



200-1627 Fort Street, Victoria BC V8R 1H8
Telephone **(250) 405-5151** Fax (250) 405-5155

Toll Free via Enquiry BC in Vancouver 604.660-2421. Elsewhere in BC **1.800.663.7867**

Email information@islandstrust.bc.ca

Web www.islandstrust.bc.ca

June 24, 2011

File Number: PG/11-1; PG/14

Via Email: Minister.Transportation@gov.bc.ca

Honourable Blair Lekstrom
Minister of Transportation and Infrastructure
PO Box 9055 Stn Prov Govt
Victoria BC V8W 9E2

Dear Minister Lekstrom:

At the Islands Trust Council's quarterly meeting in June, trustees representing 13 ferry-dependent communities unanimously resolved to send this letter asking you to increase provincial support for BC Ferries, in order to stabilize BC Ferries fares on minor routes.

The Islands Trust Area is the most ferry-dependent part of British Columbia, and BC's *Islands Trust Act* gives Trust Council a clear mandate to preserve and protect diverse island communities, for the benefit of all British Columbians. But we cannot achieve that provincial mandate alone. We are calling on your government to revisit its policy of expecting local people to carry the costs of operating what is clearly part of the provincial highway system.

The maintenance of healthy communities and economies is recognized in the Islands Trust Policy Statement and the impacts of increased ferry fares have been of increasing concern in recent years. We recognize your genuine concern about the impact of further fare hikes, and ask you to also consider the damage already done.

High fares erode BC Ferries' customer base, and high fares affect business viability in ferry-dependant communities like the Gulf Islands. Islands Trust Council wants economic and social considerations taken into account when establishing fares and service levels for routes serving rural coastal communities. Small business is struggling under the weight of the cumulative effect of excessive fare increases. Tourist traffic is down, adding stress to communities counting on tourism to ease the transition from reliance on traditional resource extraction. The Islands Trust is proposing that the Province should fund BC Ferries sufficiently to ensure that local economic development is supported by affordable fares.

High fares can only be addressed by BC Ferries cost-reduction, development of profitable new revenue sources, or increasing the provincial contribution. Reducing costs by making major service cuts is not an option. The Province should increase the transportation fee provided to BC Ferries enough to bring back the lost traffic to rural coastal communities.

As part of the May 2011 legislation authorizing the BC Ferry Commissioner's review of the *Coastal Ferry Act*, the Province cut the 2012/2013 fare increase by half. We appreciate this first step, and ask for similar consideration of the fundamental problem: prohibitive ferry fare levels and the legislation that enables them.

.../2

Preserving **Island** communities, culture and environment

Bowen Denman Hornby Gabriola Galiano Gambier Lasqueti Mayne North Pender Salt Spring Saturna South Pender Thetis

Ferry fares have been allowed to increase at about four times the rate of inflation for the past eight years and now are a substantial barrier to social and economic survival of families and communities long established along our coast. Fare increases beyond Consumer Price Index are unacceptable. Coastal communities need fare cuts now and fare freezes over the longer term.¹

The Union of BC Municipalities supported a 2009 Islands Trust resolution that the Province and BC Ferries build on the Ferry Advisory Committee Chairs proposal to develop a strategy to support minor routes serving Vancouver Island and the lower mainland coast. The resolution was:

*"WHEREAS the transportation services provided by BC Ferries on minor routes along the south coast are as essential for ferry-dependent communities as the provincial road network is for other communities, and are an integral element of provincial tourism goals, yet have been subject to fare increases of as much as 120% over the last five years;
AND WHEREAS the British Columbia Ferry Advisory Committee Chairs have, through extensive research and analysis, proposed a minor routes strategy that supports the sustainability of island economies and the coastal ferry service;
THEREFORE BE IT RESOLVED THAT the Union of BC Municipalities request that the British Columbia Ministry of Transportation and Infrastructure work with coastal communities and BC Ferries to develop a strategy for the minor southern coastal ferry routes, as proposed by the Ferry Advisory Committee Chairs."*

I look forward to meeting you in the third week of July, to represent the Islands Trust as part of a delegation led by Powell River Regional District, and ask you to carefully consider this letter and UBCM's resolution before our meeting. Our shared goal is to see all minor ferry routes priced at a level that will sustain the economies of ferry-dependent communities.

Sincerely,



Sheila Malcolmson
Chair, Islands Trust Council

pc: BC Ferries Commission, c/o new commissioner Gord Macatee
BC Ferries CEO, David Hahn
Trust Area MLAs
UBCM sub-committee on BC Ferries
Bowen Island Municipality
Powell River Regional District
Ferry Advisory Committee Chairs c/o Trustee Tony Law
Islands Trust website

¹ Ferry fares – the prepaid type used by every day island residents – have risen up to and in excess of 100% on several routes over the past eight years (the rates below do not include the 5% fuel surcharge):

- Salt Spring from Swartz Bay and Crofton: passenger 96%, vehicle 87%
- Swartz Bay to SGI: passenger 91%, vehicle 86%
- Horseshoe Bay to Bowen: passenger 101%, vehicle 95%
- Nanaimo to Gabriola and Chemainus to Thetis: passenger 112%, vehicle 104%
- Buckley Bay to Denman and Denman to Hornby: passenger 125%, vehicle 119%.

There is strong evidence that the primary cause of decreased ridership is repeated fare increases that are 400% of inflation. Minor routes have lost 8% of vehicle traffic and 6% of passenger traffic, in a steady decline since 2005 except for a small increase in November 2008 when the Province generously allocated \$20M to allow a 33% fare reduction for two months. The increased traffic results show that traffic will respond to lowering of fares.