Trust Programs Committee Agenda
Teleconference participants dial 1-866-222-0249, followed by 8623188#

Islands Trust

Date:	Monday, May 12, 2014
Time:	10:45 am - 2:00 pm
Location:	Ladysmith City Hall, 410 Esplanade (Hwy 1)

Pages

That the meeting be closed to the public subject to Sections 90(1)(b), of the Community Charter in order to consider matters related to: personal information about an identifiable individual who is being considered for an award or honour and that staff attend the meeting.

DRAFT

Trust Programs Committee
Minutes of Regular Meeting

Date of Meeting: **Monday, February 3, 2014**
Location: **Ladysmith City Hall, 410 Esplanade (Hwy 1)**

Members Present:
Paul Brent, Saturna Island Local Trustee (Chair)
Alex Allen, Hornby Island Local Trustee
George Grams, Salt Spring Island Local Trustee (Vice-Chair) (by phone)
David Graham, Denman Island Local Trustee (EC Rep)
Tony Law, Hornby Island Local Trustee
Liz Montague, South Pender Island Local Trustee (by phone)
Laura Busheikin, Denman Island Local Trustee
Kate-Louise Stamford, Gambier Island Local Trustee (by phone)

Regrets:
Andrew Stone, Bowen Island Local Trustee
Sheila Malcolmson, Gabriola Island Local Trustee (ex officio)
Lisa Gordon, Director, Trust Area Services

Staff Present:
Clare Frater, Policy Analyst
Jas Chonk, Recorder

Media and Others Present:

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1. CALL TO ORDER

The meeting was called to order at 10:30 a.m.

2. APPROVAL OF AGENDA

<u>TPC-2014-001</u>
It was MOVED and SECONDED,
That the Trust Programs Committee February 3, 2014 agenda be approved as presented.

<u>CARRIED</u>

3. MINUTES/COORDINATION

3.1 Minutes of Previous Meetings

3.1.1 November 4, 2013

TPC-2014-002
It was MOVED and SECONDED,
That the Trust Programs Committee Minutes of November 4, 2013 be adopted as presented.

CARRIED

3.2 Follow-up Action List

The follow-up action list was provided for information and review. There was no discussion.

4. TRUST COUNCIL BUSINESS ITEMS

4.1 Briefing – BC Ferries Advocacy Research Program Update

Clare Frater, Policy Analyst, provided an update about the BC Ferries Advocacy Research Program work undertaken since Trust Program Committee's last meeting. Members discussed the results of the Freedom of Information requests.

Kate-Louise joined the meeting at 10:43 a.m.

TPC-2014-003
It was MOVED and SECONDED,
That the Trust Programs Committee remove items 123/13 and 125/13 regarding BC Ferries advocacy research from the Follow Up Action List.

CARRIED

4.2 Update – Trust Council Economic Sustainability Session

Staff requested feedback on the results of the survey sent to participants of Trust Council's Economic Sustainability Session held in December 2013.

Trustees discussed that Trust Council's Economic Sustainability Session was generally useful as a catalyst for future conversations but could have been more focused with more precise questions for presenters, that it might be appropriate in future to encourage regional districts to host a similar session and invite the Islands Trust, and that there should have been more focus on the Islands Trust's planning tools relevant to economic sustainability.

Trustees also discussed the need for better transfer of lessons learned to newly elected trustees about committee activities from the previous term.

TPC-2014-004

It was MOVED and SECONDED,

That the Trust Programs Committee request that the Trust Programs Committee Chair prepare a report highlighting the key activities of the Trust Programs Committee over the 2011-2014 term to be available to the next term's Trust Council and posted on the Islands Trust website.

CARRIED

4.3 Briefing – Community Stewardship Awards

Staff advised the Trust Programs Committee of the tasks needed to deliver the 2014 awards program. Trustees discussed the Community Stewardship Award process, and emphasized the value of trustees promoting the program on their islands.

4.4 RFD – Community Stewardship Awards 2014 Deadline Change

Staff noted that changing the 2014 Community Stewardship Award program deadline to April 16 will allow staff to better manage their workload in the short period between the deadline for nominations and the deadline for the Trust Programs Committee meeting package. This will prevent the need for overtime to maintain commitments to other projects.

TPC-2014-005

It was MOVED and SECONDED,

That the Trust Programs Committee direct staff to pilot an April 16 deadline for 2014 Community Stewardship Award applications.

CARRIED

4.5 Briefing – Advocacy Objectives Matrix

Staff provided an update about work undertaken since Trust Council's December 2013 direction to the Executive Committee to study and make recommendations to Council regarding the costs and resources necessary to create an advocacy campaign for the marine and coastal protection of the Salish Sea, and directed that all related advocacy issues such as aquaculture, oil tanker traffic, coal transport and climate change be included in this examination. Staff provided some draft matrices to assist in selecting topics and advocacy methods for future advocacy campaigns and committee members discussed them.

The Committee recessed for lunch at 12:08 p.m.

The Committee resumed the meeting at 12:23 p.m.

Trustees Busheikin, Stamford, Montague and Law offered to work with staff on the matrices.

5. NEW BUSINESS

There was no new business discussed.

6. WORK PROGRAM

6.1 Trust Programs Committee Work Program Report

TPC-2014-006
It was MOVED and SECONDED,
That the Trust Programs Committee forward its work program to the Islands Trust Council with the top three items as amended:

1. Community Stewardship Awards
2. BC Ferries advocacy program - Support engagement by Trust Council and trustees on BC Ferries issues
3. Indicator Program

with two continuing items as follows: legislative monitoring, and vacant crown land profiles.

CARRIED

7. NEXT MEETING

The next meeting will take place on May 12, 2014 in Ladysmith.

ADJOURNMENT

By general consent the meeting adjourned at 12:48 p.m.

Paul Brent, Chair

CERTIFIED CORRECT:

Jas Chonk, Recorder

Trust Programs Committee
Follow Up Action List

February 3, 2014 meeting

No.	Activity	Responsi-bility	Target Date	Status
TPC-2014-003	That the Trust Programs Committee remove items 123/13 and 125/13 regarding BC Ferries advocacy research from the Follow Up Action List.	CF	Feb-14	Done
TPC-2014-004	That the Trust Programs Committee request that the Trust Programs Committee Chair prepare a report highlighting the key activities of the Trust Programs Committee over the 2011-2014 term to be available to the next term's Trust Council and posted on the Islands Trust website.	Chair	Oct-14	Not started
TPC-2014-005	That the Trust Programs Committee direct staff to pilot an April 16 deadline for 2014 Community Stewardship Award applications.	CF	Feb-14	Done
TPC-2014-006	That the Trust Programs Committee forward its work program to the Islands Trust Council with the top three items as amended: Community Stewardship Awards, BC Ferries advocacy program - Support engagement by Trust Council and trustees on BC Ferries issues, Indicator Program with two continuing items as follows: legislative monitoring, and vacant crown land profiles.	LG	Feb-14	Done

November 4, 2013 meeting

No.	Activity	Responsi-bility	Target Date	Status
By general consent	The Committee requested that staff work constructively with Mr. Tylee and Mr. Holman to see if see an agreement can be reached about the Economic Dependency Report.	CF	2014	Done

November 5, 2012 meeting

No.	Activity	Responsibility	Target Date	Status
3.5	Research further high-priority indicators, such as census and housing	CF	On-going	In progress

Earlier meetings

Date.	Activity	Responsibility	Target Date	Status
Dec-00	Trust Council directed Management to update Crown land information profiles in text format for on-island review through Local Trust Committees and the Bowen Island Municipality by April, 2001.	LG		On-hold - Still incomplete: Bowen Island, Gambier Island LTA, Ballenas - Winchelsea

ISLANDS TRUST
BRIEFING

DATE: May 1, 2014

TOPIC: **ISLANDS TRUST COMMUNITY STEWARDSHIP AWARDS 2014**

DIRECTED TO: Trust Programs Committee

CONFIDENTIAL: No

DESCRIPTION OF ISSUE:
This is the thirteenth annual Community Stewardship Awards Program. It provides an opportunity for the Islands Trust to engage island communities in promoting stewardship that advances the Object of the Islands Trust.

BACKGROUND:
Islands Trust has requested nominations from the public and other agencies through a news release, the Islands Trust website, 'tweets', notices to subscriber, and posters.

The deadline for award nominations was April 16, 2014. The Islands Trust Council Chair will send all nominees a congratulatory letter and a certificate of nomination. The names of all nominees will be announced in a news release to local media to highlight the positive actions of these individuals and groups.

The evaluation form is for individual trustee use before the meeting and will not be collected by staff. The form is intended to assist trustees to evaluate the nominations according the criteria set out in policy 2.1.xi (Administration of the Community Stewardship Awards).

ATTACHMENT(S):

Attachment I	Overview of Program and Awards to-date
Attachment II	List of 2014 Nominations
Attachment III	Evaluation Criteria Form
Attachment IV	Nominations Package (7 nominations – in camera)
Attachment V	Trustee Comments on Nominations (in camera)

AVAILABLE OPTIONS

Make recommendations to Trust Council for up to two awards in the individual category, up to two awards in the group category, and up to two additional awards in the individual, group, enduring achievement, climate change, or youth categories.

FOLLOW-UP:

- The Islands Trust Council Chair will send a certificate to all nominees to applaud their efforts and to thank them for participating in the awards this year.
- In May, the Islands Trust will announce all nominees in a news release to local media and provide profiles about their nominations on the website.
- In June, Trust Council will consider the nominations and determine the recipients of the Community Stewardship Awards. Islands Trust will then announce the names of award recipients in a news release.
- Trustees may present the awards at Local Trust Committee meetings in the summer or fall of 2014, or at Trust Council meetings where appropriate. Should an award be made for Bowen Island, the Municipal Trustees may determine the method of making the award.

PREPARED BY:	Clare Frater Trust Area Policy Analyst	**REVIEWED BY EXECUTIVE COMMITTEE:**	
SUBMITTED BY:			
REVIEWED BY:	Lisa Gordon, Director Trust Area Services	**OTHER REVIEW:**	

Community Stewardship Award Program
2002-2014 Overview

Nominations per Island 2002 – 2013:
Since 2002, there have been 160 nominations in total, with an average of 13 nominations per year. The highest number of nominations (18) occurred in 2012 and the lowest number of nominations (6) occurred in 2011.

	2002-2013	2014-Indiv.	2014-Group	**Total 2002-2014**
Pender	41	3		**41**
Salt Spring	28	1		**28**
Hornby	18			**18**
Mayne	10			**10**
Denman	11		1	**11**
Saturna	9	1		**9**
Galiano	8		1	**8**
Lasqueti	7			**7**
Gabriola	7			**7**
Bowen	6			**6**
Thetis	4			**4**
Gambier	2			**2**
Trust Wide	2			**2**
Total	**153**	**5**	**2**	**160**

Recipients per Island 2002 – 2013:
Since 2002, there have been 63 Community Stewardship Awards recipients in total. The number of awards has ranged from three awards in 2002 to six awards in 2007, 2008, 2011 and 2013 to eight awards in 2012. In 2005, Trust Council awarded four awards and two honourable mentions.

	Total 2002-2013
Salt Spring	**15**
Pender	**12**
Hornby	**6**
Denman	**5**
Saturna	**5**
Bowen	**4**
Mayne	**4**
Gabriola	**3**
Galiano	**2**
Lasqueti	**3**
Gambier	**2**
Thetis	**1**
Trust Wide	**1**
Total	**63**

Summary
Community Stewardship Award Recipients

2013

Island	Recipient	Project	Award
Saturna	Richard Blagborne	For his role in saving and restoring the Fog Alarm building at East Point Park.	Individual
Gabriola	Chris and Judith Plant	For promoting and demonstrating sustainability through book publishing.	Individual
Salt Spring	Jan Slakov	For her environmental and social justice leadership.	Individual
Salt Spring	Salt Spring Island Water Council	For ten years of work on water issues on the island.	Group
Lasqueti	Lasqueti Island Forage Fish Team	For monitoring beaches for forage fish habitat.	Group
Mayne	Mayne Island Conservancy Society	For their shoreline care program.	Group
Denman	Ana Miriam Leigh (posthumous)	For her 20 years of support to women facing violence on Denman Island	Special enduring achievement

2012

Island	Recipient	Project	Award
Bowen	Dr. Donald Marshall	For initiatives to reduce, reuse and recycle.	Enduring Achievement
Denman	Peter Karsten	For conservation programs and projects.	Climate Change
Gabriola	Gabriola Island Health Care Foundation, Society and Auxiliary	For building the Gabriola Island Urgent Care Medical Clinic	Group
Gambier	Stuart Watson	For his work with the Gambier Fire Equipment Group and Langdale Access Group	Individual
Hornby	Hornby Quilters Group	For 36 years of fundraising	Group
North Pender	Margot Venton	For working to protect the Southern Resident Killer Whale	Individual
Saturna	Saturna Ecological Education Centre	For building an Ecological School	Group
Salt Spring	Anne Macey	For supporting agriculture and food security	Individual

2011

Island	Recipient	Project	Award
Bowen	Sue Ellen Fast	For her community and conservation work	Individual
Hornby	Hornby New Clinic Committee	For planning, coordinating and building a new community medical clinic	Group

North and South Pender	Pender Island Fire Rescue Department	For serving and protecting the Pender Islands.	Group
Galiano	Jane Wolverton	For her work with the Galiano Food Program	Individual
North and South Pender	Barry Mathias	Car Stops Program	Climate Change
North and South Pender	Sara Steil	For her community and conservation work	Enduring Achievement

2010

Island	Recipient	Project	Award
Denman	Patti Willis	For preservation of the Denman Island environment.	Individual
North Pender	Tekla Deverell	For her gardening mentorship program for young people	Individual
North Pender	Sylvia Pincott	For preservation of the Pender Island environment	Enduring achievement
Salt Spring	Dorothy Cutting	For the West Coast Climate Equity website and her climate change education work	Climate change
Saturna	Jon Guy	For his many contributions to the vitality of Saturna Island's community life	Enduring achievement

2009

Island	Recipient	Project	Award
Denman	Patricia McLaughlin	For her work on marine stewardship.	Individual
Hornby	Hornby Island Residents and Ratepayers' Association	For its efforts to mitigate our impacts on the climate by developing a non-motorized trails network on Hornby Island.	Group
Salt Spring	Salt Spring Island Conservancy	For its "Stewards in Training" schools program	Group
Salt Spring	Kelsey Mech	For her work in developing Environmental Action Day and an environmental action youth group	Individual
Salt Spring	Jacqueline Booth (Posthumous nomination)	For her work on terrestrial and marine ecosystem mapping and conservation.	Individual

2008

Island	Recipient	Project	Award
Lasqueti	Lasqueti Island Nature Conservancy	For its work in expanding Squitty Bay Provincial Park from 13 to over 51 hectares	Group
Saturna	Lyall Creek Salmon and Trout Enhancement Project	For their work to restore Lyall Creek's salmon and trout habitat	Group
Mayne	Mary Cooper	For her work with the	Individual

		Mayne Island Integrated Water Systems Society to conserve water	
Salt Spring	Maureen Moore	For her work to save Salt Spring Island's Creekside Rainforest	Individual
Saturna	Geri Crooks	For her work to stabilize the future of emergency medical responses on Saturna	Enduring Achievement
Lasqueti	Alisdair and Nancy Gordon	For their donation of Mount Trematon to the Trust Fund Board, to be protected for the community in perpetuity	Special Contribution

2007

Island	Recipient	Project	Award
Gambier	Gambier Island Conservancy	For its fund-raising to acquire and protect Mount Artaban as a nature reserve.	Group
Salt Spring	Salt Spring Island Alternative Gypsy Moth Control Program	For implementing an ecologically-friendly program to control the outbreak of gypsy moths.	Group
Gabriola	Jenny Brown McLeod	For her work on groundwater management and protection on Gabriola Island.	Individual
North Pender	Karl Hamson	For his community service and commitment to sustainability.	Individual
North Pender	Ursula Poepel	For her work in removing invasive plants on the island since 1986 and her donation of land to the Pender Island Parks Commission.	Special Enduring Achievement
North & South Pender	The Pender Post, a non-profit publication established in 1971	For its dedication to building the Pender Islands community	Special Enduring Achievement

2006

Island	Recipient	Project	Award
Pender	Michelle Marsden and the BC Coastal Clean Up Campaign	For the removal of marine wrecks and beach cleanup.	Group
Salt Spring	Salt Spring Island Conservancy	Mount Erskine Campaign to create Mount Erskine Provincial Park.	Group
Thetis	Bob Burgess, Gulf Islands Rainwater Connection Ltd.	For his work on rain water harvesting.	Individual

Mayne	Ann Johnston	For her work on recycling on Mayne Island.	Individual

2005

Island	Recipient	Project	Award
Hornby	The Hornby Water Stewardship Project	For their work on water testing and public education to protect water quality.	Group
Mayne	Mayne Island Japanese Gardens	For creating a memorial garden to honour the Japanese families of Mayne Island.	Group
Hornby	Hilary Brown	For her ongoing work of almost seven decades to make Hornby Island a better place to live.	Individual
Bowen	Katherine Dunster	For her conservation work and promotion of the ‘slow islands’ movement.	Individual

2005 Honourable Mentions

Denman	Denman Conservancy Association	For their annual house and garden tour fund-raising event.	Special Honourable Mention
Pender	Nicholas and Naomi Wilde-Van Ginkles of Pender	For their work to sensitize the community to the environmental impact of chemicals.	Special Honourable Mention

2004

Island	Recipient	Project	Award
Salt Spring	Spring Island Stream and Salmon Enhancement Society	For their watershed and stream restoration work, primarily on Salt Spring Island.	Group
Salt Spring	Salt Spring Island Residents For Responsible Land Use	For their work in the preservation of Walker Hook.	Group
Galiano	Ken Millard	For his ongoing work as the Director of the Galiano Conservancy.	Individual
Salt Spring	Tom Gossett	For many years of work for watershed protection.	Individual

2003

Island	Recipient	Project	Award
Bowen	Bowen Island Forest and Water Management Society	For compiling a vast range of community information onto a single CD Rom.	Group
All Islands	Islands in the Salish Sea	For gathering diverse	Group

	Mapping Project	community knowledge and communicating it through artistic maps.	
Denman	Jenny Balke	For restoration work in Valens Brook and enhancing community awareness about the need to preserve environmentally sensitive areas.	Individual
Hornby	Tony Quin	For his work in preserving the 170 hectare Link-Parsons property as a park.	Individual

2002

Island	Recipient	Project	Award
North Pender	Trincomali Improvement District	For providing and maintaining a secure water supply to the Trincomali subdivision and educating new property owners about the restrictions on water use.	Group
Salt Spring	Island Wildlife Natural Care Centre	For their naturopathic approach to the care and rehabilitation of wildlife.	Group
Salt Spring	Maureen Milburn	For her work in negotiating the Maxwell Lake conservation covenant.	Individual

COMMUNITY STEWARDSHIP AWARDS 2014
SUMMARY OF NOMINEES AND PROJECTS

- Islanders nominated a total of 3 individuals, 2 couples and 2 groups for the 2014 Islands Trust Community Stewardship Awards Program.

Individuals

Nominee	Island	Title of Project/ Description of Work	Nominator	Previously Nominated?
1. Barrie Morrsion and Nancy Waxler-Morrison	Pender	Ecological legacy for the Pender Islands	Pender Island Trust Protection Society	No
2. Christa Grace-Warrick	Pender	25 years of promoting community connection through newspaper publishing	Pender Island Trust Protection Society	Yes (2005)
3. Paul and Monica Petrie	Pender	Fundraising to complete the Brooks Point Regional Park	John Chapman	Yes (2012)
4. Brian Hollingshead	Saturna	Championing coastal ferry services	Susan Jamieson-McLarnon	No
5. David Denning	Salt Spring	Inspiring people about Salt Spring Island's natural world	Salt Spring Island Conservancy	No

Groups

Nominee	Island	Title of Project/ Description of Work	Nominator	Previously Nominated?
1. Assoc. of Denman Island Marine Stewards	Denman	Protecting the marine environment over a 15-year period.	Graeme Johnston	No
2. Galiano Conservancy Association	Galiano	25 years of leadership in sustainable community building.	Carolyn Canfield	No

COMMUNITY STEWARDSHIP AWARDS – EVALUATION FORM 2014

INDIVIDUAL EVALUATIONS:

Individuals	Relationship to Policy Statement (1-5)	Benefits to the Community or Trust Area (1-5)	Collabo-ration with others (1-5)	Innovation (1-5)	Level of community support and involvement (1-5)	TOTAL SCORE
1. Barrie Morrison and Nancy Waxler-Morrison (post-humous)						
2. Christa Grace-Warrick						
3. Paul and Monica Petrie						
4. Brian Hollingshead						
5. David Denning						

COMMUNITY STEWARDSHIP AWARDS – EVALUATION FORM 2014

GROUP EVALUATIONS:

Groups	Relationship to Policy Statement (1-5)	Benefits to the Community or Trust Area (1-5)	Collabo-ration with others (1-5)	Innovation (1-5)	Level of community support and involvement (1-5)	TOTAL SCORE
6. Assoc. of Denman Island Marine Stewards						
7. Galiano Conservancy Association						

Islands Trust

BRIEFING

To: Trust Program Committee

For the Meeting of: May 12, 2014

From: Clare Frater, Policy Analyst

Date prepared: April 28, 2014

SUBJECT: BC FERRIES ADVOCACY UPDATE

DESCRIPTION OF ISSUE: This briefing provides an update about work undertaken since Trust Program Committee's February 2014 meeting.

