

Union of BC Municipalities

Submission to

**Blair Redlin, Special Advisor
Coastal Ferry Services Review**

April 4, 2018

UBCM Submission to Blair Redlin, Special Advisor Coastal Ferry Services Review

Purpose

The purpose of this document is to identify key priorities, policy positions, and interests of local governments with respect to the planning and management of BC Ferries to assist the Government of BC's comprehensive operating review of the provision of coastal ferry services in BC.

Overview

The Union of BC Municipalities (UBCM) represents the interests of all local governments in British Columbia, including eight First Nation members. In the past 25 years, UBCM members have endorsed over 20 resolutions related to BC Ferries at its annual Conventions. The majority of the resolutions identify concerns with escalating ferry fares and a shortage of service capacity; incorporation of local governments into long-term planning of ferries; and general communications and engagement with local government by BC Ferries.

One consistent and recurring UBCM request of the Province has been to recognize the coastal ferry system as an extension of the highway system to be funded, managed and administered, accordingly. In Budget 2018 the Minister of Finance made specific reference to BC Ferries being "part of the highway system." Our members are interested in understanding what this means to the Province, going forward, in terms of how the coastal ferry system is structured, managed and financed.

A 2014 UBCM policy paper reiterated most of the aforementioned concerns but also sought to quantify the socioeconomic impact of BC Ferries, not only to coastal communities, but to the province as a whole. Our paper specifically called for a restoration of 2013 service levels and ferry fares.

Copies of the relevant resolutions have been appended to this paper for reference.

Ferry-related issues are broken down as follows in this report:

1. Ferry-related issues and opportunities that have been addressed entirely or substantively;
2. Ferry-related issues that have been partially addressed and/or where outstanding concerns remain; and
3. Other ancillary issues related to ferries.

Information contained in this report was produced through:

- i) Review of endorsed UBCM resolutions related to BC Ferries;
- ii) Structured interviews with key local government informants with experience and expertise related to BC Ferries; and,
- iii) Analysis of key trends and issues related to BC Ferries.

Section 1: Ferry Issues Addressed Entirely or Substantively

Based on its comprehensive review of BC Ferries undertaken in 2014, UBCM notes that local government generally recognizes the following areas of relative strength in BC Ferries planning and operations:

- Strong track record of the Corporation with on-board safety of passengers;
- Regular achievement of robust targets for on-time performance;
- Overall high quality of amenities and related passenger experiences;
- Comprehensiveness and transparency in reporting on BC Ferries by the BC Ferry Commissioner, including detailed financial statements by route, route utilization levels, and recent improvements in tracking and reporting systems; and
- Expansion of the mandate of the Ferry Commissioner to include the interests of “ferry users” in addition to the prior mandate to consider the interests of the corporation and taxpayers.

1.1 Ferry Fares – General

In its March 2018 Budget, the Government of BC committed to reducing fares on Minor Routes, Route 3 and the Northern/Mid-Coast routes, by 15% beginning April 1, 2018, and maintaining the current fares on Major Routes. There was also

a commitment by the Province to constrain future fare increases to the rate of inflation.

UBCM Evaluation: While there are many different perspectives on ferry fares within the local government network, recent announcements by the BC Government are supported by UBCM and its membership, generally. As a result the issue of fare escalation is not considered to be as pressing a priority as it was previously.

A related consideration is how the fare reductions will be financed – whether through an increase in the Service Fee paid to BC Ferries by the Government of BC, through internal savings or from net revenues (profits) by BC Ferries, or some combination. UBCM generally supports an increase in the Service Fee, in order to ensure that BC Ferries does not seek cost savings through actions that may impact service levels, capacity, assets, amenities, or other key features of the current ferry system.

Based on the findings in its 2014 paper, UBCM proposed that if the Province recognized the ferry system as an extension of the highway system, it could build a rationale to seek additional funding from the federal government; noting that significant tax revenues are returned to federal coffers from the coastal ferry system in comparison to its minimal annual investment.

