Islands
Honourable Stan Hagen, Minister of Agriculture and Lands, MLA, Comox Valley
Ron Cantelon, MLA, Nanaimo – Parksville
Nicholas Simons, MLA, Powell River – Sunshine Coast
Leonard Krog, MLA, Nanaimo
Joan McIntyre, MLA, West Vancouver – Garibaldi
Doug Routley, MLA, Cowichan - Ladysmith
Islands Trust Council
Islands Trust website