BACKGROUND: Since Trust Programs Committee's last meeting on February 3, 2014 the Islands Trust Executive Committee and/or the Islands Trust Council Chair has advocated about BC Ferries in the following ways:

- On February 19, 2014, Islands Trust staff submitted a Freedom of Information request to BC Ferries for the attached *Economic Impact Analysis* report. This request was made in a research capacity to inform future advice about advocacy on BC Ferries issues.

- On February 21, 2014 the Vancouver Sun published an opinion editorial by the Islands Trust Chair (in collaboration with trustees, staff and community members): http://www.vancouversun.com/Opinion+Without+marine+transportation+sunk/9536072/story.html

- On March 11, 2014 Islands Trust Council Chair spoke at BC Ferries rally at the BC legislature.

- On April 23, 2014 Islands Trust Council Chair wrote to Minister of Transportation and Infrastructure requesting a new report using current data that explains BC Ferries' economic role.

- March 14, 2014 Chair Sheila Malcolmson wrote to Gordon Macatee, BC Ferry Commissioner requesting a performance review of BC Ferries.
    - On March 21, 2014, the BC Ferry Commissioner responded that the suggested performance review will be included in the Commission's work schedule in the coming months.
    - On April 14, 2014, Minister Bond announced that Mr. Macatee would be the temporary administrator of WorkSafe BC. It is not yet clear what impact Mr. Macatee's departure will have on the BC Ferry Commission's work schedule.

- On March 31, 2014 Islands Trust Council Chair wrote to the Premier of British Columbia outlining concerns about the BC government's BC Ferries service cuts, fare hikes and infrastructure funding.
    - Premier Clark responded on April 8, 2014. She stated that she knew "the recent announcements have been hard on the people and communities most directly affected and we've done our best to mitigate the impact". She also explained that she has asked Minister Stone to ensure Chair Malcolmson is sent a detailed response on behalf of the Premier.

- On April 8, 2014, in response to the Islands Trust staff FOI request, BC Ferries released the *Economic Impact Analysis* report from 2000. Staff provided the report to Executive Committee members in advance of the Association of Vancouver Island and Costal Communities Convention which included a session about BC Ferries.

  The 2000 study's purpose was to analyze the economic impact of BC Ferries on the provincial economy and on the economies of the coastal communities it serves. Specific objectives of the project were to "develop a profile of the economies in coastal BC, to describe BC Ferries' impact on these communities, to describe BC Ferries' role in tourism and commercial trucking, and to forecast the economic outlook of BC Ferries' service areas."

  The report includes statements that could inform future advocacy messages such as:

  - "In spite of financial losses to the Corporation, BC Ferries' spending is good news for the economy, specifically the local economies where the expenditures are made." (p. ii)
  - "The existence of BC Ferries as a marine transportation carrier creates a number of impacts on local economies." (p. 4)
    - The report describes economic impacts relating to direct employment, direct expenditures, spin-off effects, and provision of free transportation. The report also describes impacts that are less tangible and more difficult to measure including improved tourism, prices for consumer goods, and lifestyle.
  - "BC Ferries' spending creates impacts throughout the economy. The sectors benefiting the most are manufacturing; transportation and storage; business services; communications; wholesale trade; and finance and insurance." (p. 31)
  - The Corporation's spending contributed $230 million to the province's Gross Domestic Product (GDP). BC Ferries' contribution to GDP is about 0.2%. In terms of economic sectors, BC Ferries contributes about 2% of total GDP within the BC transportation sector. (p. ii)

- On April 11, 2014, the Islands Trust Chair participated in a BC Ferries Special Plenary Session at the Association of Vancouver Island and Costal Communities Convention.

- On April 23, 2014 the Islands Trust Chair wrote to the Minister of Transportation and Infrastructure to provide him with the BC Ferries Economic Analysis Report and to request that the Ministry of Transportation and Infrastructure produce a new report using current data that explains BC Ferries' economic role.

Other BC Ferries related activities directed by the Executive Committee include:

October 8, 2013 meeting:

- **Assist the Chair in requesting meeting with BC Ferries CEO**

October 14, 2009 meeting:

- **Draft letter to BC Ferries re protocol agreement** (on hold)

The Trust Programs Committee's work program, approved by Trust Council in March 2014, has as its second priority: *support engagement by Trust Council and trustees on BC Ferries issues.*

ATTACHMENT(S):

1) Economic Impact Analysis report from 2000

AVAILABLE OPTIONS:

1) Direct new advocacy activities related to BC Ferries

FOLLOW-UP: Staff will follow-up as requested

Prepared By:	Clare Frater, Policy Analyst, April 28, 2014
Reviewed By/Date:	Lisa Gordon, Director of Trust Area Services, April 28, 2014

BC FERRIES: ECONOMIC IMPACT ANALYSIS

Prepared for:

Strategic and Corporate Planning Department
British Columbia Ferry Corporation

Prepared by:

Economic Planning Group
Research and Planning Analysts

September, 2000

EXECUTIVE SUMMARY

Purpose of the Study

This study analyzes the economic impact of BC Ferries. It assesses the impact that BC Ferries has on the provincial economy and on the economies of the coastal communities it serves. The research also looks at the impacts that changes in service area economies will have on BC Ferries future operations.

Specific objectives of the project were to develop a profile of the economies in coastal BC, to describe BC Ferries impact on these communities, to describe BC Ferries role in tourism and commercial trucking, and to forecast the economic outlook of BC Ferries' service areas.

Provincial Economic Profile

The economic environment in which BC Ferries operates has been relatively bleak for much of the 1990s. Although a few indicators of economic performance were up, most were either static or down. The positive measures included an increase in employment and a decrease in unemployment. No real growth occurred in manufactured shipments and retail sales. The negative measures of the economy occurred for personal disposable income, building permits, business incorporations and bankruptcies.

Traditionally a leader in economic growth in Canada, the nineties produced a slide in the province's relative position. The status of the economy has not been positive for either business or personal travel, nor for the shipment of commercial goods.

The health of the economy has a direct impact on BC Ferries. There is a close correlation between disposable income and ferry ridership. Improving economies in the service areas heading into the new decade should increase ridership. Tourism and business travel should increase based on improving economies, while personal travel will increase based on population increases.

BC Ferries Impacts of Local Economies

The existence of BC Ferries as a marine transportation carrier creates a number of impacts on local economies. These include such measurable impacts as direct employment of BC Ferries staff, direct expenditures on goods and services, and spin-off effects created for support businesses. Less easily measured, but nevertheless real, are BC Ferries' impact on property values, on improved tourism, and on prices for consumer goods.

BC Ferries operates 26 routes – all but three at a financial loss. The four main commercial routes (1, 2, 30 and 3) generate 81% of total revenue, and Route 1 alone generates 38% of total revenue.

In spite of financial losses to the Corporation, BC Ferries' spending is good news for the economy, specifically the local economies where the expenditures are made. System wide, BC Ferries spends (in 1998) over $380 million to operate the vessels and terminals. This includes wages, which are paid to staff that reside in the homeport communities, and materials and supplies – some of which are purchased locally.

Overall, the $380 million in BC Ferries' direct expenditures produce $550 million in total economic activity (direct and indirect output). The Corporation's spending contributed $230 million to the province's Gross Domestic Product (GDP). The province's total GDP is just over $96 billion (1998) so BC Ferries' contribution to GDP is about 0.2%. In terms of economic sectors, BC Ferries contributes about 2% of total GDP within the BC transportation sector.

Total employment is about 4,700 (including part-time staff) while an additional 971 persons are indirectly employed because of jobs created in the economy by BC Ferries' spending. BC Ferries' spending generates $18 million in federal taxes and $9 million in provincial taxes.

Impact of Coastal Economies on BC Ferries

BC Ferries contributes to local economies by providing the key marine transportation link to move goods and people into and out of the service area communities. Based on this analysis, the tourism and commercial transport sectors are key to BC Ferries' operations.

The number of ferry travellers on the main Vancouver routes, in the tourist categories, was 2,509,000 out of an annual total of 11,455,000. This includes both peak and off-peak periods, and represents 22% of total passengers carried. Based on tourist survey average length of stay and daily expenditures, revenues of $647 million have been generated on Vancouver Island by persons who have travelled to the Island by BC Ferries.

Commercial vehicle traffic represents about 15 percent of BC Ferries tariff revenues. The corporation carries about half of the semi-trailer traffic across Georgia Strait.

There are significantly more goods destined for the Island than originate on the Island. The three largest outgoing product groups trucked from the Island (representing three-quarters of all shipments by weight) are wood materials/lumber products (22%), wood fabricated materials and building products (23%), and general freight (29%). Freight trucked to the Island is much more diverse. After general freight at 25%, the next largest freight groups are other foods (11%), wood fabricated materials (11%), iron and steel (9%), and beverages (8%). BC Ferries carries about half of all these commodities.

Economic Outlook Impacts for BC Ferries

BC Ferries operates in coastal BC, connecting the province's largest population centers with some of the province's smallest communities. Future demand for ferry services will be based partly on the health of the provincial economy. Population growth is the other key determinant of demand.

Generally, economic forecasts are optimistic over the rest of the decade, with considerably improved economic performance anticipated. Gross domestic product is expected to move into positive territory in the 2.5% annual increase range and personal income is forecast to increase from under 3% increases to around 5% annual increases. Retail sales and housing starts are also expected to make dramatic turn-arounds in annual growth.

In terms of BC Ferries' service areas, the following economic futures are likely (based on available research and interviews with Economic Development Commissioners). The economy of Victoria and the Capital Regional District will continue to be largely based on tourism, the service sector, and the public service (both provincial and federal), with a rapidly increasing high technology sector. The economies of the Gulf Islands will remain modest - dependent on tourism, subsistence economies (arts and crafts), and the retirement industry (pension income). Value added manufacturing, the service sector and tourism are expected to drive the mid-Island, while resource harvesting and adventure tourism should be keys to the north Island economy.

In Vancouver, the construction sector, the service sector, and high technology are all expected to grow in relative importance. The mainland coast should see additional marine based tourism, possible growth in aquaculture, and general service sector growth based on population growth. Possible future developments, but very difficult to predict, include a steel mill, cruise ship facilities, and off-shore oil and gas exploration.

1.0 INTRODUCTION

1.1 BACKGROUND

BC Ferries is conducting a strategic planning process to guide operation and development of the corporation over the next 15 years. A number of topics are being addressed to provide background information and context for the process. These include assessing the impacts of demographics, technology and marketing, and competition on future market demand. Other topics being addressed are market profiling, and – the topic of this analysis - economic impact analysis. These topics being studied as part of the strategic planning process are intended to assist BC Ferries with its demand forecasting.

1.2 OBJECTIVES

The overall purpose of this research is to assess the economic impact of BC Ferries. This is intended to provide an estimate of the economic value that is created in the service area communities, by the BC Ferries service. The objectives of the research, as specified in the draft project plan outline, are as follows:

1. Develop a profile of Industry and Employment in Coastal BC
2. Describe BC Ferries impact on local economies
3. Describe BC Ferries' role in coastal economies, specifically addressing
   - Tourism
   - Commercial traffic
   - Economic linkages of BC Ferries spending
4. Forecast the economic outlook and describe its impact on BC Ferries
   - By community in the service areas
   - Of BC's main industries

1.3 SCOPE

The geographic scope of the analysis is the areas serviced by BC Ferries which includes all the communities and regions along coastal BC. For the purposes of this analysis, the service areas have been grouped into two basic categories – Vancouver Island and the Mainland Coast. The regions served and routes are as follows:

Categories	Regions	Route No.	Route Name
Vancouver Island/ Gulf Islands	South Vancouver Island	1 12	Tsawwassen/Swartz Bay Brentwood/Mill Bay
	Mid Vancouver Island	2 30 17 19 20 21 22	Horseshoe Bay/Nanaimo Tsawwassen/Nanaimo Comox/Powell River Nanaimo Harbour/Gabriola Chemainus/Thetis Buckley Bay/Denman Denman/Hornby
	North Vancouver Island	10A 40 23 24 25	Inside Passage/Cruise BC (Peak) Discovery Coast Campbell River/Quadra Quadra/Cortez Port McNeill/Alert Bay/Sointula
	Southern Gulf Islands	4 5 6 9	Swartz Bay/Salt Spring Swartz Bay/Outer Gulf Islands Crofton/Salt Spring Tsawwassen/Gulf Islands
Mainland	Lower Mainland	1 2 9	Tsawwassen/Swartz Bay Horseshoe Bay/Nanaimo Tsawwassen/Gulf Islands
	Sunshine Coast	3 8 13 7 17 18	Horseshoe Bay/Langdale Horseshoe Bay/Bowen Island Langdale/Gambier Saltery Bay/Earl's Cove Comox/Powell River Powell River/Texada
	Mid Coast	10A 40	Inside Passage Discovery Passage
	North Coast	10A 10 11 26	Inside Passage Bear Cove/Prince Rupert (Winter) Prince Rupert/Skidegate Skidagate/Alliford

It is designed to provide an acceptable level of confidence for the corporation to use in its strategic planning. It is intended to act as a source for the corporation's ongoing fifteen year strategic plan

1.4 METHODOLOGY

An initial work program was prepared based on a draft outline prepared by the Strategic and Corporate Planning Department. Direction on the overall intent of the research was received from the BC Ferries Executive Committee at a strategic planning workshop held late June 2000. An outline of the proposed approach was presented and the ensuing discussion resulted in a modification of the approach to better capture information on both the impacts BC Ferries creates on the communities it serves, and on the impacts that service area economies have on BC Ferries.

The analysis was conducted during the summer 2000 based primarily on existing information, and on interviews with selected agency representatives. The secondary sources include reports and surveys from BC Ferries and from other jurisdictions. (See Appendix A for a complete list of sources.) The interviews were conducted with Economic Development Officers in BC Ferries' service areas.

The one area where original research has been conducted was the completion of an overview of BC Ferries' spending based on the province's Input/Output model. This is a mathematical model of the provincial economy, which analyzes the flow of goods and services within the economy based on spending by BC Ferries.

2.0 ECONOMIC PROFILE OF COASTAL BC

This section outlines the economic environment in which BC Ferries operates. It includes a profile of the status of the economy by industry sector. The analysis includes an overview of the province, and details of the economy on Vancouver Island and the Mainland Coast. It also includes information on recent trends, both for BC and for the BC Ferries service areas.

2.1 INDUSTRY SECTORS

Information on the composition and health of the economy is measured by a number of statistics descriptive of the goods producing and service sectors. The following information has been excerpted from statistics and analysis published by BC Stats.

2.1.1 British Columbia

The service sector is the largest component of the provincial economy, although the province remains heavily dependent on natural resources. The resource sector is responsible for one-quarter of the jobs in BC. Within the resource sector, forestry is the most important sector, and this dependence is widely based throughout the province. Of all manufacturing done in the province, wood industries rank first, followed by paper and allied industries. In fact, these two industries combined account for about half of all manufacturing in the province.

Mining is also a major contributor to the province's GDP although it is not particularly significant along the coast, in the BC Ferries service areas. The other significant resource sectors are agriculture and fishing. Agriculture is important to parts of Vancouver Island, in Delta, and parts of the Gulf Islands and the Sunshine Coast. Fishing is important in the north coast and on northern Vancouver Island, although the wild fish fishery has declined sharply and the farmed fishery has been increasing.

Tourism is important throughout the province including most of the BC Ferries' service areas. Tourism contributes over 4% of provincial GDP, slightly higher than the mining sector. The high-technology sector has been rapidly growing in importance and has become one of the province's leading employers.

The following table lists the province's industries with the number of employees for 1995 to 1999.

Table 2-1
British Columbia Employment by Sector, 1995 – 1999

British Columbia	1995	1996	1997	1998	1999
Total	1,792.3	1,821.2	1,869.0	1,870.2	1,906.4
Goods-Producing Sector	405.4	410.2	417.8	408.9	396.5
Agriculture	25.6	30.1	33.2	33.1	28.6
Forestry, Fishing, Mining, Oil and Gas	54.9	54.7	54.5	50.7	49.0
Utilities	11.0	10.7	10.3	11.4	11.5
Construction	125.1	119.5	122.9	117.7	115.3
Manufacturing	188.7	195.1	197.0	196.0	192.2
Services-Producing Sector	1,386.9	1,411.0	1,451.2	1,461.2	1,509.9
Trade	299.8	294.3	301.5	294.3	308.5
Transportation and Warehousing	96.8	99.1	109.2	106.2	117.9
Finance, Insurance, Real Estate and Leasing	117.9	123.6	127.1	122.7	119.9
Professional, Scientific and Technical Services	102.4	106.2	112.6	124.1	136.7
Management, Administrative and Other Support	54.9	60.2	62.3	66.1	64.1
Educational Services	123.3	117.6	121.9	120.2	127.5
Health Care and Social Assistance	176.6	183.4	189.6	194.6	195.2
Information, Culture and Recreation	85.6	84.8	89.0	94.3	91.6
Accommodation and Food Services	135.2	142.8	145.4	151.9	152.7
Other Services	90.6	92.0	93.2	94.0	105.2
Public Administration	103.8	107.0	99.5	93.1	90.4

Source: Statistics Canada Labour Force Survey via BC Stats

Total employment in the province is nearly two million persons. The goods producing sector is responsible for just under 400,000, while the service industries employs over 1.5 million. Since 1995 the goods producing sector had declined by 2% while the service sector has increased by 9%.

2.1.2 Vancouver Island

Within the Capital region, the public sector, and services related to tourism and retirement are the main economic drivers. Outside of the Capital Region, forestry is by far the dominant economic activity in the region. In the north Island, fishing has been as significant as forestry, but declines in salmon stocks recently has caused a sharp decrease in this sector.

The following is a listing of employment on Vancouver Island by sector. It reflects the Vancouver Island/Coast Development Region, which includes the Capital, Cowichan, Nanaimo, Alberni-Clayquot, Comox-Strathcona, and Mount Waddington Regional Districts on Vancouver Island, and the Powell River, ~~Comox-Strathcona, Mount Waddington,~~ Central Coast Regional Districts on the Mainland.

Sunshine ?

Table 2-2
Vancouver Island Employment by Sector, 1995 - 1999

Vancouver Island/Coast	1995	1996	1997	1998	1999
Total	309.9	309.8	322.7	315.7	329.1
Goods-Producing Sector	71.7	68.1	70.9	67.7	66.8
Agriculture	4.5	7.0	5.6	6.5	5.3
Forestry, Fishing, Mining, Oil and Gas	16.7	14.6	14.7	11.4	14.3
Utilities	1.5	1.7	-	-	-
Construction	23.0	20.2	22.9	19.6	21.2
Manufacturing	26.0	24.5	26.6	29.1	24.7
Services-Producing Sector	238.2	241.7	251.8	248.0	262.3
Trade	49.4	49.1	49.7	48.8	51.2
Transportation and Warehousing	11.9	13.7	11.4	11.6	14.3
Finance, Insurance, Real Estate and Leasing	16.9	18.0	17.4	21.1	16.7
Professional, Scientific and Technical Services	17.0	12.7	16.1	15.9	21.3
Management, Administrative and Other Support	9.4	8.1	10.6	9.3	12.7
Educational Services	22.2	22.7	22.3	23.8	22.8
Health Care and Social Assistance	33.7	37.2	40.6	37.2	40.7
Information, Culture and Recreation	11.6	12.5	12.1	11.4	12.8
Accommodation and Food Services	23.1	24.9	25.4	28.2	26.1
Other Services	13.9	14.8	17.4	16.7	18.3
Public Administration	28.9	28.0	28.7	23.9	25.3

Source: Statistics Canada, Labour Force Survey via BC Stats
Note: The above Vancouver Island statistics include the Gulf Islands and the Mt. Waddington Regional District portion of the Mid Coast.

Total employment on Vancouver Island is about 330,000, up from 310,000 in 1995. The goods producing sector has declined slightly from 72,000 to 69,000, a decrease of 4%. The service sector has increased from 238,000 in 1995 to 262,000 in 1999, an increase of 10%.

2.1.3 Mainland Coast

The Mainland coast service area includes several regional districts or portions of districts. The regions along the coast from south to north are Lower Mainland (Greater Vancouver Regional District), the Sunshine Coast, Powell River, Comox-Strathcona, Mount Waddington, Central Coast and Skeena-Queen Charlotte Regional Districts. To represent the range or difference between these regions, statistics are provided for Greater Vancouver and the North Coast Development region.