1.2 Ferry Fares for Specific User Segments

The BC Budget 2018 also reinstated free week-day sailings for seniors, which was eliminated as part of the 2013/14 BC Ferries Services Review conducted by the BC Ministry of Transportation and Infrastructure.

There was no change announced to the Experience Card program, which enables local residents to purchase prepaid cards at a reduced price.

UBCM Evaluation: UBCM has standing policy in support of BC seniors discounted rates but members were not supportive of extending that rate to seniors outside of BC travelling on BC Ferries. Some local government stakeholders have, however questioned why the seniors travel policy is limited to only week-day sailings, and recommended that the BC Government consider extending this decision to include weekend travel by seniors.

UBCM has no standing policy or related recommendations concerning the Experience Card, but generally supports the principle that local residents should be able to purchase prepaid cards in order to lessen the burden on ferry dependent community residents who regularly must travel on BC Ferries for food and supplies, as well as for incidental travel related to special events and emergencies. UBCM does have standing policy in support of the existing contract provisions that provide for travel discounts to patients, their vehicles and an escort (if necessary) for non-emergency medical treatments.

Section 2: Issue Areas Requiring Further Action

Three priority areas have been identified by local governments as longstanding issues that still need to be addressed:

1. Increasing ferry service levels (with the existing fleet and capacity of the ferry system)
2. Engagement of local government in long term planning and fleet development
3. Engagement of local government in ongoing / operational communications

2.1 Increasing Ferry Service Levels with the Existing Fleet of Vessels

When service levels were reduced following the 2013/14 Service Review, many UBCM member communities indicated that there would be significant impacts on discretionary and non-discretionary travel by both residents of coastal communities and visitors.

While service levels have been increasing on a case-by-case basis for some routes in the past four years, there remain a number of cases where service levels do not meet the needs of local resident travellers and numerous business clusters that depend on the visitor economy, including but not limited to visitor attractions, recreation providers, arts and culture organizations, accommodations, and restaurants. Some ferry dependent communities also have a high proportion of Indigenous residents and an emerging Indigenous tourism sector, which is constrained by service levels. This is particularly true for the North Island, Central Coast, and North Coast of BC – including Haida Gwaii.

The most commonly cited concern of local governments is related to an overall shortage of service - a need for more sailings at specific times throughout the year. For northern coastal communities concerns are mostly, but not entirely, related to the shortened summer schedule. The peak season schedule, which in 2013/14 ran from early June to the end of September, is now reduced to late June through early September for most ferry routes. However, the peak tourism season in coastal BC extends from roughly Victoria Day (late May) through Thanksgiving (early-mid October). We note there is a precedent to extend the peak period; the Crofton-Vesuvius route is May 16 to October 16. This is also a time when local residents often undertake discretionary and non-discretionary travel, avoiding the busy and more typically more expensive peak summer travel season (July and August).

While extending the peak season schedule and related capacity levels would benefit the entire ferry system, some notable challenges with the short peak season schedule have been identified for the Northern Routes in particular, as well as some southern Minor Routes.

With the rapid growth in tourism travel volumes and expenditures since 2015, coupled with the constrained and now reduced rate of fare inflation, numerous communities are also consistently experiencing capacity shortfalls and overloads in general. Some notable cases include, but are not limited to: Routes 19 (Gabriola), Route 23 (Quadra Island to Campbell River), Route 3 (Horseshoe Bay to Langdale, Route 5 (Southern Gulf Islands) and Route 22 (Denman Island to Hornby).

UBCM Evaluation: In most cases, there is a strong rationale to reinstate the peak summer schedule that existed prior to 2013/14 for most regions of coastal BC, in order to support the interests of local resident travellers, visitors, and the many communities that depend on travellers for business income, tax revenues, and employment opportunities.

In addition, there are a number of routes where notable capacity shortfalls exist and frequent overloads are common, with notable cases being Routes 3, 5, 19, 22 and 23. These should be reviewed and addressed on a priority basis. It is noted that in most of these cases, capacity, not schedule, limitations are the constraining factor.

