

## BC Ferries Structure

BC Ferries as it presently exists is not sustainable. Ever increasing debt is forcing ever increasing fares. The result is ever decreasing passenger and vehicle volumes. The resulting political whiplash is as much the result of not matching community needs as it is the result of increasing fares. Employee morale is going down as the employees withdraw from hostile passengers. One employee told me not to complain, because no-one is forcing me to live on an island.

The last reorganization tried to follow the airport model, with a nominally private company that could operate outside of provincial financial controls, but would have to borrow from the commercial market. This was to allow freedom to tackle the ageing ferry fleet which required urgent replacements. The principle of user pay was to be followed by fixed government support. Terms of reference for the ferry commissioner were devised to ensure fares went up enough to cover any cost increases.

Unfortunately the present structure fails in several respects. The single company has focused on the major ferries to and from Vancouver Island. Northern operations and the smaller commuter ferries have languished with little effective long term planning. Worse yet the terminal ownership in the hands of BC Ferries is similar to what would happen if Air Canada owned Victoria and Vancouver international airports and only allowed Air Canada flights. A monopoly structured from a previous bureaucracy by hiring a massive head office and forcing changes from the top down, results in a very expensive operation. Worse yet the employees tend to do only what they are told to do, and really don't care what happens. Like let a ferry run onto the rocks by a deckhand.

We propose that the common community requirements be amalgamated into separate ferry organizations. The major ferries to and from Vancouver Island are obviously one group. Northern operations stands on its own with separate requirements. **Commuter ferries** such as Gabriola, Denman, Quadra service relatively small islands with workers travelling to Vancouver Island for jobs. In fact the original highways operated ferries were a single group that would well represent commuter ferries. The southern

Gulf Islands also have a separate requirement in their mix of service between Tswassan and Swarts Bay, but could logically remain with the major ferry group.

Commuter ferries should be focused on passengers rather than cars. Think of the Sea Bus in North Vancouver. On Gabriola, and elsewhere all of the high school students, and many university students must come and go as foot passengers every day. All the Nanaimo workers find car transport too expensive for every day work. Logically all this should be integrated with public transit. All the morning workers are yearning for a good hot coffee, and perhaps a bagel. They are met with a coke cooler and candy dispenser. Again an opportunity was missed on Gabriola, by waiting until the existing ferry was in such bad condition that the hull steel had to be replaced immediately, thus triggering a complete refit. The refit embedded the ancient car and truck focus which was originally

required to take Gabriola farm produce to market in Nanaimo. Today the food goes in the opposite direction.

A passenger focused design would have had independent passenger ramps with passengers coming and going at the same time. An extensive passenger accommodation would be on the second level, reached easily by the ramps attached to the floating buffers. The entire deck area could then hold additional vehicle traffic. By providing comfortable tables and chairs adjacent to a coffee shop, students could catch up on their homework, workers could enjoy a coffee and help pay for the staff necessary. The coffee crew would be trained in emergency procedures, and belong to the union as is the case on the big ferries. This reduces the staff costs by one or two, and still retains the Federal crew levels designed for the North Atlantic.

The small commuter ferries have been the financial drain on BC Ferries. Currently public transit has been financed by a three way split between fares, BC Transit, and regional districts. Transferring the commuter ferries, as part of an integrated transit system, could also include a change to the financing model. Small island property owners benefit considerably from ferry services, and should reasonably pay for that benefit. This must be balanced with the relative cost of commuter transit for workers. Ideally any property tax increases should be neutral or negative for younger working families by reducing commuter passenger fares. Retention of the young families throughout the year is essential for the health of the community. Some islands have migrated to a majority of expensive summer residences. The result has collapsed local services throughout the year. A Gabriola proposal for free passenger fares was actively opposed by some who felt it would change the character of the island.

Some ferries are vehicle focused because there is very little at the terminals. People are coming and going to summer residences, or otherwise going in their cars to a more distant location. Sunshine coast, major ferry routes, southern gulf islands, all can remain with the existing BC Ferries, and retain their focus on vehicles. As this has been the focus of the existing organization, little has to change with the exception of better point of sale facilities.

Northern operations are a completely different focus. Ferries must stand the heavy ocean seas. Better automated navigation systems would be an asset in the fog and the dark. Crew must stay overnight on long trips, similar to the long haul aircraft flights. Summer tourist movement coming from Seattle or Vancouver is the missing element. Presently starting a Prince Rupert voyage is quite difficult, and vehicles are not allowed to park at the ferry overnight for the early departure. Would leasing campground be difficult? In many cases one hears of someone complaining about some impact on their venture, yet increasing tourist traffic has to benefit everyone.

The major change should be to have a completely separate company running all terminals. In this case the airport model is the correct organization to follow, which is not the present case. Terminal costs would be covered by landing fees, probably with Provincial Government and Ports Canada support for capital projects. Because of the difference between foot traffic and automobile traffic from the airport model, Terminals

would collect tickets. The ticket fees less a collection service charge would be the property of the ferry corporation. With a little bit of intelligent design, RFID tags could be used for the majority of local customers. Cash and tourist terminal booths would still be required for a small portion of the traffic. Because of the integration of reservations, RFID tags, the point of sale information technology computer systems department would remain with the terminal group. Other business functions such as planning, maintenance, personnel, and on board shop and restaurant sales functions should be parts of each separate ferry group.

The major advantage of a separate terminal group would be to allow competition. There should be no reason why Alaska ferries could not stop at Courtenay on its way to Prince Rupert. Anyone who wanted to get into competition, or more likely run across different systems would be free to do so, provided they had a landing reservation and paid the landing fees.

Having a company focused on terminals might also improve their capital formation by providing retail space for sales to the people captured in the ferry terminals. The Japanese model financed their subways by shops at the subway terminals. In some places the shops extend completely from one station to the next. A few tents in the summer are not the same thing. Can you think of buying your groceries for the weekend while waiting for the ferry? How about looking at women's clothing instead of smelling water dripping from fish transport in the summer desert that is Duke Point?

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