Table 2-3
Greater Vancouver Employment by Sector, 1995 - 1999

Vancouver (Census Metropolitan Area)	1995	1996	1997	1998	1999
Total	929.6	948.6	971.3	979.6	1,005.4
Goods-Producing Sector	181.3	183.4	184.1	177.6	173.8
Agriculture	6.3	5.9	8.1	6.7	6.8
Forestry, Fishing, Mining, Oil and Gas	8.4	10.1	9.5	10.0	5.8
Utilities	6.5	5.4	5.7	6.8	6.5
Construction	62.3	59.4	58.8	58.6	55.3
Manufacturing	97.7	102.7	102.0	95.6	99.3
Services-Producing Sector	748.4	765.1	787.2	802.0	831.7
Trade	157.6	153.7	162.1	159.2	166.9
Transportation and Warehousing	55.2	57.2	70.1	63.2	71.3
Finance, Insurance, Real Estate and Leasing	73.3	78.1	81.4	74.5	78.2
Professional, Scientific and Technical Services	66.5	72.3	74.3	85.0	91.3
Management, Administrative and Other Support	33.0	37.8	36.5	38.9	34.7
Educational Services	60.5	55.0	59.1	60.9	65.2
Health Care and Social Assistance	89.6	88.5	91.4	97.2	99.3
Information, Culture and Recreation	52.6	50.6	55.7	60.9	58.5
Accommodation and Food Services	69.4	76.0	72.7	72.9	75.3
Other Services	50.0	45.8	44.4	47.2	52.7
Public Administration	40.7	49.9	39.6	42.2	38.3
North Coast and Nechako					
Total	49.1	51.9	51.8	47.4	46.7
Goods-Producing Sector	17.2	15.1	16.0	15.9	15.0
Agriculture	-	-	-	-	-
Forestry, Fishing, Mining, Oil and Gas	4.1	3.2	5.1	4.4	4.2
Utilities	-	-	-	-	-
Construction	2.4	2.1	1.8	2.5	1.9
Manufacturing	8.9	8.6	7.1	8.2	8.1
Services-Producing Sector	31.9	36.8	35.8	31.5	31.8
Trade	7.1	9.2	7.9	6.7	6.7
Transportation and Warehousing	3.7	3.5	3.4	3.0	3.1
Finance, Insurance, Real Estate and Leasing	1.8	2.0	2.9	2.0	-
Professional, Scientific and Technical Services	-	2.0	1.5	2.0	-
Management, Administrative and Other Support	-	-	-	-	-
Educational Services	3.9	4.5	3.3	2.3	4.4
Health Care and Social Assistance	3.8	4.2	4.3	3.2	4.0
Information, Culture and Recreation	1.8	-	-	-	1.7
Accommodation and Food Services	2.3	3.6	3.8	4.3	3.1
Other Services	1.5	3.1	3.0	2.1	2.3
Public Administration	4.2	3.7	3.8	3.7	2.7

Source: Statistics Canada, Labour Force Survey, via BC Stats

2.2 RECENT ECONOMIC TRENDS

2.2.1 British Columbia

- **Selected Provincial Indicators**

The BC economy stalled during the 1990s. Although a few indicators of economic performance were up, most were either static or down. Traditionally a leader in economic growth in Canada, the nineties produced a slide in the province's relative position. The following are measures of the economy over the last decade.

Table 2-4
Selected Provincial Economic Indicators (Current Dollars)

Year	Employ-ment ('000)	Unemploy-ment (Percent)	Manufaca-tured Shipments ($000,000)	Retail Sales ($000,000)	Building Permits ($000,000)	Incorpora-tions	Bankrup-cies
1990	1,554.9	8.6					
1991	1,572.6	10.1					
1992	1,620.3	10.2			6,255.5	20,406	
1993	1,675.9	9.7			6,389.2	22,955	
1994	1,754.0	9.0			6,317.9	25,774	
1995	1,792.3	8.4	35,040.3	31,496.1	5,304.5	23,846	974
1996	1,869.0	8.7	34,096.0	32,070.8	6,050.9	23,237	948
1997	1,870.2	8.4	34,582.6	33,735.8	5,531.8	22,958	895
1998	1,870.2	8.8	33,890.2	33,044.8	4,737.7	20,759	1,031
1999	1,906.4	8.3	36,993.4	33,672.1	4,751.7	20,892	1,075

Source: Statistics Canada, excerpted from BC Stats, Quarterly Regional Statistics, First Quarter, 2000

Employment: The number of people employed and the rate of unemployment are key indicators of economic health. The number of people employed in BC in 1999 (as measured in December), was 1.9 million with an unemployment rate of 8.3%. Employment has increased by over 300,000 since the early 1990s, while unemployment has steadily declined.

The increase in employment and the decrease in unemployment are running contrary to the other economic indicators. This appears due to BC's dual economies, where the urban centres of Vancouver and Victoria have been performing well, while the smaller centers and rural areas have not been doing nearly so well. These figures reflect the dominance of Vancouver to the provincial economy. Also, much of the job growth in the province has been tied to population growth. However, much of the job growth has taken the form of self and part-time employment.

Manufactured Shipments: Value of manufactured shipments measures the volume of goods produced by an economy. The total amount of manufactured goods shipped was nearly $37 million in 1999, up slightly from 1995.

Retail Sales: Retail sales represent consumer spending and are a partial measure of the health of an economy. It reflects consumer demand for goods and services, which represents a major component of provincial gross domestic product. Retail sales increased slightly from $31.5 billion to $33.6 billion from 1995 to 1999. Much of this increase was due to population increases.

Building Permits: The value of building permits measures the health of the construction sector. Total permits in 1999 were 4.7 million, of which 2.1 million were non-residential. This represents a steady decrease of about 25% from $6.3 billion in 1992. Virtually all of this decrease has been in the residential sector, where the number of units constructed fell from 40,600 in 1992 to 19,000 to 1999.

Incorporations: Incorporations are a partial measure business growth and confidence in the economy. These totalled nearly 21,000, about the same as 1992 but down significantly from the peak of 25,700 in 1994.

Bankruptcies: Bankruptcies are also a partial measure the health of (or lack of) an economy. Business bankruptcies totalled just over 1,000 while consumer bankruptcies totalled over 8,000 in 1999. Business bankruptcies have increased slightly from 974 to 1,075, while consumer bankruptcies increased dramatically from 4,745 in 1995 to 8,179 in 1999.

- **Personal Disposal Income**

Personal disposable income is the amount of money a person has after taxes. It is calculated be dividing total provincial disposable income by the population. Real disposable income corrects the figures for inflation. Personal incomes of BC residents (in current dollars) have not grown for most of the 1990s. Over the 1992 to 1998 period real disposable income have actually declined by 7%. This means that, after taxes and after adjusting for inflation, BC residents can afford fewer goods and services than they could a decade ago. Based on input from Strategic and Corporate Planning Department, Personal Disposable Income is highly correlated with traffic on major routes.

Table 2-5
Personal Disposable Income (PDI)

Year	PDI ($ millions)	Population	PDI per Capita (Constant dollars)	Real PDI per Capita (1992 dollars)
1992	59,739	3,470,307	17,214	17,214
1993	62,686	3,571,525	17,552	16,991
1994	65,165	3,681,750	17,699	16,808
1995	68,166	3,784,008	18,014	16,820
1996	69,536	3,882,043	17,912	16,509
1997	71,011	3,959,698	17,933	16,244
1998	71,128	3,998,325	17,789	16,026

Source: Statistics Canada through BC Stats

- **Provincial Comparisons**

Another useful measure of BC's recent economic performance is to compare our growth to other provinces and the national average. Again, BC does poorly by comparison to the rest of the country. The following measures are for the period 1992 to 1998/99.

Table 2-6
Provincial Comparisons of Economic Performance

Measure	BC	National Average	Provincial Ranking
Cumulative Increase in Real GDP, 1992 –1999	15.5%	24.6%	9th
Provincial Real GDP per Person, 1992 and 1999	-0.7%	15.6%	10th
Non-Residential Business Investment per Employee, 1992 and 1998	11.6%	36.2%	10th
Manufacturing Production	36.5%	56.7%	9th
Growth in International Exports	26.7%	69.8%	10th

Source: Business Council of British Columbia, Vol.7, No. 1, January 2000.

Growth in real GDP is a measure of the production of goods and services. BC's production grew by 15.5% over the eight year period from 1992 to 1998. The national average was 25.6%. GDP per person declined slightly over the 1990s While the national average was an increase of over 15%. Business investment (non-residential) grew by about 12% while the national average was triple this rate. Manufacturing production increased by about 36% but this was below the national average of 57%. International exports also grew but again were below the national average.

2.2.2 Vancouver Island/Gulf Islands

The following table depicts changes in a variety of economic indicators for Vancouver Island. On the positive side, there has been growth in the number of people employed, a reduction in unemployment, and an increase in retail sales. All of these measures have improved because of the overall increase in population. On the negative side have been decreases in the value of building permits and in the number of business incorporations, and an increase in the number of consumer bankruptcies.

Table 2-7
Selected Vancouver Island Economic Indicators (Current Dollars)

Year	Employment ('000)	Unemployment (Percent)	Manufactured Shipments ($000,000)	Retail Sales ($000,000)	Building Permits ($000,000)	Incorporations	Bankruptcies
1992	NA	NA	NA	NA	967.8	2,515	NA
1993	-	-	-	-	1,139.5	2,675	-
1994	-	-	-	-	1,006.9	3,154	-
1995	309.9	9.2	-	14.5	771.7	2,723	498
1996	309.8	9.4	-	15.2	848.6	2,573	579
1997	322.7	8.6	-	16.6	718.6	2,571	742
1998	315.7	9.6	–	16.1	586.6	2,434	701
1999	329.1	8.0		16.6	766.4	2,344	733

Source: Statistics Canada, excerpted from BC Stats, Quarterly Regional Statistics, First Quarter, 2000
Notes:
1. Retail Sales figures are for the non-Greater Vancouver area.
2. Bankruptcies are consumer bankruptcies, not business.

2.2.3 Lower Mainland/Mid and North Coast

As above, the following tables depict changes in a variety of economic indicators for the Lower Mainland and coastal areas. The trendlines are very similar throughout the study areas. On the positive side, there has been a growth in the number of people employed, and stability in the unemployment rate and in retail sales. On the negative side have been decreases in the value of building permits and in the number of business incorporations, and an increase in the number of consumer bankruptcies.

Table 2-8
Selected Lower Mainland Economic Indicators

Year	Employ-ment ('000)	Unemploy-ment (Percent)	Manufaca-tured Shipments ($000,000)	Retail Sales ($000,000)	Building Permits ($000,000)	Incorpora-tions	Bankrupt-cies
1992	NA	NA	NA	NA	4,128.8	15,120	NA
1993	-	-	-	-	3,969.5	16,873	-
1994	-	-	-	-	4,107.3	18,638	-
1995	1,055.8	7.9	-	16,9	3,452.3	17,599	2,418
1996	1,073.4	8.3	-	16.9	4,113.6	17,397	3,374
1997	1,104.0	8.3	-	17.1	3,708.2	17,099	3,593
1998	1,113.4	8.1	-	16.9	3,236.3	15,320	3,399
1999	1,140.1	7.8	-	17.0	3,061.9	15,487	3,428

Source: Statistics Canada, excerpted from BC Stats, Quarterly Regional Statistics, First Quarter, 2000
Notes:
1. Retail Sales figures are for Vancouver.
2. Bankruptcies are consumer bankruptcies, not business.

Table 2-9
Selected North Coast Economic Indicators

Year	Employ-ment ('000)	Unemploy-ment (Percent)	Manufaca-tured Shipments ($000,000)	Retail Sales ($000,000)	Building Permits ($000,000)	Incorpora-tions	Bankrupt-cies
1992	NA	NA	NA	NA	41.6	118	NA
1993	-	-	-	-	62.6	135	-
1994	-	-	-	-	47.6	187	-
1995	49.1	8.2	-	-	41.4	153	14
1996	51.9	7.5	-	-	49.4	155	14
1997	51.8	9.1	-	-	55.6	123	19
1998	47.4	9.5	-	-	24.4	102	27
1999	46.7	8.8	-	-	21.5	96	21

Source: Statistics Canada, excerpted from BC Stats, Quarterly Regional Statistics, First Quarter, 2000
Notes:
1. Information is for the North Coast Development Region.
2. Bankruptcies are consumer bankruptcies, not business.

2.3 IMPLICATIONS FOR BC FERRIES

The health of the economy has a direct impact on BC Ferries. There is a close correlation between disposable income and ferry ridership. Improving incomes in the service areas heading into the new decade should increase ridership. Tourism and business travel should increase based on improving economies, while personal travel will increase based on population increases.

Vancouver and Victoria dominate the provincial economy. Due primarily to Vancouver and secondarily to Victoria, the economies of these BC Ferries' service areas are stronger than the remainder of the province. Healthy economies should translate into increased business and pleasure related ferry travel. Consequently, travel to and from these centers should be stronger than for the smaller, more resource dependent centers.

Continued expansion of the service sector should change traffic patterns. The service sector has been growing in relative importance for decades, and this trend is expected to continue. Commodity and general freight shipments will likely increase based on increased population and economic activity.

Economic growth will impact the Main Routes. Routes 1, 2 and 30 should continue to carry the majority of both commercial and tourist traffic.

Economic impacts on the Minor Routes will likely be less significant. The minor routes should benefit less from economic growth except for the tourism industry, which should lead minor route growth. On the Gulf Islands, growth will be limited by the availability of water and on the preserve and protect mandate of the Islands Trust. Elsewhere on the coast market demand for adventure type tourism products, and the availability of quality facilities will be key to future demand.

potable

3.0 IMPACT OF BC FERRIES ON LOCAL ECONOMIES

The chapter discusses the impact of BC Ferries on the economies of the communities that it serves. It includes a route by route review of BC Ferries operating information and addresses the issue of the contribution BC Ferries makes to service area communities.

3.1 DESCRIPTION OF IMPACTS

3.1.1 Tangible/Measurable Impacts

The existence of BC Ferries as a marine transportation carrier creates a number of impacts on local economies. These include:

Direct Employment: BC Ferries employs persons to run the vessels and operate the terminals. They also employ corporate staff to manage the organization. These individuals are located throughout coastal BC and create local impacts based on the spending of their wages and salaries on goods and services. The payroll includes over 4,700 persons.

Direct Expenditures: BC Ferries purchases goods and services to operate the fleet. These purchases include fuel, refit and maintenance items, and other purchases for the ships and terminals, plus regional costs to manage the services.

Spin-Off Effects: Spin-off effects are created for businesses that supply goods and services to BC Ferries (indirect effects), and by the consumer spending by BC Ferries staff (induced effects).

Provision of free transportation: BC Ferries provides free transportation for seniors (mid-week), persons with medical conditions, school students, and persons with disabilities. These social programs have a foregone revenue of approximately ten million dollars annually (based on information for 1998).

3.1.2 Less Tangible/Less Measurable Effects

BC Ferries also creates another category of impacts that are less tangible and more difficult to measure. Nevertheless, they are real and contribute positively to local economies. These include:

Property Values: Proximity to population and ease of access are key determinants of property values (location/location/location). Higher property values generally equate to higher taxes which typically are spent on public utilities and amenities at the local level. This is particularly significant for the Gulf Islands

Improved Tourism: BC Ferries provides regular access to and from its service areas. Convenient access creates market demand and allows local businesses to develop and generate revenue.

Prices for Consumer Goods: Transportation costs are part of the retail price of goods. BC Ferries facilitates the movement of goods to and from its service areas. Overloads and sailing waits add to the cost of transportation and could be reflected in the product costs.

shouldn't happen where reservation system is in place

Lifestyle: The existence of a convenient ferry service allows individuals to live a rural island lifestyle and still maintain reasonable access to urban jobs and amenities. This situation is particularly relevant for the Gulf Islands, as residents have convenient access to both Victoria and Vancouver.

3.2 REVENUE AND EXPENSES BY ROUTE

BC Ferries operates 26 routes – all but three at a financial loss. The four main commercial routes (1, 2, 30 and 3) generate 81% of total revenue, and Route 1 alone generates 38% of total revenue.

In spite of the financial loss to the Corporation, BC Ferries' spending is good news for the economy, specifically the local economies where the expenditures are made. System wide, BC Ferries spends (in 1998) nearly $300 million to operate the vessels and terminals. This includes wages, which are paid to staff that reside in the homeport communities, and materials and supplies – some of which are purchased locally.

Table 3-1
Revenue and Expenses by Route ($,000)

Category	Route	Revenues	Expenses	Contribution	Operating Profit	Allocated Expenses	Federal Contract	Net Income	Percent
Major	1	$130,220	$75,837	$54,383	41.8%	$58,646		($4,263)	-3.3%
Commercial	2	$73,490	$47,785	$25,705	35.0%	$18,933		$6,772	9.2%
	30	$47,076	$37,317	$9,759	20.7%	$17,936		($8,177)	-17.4%
	3	$24,506	$17,914	$6,592	26.9%	$5,227		$1,365	5.6%
Small	10A	$9,144	$6,641	$2,503	27.4%	$1,664		$839	9.2%
Commercial	12	$621	$873	($252)	-40.6%	$61		($313)	-50.4%
	40	$1,430	$3,744	($2,314)	-161.8%	$897		($3,211)	-224.5%
Southern	4	$3,830	$5,381	($1,551)	-40.5%	$1,223	$1,310	($1,464)	-38.2%
Gulf	5	$2,922	$9,983	($7,061)	-241.6%	$2,176	$2,287	($6,950)	-237.9%
Islands	6	$2,367	$2,532	($165)	-7.0%	$336	$374	($127)	-5.4%
	9	$8,134	$11,687	($3,553)	-43.7%	$4,154	$4,373	($3,334)	-41.0%
Sunshine	8	$4,884	$6,452	($1,568)	-32.1%	$883	$1,222	($1,229)	-25.2%
Coast	13	$149	$475	($326)	-218.8%	$57	$56	($327)	-219.5%
	7	$4,217	$9,554	($5,337)	-126.6%	$1,773	$1,356	($5,754)	-136.4%
	17	$5,835	$9,022	($3,187)	-54.6%	$1,795	$2,040	($2,942)	-50.4%
	18	$858	$3,113	($2,255)	-262.8%	$309	$363	($2,201)	-256.5%
Mid	19	$3,101	$3,580	($479)	-15.4%	$771	$1,045	($205)	-6.6%
Coast	20	$725	$1,974	($1,249)	-172.3%	$221	$348	($1,122)	-154.8%
	21	$1,639	$2,837	($1,198)	-73.1%	$271	$242	($1,227)	-74.9%
	22	$934	$2,198	($1,264)	-135.3%	$167	$119	($1,312)	-140.5%
North	23	$2,942	$4,277	($1,335)	-45.4%	$443	$543	($1,235)	-42.0%
Coast	24	$495	$2,020	($1,525)	-308.1%	$279	$248	($1,556)	-314.3%
	25	$1,147	$3,561	($2,414)	-210.5%	$581	$904	($2,091)	-182.3%
Northern	10	$2,570	$7,345	($4,775)	-185.8%	$4,441	$1,881	($7,335)	-285.4%
Service	11	$4,564	$8,678	($4,114)	-90.1%	$2,051	$1,629	($4,536)	-99.4%
	26	$519	$2,785	($2,266)	-436.6%	$127	$133	($2,260)	-435.5%
Totals		$338,319	$287,565	$50,754	15.0%	$125,422	$20,473	($47,207)	-14.0%

Source: Route Report, British Columbia Ferry Corporation, March 1998.

Notes:

1. Revenues include fares, goods and services, and reservation fees.
2. Expenses include costs to operate the vessels and terminals and the regional costs to manage the services.
3. Contribution is the difference between revenue and expenses.
4. Operating profit is the percentage representation of the contribution over revenues.
5. Allocated expenses include corporate services, amortization financing and economic development initiatives. What are these?
6. Payments by the Federal Government for freight and passenger services.
7. Net Income is the difference between revenues and expenses and allocated expenses.
8. Percentage Income is the percentage of net income (loss) over revenue.

As depicted above, BC Ferries had a gross profit of over $50 million in 1998. However, after including the allocated expenditures of corporate services, amortization, and financing (and adding back $20 million in federal contracts) BC Ferries lost $47 million.

Based on BC Ferries' method of allocating fixed and amortization costs, of BC Ferries' 26 routes, only three are profitable. The four major commercial routes of 1, 2, 30, and 3 generated 81% of revenue, but are responsible for only 9% of the corporation's deficit. The corporation's small commercial routes (10A, 12 and 40) generated $11 million in revenues and had a combined deficit of $2.9 million, or 5.7% of the total deficit.

The Southern Gulf Islands (Routes 4, 5, 6, and 9) generated $17 million in revenue and have a deficit of $12. Route 5 generated nearly $7 million of this deficit. The Sunshine Coast routes (8, 13, 7, 17, and 18) generated $16 million in sales and also had a $12 million deficit.

The Mid-Coast routes (19, 20, 21 and 22) generated $6 million in revenue and produced a deficit of nearly $4 million. The North Coast routes produced revenues of $4.6 million and had a deficit of $4.8 million. The Northern Service routes (10, 11 and 26) produced $7.6 million in revenue, and had a loss of $14.1 million.

3.3 ECONOMIC IMPACT BY ROUTE

3.3.1 Description of Measures

Economic impacts are comprised of a variety of components that can be measured in a number of ways. Outlined here are measures that describe different kinds of economic impact. These measures include:

BC Ferries Expenditures: The money spent by BC Ferries on wages and other operating costs.

Total Output: Direct output is the revenue generated by BC Ferries. Total output includes the indirect output, which measures economic activity generated in other sectors of the economy that supply goods and services to BC Ferries.

Gross Domestic Product (GDP): The value added by each round of spending on goods and services. This measure is lower than the output measures as it eliminates double counting.

Direct Employment: BC Ferries employees.