Finally, a detailed evaluation of ferry services in the Outer Central Coast region should be undertaken, to ensure that ferry services meet the needs of residents

in those communities (Bella Bella in particular, as well as Shearwater on Denny Island and Ocean Falls). When the former Route 40 service was reinstated for direct service between Bella Coola and Port Hardy, service frequency between Bella Coola and Bella Bella was reduced to once-weekly sailings of the Northern Sea Wolf on Route 28.

In order to fully capitalize on the tourism and economic development opportunity that has resulted from the reduction and stabilization of fares, consideration needs to be given to increasing service levels, as identified, to ensure coastal communities are able to obtain the full benefits.

2.2 Engagement of local government in long-term planning and fleet development

Another area of interest for local government is related to how the coastal ferry system is planned and developed, and in particular how capacity needs are identified, the role of local government in identifying capacity needs, and alignment between other transportation modes that local governments are often involved with.

Currently, local government has no formal role with BC Ferries planning. The BC Ferries Board of Directors does not allocate a seat for local government, and there is no clear portal for engagement at a strategic level between local governments and BC Ferries, at the most senior levels.

In many cases local governments have information related to economic development priorities, population dynamics (net migration levels and projections), and are engaged in major capital planning and related infrastructure projects that should have a clear linkage to ferry services. Local governments are also a major conduit for communicating with stakeholders in communities, and should be clearly connected to major decisions and announcements regarding ferries that impact their communities.

Finally, the BC Ferries fleet of vessels has been undergoing a major capital replacement program beginning in 2002/03. The cost of this “generational” replacement of the fleet is being borne principally by ferry users, and the debt servicing costs for the Corporation now account for a substantial portion of its annual expenses. Some consideration should be given to ensuring that the major fleet renewal program costs are not financed by this current generation of ferry

users, and that some consideration be given to a broader distribution of this significant, one-off financial burden.

UBCM Evaluation: There are a number of possible options to improve the engagement of local government at a strategic level related to long-term ferry services development and capital planning. Some of these options include:

1. Ensuring that the *Coastal Ferry Act* contains provisions to require a 'local government' (UBCM) seat on the BC Ferry Services Corporation's Board of Directors;
2. Creating direct and formalized lines of communication between BC Ferries and existing ferry dependent community local government bodies, such as the Association of Vancouver Island and Coastal Communities, or the Coastal Regional District Chairs Committee;
3. Expanding the role of the BC Ferry Commissioner to include "communities" or "other orders of government";
4. Expanding the role of the Government of BC in capital planning and fleet development for the BC Ferries system, including the possible use of the BC Transportation Financing Authority to undertake long-term planning and financing of major capital projects related to the coastal ferry system (vessels and terminals primarily). Consideration may also be given to the Government of BC restructuring and/or assuming some portion of the debt of BC Ferries, in order to lessen the burden on the Service Fee going forward.
5. Integrating and coordinating ferry service with other modes of transportation, especially on the minor routes where other transportation options are limited but essential to travellers.

2.3 Engagement of local government in ongoing / operational communications

Another issue is related to how local governments are engaged in the operational planning and communications of the ferry system.

The primary avenue for ongoing evaluation and discussion related to ferry operations is via the Ferry Advisory Committees (FACs). These committees are non-statutory in nature, meaning they are not mandated by the Government of BC and are a discretionary outreach and communications mechanism of BC Ferries.

While many FACs function efficiently and have strong engagement and two-way communications with local governments, in other regions local governments are often completely disengaged from FAC deliberations and communications.

UBCM Evaluation: The Government of BC should work with local government representatives within organizations such as the AVICC and/or the Coastal Regional District Chairs to identify ways to improve the engagement and communication of local governments. Every FAC in the province should have some form of engagement by and communication with local government. It is also recognized that local governments need to be engaged and take advantage of opportunities to have representation on, or establish better communications with, their FAC.

3. Ancillary Issues Related to Ferries

There are a number of other topics related to coastal ferries in which local government generally have some interest and/or where policy discussions have taken place at a strategic level. These are outlined below.

