



News Release

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March 31, 2014

2014-07-IT

ISLANDS TRUST COUNCIL CHAIR CONDEMNS PROVINCIAL BETRAYAL ON BC FERRIES POLICY

VICTORIA — Islands Trust Council Chair Sheila Malcolmson criticized the provincial government’s handling of BC Ferries policy in a letter sent to BC Premier Christy Clark today.

Malcolmson’s letter was triggered by the announcement of final service cuts for the minor and northern BC Ferry routes which take effect in four weeks, plus previously announced fare hikes and cuts to the seniors’ discount which take effect tomorrow.

“Failing to study the economic impact of service cuts on BC’s economy and failing to give businesses time to adapt to new service schedules is a betrayal of the provincial government’s promises of fair notice for service changes,” said Malcolmson. “Their approach has created economic uncertainty for coastal communities – summer tourism business has been lost and some people are leaving our communities as a result.”

Malcolmson said when the province announced ‘a new course for ferries’ in May 2012, local elected officials and Ferry Advisory Committee Chairs offered to work with the provincial government to set up meaningful consultation to develop appropriate and cost effective transportation options.

“This offer was rejected, the time in which constructive consultation could have happened was squandered, and 18 months later the provincial government imposed last minute, unworkable top-down plans that inevitably provoked an unnecessary reactive response,” said Malcolmson.

“Ferry users already pay more than their fair share,” added Malcolmson. “System-wide, users paid 100% of BC Ferries’ operating costs last year. If the province’s funding model for ferries was applied elsewhere, a \$3 BC Transit bus fare would become \$9, clearly too high for essential public transit.”

Malcolmson said BC Ferries should be treated like the rest of public transportation infrastructure that is paid for by the provincial government instead of relying on ever-increasing fares.

Malcolmson is calling on the government to reinvest in coastal ferries to restore the economic and social health of ferry-dependent communities and to renew its pledge acknowledging that marine transportation is essential to BC’s prosperity.

The Islands Trust Council is a federation of local government bodies representing 25,000 people living within the Islands Trust Area. The Islands Trust is *responsible for preserving and protecting the unique environment of the Islands Trust Area through planning and regulating land use, development management, education, cooperation with other agencies, and land conservation.* The area covers the islands and waters between the British Columbia mainland and southern Vancouver Island. It includes 13 major and more than 450 smaller islands covering 5200 square kilometres.

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Note: Letter attached

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March 31, 2014

File No.: 0420-20; 0420-30

Via Email: premier@gov.bc.ca

The Honourable Christy Clark
Premier of British Columbia
PO Box 9041 Stn Prov Govt
Victoria BC V8W 9E1

Dear Premier Clark:

Re: Concerns about BC government's BC Ferries service cuts, fare hikes and infrastructure funding

With this week's implementation of another 4% fare increase, cuts to the seniors' discount, and final service reductions announced, I want you to understand Islands Trust Council's concerns about your government's handling of BC Ferries policy.

Service Cuts

Cutting lifeline service the way your government did is alarming and destructive to coastal businesses, commuters, and families. You failed to study the economic impact of service cuts on BC's economy – surely a basic element of any business decision – or to give businesses time to adapt to new service schedules. That cuts announced November 18 were to be implemented just four months later is a betrayal of your government's promises of fair notice for service changes. Businesses, workers and students need to plan and this year you have made that impossible.

When the Province announced "a new course for ferries" in May 2012, elected officials and Ferry Advisory Committee Chairs offered to work with your government to set up meaningful consultation to develop appropriate and cost effective transportation options utilizing local knowledge of local circumstances. This offer was rejected, the time in which constructive consultation could have happened was squandered, and 18 months later your government imposed last minute, unworkable top-down plans that inevitably provoked an unnecessary reactive response.

Tireless volunteer community efforts and the cooperation of BC Ferries employees created less damaging cuts to ferry schedules for some of our islands, which BC Ferries announced today and will implement in four weeks. In contrast, the service cuts designed by the BC government would have wreaked greater damage to both the provincial economy and BC Ferries revenues. This final-hour reprieve does not erase the economic uncertainty your approach created; some islanders have already left our communities and summer tourism business has been lost.

Fare Hikes

Just as service cuts will reduce ferry revenues, continued fare hikes are cutting revenues too, because they drive down ridership. Indeed, "BC Ferries' fares have finally gotten so high that for every dollar they raise it will actually garner less in revenue", as you personally foretold in 2008. Fare hikes have been well above the rate of inflation for ten years, totalling as high as 142% on some routes since your government came to power, with significant impacts on affordability and ridership. Fares will rise another 4% tomorrow, April 1, despite your acknowledgement last year that fares had already passed the "tipping point". And yet you push further past the tipping point, acknowledging the damage this will cause our economy.

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Rising costs are a result of your government's policies. Since 2003 financing costs are up by \$136 million, an increase of over 200%, up more than labour and fuel costs combined. BC Ferries' budget grew 55% on your government's watch. Coastal ferry users didn't ask for these costs to increase: they came from your "user pay" policy to download years of government underinvestment onto ferry riders. Little wonder passenger ridership on BC Ferries is at the lowest point in 23 years.

Ferry users are already paying more than their fair share. System-wide, users paid 100% of BC Ferries' operating costs last year, and users paid \$5 billion over the past ten years while the provincial taxpayer contributed \$1 billion. A \$3 BC Transit bus fare would become \$9 under this funding model, clearly too high for essential public transit.

Funding Public Infrastructure

The taxpayer contributes less to the ferry system than is the case with ferry services elsewhere. Successive governments have already saved taxpayers considerable money by under-funding the ferry system. This neglect has been at the expense of the coastal economy.

Coastal communities aren't asking for anything the rest of BC doesn't have. Public infrastructure is the foundation on which business operates and our province functions. The solution is to cut discretionary costs and treat ferries as tolled highways, but, like highways, capital costs should be paid by all taxpayers.

By reinvesting in coastal ferries, the government can help restore the economic and social health of ferry-dependent communities. If fares come down, ridership can rebound and businesses can begin to recover. BC must renew its pledge to the fundamental principle that built this province: marine transportation's an essential part of BC's prosperity, and with 27,000 kilometers of coastline, it's vital to embrace.

Looking forward to your fair representation.



Sheila Malcolmson
Chair, Islands Trust Council
smalcolmson@islandstrust.bc.ca

cc: Honourable Todd Stone, Minister of Transportation and Infrastructure
Mike Corrigan, President and CEO, BC Ferry Services Inc.
Ferry Advisory Committee Chairs c/o Trustee Tony Law
Bowen Island Municipality
Coastal Regional District Chairs c/o Powell River Regional District Chair Colin Palmer
Association of Vancouver Island Coastal Communities members
Union of BC Municipalities Select Committee on BC Ferries
Trust Area MLAs:
Gary Holman, Saanich North and the Islands
Don McRae, Comox Valley
Doug Routley, Nanaimo – North Cowichan
Nicholas Simons, Powell River – Sunshine Coast
Michelle Stilwell, Parksville – Qualicum
Jordan Sturdy, West Vancouver – Sea to Sky, and Parliamentary Secretary to the
Minister of Transportation and Infrastructure for Transportation
Islands Trust Council
Islands Trust website