Times Colonist editorial: Public interest crucial to ferries

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If Liberal leadership candidates are shocked by coming fare increases on B.C. Ferries, they haven't been paying attention to what's happened since their government restructured the service in 2003.

B.C. Ferries is projecting fare increases of five per cent a year on the main routes and 10 per cent a year on so-called minor routes over the next four years. The B.C. Ferry Commission, which regulates fares, received its submission last October. The increases, if approved, would hit next year.

There is nothing complex about the process. The corporation sets out its projections for expenses, traffic and government subsidies for the coming four-year rate period. It calculates the fares required to allow it make a profit.

The Ferry Commission decides if the projections are reasonable and approves the fare increases if they are.

The government created the system when it changed B.C. Ferries from a Crown corporation to a hybrid publicprivate company in 2003. Since then, fares have soared -up 60 per cent on the minor routes and 40 per cent on the main routes.

The Liberal government said the change was intended to increase efficiency and remove the ferry service from "political interference." But it has mean the government has abandoned its public policy responsibility for a monopoly transportation service critical to this region.

The resulting higher fares have hurt the tourism industry and local economies and increased the cost of all goods transported by ferry. Higher prices reduce demand. People contemplating a weekend on a Gulf Island, faced with sharply higher ferry costs, decide to go to Whistler. Islanders cut back their travel.

The result, under the current structure, is a vicious cycle. Higher fares mean fewer travellers; fewer travellers means less revenue to the corporation; less revenue means B.C. Ferries seeks -and is granted -another round of significant rate increases.

None of this should be surprising, certainly not to Liberal leadership candidates who have been part of government.

That's especially true because they failed to act on a simple step that would have addressed the problems. In 2009, then provincial comptroller general Cheryl Wenezenki-Yolland was tasked with reviewing B.C. Ferries governance.

Her report identified a fundamental flaw -the lack of any requirement to consider the impact of service changes or rate increases on travellers and communities.

The 2003 legislation establishing the new ferry corporation stressed profitability and reduced public subsidy, she noted, but ignored the interests of communities and travellers. Decisions on rate increases and service levels "could be at the expense of the public service goals of the ferry system," the report found.

The Ferry Commission mandate should be amended to include "protecting the interests of ratepayers and customers" in approving fare increases, the comptroller general urged.

The government has failed to act on the recommendation. It has also effectively frozen the direct operating subsidy to B.C. ferries since 2003. (There have been additional one-time federal and provincial capital grants.)

The result has been that the share of B.C. Ferries operating expenses covered by the subsidy to has fallen to 16 per cent from 22 per cent, with travellers picking up the additional costs.

The government promised the new ferry structure would result in "modest and predictable average fare increases" that would allow economic development and job creation. That hasn't happened.

Leadership candidates should commit to two actions: Implementing the comptroller general's recommendation that considering the public interest be made part of the Ferry Commission mandate; and providing a subsidy that allows reasonable rate increases that protect the regional economy and stop the vicious cycle of fare increases.