3.1 Flexibility of BC Ferries to Innovate with Alternative Energy Sources

The current governance framework of BC Ferries enables some flexibility of the Corporation to identify and pursue opportunities to improve performance, reduce costs, and enhance visitor experiences. These include alternative fleet powering options (LNG, battery/electric-power, cable ferries).

UBCM Evaluation: UBCM members support the use of green, renewable, alternative energy sources and have undertaken actions to promote fuel conversions within their own fleet operations. Therefore UBCM supports the ability of BC Ferries to pursue avenues to reduce fuel use and costs, reduce emissions, and operate in an environmentally sustainable manner.

3.2 Liquor Sales and Gaming on Vessels

Issues such as gaming and liquor sales on BC Ferries have been a topic of discussion and contention in BC for decades.

UBCM Evaluation: UBCM generally supports the ability of BC Ferries to pursue revenue-generating opportunities to support the financial sustainability of the Corporation. However, evaluations of potential new services should involve local governments and should ensure that consideration is given to the potential ancillary impacts and broader social/cultural issues that could arise from these decisions.

3.3 Use of BC Shipyards for Construction of New Vessels

Many stakeholders have identified the potential for massive economic spinoff opportunities if BC Ferries were to use domestic (BC-domiciled) shipyards to construct the many new vessels that are required as part of the fleet revitalization plans of the Corporation.

On the other hand, it is recognized that BC has trade obligations and is required to have open, transparent, and competitive bids for such immense capital projects, to ensure that the highest quality and lowest cost opportunities are pursued, and to minimize risk to BC Ferries customers, as well as BC taxpayers.

If having vessels built in BC is a provincial objective and if this results in more expensive vessels than if they were built elsewhere, the extra costs should be borne by the Province rather than ferry users.

UBCM Evaluation: UBCM does not have formal policy on the topic of domestic shipbuilding procurements. In general UBCM would recommend that if major capital projects were sole-sourced to domestic shipyards, that consideration be given to ways the procurements could be structured such that the proponent assumes full responsibility for quality assurance, cost overages, and production delays. While there is an interest in providing local jobs and economic development opportunities, it is recognized that there are impediments to sole source procurements due to international or inter-provincial agreements.

Concluding Remarks

Over the years, UBCM members have adopted extensive policy related to BC Ferries. While the scope of issues has been fairly broad, there have been some consistent and recurring themes:

- Recognize the coastal ferry system as an extension of the highway system and administer, fund and manage it, accordingly. UBCM is interested to learn what the Province means now that it has acknowledged that BC Ferries is part of our highway system.
- Request the Province to work cooperatively with coastal communities and other interested parties to develop and implement a long-term strategy for the coastal ferry system that will ensure the sustainability of coastal communities and the ferry service.
- Identify and formalize communication and consultation mechanisms between local governments and other key stakeholders (FACs, BC Ferries, Commissioner and MOTB) to ensure that local governments can provide input and feedback prior to decisions being made that will affect ferry operations.

UBCM supports many of the recent announcements specifically related to ferry fares. And while fares have been reduced/frozen, at least in the interim, attention is now focused on meeting the increased demand for service. Now more than ever, processes need to be put into place that will provide predictability and stability to both fares and service levels. While better long-term planning is the goal, processes must also have enough flexibility to allow adjustments within a performance term to ensure operations remain affordable and efficient.

On behalf of our members we want to thank you for the opportunity to provide our submission to the coastal ferries review and look forward to the results. Our members are committed to continuing to work with the Province and other stakeholders in ensuring that BC is on the path to developing a long-term strategy for an affordable, efficient and sustainable coastal ferry service.