Indirect Employment: Jobs created in other businesses that supply goods and services to BC Ferries.

Taxes: Direct and indirect taxes generated at the federal (15%), provincial (11%), and municipal (3%) levels. (These percentages are the proportion of revenues that are generated by the various levels of government.)

3.3.2 Summary of Impacts

The analysis process has involved a number of calculations applying factors to the BC Ferries' expenditures, by route. It is important to note that the figures tabulated are provincial impacts, and may not accrue directly to the service area communities.

The major routes create the largest economic impacts. Routes 1, 2 and 30 generate 56% of total output and GDP. They also have 56% of indirect employment.

The analysis in the following table (Table 3-3) indicates that BC Ferries has a significant impact on the provincial economy. Overall, the $287 million in BC Ferries direct expenditures produce $468 million in total output (economic activity) and $186 million in GDP. The province's total GDP is just over $96 billion (1998) so BC Ferries contribution to GDP is about 0.2%. In terms of economic sectors, BC Ferries contributes about 2% of total GDP for the BC transportation sector.

Total employment is about 4,700 (including part-time staff) while an additional 1,237 are indirectly employed because of jobs created in the economy by BC Ferries spending. This spending generates $43 million in federal taxes, $31 million in provincial taxes, and nearly $9 million in municipal taxes.

Table 3-3
Economic Impact by Route
($,000)

Category	Route Communities Served Area 1	Area 2	BC Ferries Expenditure	Total Output	GDP	Employment Direct	Indir.	Taxes Federal	Prov.	Municip.
Major	1 Gr. Victoria	Lower Mainland	$75,837	$123,614	$49,294		326	$11,376	$8,342	$2,275
Commercial	2 Nanaimo	Lower Mainland	$47,785	$77,890	$31,060		205	$7,168	$5,256	$1,434
	30 Nanaimo	Lower Mainland	$37,317	$60,827	$24,256		160	$5,598	$4,105	$1,120
	3 Lower Mainland	Sunshine Coast	$17,914	$29,200	$11,644		77	$2,687	$1,971	$537
Small	10A North Island	Mid Coast	$6,641	$10,825	$4,317		29	$996	$731	$199
Commercial	12 Brentwood	Mill Bay	$873	$1,423	$567		4	$131	$96	$26
	40 North Island	Mid Coast	$3,744	$6,103	$2,434		16	$562	$412	$112
Southern	4 Victoria	Saltspring Island	$5,381	$8,771	$3,498		23	$807	$592	$161
Gulf	5 Victoria	Outer Gulf Islands	$9,983	$16,272	$6,489		43	$1,497	$1,098	$299
Islands	6 Crofton	Saltspring Island	$2,532	$4,127	$1,646		11	$380	$279	$76
	9 Lower Mainland	Gulf Islands	$11,687	$19,050	$7,597		50	$1,753	$1,286	$351
Sunshine	8 Lower Mainland	Bowen Island	$6,452	$10,517	$4,194		28	$968	$710	$194
Coast	13 Langdale	Gambier/Keats	$475	$774	$309		2	$71	$52	$14
	7 Saltery Bay	Earls Cove	$9,554	$15,573	$6,210		41	$1,433	$1,051	$287
	17 Comox	Powell River	$9,022	$14,706	$5,864		39	$1,353	$992	$271
	18 Powell River	Texada	$3,113	$5,074	$2,023		13	$467	$342	$93
Mid	19 Nanaimo	Gabriola	$3,580	$5,835	$2,327		15	$537	$394	$107
Coast	20 Chemainus	Thetis Island	$1,974	$3,218	$1,283		8	$296	$217	$59
	21 Buckley Bay	Denman Island	$2,837	$4,624	$1,844		12	$426	$312	$85
	22 Denman Island	Hornby Island	$2,198	$3,583	$1,429		9	$330	$242	$66
North	23 Campbell River	Quadra Island	$4,277	$6,972	$2,780		18	$642	$470	$128
Coast	24 Quadra Island	Cortez Island	$2,020	$3,293	$1,313		9	$303	$222	$61
	25 North Island	Alert Bay/Sointula	$3,561	$5,804	$2,315		15	$534	$392	$107
Northern	10 North Island	Prince Rupert	$7,345	$11,972	$4,774		32	$1,102	$808	$220
Service	11 Prince Rupert	Queen Charlottes	$8,678	$14,145	$5,641		37	$1,302	$955	$260
	26 Graham Island	Morsby Island	$2,785	$4,540	$1,810		12	$418	$306	$84
Total			$287,565	$468,731	$186,917		1237	$43,135	$31,632	$8,627

Notes to Route Profiles

1. All BC Ferries financial information is from the Route Report for the period ending March 31, 1998
2. Calculated economic impact numbers are from the Provincial Economic Multipliers, Ministry of Finance and Corporate Relations, November 1996, using the Water Transportation and Related Services industry category.

3.4 SERVICE AREA PROFILES

BC Ferries services a number of coastal communities of different sizes, and having a variety of community amenities and services. The following charts tally the profiles of the communities served, both by regularly serviced (Table 3-4) and contracted serviced (Table 3-5) routes.

The amenities and services recorded include:

- Emergency Services
- Education
- Medical
- Basic supplies
- Support
- Consumer
- Recreation

Community Profile – BC Ferry Routes

COMMUNITY	POPULATION		ACCESS TERMINAL	FERRY DISTANCE	EMERGENCY SERVICES			EDUCATION		MEDICAL – DENTAL			BASIC			SUPPORT			CONSUMER	RECREATION			
	1991 CENSUS	1996 CENSUS		(SEA MILES)	Fire	Police	Amb.	Elem.	Sr.	Dr.	Den.	Pharm.	Gen. Store	Gas	Auto Repair	Bank	Gov't Agent	Post Office	Major Shopping	Lib.	Theatre	Movie	Rec Ctr Com Hall
Salt Spring Island	7,871	9,247	Crofton	2.8	▾	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SGI: **Pender**	1,537	1,817	Swartz Bay	8.0	▾	✓	▾	✓	–	✓	✓	✓	✓	✓	✓	BM	–	✓	✓	✓	–	–	✓
Saturna	267	289	Swartz Bay	15.0	▾	✓	▾	✓	–	✓	–	–	✓	✓	–	–	–	✓	–	✓	–	–	✓
Mayne	743	889	Swartz Bay	11.0	▾	✓	▾	✓	–	✓	⊘	✓	✓	✓	✓	–	–	✓	–	✓	–	–	✓
Galiano	909	997	Tsawwassen	11.0	▾	✓	✓	✓	–	✓	✓	–	✓	✓	✓	–	–	✓	–	✓	–	–	✓
Sechelt Pen	20,785	24,914	Horseshoe Bay	3.0	✓	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Powell River	17,037	19,338	Little River	17.0	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Texada Island	1,089	1,172	Powell River	5.1	▾	✓	✓	✓	–	✓	–	–	✓	✓	✓	✓	–	✓	–	–	–	–	✓
Bowen Island	2,059	2,738	Horseshoe Bay	3.0	▾	✓	–	✓	–	✓	✓	✓	✓	⊘	✓	–	–	✓	✓	✓	–	–	✓
Bella Bella	1,104	1,211	Port Hardy	98.0	▾	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	✓	–	✓	–	–	✓
Graham Island	4,582	5,598	Pr. Rupert	93.0	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Moresby Island	734	(both Is)	Skidegate	3.5	▾	✓	▾	✓	✓	Health center	–	–	✓	✓	✓	–	–	✓	–	–	–	–	✓
Gambier Island	115	120	Langdale	1.6	–	–	–	–	–	–	–	–	✓	–	–	–	–	✓	–	–	–	–	✓
Keats Island	31	?	Langdale	2.6	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	✓
Gabriola Island	2,580	3,412	Nanaimo	3.7	✓	✓	✓	✓	–	✓	✓	✓	✓	✓	✓	✓	–	✓	✓	✓	–	–	✓
Thetis Island	235	341	Chemainus	3.7	▾	✓	✓	✓	–	–	–	–	⊘	⊘	–	–	–	✓	–	–	–	–	✓
Kuper Island	271	186	Chemainus	3.8	▾	✓	▾	✓	✓	⊘	–	–	–	–	–	–	–	–	–	–	–	–	✓
Denman Island	888	1,048	Buckley Bay	1.2	▾	–	✓	✓	–	✓	✓	–	✓	✓	–	–	–	✓	–	✓	✓	✓	✓
Hornby Island	924	989	Buckley Bay	2.4	▾	✓	▾	✓	–	✓	✓	–	✓	✓	✓	✓	–	✓	Mini mall	✓	✓	✓	✓
Quadra Island	2,409	2,645	Campbell R.	1.8	▾	✓	✓	✓	–	✓	–	–	✓	✓	✓	✓	–	✓	✓	⊘	–	–	✓
Cortes Island	736	955	Campbell R.	8.0	▾	–	✓	✓	–	–	–	–	✓	✓	–	⊘	–	✓	–	⊘	–	–	✓
Cormorant Island	1,245	1,341	Pt. McNeill	5.5	▾	✓	✓	✓	–	✓	–	✓	✓	✓	✓	–	–	✓	–	✓	–	✓	✓
Malcolm Island	938	906	Pt. McNeill	5.5	▾	✓	▾	✓	–	–	–	–	✓	✓	✓	✓	–	✓	Mini mall	✓	–	–	✓

NOTE: Community profiles were completed in March 1998; only those community names that are bold have been updated July 2000.

? = not yet available from BC Stats
▾ = Volunteer Department
⊘ = Limited Service

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COMMUNITY PROFILES – Contracted Routes

RTE	COMMUNITY	EMERGENCY SERVICES			EDUCATION		MEDICAL – DENTAL			BASIC			SUPPORT			CONSUMER	RECREATION			
		Fire	Police	Amb	Elem.	Sr.	Dr.	Den.	Pharm.	Gen. Store	Gas	Auto Repair	Bank	Gov't Agent	Post Office	Major Shopping	Lib.	Theatre	Movie	Rec Ctr Com Hall
13	Kincolith	▾	–	–	✔	–	Health Unit	–	–	✔	✔	–	–	–	✔	–	–	–	–	✔
16	Port Simpson	▾	–	Heli-pad	✔	Gr. 10	Health Unit	–	–	✔	✔	–	–	–	✔	–	–	–	–	✔
51	Tofino	▾	✔	✔	✔	–	✔	✔	✔	✔	✔	✔	–	–	✔	✔	✔	✔	–	✔
51	Ahousat	–	–	–	–	–	–	–	–	✔	✔	–	–	–	–	–	–	–	–	–
53	Gold River	▾	✔	▾	✔	✔	✔	✔	✔	✔	✔	✔	–	–	✔	✔	✔	Occas.	–	✔
53	Nootka Sound (Tahsis)	▾	✔	▾	✔	✔	Health Unit	–	–	✔	✔	✔	–	–	✔	Mini mall	✔	–	–	✔
54	Dodge Cove																			
55	**Lasqueti Island**	▾	–	▾	–	–	–	–	✔	✔	–	–	–	–	–	–	–	–	–	✔
59	Port Alberni	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
59	Barkley Sound (at Bamfield)	▾	Can. Coast Guard	Red Cross outpost	✔	–	Part-time	–	–	✔	✔	✔	–	–	–	–	–	–	–	✔
	Tuck Inlet																			

? = not yet available from BC Stats
▾ = Volunteer Department
⊘ = Limited Service

NOTE: Community profiles were completed in March 1998; only those community names that are **bold** have been updated July 2000.

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4.0 IMPACT OF COASTAL ECONOMIES ON BC FERRIES

This chapter explores the link between the economies of coastal BC communities and BC Ferries. It includes information on economic dependencies by sector and a rating of the importance of BC Ferries to various industry sectors. More detailed discussions are included specifically on tourism and commercial traffic. This section also includes the results of the Input/Output model analysis.

4.1 LINKAGE BETWEEN COASTAL ECONOMIES AND BC FERRIES

The BC Ministry of Finance and Corporate Relations maintains a system of economic dependency ratios. The factors denote the percentage of a community's economy that is dependent on various sectors of the economy. The following table lists the proportion of the local economy that is generated by various sectors. The information is based on 1996 data.

Table 4-1
Income Dependencies by Selected Community (Percent)
(1996)

Community	Forestry	Fishing	Tourism	Public	Construct.	Transfers
Vancouver Island						
Victoria	1	0	7	41	6	16
Gulf Islands	1	2	7	19	8	21
Nanaimo	13	1	4	26	10	20
Courtenay-Comox	13	3	5	28	8	20
Powell River	34	1	6	20	6	17
Port Hardy	51	5	7	16	3	7
Mainland						
Sunshine Coast	20	2	5	19	10	19
Central Coast	26	8	10	37	5	8
Prince Rupert	22	15	8	27	4	13
Q C Islands	35	6	8	32	2	9

Source: Economic Dependencies and Impact Ratios, Ministry of Finance and Corporate Relations, 1999

This table depicts the huge variation in the dependencies of coastal communities on different sectors of the economy. This is particularly the case for forestry, which ranges from 1% for Victoria to over 50% for Port Hardy. The public sector is significant in all communities, although it ranges from 16% for Port Hardy to 41% in Victoria. Tourism is much more consistent, ranging from 4% in Nanaimo to 10% in the Central Coast.

Tourism is the sector that is the most dependent on BC Ferries. A successful tourism sector depends on the efficient movement of travellers. Virtually all service area communities are focusing on tourism as part of their economic development strategies, so declines are not expected.

BC Ferries contributes to local economies by providing the key marine transportation link to move goods and people into and out of the service area communities. The following table rates the significance of various sectors of the economy to BC Ferries by service areas. It attempts to answer the question "How important is BC Ferries to each sector within each service area?" The rating is subjective and has been prepared by the analyst, but the scale allows a relative comparison among the sectors and the service areas.

Table 4-2
Importance of BC Ferries to Industry by Service Area

Sectors	Vancouver Island			Gulf	Sunshine	Mid/North	Total
	South	Mid	North	Islands	Coast	Coast	
Goods Producing							
Forestry	1	2	1	1	1	1	1
Construction	2	2	1	2	2	1	2
Agriculture	1	1	1	1	1	0	1
Mining	0	1	1	0	0	0	0
Service Sector							
Wholesale/Retail	3	3	1	2	2	1	2
Health & Social	1	1	1	1	1	1	1
Amusement, Rec	2	2	3	3	3	3	3
Accom. & Food Ser.	3	3	3	2	2	2	3
Education	1	1	0	2	1	1	1
Transportation	3	3	3	3	3	3	3
Business Services	2	2	1	1	2	1	1
Finance/Insurance	1	1	1	1	1	1	1
Public Admin.	1	1	1	1	1	1	1

Key:

0	Not at all important
1	Somewhat important
2	Important
3	Very important

Based on this analysis, the tourism and commercial transport sectors are key to BC Ferries operations. The tourism industry is represented by the Amusement and Recreation, and the Accommodation and Food Services sectors. The commercial sector is represented by the Construction, Wholesale/Retail, and Transportation sectors. The following two sections outline the tourism and commercial impacts.

4.2 BC FERRIES ROLE IN TOURISM

Tourism is a major component of the provincial economy. It is responsible for over $9 billion in tourist spending and contributes about $4 billion to total GDP. Tourism is relatively more important in some areas of the province, and this includes coastal BC – the areas serviced by BC Ferries.

Detailed statistics on tourism at the local level are not available for most communities. Somewhat better information is available at the regional level from Tourism BC, however, it is dated (the survey was conducted in 1995-96). Information on BC Ferries ridership by origin is also not well documented on all routes and a number of assumptions have had to be made.

As part of the tourism analysis, it is important to be clear on the definition of what constitutes a tourist. Most jurisdictions now use the World Tourism Organization definition which says **a tourist is anyone travelling away from their usual place of residence, for less than a year and who is not a member of a crew**. This definition does not include a duration (other than the one year maximum), so that same-day travellers are considered tourists by this definition. Likewise, no purpose of trip is specified, so persons travelling for pleasure, business and personal reasons are all considered tourists.

Using this definition, all BC Ferries passengers with the exception of crews or commercial drivers, would be considered tourists. Although this may be technically or definitionally correct, it does not differentiate between Vancouver and Victoria residents travelling back and forth, and persons from the US or offshore countries, for example. This distinction between residents of the service area communities and persons from more distant locations is considered important. Consequently, our analysis of "tourists" focuses on non-local residents.

- **Vancouver Island**

Origin information about ferry passengers is available for the major routes between the mainland and Vancouver Island (Routes 1,2 and 30) for 1998. Based on these surveys, four categories of origins have been used to denote "tourists". These included Other BC, Other Canada, US and Other. All of the other origin categories were in the BC Ferries service areas and are considered to represent local traffic.

The number of ferry travellers in the tourist categories was 2,509,000 out of an annual total of 11,455,000. This includes both peak and off-peak periods, and represents 22% of total passengers carried.

It is important to note that this figure of approximately 2.5 million is comprised entirely of persons who reside outside the BC Ferries service areas. It is reasonable to assume that some portion of the residents of mainland portions of the service areas were travelling to Vancouver Island as "tourists", but these have not been included. Also not included as tourists are residents of Vancouver Island traveling to areas outside the service areas.

Based on the most recent tourist survey of visitation to Vancouver Island (Visitor 1996 conducted by Tourism BC), the average length of stay was 3.9 days, and the average daily expenditure was $66.15 per person. This totals a revenue of $647 million that has been generated on Vancouver Island by persons who have travelled to the Island by BC Ferries.

If the total proportion of tourists carried by BC Ferries is about 22%, what proportion of tourists to Vancouver Island are carried by BC Ferries? Based on information in the Visitor Survey, a total of 9.9 million tourists travelled to Vancouver Island as tourists during 1996. The 2.5 million non-service area residents carried by BC Ferries represent a similar proportion, or about 25%. This 2.5 million figure appears to be an unrealistically low proportion but the larger number of 9.9 million is based on the broader definition of what constitutes a tourist. Consequently, many of the persons who reside in BC Ferries' service area communities, and who travelled to Vancouver Island, were considered tourists for the purposes of the Tourism BC survey.

Depending on the visitors' origin, the proportion of persons who travelled by ferry ranged from 35% of visitors from Asia to 76% for residents of the Lower Mainland. A more realistic average proportion is probably in excess of 50%.

- **Gulf Islands**

Unlike Vancouver Island, the only way for tourists to get to the Gulf Islands is by private boat, float plane or BC Ferries. BC Ferries carried the vast majority of these travellers. Tourism represents 6% of the Islands' economy annually (based on Economic Dependency Ratios). In the peak summer season the impact is much greater.

On Route 4 (Swartz Bay to Salt Spring) non-Salt Spring islanders make up 70% of ferry travelers in the peak season, and a still considerable 43% in the Off-Peak season (1991 and 1992 data). Routes 5 and 9 have similarly high peak season non-Gulf Island passenger loads of 72% and 77%, respectively (1992 data). No comparable non-peak season data exists.

There is also a strong correlation with leisure-oriented travel on all three routes, around half of travel was for pleasure/recreation, attending a special event, or touring, in the peak season. In the shoulder season, the leisure-oriented purposes of trip ranged from 18% to 31% (1992 and 1996 data).

4.3 BC FERRIES' ROLE IN THE MOVEMENT OF COMMERCIAL TRAFFIC

With the exception of air-freight, all commodity shipments to and from Vancouver Island and the mainland coast move by water. The four methods of moving goods are:

- trucks on ferries
- trailers or railcars on barges
- bulk cargo barges, and
- deep-sea ships

The transportation mode of interest in this analysis is trucks on ferries. In 1997, the Treasury Group of BC Ferries conducted an analysis entitled *Movement of Goods to and from Vancouver Island.* The purpose of the study was to define the market for the movement of goods between Vancouver Island and the Mainland. This study provided detailed information on the movement of goods to and from Vancouver Island as of 1996. The analysis reported that commercial vehicle traffic represents about 15 percent of BCFC tariff revenues. It also stated that the corporation carries about half of the semi-trailer traffic across Georgia Strait.

The trucking statistics from this report are presented here to illustrate the volumes and types of products that are moved into and out of Vancouver Island ports. It is noted that these figures represent shipments to and from all Vancouver Island ports - not just those on Georgia Strait.

It is also noted that BC Ferries and Seaspan Coastal Intermodal (the CP Marine ferry service recently acquired by the Washington Marine Group) each carry about half of the truck traffic to and from Vancouver Island. The services are quite different however, as BC Ferries offers a roll-on-roll-off service and Seaspan provides a drop-trailer service. As of 1996 both services shared about equally the tonnage and proportion of shipments across Georgia Strait. The number of shipments totaled about 250,000 semi-trailer movements for each carrier. (Black Ball Transportation and Washington State Ferries both carry commercial traffic but the volumes are relatively small at 2,750 and 200 semi-trailers, respectively.)

