

Fierce ferry hikes may be on horizon



Teenagers such as Shona and Kiera are used to counting their pennies. They worry about how a possible ferry rate hike will impede their ability to back and forth between Bowen Island and the mainland.

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The price tag on island life may be rising once more. BC Ferries CEO David Hahn is speculating that fares could go up as much as 20 per cent on major ferry routes in the next four years. The minor routes could climb by 50 per cent and those living in the north may be asked to endure rate increases of over 100 per cent. Hahn says this could be a reality between 2012 and 2016 unless the government intervenes.

The Transportation Ministry says it's too early to predict any fare increases ahead of the Ferry Commissioner's report due at the end of March. Every four years the independent British Columbia Ferry Commission conducts a thorough review of fares to determine what the next four-year term price caps should be. After BC Ferries Commissioner Martin Crilly presents his report to government on March 31, government has 90 days to review its position. The price cap will be set in September.

Residents of Bowen Island need to be aware that fare hikes, while not imminent, are possible. The Ferry Advisory Committee Chairs, composed of chairs of each of the 12 Ferry Advisory Committees in British Columbia, have issued a statement saying “recently reported ferry fare increases are a realistic assessment in the absence of additional government support or of service reductions.”

Alison Morse is a member of the Bowen Ferry Advisory Committee. She and others of the committee authored a report published by the Ferry Advisory Committee Community Chairs in November of 2010, detailing the impact of high ferry costs on coastal communities. Every aspect of life on Bowen and in other small, rural centres is affected by, and dependant on, BC Ferry service.

The report says “high costs of ferry travel contribute to the loss of the work force; loss of volunteer pool; the loss of services; a lack of succession and entrepreneurship; an uncertain business climate and reduced competitiveness; a reduction of community vitality and continuity and reduced connectedness to families.”

Businesses on Bowen are also at risk if fares climb much higher. Ellen Macintosh, general manager of Bowen’s Ruddy Potato market, says their business would be affected by fare increases. “The biggest impact on the Ruddy,” Macintosh says, “would likely be a shift in sourcing strategy away from smaller independent suppliers where we carry the freight costs to consolidation of lines with the big distributors who will absorb the freight cost if the volumes are high enough. Their wholesale prices factor in these freight costs, and so they would still pass this increase back to us.”

Bowen commuters are already hit hard in the wallet, spending an average of \$500 a month on commuting costs. As a result, most likely the trips to the city for family, sports or cultural events are cut back. “We used to go to town about once a month,” says one Bowen Islander, “and after the big fare increases two years ago, we go to town when we have medical forms or about every three months. So the increase in ferry fares reduced our ferry trips by two thirds.”

Seniors on Bowen are also affected by high ferry costs and further increases may only lead to a growing sense of isolation and separation from their families. A Bowen senior describes distress around ferry fare hikes, “My personal concerns are around access to family. In 2003 ferry fares were half of what they are now. In the past seven years our travel patterns and our family life have changed for the worse due to increased ferry costs. Family connections are important to mental health, which is related to physical health. Loneliness for the elderly is a proven risk factor for earlier death.”

The government created this system when it brought in the Coastal Ferries Act and B.C. Ferries changed from a Crown corporation to a hybrid public/private company in 2003. Since then, fares have soared up to 60 per cent on the minor routes and 40 per cent on the main routes. Criticism has been directed at Hahn as the public and politicians question his million-dollar-a-year salary and the wages of other top BC Ferry executives. Hahn’s salary is approximately double that of other CEOs at similar-sized Crown corporations.

The decision regarding rate increases lies with the Ferry Commissioner, not BC Ferries according to the Ministry of Transportation and Infrastructure. BC Ferries sets out its projections for expenses, traffic and government subsidies for the coming four year rate period and then it calculates rates needed to make a profit. The Ferry Commission decides if the requests are reasonable and approves the request for fare increases if they are.

The province says it’s working under a new model with BC Ferries that brings an increase in taxpayer funding and a list of improvements paid for by government dollars. The BC government claims it has doubled the funding for BC Ferries since 2001. The province says BC Ferries receives a subsidy of

about \$150 million for northern routes, as well as about \$50 million in federal and provincial funding for a variety of other initiatives. The \$200 million total is more than double the \$95 million in taxpayer funding BC Ferries received in 2001, two years before it changed from a Crown corporation to a semi-private entity.

Enormous fare hikes are not inevitable but a pattern of fare increases has been established in the last few years and it may continue.