Attachments – UBCM resolutions

Web link to UBCM's 2014 Socio-Economic Impact Analysis of BC Ferries:

http://www.ubcm.ca/assets/Resolutions~and~Policy/Policy~Papers/2014/UBCM_PolicyPaper_Book01_2014.pdf

1995 B55 Multi-modal Transportation Coordination Office

Bulkley-Nechako RD

WHEREAS the schedules and linkages for the various modes of transportation in the Province of B.C., such as bus, rail, and ferry modes, particularly in the north and central portions of the province, are poorly coordinated;

AND WHEREAS this lack of coordination causes undue hardship on the residents of BC, discourages tourist growth, encourages increasing reliance on the private automobile, and has a general adverse impact on the economy of the province:

THEREFORE BE IT RESOLVED that the UBCM recommend that a Multi-modal Transportation Coordination Office be established within the Ministry of Transportation and Highways and that this office's responsibilities include monitoring, investigating, analyzing and making recommendations to the Ministry regarding continual improvements to the coordination of multi-modal transportation.

Convention Decision: Endorsed

Provincial Response

MINISTRY OF EMPLOYMENT AND INVESTMENT

The government recognizes that transportation networks have always been critically important for the province's communities and economy. The role and importance of transportation varies by region.

The BC Transportation Authority has developed "Going Places: Transportation for British Columbians." It signals a new way of business for transportation - long-term, integrated planning and coordination, recognizing the potential benefits of enhanced multi-modal transportation connections.

"Going Places" specifically emphasizes giving priority to the movement of people and goods as opposed to single occupant vehicles and the need for better integrating and coordinating of the transportation initiatives of different agencies and levels of government.

1998 B52 Additional BC Ferry Service on Route 10A - Port Hardy to Prince Rupert

Telkwa

WHEREAS additional ferry service on Route 10 A from Port Hardy to Prince Rupert has been under review by the British Columbia Ferry Corporation and by the North Coast British Columbia Ferry Stakeholders Committee and a recent marketing study substantiated the need for increased service in support of the hospitality/tourism industry in the Lower Mainland, Vancouver Island, and North Coast/Pacific Northwest Areas;

AND WHEREAS additional British Columbia ferry service on Route 10 A would increase employment in the hospitality/tourism industry throughout the Province of British Columbia by people wishing to do circle tours, and such activity would fully utilize current hospitality/tourism facilities as well as encourage development of new facilities:

THEREFORE BE IT RESOLVED that the Union of British Columbia Municipalities recommend that additional British Columbia Ferry service on Route 10 A - Port Hardy to Prince Rupert, commence the summer of 1999, as substantiated by the marketing report.

Convention Decision: Endorsed

Provincial Response

MINISTRY OF ENERGY & MINES

Tourism is one of British Columbia's greatest assets and ferry service has a strong impact on this industry, particularly up and down the coast. A feasibility study is currently being evaluated to determine whether additional ferry service between Port Hardy and Prince Rupert is possible at this time.

The potential for augmenting ferry service between Port Hardy and Prince Rupert is currently being assessed in terms of traffic demand, cost associated with additional services and the availability of resources. BC Ferries is also conducting a search for a suitable, second-hand vessel, however it is unlikely that this search will be concluded before the summer of 1999. Adding an additional vessel on this route will depend heavily on the outcome of the feasibility evaluation and the Corporation's budgetary position.

1999 B8 Daily Summer Ferry Service on Route 10A

Prince Rupert

WHEREAS the vessel operation Route 10A provides the greatest cost recovery of any routes operated by the British Columbia Ferry Corporation;

AND WHEREAS Route 10A is an extension of a British Columbia highway and therefore ferry capacity should match the demand created by the increased traffic which is identified in the marketing study mentioned;

THEREFORE BE IT RESOLVED that the UBCM request the Premier of the Province of British Columbia to direct the British Columbia Ferry Corporation to implement daily summer ferry service on Route 10A between Port Hardy and Prince Rupert in 1999, and to develop an advertising program for a continuing summer operation in the year 2000 and subsequent years.

Convention Decision: Endorsed

Provincial Response

MINISTRY OF LABOUR (MINISTER RESPONSIBLE FOR BC FERRIES)

Historically, this service has operated at a profit in the June-September period. Over the past four years, however, the financial performance of the single vessel operation has deteriorated to the point that during the summer period, the service now operates in a net loss position.