Table 4-3
Trucking Volumes to and from Vancouver Island by Commodity - 1996

Commodity	Origin Vancouver Island Tonnes	Origin Vancouver Island Percent	Destination Vancouver Island Tonnes	Destination Vancouver Island Percent
Live Animals	6,345	0.5%	846	0.0%
Meat/Meat Products	9	0.0%	27,006	1.3%
Fish/Fish Products	7,077	0.5%	81	0.0%
Other Marine Products	5,893	0.4%	1,808	0.1%
Dairy Products	27,750	2.0%	51,280	2.5%
Cereal Grains	2	0.0%	15,035	0.7%
Fruits and Vegetables	5,319	0.4%	72,371	3.5%
Other foods	1,642	0.1%	226,055	11.0%
Fodder and Feed	8	0.0%	13,659	0.7%
Beverages	95	0.0%	164,262	8.0%
Tobacco	9	0.0%	1,026	0.1%
Crude Vegetable Products	5,366	0.4%	6,303	0.3%
Wood/Lumber Products	303,026	21.6%	121,865	5.9%
Textiles and Related Fibers	122	0.0%	0	0.0%
Metal Ores and Concentrates	2,172	0.2%	1	0.0%
Coal and Petroleum	0	0.0%	2,567	0.1%
Non-Metallic Minerals	445	0.0%	9,038	0.4%
Waste and Scrap Metals	17,024	1.2%	2,649	0.1%
Leather	0	0.0%	53	0.0%
Rubber	7,283	0.5%	3,472	0.2%
Fabricated wood/building products	318,048	22.7%	218,080	10.6%
Pulp	2,079	0.1%	0	0.0%
Paper and Paperboard	99,863	7.1%	6,634	0.3%
Textile fabricated materials	114	0.0%	1,701	0.1%
Chemicals	11,347	0.8%	62,229	3.0%
Petroleum and Coal products	29,893	2.1%	147,664	7.2%
Iron, Steel and alloys	39,683	2.8%	188,042	9.2%
Machinery	18,960	1.4%	14,107	0.7%
Road Vehicles	4,552	0.3%	35,319	1.7%
Ships and boats	10	0.0%	520	0.0%
Aircraft	1	0.0%	61	0.0%
Department Store Goods	33,575	2.4%	117,434	5.7%
General Freight	402,645	28.7%	519,541	25.4%
Canada Post	17,500	1.2%	17,500	0.9%
Recycling material	35,250	2.5%	0	0.0%
Totals	**1,403,107**	**100.0%**	**2,048,209**	**100.0%**

Source: Statistics Canada and BCFC as reported in *Movement of Goods to and from Van. Is.*

The figures indicate that there are significantly more goods destined for the Island than originate on the Island. The three largest outgoing product groups trucked from the Island (representing three-quarters of all shipments by weight) are wood materials/lumber products (22%), wood fabricated materials and building products (23%), and general freight (29%).

Freight trucked to the Island is much more diverse. After general freight at 25%, the next largest freight groups are other foods (11%), wood fabricated materials (11%), iron and steel (9%), and beverages (8%).

The report indicated that commercial traffic had been relatively static growing less than 2% through the mid 1990s.

No information is available on commodity shipments by route or to the mainland service areas. Similarly, no analysis was conducted of the future outlook for commercial trucking and the likely demand by route. This later topic is important, but has not been researched as long term commercial traffic forecasts have already been conducted as part of the BC Ferries' strategy document.

4.4 INPUT/OUTPUT MODEL ANALYSIS

The expenditures by BC Ferries on wages and the purchase of supplies and services has an effect on the economy. The following analysis summarizes the estimated economic impacts of the operation of BC Ferries. This work was undertaken by the Ministry of Finance as part of this project, and relies on two main sources of data:

(1) BC Ferries Consolidated Statement of Operations and Retained Earnings (Deficit) Year ended March 31, 2000; and
(2) Production expenditures for the industry Water Transport and Related Services from the 1996 BC Input Output database.

The detailed expenditures of (2) were grossed up or down so that the major category totals found in (1) were replicated. A description of the Input/Output Model (BCIOM), and the assumptions underlying input/output analysis, is included in Appendix B.

Estimates generated by the BCIOM

The economic impact of a change in the demand for a commodity or group of commodities is made up of the following three components:

- **The direct effect** measures the change in domestic output required to satisfy an initial change in demand. This includes BC Ferries actual expenditures and employment.

- **The indirect effect** measures the change in domestic output generated by the activity of sectors that supply goods and services to BC Ferries.

- **The induced effect** measures the impact of income earned by BC Ferries employees which is spent in the local economies. (BC Stats' ecomomic model assumes that BC residents spend 75% of their gross earned income on goods and services. The migration (no safety net) scenario assumes that all new jobs are filled by people who previously earned no income in BC or, in the case of a negative impact, that the income of everyone who loses their job drops to zero. The no migration (safety net) scenario.assumes that those who lose their jobs stay in the province and collect employment insurance or social assistance, or use their savings; new jobs are assumed to be filled by people who formerly received social assistance.)

Economic impacts take a number of forms, specifically:

- **Output** is the sum of all expenditures in the BC economy which result from the BC Ferries spending. However, this figure exaggerates the impacts because the purchase of finished products often involves the purchase of components of those products at some earlier stage in the overall production process.

- **Gross Domestic Product (GDP)** is a measure of the value added (the unduplicated total value of goods and services) to the BC economy by BC Ferries spending. It is the most widely used indicator of economic activity.

Table4-4
Economic Impact based on Fiscal 1999/2000 expenditures of $381 million ($,000 Current Dollars)

Economic Impact	Direct	Indirect	With Safety Net		No Safety Net	
			Induced	Total	Induced	Total
Output	$380,904	$168,407	$95,610	$644,921	$205,360	$754,672
GDP	229,724	50,284	53,258	333,266	114,393	394,400
Employment (person years)	4,200	972	1,036	6,208	2,225	7,397
Total Household Income	227,488	37,248	33,083	297,819	71,059	335,795
Gov. Revenues – Federal	17,949	4,890	6,850	29,689	14,714	37,553
Gov. Revenues – Prov.	9,333	5,496	7,831	22,660	16,820	31,649
Gov. Revenues – Mun.	-	849	2,257	3,106	4,848	5,697

Source: BC Stats Input/Output Model special run July 19,2000

BC Ferries' spending of $381 million created an additional indirect effect of $168 million throughout the BC economy. These economic effects are referred to as Output. Depending on assumptions about social services (safety net), spending by BC Ferries' employees contributes between another $95 million to $205 million.

In terms of GDP, BC Ferries'spending contributed $229 million directly and $50 million indirectly to the provincial economy. The province's total GDP is just over $96 billion (1998) so BC Ferries' contribution to GDP represents about 0.2% of the total. In terms of economic sectors, BC Ferries $229 million represents about 2% of total GDP within the BC transportation sector.

BC Ferries' employs over 4,000 persons directly, while the corporation's spending creates an additional 972 jobs indirectly in the province. BC Ferries' spending also generated significant tax revenues with all three levels of government.

BC Ferries' spending creates impacts throughout the economy. The sectors benefiting the most are manufacturing; transportation and storage; business services; communications; wholesale trade; and finance and insurance. Detailed model results are included in Appendix B.

5.0 IMPACT OF BC'S FUTURE ECONOMY ON BC FERRIES

This section includes a description of the province's likely economic future and its impact on BC Ferries operations. It includes a provincial overview and a description of individual service areas on Vancouver Island and on the mainland. Also includes is an outlook for tourism.

5.1 PROVINCIAL ECONOMIC OUTLOOK

BC Ferries operates in coastal BC, connecting the province's largest population centers with some of the province's smallest communities. Future demand for ferry services will be based partly on the health of the provincial economy.

Generally, economic forecasts are optimistic over the rest of the decade, with considerably improved economic performance anticipated. Gross domestic product is expected to move into positive territory in the 2.5% annual increase range and personal income is forecast to increase from under 3% increases to around 5% annual increases. Retail sales and housing starts are also expected to make dramatic turn-arounds in annual growth. The following are growth rates for selected indicators for the next several years, based on forecasts by the Conference Board of Canada.

Table 5-1
Percent Changes in Selected Economic Indicators

Indicator	1998	2000	2002	2004	2006	2008	2010
GDP at Factor Cost (constant $1992)	-0.3	1.8	2.2	3.0	2.6	2.4	2.6
Consumer Price Index	0.2	1.7	1.9	2.0	2.1	2.2	2.3
Personal Income (current $)	2.6	4.4	5.0	5.0	4.6	4.7	4.8
Labour Force	1.5	1.2	2.3	2.3	1.9	1.7	1.7
Unemployment Rate	8.9	8.8	9.3	9.1	8.7	8.7	8.8
Retail Sales (current $)	-2.0	4.1	5.4	5.1	4.8	4.9	4.8
Housing Starts	-30.1	13.6	4.8	-.0.8	0.0	4.2	1.5

Source: Provincial Outlook: Long-Term Forecast, 2000 Edition, The Conference Board of Canada, January 11, 2000

Note: The figures represent annual percent changes although columns reflect every other year.

5.2 ECONOMIC OUTLOOK BY SERVICE AREA

Forecasting demand on BC Ferries routes is based on a number of variables of which the key measures are historic passenger loads and population changes. A secondary predictor of traffic growth is changes in the economic structure of the service areas. To better understand the economic composition – and the future outlook – of the service areas, interviews were conducted with representatives of the regions/communities. These persons included Economic Development Officers (EDOs), directors of Community Futures organizations, or municipal administrators.

We asked these agency representatives to forecast the likely outlook for the economy in their jurisdictions. This focused on the likely drivers of the economy and any shifts in the importance of various sectors.

5.2.1 Vancouver Island

- **Southern Vancouver Island**

The economy of Victoria and the Capital Regional District is largely based on tourism, the service sector, and the public service (both provincial and federal). Recently, there has been strong growth in the high technology sector. The future will likely see a continuation of strong tourism and service sectors, growth in education and health sectors, with relative declines in the rest of the public sector. The high technology sector has grown to the point where it now rivals tourism in economic impact ($800 million for high tech versus $1 billion for tourism) and is expected to continue growing rapidly. This growth is producing increases in well-educated and well-paid employees. The film industry also continues to grow although its economic impact is measured in millions of dollars ($15 million in 1999).

- **Southern Gulf Islands**

The economies of the Gulf Islands are dependent on tourism, subsistence economies (arts and crafts) and the retirement industry (pension income). The Islands Trust oversees development on the islands and their mandate to "preserve and protect" will likely ensure that growth is slow and controlled. A key resource limitation to expanded economic activity is the availability of water, which is limited on many islands, especially in summer. However, given the number and variety of islands, there will be a range of economic growth futures. Salt Spring will likely continue its role as the dominant island economy based on tourism and the rest of the service sector. An increase in the use of technology will produce increased numbers of home-based workers and businesses.

- **Mid Vancouver Island**

The economy in the mid Island has been weak due to declines in the forest industry and slower than expected retail and tourism growth. Future drivers for the Nanaimo area are expected to be in knowledge-based industries, value added export manufacturers (including forest products), and tourism. Port Alberni is looking into the feasibility of an Aluminum smelter on property south of town but the reality of this proposition is unknown. The proposed co-generation plant is expected to start construction this year. Tourism will expand with the development of the historic McLean Mill and extension of the Pacific Wilderness train excursion to Port Alberni.

- **North Vancouver Island**

The economy of this resource dependent area has declined dramatically in recent years based on declines in forestry and mining, and the virtual collapse of the commercial salmon fishery. Forestry is still the area's main economic engine and will likely continue based on the strength of the resource. The industry will still rely primarily on harvesting rather than milling or processing to generate employment. The future of the fishing industry will likely be towards groundfish and shellfish, and expanded aquaculture (both fin fish and shellfish). Tourism has been increasing slowly based on the appeal of adventure tourism, and continued growth is expected. There has been discussion of an Australian firm building a copper smelter but the likelihood of this occurring is unknown.

5.2.2 Mainland Coast

- **Lower Mainland**

The Lower Mainland is the province's economic engine and has the most diverse economy. Based on the concentration of population, it is expected to continue to dominate and probably grow in relative importance. It currently represents over half of the province's population, employment and retail sales. The region receives nearly 90% of immigrants and most of the inter-provincial migration. Agriculture is important to the region and increases are expected, particularly in the hot house sector. The construction sector, the service sector, and the high technology are all expected to grow in relative importance within the region.

- **Sunshine Coast**

Forestry is the main economic activity in the Sunshine Coast and Powell River regions. In spite of downturns in the provincial economy, the areas have survived based on improved economic diversity. The areas closest to Vancouver have seen a growth in people relocating to retire. The mill in Powell River is expected to continue operations at about the current levels of production and employment. Both Sechelt and Powell River are looking to their waterfronts to be the primary focus of tourism growth with pier and park developments planned. Some aquaculture is expected to occur with fin fish relocations and development of shell fish operations. A very long-term possibility is the building of a road from Powell River to Squamish (pers. com. Powell River Economic Development Office).

- **Mid and North Coast**

Forestry and fishing are the primary activities in this area of the coast. Both have been hard hit in the recent past and the foreseeable future looks uncertain for these resource industries. Timber supply issues and commodity prices are the key uncertainties for the forestry sector, while depletion of salmon stocks is the main concern for the fishery. The quality of resources has lead to gradual increases in tourism, particularly sports fishing and adventure tourism. Forestry is expected to be stable with increases in value-added manufacturing. The fishing industry is likely to move more into underutilized species such as skate and dog fish. Tourism should also experience steady growth. Prince Rupert is looking at a number of economic initiatives including a steel mill, a cruise ship terminal, and offshore oil and gas exploration. Any or all of these developments would have a significant impact on community growth.

5.3 OUTLOOK FOR TOURISM

The tourism industry has been one of the bright lights in the 1990s, through an otherwise bleak economic decade. The industry is well diversified throughout the province and is poised to continue to do well over the next decade.

The industry is large, catering to over 20 million travelers, generating approximately $9 billion in annual spending, and contributing over $4 billion to the province's GDP. Growth has been steady with volume increases in the range of 1% to 2% annually, and revenue increases in the 2% to 3% range (current dollars).

Tourism BC and the Canadian Tourism Commission produce forecasts of travel to Canada and BC. The forecasts are based on econometric modelling and on anecdotal input from our international travel offices. The modelling uses target country variables, which include GDP, disposable income, consumer price indexes, unemployment rates, and exchange rates. The anecdotal information includes information on changes in flights and other locally based conditions.

Short term forecast to 2003 show in increases in the 2% range. Annual outlook by market is as follows:

– North America	2.0% to 2.3%
– Asia Pacific	2.0% to 3.5%
– Europe	2.5% to 2.8%
– Other	5.0% to 7.5%

Longer-term forecasts are dependent on external variables and on the quality of the BC tourism resources and facilities. Tourism – at least the leisure component – is based on the availability of disposable income, as it is a discretionary spending item. Disposable income is based on the strength of local economies, and typically tourism demand closely mirrors larger economic trends and cycles. If world economies remain strong the outlook looks good for BC tourism.

The outlook is not quite so clear for the quality of BC's tourism resources. In the built-facility area, BC is going to need more and better attractions of an international caliber. Attractions – unlike other sectors of the tourism industry like accommodations and food services – actually generate traffic as opposed to servicing it, and they are crucial to a buoyant tourism industry. No significant commercial attractions have been developed in the last decade and with the exception for the possible replacement of the PNE, little appears to be planned.

The issue of BC's natural resources is likely to have even a bigger impact of tourism's future. BC has based its profile on its SuperNatural image. In fact this logo and tag line have been associated with the province for over two decades. The province is in the unique position of having several natural resources that are world class. Heli-skiing, scuba diving, salmon fishing and river rafting are as good as it gets anywhere in the world. All of these commercial recreation activities are based on the quality of the resource and the quality of the resource is under siege.

The pressure on the resource is coming from two fronts. One is continued exploitation of the resource by extractive industries, particularly forestry. Forestry and tourism are both resource dependent, and tourism is going to need to secure unaltered landscapes to allow expansion of tourism, particularly adventure tourism activities. The next few years will be crucial to BC's adventure tourism future.

Another issue affecting the future of the province's rural tourism is the growing demand for back-country activities. Carrying capacity of the resource will continue to become an issue, and increases in controlled and managed access are expected. This will likely limit growth that would otherwise be stronger based solely on market demand.

From a BC Ferries service area perspective, these issues will have significant impacts. The following are possible tourism futures by service area.

- **Southern Vancouver Island**

Victoria will likely continue to be a popular draw based on quality of the city experience and on the proximity to adventure tourism (whale watching out of the Inner Harbour). Expected improvements in the provincial economy over the next decade bode well for the area's tourism future. Victoria is a world-class city that rates highly on international tourism destination surveys. Given the Island location, tourism's success is dependent on convenient access. Given that access is not further restricted (recently reduced air access), and if prices do not become a deterrent, the future of tourism looks bright.

- **Mid Vancouver Island**

Tourism only makes up about 4% of the economy in the Nanaimo area, which is about half the proportion in the south and north island. Nanaimo is focusing its economic future on manufacturing, high technology, and tourism. Tourism will likely be a hard sell in the region over the next decade based on the mid-Island's focus on resource industries. However, its location between Victoria and the north Island should help given that tourism is expected to grow in these areas

- **North Vancouver Island**

The economy of the North Island has been ravaged by declines in the forestry and fishing industries. However, the area does have very high caliber natural resource, which should allow it to further develop it adventure tourism sector. The area needs a few "brand-name" facilities to be developed to improve the profile and credibility of the area. Should this happen, there will be much improved opportunities for local operators to expand existing and develop new adventure tourism faculties. It is possible that the north Island could develop over the next decade like the Pacific Rim park area did over the 1990s.

- **Gulf Islands**

Tourism development of the Gulf Islands will be restricted by the "preserve and protect" polices of the Islands Trust, and water limitations. Salt Spring Island will likely continue to be the commercial centre for the islands, and controlled development is expected to continue. Little growth in tourism facilities on the other islands is anticipated except for expansion in the Bed & Breakfast sector.

- **Sunshine Coast**

Sunshine Coast communities have also been hard hit by declines in the resource sector, and like other BC communities, are going to turn more to tourism for their economic expansion. Marine oriented tourism is expected to see considerable growth with the communities' investment in marine facilities and the anticipated growth in recreational boating.

- **Mid and North Coast**

The mid/north coast possesses much of what the SuperNatural BC image stands for. However, its current lack of infrastructure, distance from markets, and restrictive access will likely constrain its development – both tourism and otherwise. The main tourism appeal of the area is its remoteness and relatively undisturbed nature. There are also opportunities for native based cultural tourism but expansion of this sector will probably not occur until land claims are settled. The area needs more facilities for the tourism industry to grow significantly and there appears to be some reluctance on the part of the communities to incorporate tourism in their plans.

6.0 ECONOMIC PROFILES BY ROUTE

This section contains a summary of the economic impacts by route. A separate listing has been prepared for each of BC Ferries 26 routes. It includes the following.

6.1 DESCRIPTION ON THE MEASURES

Route	BC Ferries route number.
Communities Served	Location of the terminals.
Revenue	Total revenues from tolls, food and retail (net), parking and other.
Expenses	Total expenses including ships wages, fuel, maintenance, and other, terminal operating costs, and regional services.
Contribution/ (Shortfall)	Difference between revenue and expenses.
Allocated Expenses	These expenses are not directly attributable to a route and have been based on peak passenger miles. – Corporate Services: Fleet House staff, discounts on tolls, credit card fees, and one-time costs. – Amortization: Annual costs of ships and terminals assets based on the straight-line accounting method. – Financing: Costs of short-term loans, capital leases and long-term debt. – Allocated Revenue: Exchange rate gains, onboard advertising, commissions, interest, reservation fees, and other revenues.
Federal Grant	Federal subsidy to non-commercial routes allocated on a passenger-miles basis.
Net Income (Loss)	Difference between contribution and allocated expenses less federal contract.
Capital Amortization Value	The amortization value of the route's ship's, terminals and other assets. Capital assets are depreciated on a "straight-line" basis, based on the asset's useful life.
Capital Spending Plans	Information from the BC Ferries Five-Year Capital Plan dated January 26, 2000. For presentation purposes, totals have been presented under the headings of Short-Term (years 1 and 2) and Mid-

	Term (years 3 to 5), for both vessels and terminals.
Impacts	The Output and GDP impacts have been calculated from Provincial Economic Multipliers, Ministry of Finance and Corporate Relations, November 1996, using the Water Transportation and Related Services industry category.
Output	Direct and indirect output based on the BC Ferries expenditures using factors of 1.0 for direct and 0.63 for indirect.
GDP	Direct and indirect gross domestic product (GDP) impact of BC Ferries expenditures using factors of 0.40 for direct and 0.25 for indirect.
Employment	Employment figures include crew complements and total corporate employment.
Crew	Information on staffing numbers provided by BC Ferries by route.
Total in Area	Information provided by BC Ferries on the community of residence of employees. Assumptions have been made about staff community of residence by route.
Indirect	Based on 4.3 persons per one million dollars of expenditures as per Economic Multipliers for Water Transportation.
Economic Impact	Description of the types of economic impact that accrue to the communities served. Addresses the question: "What does BC Ferries do for the local economies?". This includes goods movement for businesses, access for tourists, spending by BC Ferries, spending by BC Ferries staff, property value increases, etc.. It also addresses the question: "What impact will changes in the local economy have on BC Ferries future operations?".

The following tables (one for each route using the format described above) are presented in numerical order by route number for ease of reference.

