

No obvious fix for flaws in B.C. Ferries model

BY JACK KNOX, TIMES COLONIST JULY 20, 2011

Here's what B.C. Transportation Minister Blair Lekstrom heard from coastal politicians Tuesday: The Liberals' eight-year-old experiment with running B.C. Ferries as some sort of quasi-private company isn't working.

Here's what else he heard: There's no consensus on how to fix it.

It was a rare sight, the chairs of nine coastal regional district boards all trooping in at once to have a go at the new minister. Maybe they did so because, as some of them felt, changing Ferries' course is a matter of economic survival for coastal communities.

Maybe it was because with Gordon Campbell out of the way, the government is no longer deafened by ideological earmuffs. Or maybe it was just because Lekstrom, the new kid, has already tsk-tsked about the pace of fare increases, and they thought they might get a sympathetic ear.

The thing is, would they really want to go back to the olden days when the Transportation Ministry ran the ferries? Capital Regional District chairman Geoff Young can remember his board complaining about that system back in the 1990s.

B.C. Ferries was spun off from government in 2003, ostensibly to free the corporation from political interference. In reality, the Liberals' decision was itself hyper-political; they foisted upon Ferries a self-sufficiency model that forced the corporation to jack up ferry fares well beyond the rate of inflation, then sauntered away from any accountability.

"There's always this idea that a government can get another body to make tough decisions and take responsibility for them," Young says. Ottawa took similar steps when it created Victoria's airport and harbour authorities - the difference being that those entities replaced a distant, cumbersome federal bureaucracy that had little feel for local issues.

But the Liberals' model deliberately limited local influence. The province appointed a commissioner to rule on fare increases, but wouldn't let him consider the impact on ferry-dependent communities when making his decisions. That's crazy, wrote B.C. comptroller general Cheryl Wenezenki-Yolland in a 2009 report: "The focus on the sustainability of the ferry operator ... needs to be balanced with the interests of users of the ferry system, local communities and taxpayers."

B.C. Ferries' minor routes still get a government subsidy, but it hasn't kept pace with rising costs. Gulf Islanders complain their economies are being ruined by fares that have risen an average of 60

per cent since 2003. "On the smaller islands, they actually see businesses closing down," Young says.

The major Vancouver Island-Lower Mainland routes now break even, which in itself shows a philosophical inequity. The Liberals are happy to build expensive highways to sparsely populated towns up-country and to run the car-ferry system in the Interior free of charge. They're willing to spend \$2 billion on the Canada Line, \$1.4 billion on the Evergreen Line, \$1 billion on the South Fraser Perimeter Road and \$2.5 billion on the Port Mann Bridge. They're happy to tolerate subsidies on other public-transportation systems (the Lower Mainland's TransLink - buses, Skytrain, the West Coast Express commuter train - recovers about 55 per cent of its costs from travellers).

Yet there's no such Big Government coddling under the live-free-or-die Libertarian user-pay approach to B.C. Ferries passengers. Only they are expected to foot the entire bill, including the cost of replacing aging vessels.

But that last bit highlights a flaw in the old, government-run system. The newera B.C. Ferries had to launch a major shipreplacement program to make up for the neglect of politicians who kept delaying capital investment until the need became critical. And when they did finally build new ships, we got Glen Clark's fast ferries. Egad. People might be cranky about David Hahn's pay (and really, whether he makes \$1 or \$1 million has little impact on a corporation with a \$750-million operating budget) but Ferries workers say it's a much more sanely run company now.

So while some coastal politicians want a return to direct government control of the ferry system, others are more leery. Some argue that who runs the ferry system isn't as important as how much of a subsidy the province is willing to put into it. And that's a purely political decision.

"The answer," Young said after Tuesday's meeting, "is not totally obvious."

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