This decline in profitability can be attributed to a number of factors, including the Ministry of Transport's requirement to add and maintain closure of watertight safety doors (which has reduced saleable cabin space), the addition of added car deck flood doors in accordance with International Maritime standards (which has reduced available vehicle capacity) and the extension of the summer schedule into the lower demand periods of May and October.

Despite a perception that B.C. Ferries' summer Inside Passage route is fully booked, car deck capacity utilization averages 71 percent. The Corporation crews to a level that can accommodate considerably more traffic, so there is an opportunity to improve the performance of a one-vessel service. The focus for the summer of 2000 and beyond will be to increase traffic and expand business relationships with key operator clients and community partners, building on several successful marketing initiatives introduced by B.C. Ferries in 1999.

For the 2001 summer season, passenger facilities on the *Queen of the North* will be upgraded to provide a more competitive mini-cruise product. Extensive economic analysis will be conducted in 2000 to assess the true market and financial potential of a second vessel on the route. If an alternative service plan proves viable and if a suitable vessel is available, daily service would be targeted for implementation in the summer of 2003.

2000 LR5 Mill Bay-Brentwood Bay Ferry

Cowichan Valley RD

WHEREAS the Mill Bay-Brentwood Bay Ferry has been serving the communities of Mill Bay and Brentwood Bay for the past 75 years, with a very high level of community support;

AND WHEREAS the BC Ferry Corporation has proposed the abandonment of the Mill Bay-Brentwood Bay Ferry for purely economic reasons, not taking into consideration the social and economic benefits to the communities:

THEREFORE BE IT RESOLVED that the BC Ferry Corporation immediately retract its plan to terminate the Mill Bay-Brentwood Bay Ferry service;

AND BE IT FURTHER RESOLVED that the BC Ferry Corporation commit to working with the communities to continue this service.

Convention Decision: Endorsed

Resolutions Committee Comments

The Resolutions Committee notes that the report by BC Ferries on the future of this ferry service was made available to the public in early August 2000.

The Resolutions Committee notes that the District of Central Saanich wished to express its support for this resolution.

2001 B64 Ferries are an Extension of the Highway Network

Powell River RD

WHEREAS a ferry water service whose function is to connect land highway services logically is part of those highway services and therefore should be funded, managed and controlled in a same or similar manner:

THEREFORE BE IT RESOLVED that the Provincial Government deem that all ferry systems throughout the Province are an extension of the highways systems and should be funded, administered and managed as such.

Convention Decision: Endorsed

Provincial Response

MINISTRY OF TRANSPORTATION

The operation of coastal and inland ferry systems has been reviewed as part of the Core Review Process. The concept of user pay has been endorsed. Cost containment and user pay strategies will be introduced for the inland ferry system in 2002, to be followed by a privatization initiative in 2003/04.

Resolutions Committee Comments

The Resolutions Committee notes that UBCM members have considered resolutions pertaining to ferry fares, ferry routes, etc but none have specifically requested that ferry systems be considered an extension to the highway system.

WHEREAS the communities and business people across the province have suffered a major decline in traditional resource industries and have therefore invested in diversification especially in tourism;

AND WHEREAS British Columbia Ferry Corporation has an obligation to service the transportation needs of all British Columbia communities:

THEREFORE BE IT RESOLVED that the Union of BC Municipalities call upon the provincial government to reject BC Ferry Corporation's plans for decreased service to northern routes so that tourism and related economic development and investment can occur;

AND BE IT FURTHER RESOLVED that the province invite all stakeholders potentially impacted by proposed changes to ferry schedules and routes to participate in a public consultation process prior to changes being implemented.

Convention Decision: Endorsed

Provincial Response

BC FERRY CORPORATION

As of April 1, 2003, BC Ferries will have been transformed from a taxpayer-supported Crown corporation into an independent commercial company under the name BC Ferry Services. The new company will be responsible for delivery of ferry services and will be independent from government.