6.2 ROUTE PROFILES

Route	1		
Communities Served	Greater Victoria and the Lower Mainland		
Revenue	$130,220,000		
Expenses	$75,490,000 (Wages: $30,651,000)		
Contribution/ (Shortfall)	$54,383,000		
Allocated Expenses	$58,646,000		
Federal Grant	Nil		
Net Income (Loss)	($4,263,000)		
Capital			
Amortization	$21.7 million		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5Yr Total:
-Vessels	$7,319,000	$25,650,000	$32,970,000
-Terminals*	$2,813,000	$4,331,000	$7,144,000
Impacts			
Output	$123,614,310		
GDP	$49,294,050		
Employment			
Crew	Peak: 462 (Four ships: total crew of 154 for three shifts) Off-Peak: 288 (Two ships: total crew of 96 for three shifts)		
Total in Area	Over half of the total staff (over 2,000 employees) live in the Vancouver/ Victoria area.		
Indirect	326		
Economic Impact	Route 1 is the key marine connection between southern Vancouver Island and the Lower Mainland. It provides commercial commodity transportation of raw materials and finished products, and for business travel. It is also the main tourism route between the Lower Mainland and the Greater Victoria area. In the peak season over one-quarter of traffic are from outside the local service areas, in the off-peak season tourist visitation is about 12%. BC Ferries spends over $30 million on wages to staff who live on Vancouver Island and the Lower Mainland. BC Ferries expenditures also create an additional 326 indirect jobs in the service area. Strengthening economies in the Victoria and Vancouver service areas are expected to increase demand. This increased demand will include business and tourist travel, plus increased commercial traffic.		

* Includes terminal expenditures for Routes 30 and 9

Route	2		
Communities Served	Nanaimo and the Lower Mainland		
Revenue	$73,490,000		
Expenses	$47,785,000 (Wages: $17,180,000)		
Contribution/ (Shortfall)	$25,705,000		
Allocated Expenses	$18,933,000		
Federal Grant	Nil		
Net Income (Loss)	$6,772,000		
Capital			
Amortization	$3,468,000 (Does not include Pacific Cat)		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5 Yr. Total:
-Vessels	$27,339,770	$17,575,290	$44,915,000
-Terminals	$29,004,000	$5,853,000	$34,857,000
Impacts			
Output	$77,890,000		
GDP	$31,060,000		
Employment			
Crew	Peak: 273 (Three ships: total crew of 91 for three shifts) Off-Peak: 231		
Total in Area	Nearly 600 employees live in the Nanaimo area and another 200 in North/West Vancouver.		
Indirect	205		
Economic Impact	Route 2 is the mid-Island connection with the Lower Mainland. It is a major connection for mid-Island residents, and popular with tourists. Non-locals make up about 20% of peak season travellers, but only about 10% of off-peak travellers. BC Ferries spends over $17 million on wages for vessel crews and terminal staff. BC Ferries' spending also generates another 205 spin-off jobs in the service area communities. Gradual strengthening of the mid-Island economies should increase demand marginally, for business, tourist and commercial travel. Existing capacity should be sufficient to handle demand generated by the improving economy.		

Route	30		
Communities Served	Mid Vancouver Island and Lower Mainland		
Revenue	$47,076,000		
Expenses	$37,317,000 (Wages: $13,916,000)		
Contribution/ (Shortfall)	$9,759,000		
Allocated Expenses	$17,936,000		
Federal Grant	Nil		
Net Income (Loss)	($8,177,000)		
Capital			
Amortization	$5,18,8,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5 Yr. Total
-Vessels	$7,013,175	$7,074,653	414,087,828
-Terminals	Included in Rt 1	Included in Rt. 1	Included in Rt. 1
Impacts			
Output	$60,827,000		
GDP	$24,256,000		
Employment			
Crew	Peak: 256 (2 ships totaling 64 crew for 4 shifts) Off-Peak: Same		
Total in Area	Nearly 600 employees live in the Nanaimo area and another several hundred in the Delta/Surrey area.		
Indirect	160		
Economic Impact	Route 30 has been in operation out of Duke Point since mid 1997. The route is the major commercial connection between the mid-Island and the Lower Mainland. Wage payments for this route are nearly $14 million, and an additional 160 persons are employed based on the spin-off effects of BC Ferries spending. Increased demand for commercial traffic is expected as the economy improves. This will be based on an expanded manufacturing sector in the Nanaimo area, and on general population growth. Tourist demand to the mid and north Island are also expected to increase, but volumes are not expected to be large. Impacts on existing capacity should be minor.		

Route	3		
Communities Served	Lower Mainland and Southern Sunshine Coast		
Revenue	$24,506,000		
Expenses	$17,914,000 (Wages: $6,869,000)		
Contribution/ (Shortfall)	$6,592,000		
Allocated Expenses	$5,227,000		
Federal Grant	Nil		
Net Income (Loss)	$1,365,000		
Capital			
Amortization	$1,672,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5 Yr. Total
-Vessels	Nil	$4,203,000	$4,203,000
-Terminals*	$1,290,000	$4,941,000	$6,231,000
Impacts			
Output	$29,200,000		
GDP	$11,644,000		
Employment			
Crew	Peak: 136 (One ship/3shifts; 34 crew size plus Coq. at 34 crew) Off-Peak: 87 (One ship/3 shifts: 29 crew size)		
Total in Area	200+ staff in the North/West Vancouver area.		
Indirect	77		
Economic Impact	Route 3 provides commuter access to the Lower Mainland for residents of the sunshine coast. Just under one-third of peak season passengers reside in the North Vancouver/GVRD, and one-third in the Southern Sunshine Coast (SSC). About 8% of traffic (both peak and off-peak) reside outside of the service areas (other BC, other Canada, USA and elsewhere). BC Ferries pays nearly $7 million in wages, and also creates 77 spin-off jobs based on spending by the corporation. Planned developments in the Sunshine Coast area are focused on marine tourism activities. Ferry demand based on these economic developments are expected to be minor.		

* Includes terminal costs for Route 13

Route	4		
Communities Served	Victoria and Salt Spring Island (Fulford Harbour)		
Revenue	$3,830,000		
Expenses	$5,381,000 (Wages $2,085,000)		
Contribution/ (Shortfall)	($1,551,000)		
Allocated Expenses	$1,223,000		
Federal Grant	$1,310,000		
Net Income (Loss)	($1,464,000)		
Capital			
Amortization	$508,000		
Planned Cap. Exp.	Short Term:	Mid-Term:	5-Yr. Total
-Vessels	Nil	Nil	Nil
-Terminals	Nil	$3,468,000	$3,468,000
Impacts			
Output	$8,771,000		
GDP	$3,498,000		
Employment			
Crew	Peak: 24 (8 crew for three shifts) Off-Peak: Same		
Total in Area	225		
Indirect	23		
Economic Impact	This route provides a connection for commuters, freight shipments, and tourist traffic. Other than float-plane service, BC Ferries provides the only commercial access to the Island. Several dozen residents commute daily to Victoria and others less frequently. Most goods (including perishables) are shipped by truck out of Victoria. The Islands tourism facilities (over 100 B&Bs and 30+ restaurants) are heavily dependent on BC Ferries for customer access. In the peak season, 70% of passengers are off-island residents, and 43% in the off-season reside off Salt Spring Island. Salt Spring Island is home to over 225 BC Ferries employees. BC Ferries spends over $5.3 million on wages and services to operate the route, much of which is spent on the Island. Corporation spending also supports 23 spin-off jobs. Economic growth will be driven by small scale tourism facilities and retirement.		

Route	5		
Communities Served	Victoria and Southern Gulf Islands (Salt Spring, Mayne, Galiano, Saturna and Pender Islands)		
Revenue	$2,922,000		
Expenses	$9,983,000 (Wages$4,424,000)		
Contribution/ (Shortfall)	($7,061,000)		
Allocated Expenses	$2,176,000		
Federal Grant	$2,287,000		
Net Income (Loss)	($6,950,000)		
Capital			
Amortization	$904,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels	$378,000	Nil	$378,000
-Terminals	$1,009,000	$252,000	$1,261,000
Impacts			
Output	$16,272,000		
GDP	$6,489,000		
Employment			
Crew	Peak: 57 (19 crew for three shifts) Off-Peak: 36 (12 crew for three shifts)		
Total in Area	62		
Indirect	43		
Economic Impact	This route provides a connection for a limited number of commuters, freight shipments, and tourist traffic. Other than float-plane service, BC Ferries provides the only commercial access to the Island. The Islands' tourism facilities (B&Bs and restaurants) are heavily dependent on BC Ferries for customer access. About 40% of peak traffic is by residents of persons who do not live on the Islands. The Southern Gulf Islands are home to over 60 BC Ferries employees. BC Ferries spends nearly $10 million on wages and services to operate the route, much of which is spent on the Islands. This spending generates 43 spin-off jobs, most on the Islands. Economic growth on the Gulf Islands will be driven by small-scale tourism, and the revenue generated by the retirement sector. Growth is expected to be modest, based partially on limited water supplies, and on the Islands Trust mandate to preserve and protect the Islands.		

Route	6		
Communities Served	Crofton/Duncan and Salt Spring Island		
Revenue	$2,367,000		
Expenses	$2,532,000 (Wages:$1,374,000)		
Contribution/ (Shortfall)	$165,000)		
Allocated Expenses	$336,000		
Federal Grant	$374,000		
Net Income (Loss)	($127,000)		
Capital			
Amortization	$140,000		
Planned Cap. Exp.	Short Term:	Mid-Term:	5-Yr. Total:
-Vessels	$2,000	$428,000	$430,000
-Terminals	$201,000	$253,000	$454,000
Impacts			
Output	$4,127,000		
GDP	$1,646,000		
Employment			
Crew	Peak: 18 (6 crew for three shifts) Off-Peak: Same		
Total in Area	6 in Crofton and 19 in Duncan although ship overnights at Vesuvius		
Indirect	11		
Economic Impact	Route 6 provides a Salt Spring connection from the Duncan area. The ship overnights at Vesuvius on Salt Spring and most crew are Island residents. BC Ferries spends about $1.4 million in salaries, mainly to persons who reside on Salt Spring Island. The corporation also spends over $2.5 million of goods and services, which generates 11 spin-off jobs. The route provides access for tourists, which accounts for about 55% in the peak season (non-Salt Spring Island residents as surveyed in 2000). Economic growth on Salt Spring will be driven by small-scale tourism, and the revenue generated by the retirement sector. Growth is expected to be modest, based partially on limited water supplies, and on the Islands Trust mandate to preserve and protect the Islands.		

Route	7		
Communities Served	Sunshine Coast communities of Saltery Bay and Earl's Cove		
Revenue	$4,217,000		
Expenses	$9,554,000 (Wages: $3,936,000)		
Contribution/ (Shortfall)	($5,337,000)		
Allocated Expenses	$1,773,000		
Federal Grant	$1,297,000		
Net Income (Loss)	($5,754,000)		
Capital			
Amortization	$738,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels*	$3,416,895	$2,274,175	$4,691,070
-Terminals	$4,335,000	$1,455,000	$5,790,000
Impacts			
Output	$15,573,000		
GDP	$6,210,000		
Employment			
Crew	Peak: 87 (29 crew for 3 shifts) Q of Tsawwassen Off-Peak: 66 (22 crew for 3 shifts) Q of Chilliwack		
Total in Area	About 25 in the Sechelt area		
Indirect	41		
Economic Impact	This route provides the link between Powell River and the Lower Mainland for shipment of goods. It also provides the key tourist connection for the Sunshine Coast and allows for a four ferry circle tour between Vancouver Island and the Sunshine Coast. Nearly $4 million in BC Ferries wages paid to crew and staff, and over $9 million in goods and services. This spending generates 41 spin-off jobs. About two-thirds of peak season traffic are non-area residents (1990), and about one-third off-peak traffic (2000). Economic growth, based on primary industry and tourism is expected to be steady but modest, not exceeding existing vessel capacity.		

* Includes Route 40

Route	8		
Communities Served	Lower Mainland and Bowen Island		
Revenue	$4,884,000		
Expenses	$6,452,000 (Wages: $2,821,000)		
Contribution/ (Shortfall)	($1,568,000)		
Allocated Expenses	$883,000		
Federal Grant	$1,222,000		
Net Income (Loss)	($1,229,000)		
Capital			
Amortization	$351,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels	$2,182,000	$378,000	$2,560,000
-Terminals	$601,000	Nil	$601,000
Impacts			
Output	$10,517,000		
GDP	$4,194,000		
Employment			
Crew	Peak: 30 (10 crew for 3 shifts) Off-Peak: Same		
Total in Area	Over 150 in the North Van area and 2 on Bowen Island		
Indirect	28		
Economic Impact	Route 8 is the connection between Bowen Island and the Lower Mainland. The route is primarily a commuter service for Bowen Island residents. Water taxis also provide year-round service (and subsidized service during the school year for students). BC Ferries provides access for tourists to the Island and contributes to increased property values by providing the marine link to Vancouver. It pays $2.8 million in wages and over $6 million is total expenses, which generates 28 spin-off jobs. One-quarter of off-peak traffic is from off Bowen Island. Economic growth will likely continue to be driven by tourism, second-home development, and the retirement sector. Islands Trust guidelines will likely ensure slow development.		

Route	9		
Communities Served	Lower Mainland and the Gulf Islands		
Revenue	$8,134,000		
Expenses	$11,687,000 (Wages: $5,652,000)		
Contribution/ (Shortfall)	($3,553.000)		
Allocated Expenses	$4,154,000		
Federal Grant	$4,373,000		
Net Income (Loss)	($3,334,000)		
Capital			
Amortization	$1,427,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total
-Vessels	$1,534,000	$4,110,000	$5,644,000
-Terminals	$1,076,000	$677,000	$1,753,000
Impacts			
Output	$19,050,000		
GDP	$7,597,000		
Employment			
Crew	Peak: 106 (40 crew on two ships on 4 shifts) Off-Peak: 99 (33 crew on one ship for 3 shifts)		
Total in Area	Over 220 staff live on Salt Spring		
Indirect	50		
Economic Impact	Route 9 provides a direct connection between the Lower Mainland and the Gulf Islands. Provides access for freight and supplies, and access for tourists. The route has a wage cost of over $5.6 million, a portion of which goes to Island residents. A total of 50 spin-off jobs is created by corporation spending. A contribution to property values and the resulting property taxes is also generated by the provision of access to the Mainland. About half of off-peak traffic is generated by non-Island residents (2000). Economic growth on the Islands will be driven by small-scale tourism, and the revenue generated by the retirement sector. Growth is expected to be modest, based partially on limited water supplies, and on the Islands Trust mandate to preserve and protect the Islands		

Route	10		10A
Communities Served	Northern Vancouver Island and Prince Rupert		Summer Inside Passage Cruise
Revenue	$2,570,000		$9,144,000
Expenses	$7,345,000 Wages $3,053,000)		$6,641,000 (Wages: $3,348,000)
Contribution/ (Shortfall)	($4,775,000)		$2,503,000
Allocated Expenses	$4,441,000		$1,792,000
Federal Grant	$1,881,000		Nil
Net Income (Loss)	(7,335,000)		$711,000
Capital			
Amortization	$1,441,000		$398,000
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels*	$14,687,540	$5,279,410	$19,966,950
-Terminals*	$224,000	$1,926,000	$2,150,000
Impacts			
Output	$11,972,000		$10,825,000
GDP	$4,774,000		$4,317,000
Employment			
Crew	Peak: 100 (50 crew/2shifts) Off-Peak: Same		Peak: 100 (50 crew/2shifts) Off-Peak: Nil
Total in Area	123 staff in Prince Rupert		
Indirect	32		29
Economic Impact	The Queen of the North makes a round trip every two days between Port Hardy and Prince Rupert from mid May to mid September. The every-other-day schedule creates a surge of tourist demand for accommodation in both ports of up to 150 hotel rooms (based on vessel capacity). This schedule actually causes surges in accommodation demand all along Highway 16 back to Prince George. BC Ferries spends over $6.3 million on wages and creates spin-off employment of 61 based on corporation spending. Continuation of current economic activity will have no impact on existing vessel capacity. Should a possible steel mill develop, or if off-shore oil and gas exploration is permitted, ferries demand will be significantly increased.		

* Includes Route 11

Route	11		
Communities Served	Prince Rupert and the Queen Charlotte Islands		
Revenue	$4,564,000		
Expenses	$8,678,000 (Wages: $4,199,000)		
Contribution/ (Shortfall)	($4,775,000)		
Allocated Expenses	$4,441,000		
Federal Grant	$1,629,000		
Net Income (Loss)	($4,536,000)		
Capital			
Amortization	$800,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels*	See Route 10	See Route 10	See Route 10
-Terminals*	Nil	$1,419,000	$1,419,000
Impacts			
Output	$14,145,000		
GDP	$5,641,000		
Employment			
Crew	Peak: 80 (40 crew for 2 shifts) Off-Peak: 80 (40 crew for 2 shifts)		
Total in Area	123 BC Ferries employees live in Prince Rupert		
Indirect	37		
Economic Impact	Route 11 is the key marine connection between the Queen Charlotte Islands and the mainland. It provides access for commercial products, and is the main access route for tourists visiting the Charlottes. Wages totaling over $4.2 million dollars are paid to staff residing in the Prince Rupert area. A total of 37 spin-off jobs are created by corporation spending, most in the north. No information is available on passenger origin. Significant economic growth is not anticipated in the Queen Charlottes, although initiation of oil and gas exploration off the north coast would have a dramatic increase in economic activity, and related marine transportation.		

* Costs shared with Route 10

Route	12
Communities Served	Brentwood Bay/Mill Bay
Revenue	$621,000
Expenses	$873,000 (Wages: $596,000)
Contribution/ (Shortfall)	($252,000)
Allocated Expenses	$52,000
Federal Grant	
Net Income (Loss)	($304,000)
Capital	
Amortization	$4,000
Planned Cap. Exp.	Short-Term: $900,000 on terminals
Financial Impacts	
Output	$1,422,000
GDP	$567,000
Employment	
Crew	8 (4 crew with 2 shifts)
Total in Area	13
Indirect	4
Economic Impacts	Route 12 is the only route operated by BC Ferries that has a road option. It is a short route that provides a ferry option for regular commuters to avoid the Malahat section of the Island Highway, and a circle route opportunity for tourists. Wages are about $600,000. BC Ferries has recently (Aug. 2000) completed an analysis of the future of this route. Options include discontinuing the route, obtaining specific provincial financial support combined with expanded marketing, or seeking a private sector operator. A decision is expected in the Fall 2000.

Route	13		
Communities Served	Langdale on the Sunshine Coast and Gambier and Keats Islands with passenger service only.		
Revenue	$149,000		
Expenses	$475,000 (Wages: $304,000)		
Contribution/ (Shortfall)	$326,000		
Allocated Expenses	$57,000		
Federal Grant	$56,000		
Net Income (Loss)	($327,000)		
Capital			
Amortization	$23,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels	Nil	Nil	Nil
-Terminals*	*	*	*
Financial Impacts			
Output	$774,000		
GDP	$309,000		
Employment			
Crew	Peak: 4 (2 crew on 2 shifts) Off-Peak: Same		
Total in Area	25 staff live in the Sechelt area		
Indirect	2		
Economic Impacts	Route 13 provides the few dozen permanent residents of Gambier and Keats with passenger access to the mainland. This foot-passenger only ferry provides commuter access for a few Vancouver or Sunshine Coast bound residents. It also provides weekend access to the several hundred recreational home-owners on the Islands, and to patrons of the church camps. Bulk goods are transported by private barge services. Wages of about $300,000 are paid to staff that reside in the Langdale area. Two spin-off jobs are created by corporation spending. Subsistence and construction jobs are the main economic activities. Future growth will be slow based on the Islands Trust mandate of preserving and protecting.		

* See Route 3 for shared terminal costs.

Route	17		
Communities Served	Comox/Courtenay and Powell River		
Revenue	$5,835,000		
Expenses	$9,022,000 (Wages: $4,193,000)		
Contribution/ (Shortfall)	($3,187,000)		
Allocated Expenses	$1,795,000		
Federal Grant	$2.040,000		
Net Income (Loss)	($2,942,000)		
Capital			
Amortization	$707,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels	Nil	Nil	Nil
-Terminals	$9,900,000	$10,044,000	$19,944,000
Financial Impacts			
Output	$14,706,000		
GDP	$5,864,000		
Employment			
Crew	Peak: 75 (25 staff for 3 shifts) Off-Peak: Same		
Total in Area	175 staff in the Comox Valley		
Indirect	39		
Economic Impacts	Route 17 provides the northern service area connection between Vancouver Island and the mainland. The route carries about 40% of non-local residents both summer and winter, and forms the northern loop of the Sunshine Coast Circle Tour. It provides for commercial freight access between the two points, and carries tourists between the Comox Valley and the Sunshine Coast. BC Ferries pays over $4.1 million in wages to crews and staff, primarily in the Comox Valley. Corporation spending also generates 39 spin-off jobs. Economic growth in the Comox Valley and the Powell River area are expected to be moderate based on primary industry, tourism, and retirement. Related ferry demand increases are anticipated.		