The role of the provincial government in the new structure will be to protect taxpayers and consumers through a Coastal Ferry Services Contract, which provides for service level guarantees for the Northern, Sunshine Coast, and minor routes. A regulator, independent of government and the ferry corporation, will ensure that the corporation meets its commitment to customers and the province.

The new model protects existing routes and service levels. Future changes will only be allowed according to specific criteria. The Province will be paying an annual service fee to BC Ferry Services to permit continuation of existing service levels (for the Northern, minor and Sunshine Coast routes) and to offset costs of the provincial government's travel programs for health services, seniors, and school children. Under the contract, no route can be discontinued for at least the next five years.

The ferry corporation's existing commitment to public consultation will remain in place and the consultation process will continue to be a valuable guide in choosing services that match stakeholder needs as well as the corporation's financial bottom-line.

Resolutions Committee Comments

The UBCM Resolutions Committee notes that the UBCM has not previously considered a resolution requesting that BC Ferries undertake a public consultation process with stakeholders before changes are implemented. UBCM has had previous resolutions on BC Ferries dealing with service on specific routes and rates. The UBCM membership has endorsed resolutions in support of specific routes in the past (2000-LR5 - Mill Bay/Brentwood Bay, 1999-B8 - Port Hardy/Prince Rupert).

See also C5.

WHEREAS in 2003 the Province of British Columbia transformed BC Ferries from a Crown corporation into an independent commercial organization, with a mandate to provide a safe, reliable and efficient ferry service to coastal communities, while at the same time trying to find ways to mitigate costs to the Province of British Columbia;

AND WHEREAS coastal communities are almost solely dependent on ferry access to health/dental care facilities, purchasing goods and services as well as finding ways to diversify their local economies through tourism enhancement:

THEREFORE BE IT RESOLVED that the Union of BC Municipalities lobby the BC Ferry Authority and the Province of BC on behalf of coastal communities to stress the importance of improving the current level of service, replace aging ships and recognize that marine highways are an extension of provincial highways and therefore travel must be affordable, accessible and dependable.

Convention Decision: Endorsed

Provincial Response

MINISTRY OF TRANSPORTATION

Government is committed to improving the service levels for all communities with ferry service. In 2003, the government transformed BC Ferries from a Crown corporation into an independent commercial organization, with a mandate to provide a safe, reliable and efficient ferry service to coastal communities, while at the same time trying to find ways to mitigate costs to the Province.

BC Ferries is launching a vessel construction program to revitalize its overall fleet. It will replace 22 ships of varying sizes over the next 15 years. The *Coastal Ferry Services Contract* required BC Ferries to prepare a new strategy for its Northern Services that addresses both enhanced service levels and vessel replacements. The government is now reviewing BC Ferries' Northern Services Strategy report.

Resolutions Committee Comments

The Resolutions Committee notes that the UBCM membership has considered and endorsed resolutions on "Ferries as an Extension of the Highway Network" (2001-B64) and "BC Ferry Service Changes" (2002-B8), which called for a rejection of BC Ferries' planned service reduction and requested that a consultation process with those affected be set up.

The Committee notes that the UBCM membership has not considered a resolution on replacing aging equipment.

2004 B107 BC Ferries Seniors Rates

Kitimat

WHEREAS tourism is an important part of the British Columbia economy that must be encouraged and promoted;

AND WHEREAS BC Ferries has a seniors rate that is only available to in-province seniors;

AND WHEREAS charging a different rate for out-of-province seniors is discriminatory and acts as a disincentive for seniors to holiday in our province:

THEREFORE BE IT RESOLVED that the Union of BC Municipalities petition the provincial government and BC Ferries to extend the current BC seniors rate to all seniors.

Convention Decision: Not Endorsed

Resolutions Committee Comments

The Resolutions Committee notes that UBCM members have not previously considered a resolution specifically on the issue of fares for out-of-province seniors. This resolution was submitted as a late resolution to the 2003 Convention (2003-LR20) and was not admitted for debate as the issue was known prior to the resolutions deadline.