Route	18		
Communities Served	Powell River and Texada Island		
Revenue	$858,000		
Expenses	$3,113,000 (Wages: 1,785,000)		
Contribution/ (Shortfall)	($2,255,000)		
Allocated Expenses	$309,000		
Federal Grant	$363,000		
Net Income (Loss)	($2,201,000)		
Capital			
Amortization	$130,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels	$1,810,000	$2,990,000	$4,800,000
-Terminals	$710,000	$302,000	$1,012,000
Financial Impacts			
Output	$5,074,000		
GDP	$2,023,000		
Employment			
Crew	Peak: 21 (7 crew for 3 shifts) Off-Peak: Same		
Total in Area	About 20 residents of Texada Island		
Indirect	13		
Economic Impacts	Route 18 provides the only marine connection to and from Texada Island. BC Ferries provides freight services to supply the approximately 10 to 15 local businesses, and to service the mining industry. Limestone mining is the main industry with three quarries supplying lime rock to cement, chemical and pulp industries all along the west coast. There is a minimal amount of tourism based on the few commercial tourist facilities (hotel and marina). Corporation wages amount to $1.8 million, and 13 spin-off jobs are created. The future appears bright for the limestone mines as demand is strong for the many consumer and industrial products that rely on limestone. Significantly expanded demand for ferry increased access is not expected based on the Island's economy..		

Route	19		
Communities Served	Nanaimo and Gabriola Island		
Revenue	$3,101,000		
Expenses	$3,580,000 (Wages: $1,868,000)		
Contribution/ (Shortfall)	($479,000)		
Allocated Expenses	$771,000		
Federal Grant	$1,045,000		
Net Income (Loss)	($205,000)		
Capital			
Amortization	$314,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels	$301,000	Nil	$301,000
-Terminals	$1,175,000	$3,536,000	$4,711,000
Financial Impacts			
Output	$5,835,000		
GDP	$2,327,000		
Employment			
Crew	Peak: 21 (7 crew for 3 shifts) Off-Peak: Same		
Total in Area	39 BC Ferries staff live on Gabriola Island		
Indirect	15		
Economic Impacts	Route 19 provides the marine link between Nanaimo Harbour and Gabriola Island, including about150 commuting foot-passengers. The route provides commercial product shipments to the Island's businesses (which number about 300), access for tourists and recreational home owners, and movement of high school children (about 130) from Gabriola to Nanaimo. Some forest activity and agriculture takes place, and products are transported off the Island by ferry. BC Ferries pays wages of nearly $1.9 million to Island residents, and corporation spending supports an additional 15 jobs. Future primary industry is expected to be stable or decline in importance. The tourism industry is expected to generate most of the economic growth, but increased in commuters and retirees is likely.		

Route	20		
Communities Served	Chemainus and Thetis Island (and Kuper Island)		
Revenue	$725,000		
Expenses	$1,974,000 (Wages: $1,265,000)		
Contribution/ (Shortfall)	($1,249,000)		
Allocated Expenses	($221,000)		
Federal Grant	$201,000		
Net Income (Loss)	($1,122,000)		
Capital			
Amortization	$81,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels	$350,460	$842,350	$1,192,810
-Terminals	Nil	$81,000	$81,000
Financial Impacts			
Output	$3,218,000		
GDP	$1,283,000		
Employment			
Crew	Peak: 15 (5 crew on 3 shifts) Off-Peak: Same		
Total in Area	14 employees live on Thetis Island		
Indirect	8		
Economic Impacts	Route 20 services a permanent population of about 350 on Thetis and a native population of 460 on Kuper Island. The route provides access and supplies for the Thetis Island's two marinas, some small resorts, three church camps, six B&Bs and numerous home-based businesses. There is no commercial core on Thetis Island. The route is used by a small number of regular commuters, some secondary school children, a relatively large number of summer home weekend users, and patrons of the church camps. In the summer, over 2,500 people attend the church camps. Two-thirds of summer visitors and one-half of off-peak season are from off the Islands. The economy of Thetis Island relies heavily on summer visitors, both tourists and church camp attendees. The popularity of Thetis Island to these groups is expected to increase slowly over the next decade.		

Route	21		
Communities Served	Mid-Island (Buckley Bay) and Denman Island		
Revenue	$1,639,000		
Expenses	$2,837,000		
Contribution/ (Shortfall)	($1,198,000)		
Allocated Expenses	$271,000		
Federal Grant	$242,000		
Net Income (Loss)	($1,227,000)		
Capital			
Amortization	$113,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels	Nil	Nil	Nil
-Terminals	$27,500	$4,127,000	$4,154,000
Financial Impacts			
Output	$4,624,000		
GDP	$1,844,000		
Employment			
Crew	Peak: 18 (6 crew for 3 shifts) Off-Peak: Same		
Total in Area	22 BC Ferries employees live on Denman Island		
Indirect	12		
Economic Impacts	Route 21 provides access to Denman Island from Vancouver Island. It services the Island's few commercial businesses and provides tourist access and access for seasonal residents. About two-thirds of passengers are from plaaces other than Denman or Hornby Islands in the peak season. Few Island residents commute regularly. Route 21 also serves as the first ferry leg of the trip to Hornby Island. BC Ferries pays wages of about $1.6 million annually to staff of this route, and corporation spending generates another 12 spin-off jobs. Denman Island economy is based on home-based businesses and a few commercial operations to support the local population and tourists. Tourism is expected to remain the key economic generator.		

Route	22		
Communities Served	Denman and Hornby Islands		
Revenue	$934,000		
Expenses	$2,198,000 (Wages: $1,202,000)		
Contribution/ (Shortfall)	($1,264,000)		
Allocated Expenses	$167,000		
Federal Grant	$119,000		
Net Income (Loss)	($1,312,000)		
Capital			
Amortization	$66,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels	$123,000	$523,490	$646,490
-Terminals	$605,000	$5,654,000	$6,259,000
Financial Impacts			
Output	$3,583,000		
GDP	$1,429,000		
Employment			
Crew	Peak: 21 (7 crew for 3 shifts) Off-Peak: Same		
Total in Area	13 BC Ferries employees live on Hornby		
Indirect	9		
Economic Impacts	Route 22 is the link between Denman and Hornby Islands. It provides commercial freight services for Hornby's few businesses and resorts. It is popular for tourists and recreational home owners, particularly in summer. Non-Denman/Hornby residents account for nearly 80% of ferry travelers. BC Ferries pays wages of over $1.2 million annually, mainly to residents of Hornby Island. Corporation spending supports 9 spin-off jobs. Denman Island's future is expected to be strongly dependent on tourism. Islands Trust regulations will likely ensure that only small-scale tourism developments occur.		

Route	23		
Communities Served	Campbell River and Quadra Island		
Revenue	$2,942,000		
Expenses	$4,277,000 (Wages: $2,068,000)		
Contribution/ (Shortfall)	(1,335,000)		
Allocated Expenses	$443,000		
Federal Grant	$543,000		
Net Income (Loss)	($1,235,000)		
Capital			
Amortization	$183,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels	Nil	Nil	Nil
-Terminals	$32,500	$161,,000	$193,500
Financial Impacts			
Output	$6,972,000		
GDP	$2,780,000		
Employment			
Crew	Peak: 18 (6 crew for 3 shifts) Off-Peak: Same		
Total in Area	27 BC Ferries staff live on Quadra Island		
Indirect	18		
Economic Impacts	Route 23 connects Quadra Island with Vancouver Island. It provides supplies for the Island's businesses (centered in three shopping areas), and access for tourists. The island has a population of 2,700, increasing about 3% annually. The economy is changing from mining and logging to tourism, construction, and the service sector. Fish processing, aquaculture and tourism are the main employers. Daily users include a growing number of commuters and secondary school children. Tourist activity on the Island has been growing and major resorts exist at April Point and Cape Mudge. BC Ferries pays wages of over $2 million annually, mainly to residents of Quadra Island. Corporation spending supports 18 spin-off jobs. Future growth is expected to come from tourism, home-based businesses and retirees, although forestry and mining will likely continue to keep the economy diversified.		

Route	24		
Communities Served	Quadra Island and Cortez Island		
Revenue	$495,000		
Expenses	$2,020,000 (Wages: $1,253,000)		
Contribution/ (Shortfall)	($1,525,000)		
Allocated Expenses	$279,000		
Federal Grant	$248,000		
Net Income (Loss)	($1,556,000)		
Capital			
Amortization	$118,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels	$1,041,000	$855,000	$1,897,000
-Terminals	$49,500	$811,000	$860,000
Financial Impacts			
Output	$3,293,000		
GDP	$1,33,000		
Employment			
Crew	Peak: 16 (8 crew for 2 shifts) Off-Peak: Same		
Total in Area	12 BC Ferries employees live on Cortes Island		
Indirect	9		
Economic Impacts	Route 24 connects Cortez Island with Quadra Island. It serves commodity shipments for Island businesses, tourists, and recreational home-owners. Cortez has a population of about 900, and the main employers are fishing/aquaculture, construction and tourism. Most of the aquaculture operators truck their product to Vancouver Island. Two thirds of peak season traffic is for non-Quadra/Cortez residents. Hollyhock Farm – a conference and retreat – can accommodate up to 200 quests, most arriving by ferry. BC Ferries has an annual payroll of over $1.2 million, and corporation spending supports 9 spin-off jobs. Future economic activity is expected to be generated by aquaculture and tourism.		

Route	25		
Communities Served	Port McNeill, Alert Bay and Sointula		
Revenue	$1,147,000		
Expenses	$3,561,000 (Wages: $1,808,000)		
Contribution/ (Shortfall)	($2,414,000)		
Allocated Expenses	$581,000		
Federal Grant	$904,000		
Net Income (Loss)	($2,091,000)		
Capital			
Amortization	$222,000		
Planned Cap. Exp.	Short-Term:	Mid-Term:	5-Yr. Total:
-Vessels	$53,850	$1,703,910	$1,757,760
-Terminals	$236,000	$700,000	$936,000
Financial Impacts			
Output	$5,804,000		
GDP	$2,315,000		
Employment			
Crew	Peak: 21 (7 crew for 3 shifts) Off-Peak: Same		
Total in Area	About 35 staff reside in the Alert Bay/Sointula/Port McNeill area		
Indirect	15		
Economic Impacts	Route 25 provides a triangle run between Port McNeill, Alert Bay and Sointula. It provides commercial access for commodity shipments on and off the Islands, and access for commuters and tourists. About half of the summer traffic and 20% of the off-season are from outside the local area. A 60-passenger service was started last year. Malcolm Island's economy has been heavily dependent on fishing and logging, but these industries have declined sharply in the last few years. The population is about 950. The population of Alert Bay is about 1,250. Fishing has been the main employer, but has declined significantly. The 'Namgis First Nation employs about 140 persons, and the tourism industry about 30. BC Ferries pays $1.8 million in salaries and total expenditures support 15 spin-off jobs. Future economic activity will probably rely much heavier on tourism, most of which will likely be small-scale activities.		

Route	40		
Communities Served	Discovery Coast connecting Port Hardy, Shearwater, McLoughlin Bay, Namu, Klemtu, Bella Coola, and Ocean Falls		
Revenue	$1,430,000		
Expenses	$3,744,000 (Wages: $1,581,000)		
Contribution/ (Shortfall)	($2,314,000)		
Allocated Expenses	$955,000		
Federal Grant	Nil		
Net Income (Loss)	($3,269,000)		
Capital			
Amortization	$381,000		
Planned Cap. Exp. -Vessels* -Terminals**	Short-Term:	Mid-Term:	5-Yr. Total:
Impacts			
Output	$6,103,000		
GDP	$2,434,000		
Employment			
Crew	Peak: 44 (22 crew on 2 shifts) Off-Peak: NA (Only operates in the summer)		
Total in Area	A few		
Indirect	16		
Economic Impact	BC Ferries spends over $3.7 million annually to operate the service, of which about $1.6 are for wages. It provides access to these isolated communities for tourists, although the volumes are small (8 thousand in 1998). It also provides the only freight deliveries to these small, relatively isolated communities.		

* Included in Route 7
** Included in Route 40

APPENDIX

A INFORMATION SOURCES

B BC INPUT OUTPUT MODEL ANALYSIS FOR BC FERRIES

APPENDIX A

INFORMATION SOURCES

Annual Report, British Columbia Ferry Corporation, 1999/2000 and 1998/99

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Social Profiles of Southern and Northern Communities: north including, Texada Island, Powell River, Quadra Island, Port McNeill, Cortez Island, Comox Valley, Alert Bay, and Sointula; south including the islands of Thetis, Kuper, North and South Pender, Galiano, Keats and Gambier, Salt Spring, Gabriola, Mayne and Saturna, plus the communities of Mill Bay and Brentwood Bay, BC Ferry Corporation, 1999.

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APPENDIX B

INPUT-OUTPUT MODELS AND ANALYSIS

BACKGROUND ON INPUT-OUTPUT MODELS AND ANALYSIS

Input-output analysis is based on statistical information about the flow of goods and services among various sectors of the economy. This information, presented in the form of tables, provides a comprehensive and detailed representation of the economy for a given year. An input-output model is essentially a database showing the relationship between commodity usage and industry output. It consists of three components:

- a table showing which commodities–both goods and services–are consumed by each industry in the process of production (the input matrix)
- a table showing which commodities are produced by each industry (the output matrix)
- a table showing which commodities are available for consumption by final users (the final demand matrix).

These data are combined into a single model of the economy which can be solved to determine how much additional production is generated by a change in the demand for one or more commodities or by a change in the output of an industry. Changing the usage or production of a commodity or group of commodities is often referred to as shocking the model. The known relationship between goods and services in the economy is used to generate an estimate of the economic impact of such a change.

If a change in demand is met by increasing or decreasing imports from other jurisdictions, there is no net effect on domestic production. All of the benefits or costs associated with employment generation or loss, and other economic effects, will occur outside the region. Therefore, it is important to identify whether or not a change in the demand for a good or service is met inside or outside a region.

THE BRITISH COLUMBIA INPUT-OUTPUT MODEL

The BCIOM can be viewed as a snapshot of the BC economy, taken in 1996. It is derived from the 1996 Interprovincial Input-Output tables developed by Statistics Canada and includes details on 679 commodities, 243 industries, 180 "final demand" categories, and a set of computer algorithms to do the calculations required for the solution of the model. It can be used to predict how an increase or a decrease in demand for the products of one industry will have an impact on other industries and therefore on the entire economy.

LIMITATIONS AND CAVEATS ASSOCIATED WITH INPUT-OUTPUT ANALYSIS

Input-output analysis is based on various assumptions about the economy and the inter-relationships between industries. These assumptions are listed below:

- Input-output models are linear. They assume that a given change in the demand for a commodity or for the outputs of a given industry will translate into a proportional change in production.

- Input-output models do not take into account the amount of time required for changes to happen. Economic adjustments resulting from a change in demand are assumed to happen immediately.

- It is assumed that there are no capacity constraints and that an increase in the demand for labour will result in an increase in employment (rather than simply re-deploying workers).

- It is assumed that consumers spend an average of 75% of their personal income on goods and services. The remaining 25% of personal income is consumed by taxes, or goes into savings.

- The BCIOM is based on a "snapshot" of the BC economy in 1996. It is assumed that relationships between industries are relatively stable over time, so that the 1996 structure of the economy continues to be applicable today.

- The BCIOM does not distinguish between regional effects. It will not, for example, differentiate between the economic impact of a plant located in one region of the province and a similar plant elsewhere in BC.

B.C. INPUT/OUTPUT CLOSED MODEL - MIXED SOLUTION
TEST 1996 - RECYCLE = 0.75
NO SAFETY NET CASE
OPERATION OF BC FERRIES

OUTPUT IMPACTS (Current Dollars)	Direct	Indirect	Induced	Total
1 Agricultural and related services ind	0	3,225,664	3,239,139	6,464,803
2 Fishing and trapping industries	0	108,877	223,917	332,793
3 Logging and forestry industries	0	275,906	314,743	590,650
4 Mining, quarrying and oil well indust	0	4,819,155	1,156,051	5,975,206
5 Manufacturing industries	0	37,075,252	14,610,070	51,685,322
6 Construction industries	0	8,580,627	3,542,688	12,123,314
7 Transportation and storage industries	380,904,000	19,193,175	6,583,781	406,680,956
8 Communication and other utility ind.	0	6,745,339	11,425,018	18,170,357
9 Wholesale trade industries	0	7,010,148	7,776,031	14,786,178
10 Retail trade industries	0	2,527,038	24,632,588	27,159,625
11 Finance, insurance and real estate i	0	9,214,969	70,127,941	79,342,910
12 Business service industries	0	8,737,751	6,388,656	15,126,406
13 Educational service industries	0	3,821	194,313	198,134
14 Health and social service industries	0	80,571	4,754,960	4,835,530
15 Accommodation and food services ind	0	2,118,047	14,131,151	16,249,198
16 Other service industries	0	2,562,038	10,793,019	13,355,056
17 Operating, office, cafeteria and lab	0	37,003,980	5,935,510	42,939,489
18 Travel & entert., advertising & prom	0	15,822,175	5,795,731	21,617,907
19 Transportation margins	0	912,247	940,245	1,852,492
20 Non-profit institutions serving hous	0	88,884	6,694,229	6,783,113
21 Government sector	0	2,301,636	6,100,559	8,402,195
TOTAL	380,904,000	168,407,298	205,360,338	754,671,636

GDP AT FACTOR COST (Current Dollars)	Direct	Indirect	Induced	Total
1 Agricultural and related services ind	0	1,039,041	1,226,782	2,265,823
2 Fishing and trapping industries	0	53,428	109,881	163,310
3 Logging and forestry industries	0	125,970	144,361	270,331
4 Mining, quarrying and oil well indust	0	3,321,381	791,935	4,113,316
5 Manufacturing industries	0	8,745,634	4,726,176	13,471,810
6 Construction industries	0	4,600,760	1,912,355	6,513,115
7 Transportation and storage industries	229,723,678	8,975,336	3,950,989	242,650,003
8 Communication and other utility ind.	0	4,529,499	8,153,148	12,682,646
9 Wholesale trade industries	0	4,281,654	4,749,439	9,031,093
10 Retail trade industries	0	1,553,359	15,141,542	16,694,901
11 Finance, insurance and real estate i	0	3,461,839	43,127,139	46,588,978
12 Business service industries	0	5,411,088	4,037,391	9,448,479
13 Educational service industries	0	1,349	68,598	69,947
14 Health and social service industries	0	57,876	3,556,856	3,614,733
15 Accommodation and food services ind	0	1,174,218	7,620,098	8,794,315
16 Other service industries	0	1,433,525	6,627,295	8,060,820
17 Operating, office, cafeteria and lab	0	0	0	0
18 Travel & entert., advertising & prom	0	0	0	0
19 Transportation margins	0	0	0	0
20 Non-profit institutions serving hous	0	50,732	4,264,558	4,315,290
21 Government sector	0	1,467,420	4,184,104	5,651,524
TOTAL	229,723,678	50,284,110	114,392,646	394,400,435

EMPLOYMENT	Direct	Indirect	Induced	Total
1 Agricultural and related services ind	0.00	31.43	37.60	69.04
2 Fishing and trapping industries	0.00	0.89	1.83	2.72
3 Logging and forestry industries	0.00	1.46	1.72	3.18
4 Mining, quarrying and oil well indust	0.00	6.85	1.84	8.70
5 Manufacturing industries	0.00	155.55	86.97	242.52
6 Construction industries	0.00	130.38	53.40	183.78
7 Transportation and storage industries	4200.02	150.38	59.81	4410.20
8 Communication and other utility ind.	0.00	46.05	62.57	108.62
9 Wholesale trade industries	0.00	85.66	95.01	180.67
10 Retail trade industries	0.00	56.17	547.50	603.67
11 Finance, insurance and real estate i	0.00	68.12	214.61	282.72
12 Business service industries	0.00	113.69	87.47	201.15
13 Educational service industries	0.00	0.04	1.86	1.89
14 Health and social service industries	0.00	1.55	95.89	97.45
15 Accommodation and food services ind	0.00	54.50	401.50	456.00
16 Other service industries	0.00	42.12	263.87	305.99
17 Operating, office, cafeteria and lab	0.00	0.00	0.00	0.00
18 Travel & entert., advertising & prom	0.00	0.00	0.00	0.00
19 Transportation margins	0.00	0.00	0.00	0.00
20 Non-profit institutions serving hous	0.00	1.56	130.78	132.34
21 Government sector	0.00	25.52	81.06	106.59
TOTAL	4200.02	971.92	2225.29	7397.23

BC Stats
July 19, 2000

B.C. INPUT/OUTPUT CLOSED MODEL - MIXED SOLUTION
TEST 1996 - RECYCLE = 0.75
NO SAFETY NET CASE
OPERATION OF BC FERRIES

COMPONENTS OF GROSS DOMESTIC PRODUCT

	DIRECT	INDIRECT	INDUCED	TOTAL
Wages and salaries	195,272,000	30,681,155	51,950,738	277,903,893
Supplementary labour income	32,176,000	4,303,720	5,899,670	42,379,390
Mixed income	39,726	2,263,391	13,208,301	15,511,418
Other operating surplus	2,235,951	13,035,844	43,333,938	58,605,733
GDP AT FACTOR COST	229,723,678	50,284,110	114,392,646	394,400,435
Indirect taxes on products	1,529,545	4,398,455	2,916,175	8,844,175
Subsidies on products	-186,313	-220,979	-1,859,761	-2,267,053
Subsidies on production	-14,847	-97,646	-99,352	-211,845
Indirect taxes on production	788,548	1,686,493	9,645,109	12,120,150
GDP AT MARKET PRICES	231,840,611	56,050,433	124,994,818	412,885,862
TOTAL HOUSEHOLD INCOME	227,487,726	37,248,266	71,058,709	335,794,701
AVERAGE HOUSEHOLD INCOME	54,164	38,324	31,932	45,395

BC Stats
July 19, 2000

B.C. INPUT/OUTPUT CLOSED MODEL - MIXED SOLUTION
TEST 1996 - RECYCLE = 0.75
NO SAFETY NET CASE
OPERATION OF BC FERRIES

ESTIMATED GOVERNMENT REVENUES

FEDERAL REVENUES*	Direct	Indirect	Induced	Total
PERSONAL INCOME TAX	17,948,611	3,598,035	5,177,280	26,723,925
CORPORATE INCOME TAX	0	0	0	0
TAXES ON PRODUCTS				
GST	0	236,584	7,503,485	7,740,069
Air Tax	0	181,048	284,077	465,125
Duty Tax	0	18,894	733,999	752,893
Excise Tax	0	2,602	296,949	299,550
Gas Tax	189,483	954,387	1,341,057	2,484,926
TAXES ON PRODUCTION LESS SUBSIDIES	-63,969	-101,323	-622,998	-788,289
NATURAL RESOURCE ROYALTIES	0	0	0	0
TOTAL....................................	18,074,124	4,890,226	14,713,850	37,678,200

PROVINCIAL REVENUES	Direct	Indirect	Induced	Total
PERSONAL INCOME TAX	9,333,277	1,870,978	2,692,186	13,896,441
CORPORATE INCOME TAX	0	0	0	0
TAXES ON PRODUCTS				
PST	359,182	1,712,651	6,755,598	8,827,431
Gas Tax	980,880	1,222,096	1,431,157	3,634,132
Trading Tax	0	70,194	2,482,858	2,553,052
TAXES ON PRODUCTION LESS SUBSIDIES	256,238	620,231	3,458,558	4,335,027
NATURAL RESOURCE ROYALTIES	0	0	0	0
TOTAL....................................	10,929,578	5,496,150	16,820,356	33,246,084

MUNICIPAL REVENUES	Direct	Indirect	Induced	Total
INDIRECT TAXES, LESS SUBSIDIES	394,918	848,641	4,848,478	6,092,036

REVENUE TOTALS	Direct	Indirect	Induced	Total
PERSONAL INCOME TAX	27,281,888	5,469,013	7,869,466	40,620,366
CORPORATE INCOME TAX	0	0	0	0
INDIRECT TAXES, LESS SUBSIDIES	2,116,732	5,766,004	28,513,217	36,395,954
NATURAL RESOURCE ROYALTIES	0	0	0	0
TOTAL GOVERNMENT REVENUES......................	29,398,620	11,235,017	36,382,683	77,016,320

*Note that Federal Revenues estimated by the model are based only on expenditures and income in British Columbia. Federal Revenues generated in other provinces because of leakages are not estimated.

July 19, 2000
BC Stats

B.C. INPUT/OUTPUT CLOSED MODEL - MIXED SOLUTION
TEST 1996 - RECYCLE = 0.75
WITH SAFETY NET CASE
OPERATION OF BC FERRIES

OUTPUT IMPACTS (Current Dollars)	Direct	Indirect	Induced	Total
1 Agricultural and related services ind	0	3,225,664	1,508,047	4,733,711
2 Fishing and trapping industries	0	108,877	104,249	213,126
3 Logging and forestry industries	0	275,906	146,535	422,441
4 Mining, quarrying and oil well indust	0	4,819,155	538,223	5,357,378
5 Manufacturing industries	0	37,075,252	6,802,014	43,877,266
6 Construction industries	0	8,580,627	1,649,370	10,229,997
7 Transportation and storage industries	380,904,000	19,193,175	3,065,213	403,162,388
8 Communication and other utility ind.	0	6,745,339	5,319,149	12,064,488
9 Wholesale trade industries	0	7,010,148	3,620,289	10,630,436
10 Retail trade industries	0	2,527,038	11,468,201	13,995,238
11 Finance, insurance and real estate i	0	9,214,969	32,649,485	41,864,454
12 Business service industries	0	8,737,751	2,974,368	11,712,119
13 Educational service industries	0	3,821	90,466	94,288
14 Health and social service industries	0	80,571	2,213,768	2,294,339
15 Accommodation and food services ind	0	2,118,047	6,579,044	8,697,091
16 Other service industries	0	2,562,038	5,024,909	7,586,946
17 Operating, office, cafeteria and lab	0	37,003,980	2,763,397	39,767,377
18 Travel & entert., advertising & prom	0	15,822,175	2,698,320	18,520,496
19 Transportation margins	0	912,247	437,750	1,349,997
20 Non-profit institutions serving hous	0	88,884	3,116,634	3,205,518
21 Government sector	0	2,301,636	2,840,239	5,141,875
TOTAL	380,904,000	168,407,298	95,609,669	644,920,967

GDP AT FACTOR COST (Current Dollars)	Direct	Indirect	Induced	Total
1 Agricultural and related services ind	0	1,039,041	571,153	1,610,194
2 Fishing and trapping industries	0	53,428	51,158	104,586
3 Logging and forestry industries	0	125,970	67,210	193,180
4 Mining, quarrying and oil well indust	0	3,321,381	368,701	3,690,083
5 Manufacturing industries	0	8,745,634	2,200,367	10,946,001
6 Construction industries	0	4,600,760	890,336	5,491,096
7 Transportation and storage industries	229,723,678	8,975,336	1,839,463	240,538,477
8 Communication and other utility ind.	0	4,529,499	3,795,863	8,325,362
9 Wholesale trade industries	0	4,281,654	2,211,198	6,492,851
10 Retail trade industries	0	1,553,359	7,049,452	8,602,811
11 Finance, insurance and real estate i	0	3,461,839	20,078,714	23,540,553
12 Business service industries	0	5,411,088	1,879,689	7,290,777
13 Educational service industries	0	1,349	31,937	33,286
14 Health and social service industries	0	57,876	1,655,967	1,713,843
15 Accommodation and food services ind	0	1,174,218	3,547,691	4,721,909
16 Other service industries	0	1,433,525	3,085,472	4,518,997
17 Operating, office, cafeteria and lab	0	0	0	0
18 Travel & entert., advertising & prom	0	0	0	0
19 Transportation margins	0	0	0	0
20 Non-profit institutions serving hous	0	50,732	1,985,451	2,036,184
21 Government sector	0	1,467,420	1,947,994	3,415,414
TOTAL	229,723,678	50,284,110	53,257,816	333,265,604

EMPLOYMENT	Direct	Indirect	Induced	Total
1 Agricultural and related services ind	0.00	31.43	17.51	48.94
2 Fishing and trapping industries	0.00	0.89	0.85	1.74
3 Logging and forestry industries	0.00	1.46	0.80	2.26
4 Mining, quarrying and oil well indust	0.00	6.85	0.86	7.71
5 Manufacturing industries	0.00	155.55	40.49	196.04
6 Construction industries	0.00	130.38	24.86	155.24
7 Transportation and storage industries	4200.02	150.38	27.85	4378.24
8 Communication and other utility ind.	0.00	46.05	29.13	75.18
9 Wholesale trade industries	0.00	85.66	44.24	129.89
10 Retail trade industries	0.00	56.17	254.90	311.07
11 Finance, insurance and real estate i	0.00	68.12	99.91	168.03
12 Business service industries	0.00	113.69	40.72	154.41
13 Educational service industries	0.00	0.04	0.86	0.90
14 Health and social service industries	0.00	1.55	44.65	46.20
15 Accommodation and food services ind	0.00	54.50	186.93	241.43
16 Other service industries	0.00	42.12	122.85	164.97
17 Operating, office, cafeteria and lab	0.00	0.00	0.00	0.00
18 Travel & entert., advertising & prom	0.00	0.00	0.00	0.00
19 Transportation margins	0.00	0.00	0.00	0.00
20 Non-profit institutions serving hous	0.00	1.56	60.89	62.44
21 Government sector	0.00	25.52	37.74	63.26
TOTAL	4200.02	971.92	1036.03	6207.97

BC Stats
July 19, 2000

B.C. INPUT/OUTPUT CLOSED MODEL - MIXED SOLUTION
TEST 1996 - RECYCLE = 0.75
WITH SAFETY NET CASE
OPERATION OF BC FERRIES

COMPONENTS OF GROSS DOMESTIC PRODUCT

	DIRECT	INDIRECT	INDUCED	TOTAL
Wages and salaries	195,272,000	30,681,155	24,186,719	250,139,875
Supplementary labour income	32,176,000	4,303,720	2,746,711	39,226,431
Mixed income	39,726	2,263,391	6,149,392	8,452,509
Other operating surplus	2,235,951	13,035,844	20,174,993	35,446,789
GDP AT FACTOR COST	229,723,678	50,284,110	53,257,816	333,265,604
Indirect taxes on products	1,529,545	4,398,455	1,357,684	7,285,684
Subsidies on products	-186,313	-220,979	-865,849	-1,273,141
Subsidies on production	-14,847	-97,646	-46,255	-158,749
Indirect taxes on production	788,548	1,686,493	4,490,476	6,965,517
GDP AT MARKET PRICES	231,840,611	56,050,433	58,193,872	346,084,916
TOTAL HOUSEHOLD INCOME	227,487,726	37,248,266	33,082,823	297,818,815
AVERAGE HOUSEHOLD INCOME	54,164	38,324	31,932	47,974

BC Stats
July 19, 2000

B.C. INPUT/OUTPUT CLOSED MODEL - MIXED SOLUTION
TEST 1996 - RECYCLE = 0.75
WITH SAFETY NET CASE
OPERATION OF BC FERRIES

ESTIMATED GOVERNMENT REVENUES

FEDERAL REVENUES*	Direct	Indirect	Induced	Total
PERSONAL INCOME TAX	17,948,611	3,598,035	2,410,388	23,957,033
CORPORATE INCOME TAX	0	0	0	0
TAXES ON PRODUCTS				
GST	0	236,584	3,493,400	3,729,983
Air Tax	0	181,048	132,258	313,306
Duty Tax	0	18,894	341,728	360,622
Excise Tax	0	2,602	138,250	140,852
Gas Tax	189,483	954,387	624,356	1,768,226
TAXES ON PRODUCTION LESS SUBSIDIES	-63,969	-101,323	-290,049	-455,341
NATURAL RESOURCE ROYALTIES	0	0	0	0
TOTAL......................................	18,074,124	4,890,226	6,850,331	29,814,681

PROVINCIAL REVENUES	Direct	Indirect	Induced	Total
PERSONAL INCOME TAX	9,333,277	1,870,978	1,253,402	12,457,657
CORPORATE INCOME TAX	0	0	0	0
TAXES ON PRODUCTS				
PST	359,182	1,712,651	3,145,206	5,217,039
Gas Tax	980,880	1,222,096	666,304	2,869,279
Trading Tax	0	70,194	1,155,945	1,226,139
TAXES ON PRODUCTION LESS SUBSIDIES	256,238	620,231	1,610,202	2,486,671
NATURAL RESOURCE ROYALTIES	0	0	0	0
TOTAL......................................	10,929,578	5,496,150	7,831,058	24,256,785

MUNICIPAL REVENUES	Direct	Indirect	Induced	Total
INDIRECT TAXES, LESS SUBSIDIES	394,918	848,641	2,257,307	3,500,866

REVENUE TOTALS	Direct	Indirect	Induced	Total
PERSONAL INCOME TAX	27,281,888	5,469,013	3,663,789	36,414,690
CORPORATE INCOME TAX	0	0	0	0
INDIRECT TAXES, LESS SUBSIDIES	2,116,732	5,766,004	13,274,906	21,157,643
NATURAL RESOURCE ROYALTIES	0	0	0	0
TOTAL GOVERNMENT REVENUES.....................	29,398,620	11,235,017	16,938,696	57,572,333

*Note that Federal Revenues estimated by the model are based only on expenditures and income in British Columbia. Federal Revenues generated in other provinces because of leakages are not estimated.

July 19, 2000
BC Stats

<u>BC Ferries. Lobbying plan.</u>
<u>A point of departure....</u>

Draft, May 1 2014

<u>Whereas:</u>

- The next Provincial election in scheduled for May 2017.
- The BC Ferries contract with the BC Government expires March 2016
- If we wish to see changes to the current contract, we must make an impact over the next year or so.
- IT is the only elected body which speaks on behalf of ferry dependent communities
- IT has a mandate to protect our communities whose economies are largely dependent on ferries.
- While IT has advocated in support of affordable and effective service, it appears to have been on a somewhat ad-hoc basis. We need a well thought out strategic year long lobbying plan.

<u>Facts</u>**:**

- Over the last 10 years fares have increased by more than 70%
- Traffic has declined by 7%
- Fares have outstripped inflation by more than 500%
- "Communities have suffered economically and socially as substantial declines in minor route traffic have led to businesses shrinking or closing, families being isolated, schools losing enrollment, young people leaving and tourism plummeting."
- BCF is subsidized at a rate of 15%; BC Transit at 65%; Translink 50%
- Over the next 10 years BCF projects spending $25 billion on capital acquisitions, according to their reports. In rough terms that translates to some $250 million a year and will total 40% over and above current totals. Approximately half of this may be funded to some extent through the current levels of depreciation of approximately $100 million a year. So it is reasonable to expect that debts and debt financing can be expected to increase by at least 20% over the same period. *There is no way this can be passed on to ridership.*

<u>Islands Trust Submission of Sept 2012</u>

- The provincial government needs to recognize the coastal ferry service as an essential and integral part of BC's transportation infrastructure and fund it accordingly, taking full responsibility for future capital costs.

- Provincial funding for ferries is an investment in the economy, not a subsidy to ferry users.

- In a coastal province, affordable ferry service is as necessary as affordable public transit and affordable highway systems and to the land-based parts of our province.

- Communities have been built throughout the islands on the basis of provincial government promises: Minister of Transportation Judith Reid, December 2002, on the then new Coastal ferry Act: The *new structure will ensure services are delivered on time and on budget. It will create a vibrant, properly managed ferry system that improves customer service, creates new jobs for coastal communities, ensures stable rates and is sustainable for the future."*

- Since 2003, rates have skyrocketed, ridership has dropped sharply, and ferry infrastructure has continued to age.

- Ferry users and ferry-dependent communities cannot be expected to carry the costs of both operating and renewing infrastructure for what is clearly part of the provincial transportation system.

<u>Fiscal Fairness</u>

BC Ferries services an area with 20% of BC's population, and a wide variety of industries and commercial enterprises, which together provide tax contributions of roughly 36% of BC's annual revenue, yet this area only benefits from about 6% of capital expenditure on highways, including the expenditure on ferries.

<u>Financial review</u>

- Year ended March 31 2013
- Unamortized capital cost of ferries and equipment: $1,552,062,000
- Total revenue: $786,373,000, of which 62% from fares
- Total expenses: $701,557,000 of which 19% or $135,675,000 was amortization (the expense of capital over its useful life)
- Operating profit before financing expenses: $84,816,000
- Net earnings after financing expenses: $15,508,000 (loss on 2012 of $8,956,000)
- The Corporation pays the BC Government $6 million a year in dividends

Conclusion:

- Ferry corporation is profitable (at least for 2013)
- If financing and/or amortization expenses were removed, significant fare decreases would be achievable

Lobbying plan. Issues to pursue

- Funding of capital costs (ferries, terminals and infrastructure).
- Province wide funding of ferries as with roads, bridges etc, through small increases in gasoline taxes.
- Request a 5 and 10 year financial plan from BCF
- Economic impact review
- Retaining of professional lobbyist?
- Outreach/marketing/public engagement plan.
- Work with other groups: UBCM; AVICC; Chambers of Commerce; Georgia Strait Alliance; BC Ferry Coalition; FACs

Islands Trust

REQUEST FOR DECISION

To: All Trust Council Committees, Local Trust Committees and Trust Fund Board

For the Meeting of:: May 12, 2014

From: Lisa Gordon, Trust Area Services Director

Date Prepared: March 19, 2014

File No.:

SUBJECT: 2013-2014 ANNUAL REPORT – APPROVAL OF COMMITTEE SECTION

RECOMMENDATION: That the Trust Programs Committee approves the attached text (as amended) for inclusion in the 2013-2014 Annual Report for approval by Trust Council and submission to the Minister of Community, Sport and Cultural Development.

<u>IMPLICATIONS OF RECOMMENDATION</u>

ORGANIZATIONAL:

Committee reports:	Reports to be approved on the following dates
TPC	May 12
LPC	May 15
FPC	June 2
TFB	May 5
EC	April 15 / May 6
Denman	April 1 / May 2
Gambier	April 10
Gabriola	April 17
Galiano	April 7
Hornby	April 25
Lasqueti	May 1
Mayne	April 23
North Pender	April 24
Salt Spring Island	April 10
Saturna	April 17
South Pender	April 8
Thetis	April 16
Bellenas-Winchelsea Executive Islands	May 2

FINANCIAL: None

POLICY: None

IMPLEMENTATION/COMMUNICATIONS: All LTCs and Council committees will review and approve their sections at regular meetings listed above. Executive Committee requires all contributors to report on accomplishments in terms of how they achieve goals in the strategic plan or in the Islands Trust Policy Statement. LTC and Council Committee Chairs will ensure that the text for their sections meets the new standards.

OTHER:

BACKGROUND

On March 4 and 18, 2014 the Executive Committee provided the following direction for changes in the way staff draft the annual report sections:

- Make the annual report more of a status report on the policy statement and the strategic plan – how are our activities contributing to achieving the higher goals?
- LTC reports should refer only to LTC projects and agenda items, not staff workload.
- Do not report building permits or referrals unless they were on an LTC or TFB agenda and reported in the minutes.
- Report only bylaw enforcement action (proactive or legal) initiated by the LTC.
- Identify grant-funded projects within Local Trust Committee and Trust Council Committee reports, rather than a separate section

REPORT/DOCUMENT: Draft TPC 2013/14 annual report section

KEY ISSUE(S)/CONCEPT(S): Consistent reporting from each committee following new standards and committee approval of its section in the Annual Report

RELEVANT POLICY: This approach complies with Section 19 of the *Islands Trust Act and* Trust Council's Annual Report Policy 6.10

DESIRED OUTCOME: Trust Council is able to easily approve its annual report in June 2014 without further editing from staff or trustees.

RESPONSE OPTIONS

Recommended: As above

Alternative: None

Prepared By: Lisa Gordon, Director, Trust Area Services

Reviewed By/Date: David Marlor, Director, Local Planning Services

Trust Programs Committee

Role (Summary of Trust Council Policy 2.3.iv TPC Terms of Reference)

The Trust Programs Committee provides seeks direction from and provides advice to the Islands Trust Council on reviewing, amending and implementing the topics in the Islands Trust Policy Statement.

Members:

Alex Allen, Hornby Island
Paul Brent, Saturna Island (Chair)
Laura Busheikin, Denman Island
George Grams, Salt Spring Island (Vice Chair)
Tony Law, Hornby Island
Liz Montague, South Pender Island
Kate-Louise Stamford, Gambier Island
Andrew Stone, Bowen Island Municipality
Ken Hancock, North Pender Island, Executive Committee Representative (April – January)
David Graham, Denman Island, Executive Committee Representative (February – March)
Sheila Malcolmson, Gabriola Island, Ex Officio Member

2013-2014 Highlights

This year, the Trust Programs Committee oversaw several of the projects in Trust Council's 2011-2014 strategic plan, including a $20,000 special advocacy project focused on BC Ferries. As part of the BC Ferries project, the committee reviewed and commented on draft decision and briefing documents for Trust Council about BC Ferries fare increases, service cutbacks and supported related research requests under the *Freedom of Information and Protection of Privacy Act.*

Trust Council's strategic plan also assigned the committee to guide the Water Education Materials project and to deliver a session on Economic Sustainability for Trust Council's December 2013 meeting. Trust Programs Committee reviewed a legislative monitoring briefing destined for Trust Council and provided advice to Trust Council about a draft bylaw to delegate powers to the Salt Spring Island Local Trust Committee.

As part of its ongoing responsibilities, Trust Programs Committee oversaw the Indicator Program and the Stewardship Awards Program. The indicator program provides research and statistics on social, economic or environmental trends on the islands and in the region. The Community Stewardship Awards recognize individuals and groups for programs or actions that have made a significant contribution towards the object of the Islands Trust. The 2013 Community Stewardship Award recipients are reported under the Trust Council Chair's introduction on page X.

5.3

Islands Trust

TRUST PROGRAMS COMMITTEE
WORK PROGRAM REPORT

To: Islands Trust Council

Updated: February 3, 2014

WORK PROGRAM

1. **COMMUNITY STEWARDSHIP AWARDS**
   - Deliver 2013 awards program
2. **BC FERRIES ADVOCACY PROGRAM (Strategic Plan 4.2)**
   - Support engagement by Trust Council and trustees on BC Ferries issues
3. **INDICATOR PROGRAM**
   - Research high-priority indicators, such as census and housing

CONTINUING ITEMS

LEGISLATIVE MONITORING

- Monitor changes and report to Trust Council (March 2014)

VACANT CROWN LAND PROFILES

- Bowen Island, Gambier LTC, and Ballenas-Winchelsea Islands – on hold

Lisa Gordon
Designate Staff

Paul Brent
Chair