The Committee is not supportive of extending the reduced rate to out-of-province seniors as it would mean that the citizens of BC would be subsidizing the travel costs of tourists to this province.

2004 B108 Essential Service

Mount Waddington RD

WHEREAS the economic survival of business, tourism and industry for island communities depends on continuous, reliable ferry service for the flow of goods, services and people;

AND WHEREAS ferry service represents the only form of access for many island communities:

THEREFORE BE IT RESOLVED that the Government of British Columbia designate ferry services as an essential service whereby:

- a) work stoppages are not allowed, as a condition of employment; and
- b) any labour disputes be settled by a process of mediation and arbitration.

Convention Decision: Endorsed

Provincial Response

MINISTRY OF SKILLS, DEVELOPMENT & LABOUR

The Government of British Columbia recognizes the extreme importance of the ferry system to the economic health and prosperity of the province and our island communities. We have taken steps to address the underlying concerns that the Mount Waddington Regional District raises.

We passed legislation in 2003 clarifying that ferry services are essential services under the *Labour Relations Code*. This means that BC Ferries and its employees must continue to provide ferry services, at a level set by the Labour Relations Board, when there is a labour dispute. This is the same approach used for other essential workers, such as nurses, other health care workers, and teachers. It retains some pressure for the parties to settle their differences quickly, while providing an essential level of service to protect the health, safety and welfare of BC residents.

In 2003, we also updated the *Railway and Ferries Bargaining Assistance Act*. This Act allows government to order a cooling-off period for up to 104 days if the parties cannot conclude a collective agreement. During this period, the ferries must operate at normal levels and all job action is banned. A special mediator is also appointed to assist the parties in settling.

Resolutions Committee Comments

The Resolutions Committee notes that UBCM members have not dealt with a resolution focussing on the prevention of work stoppages and labour disputes in declaring BC Ferries an essential service.

Currently, under Part 6 of the Labour Relations Code, if it is considered that a dispute poses a threat to the health, safety, provision of education programs to students, and/or welfare of the residents of BC, the Minister may direct the board to designate as an essential service those facilities, productions and services that the board considers necessary or essential to prevent immediate and serious danger to the health, safety, provision of educational programs to students, and welfare of the residents of BC.

WHEREAS coastal ferry customers have recently been burdened with a number of substantial increases to ferry fares, which are being attributed to a number of factors (including reduced provincial subsidies to the BC Ferry Corporation, fuel surcharges and user-pay policies);

AND WHEREAS extra charges to customers on coastal ferry routes are unfair because ferries are as essential as any other components of our provincial transportation infrastructure (such as roads, bridges, rapid transit and buses) and all other forms of transportation continue to be substantially supported by government taxes and subsidies:

THEREFORE BE IT RESOLVED that the Union of BC Municipalities petition the provincial government to work with local government and ferry advisory commissions to ensure that coastal ferries remain an affordable and viable part of British Columbia's transportation network.

Convention Decision: Endorsed

Provincial Response

MINISTRY OF TRANSPORTATION

Taxpayers now contribute more than \$130 million a year to guarantee service levels for minor, northern and Sunshine Coast ferry routes. In fact, the amount of taxpayer contribution to BC Ferries has not been reduced. The Ministry of Transportation (Ministry) recently contributed an additional \$7 million to BC Ferries to help defray increased fuel costs, and we will be providing millions more in the future to help cover the cost of northern routes with new ferries. These contributions will keep ferry fares down on all non-major routes, not just the northern ones. Taxpayers also provide about \$15 million of additional funding annually to keep costs affordable for seniors, students, disabled residents and those traveling for medical reasons.

British Columbians made it very clear they wanted government to get out of the business of ferries. BC Ferries was changed to an independent company to resolve longstanding problems, and to create a coastal ferry system that would be sustainable into the future.

Many British Columbians would welcome more transportation investment in their area, and we're working hard to provide a safe and efficient transportation network for everyone. The Ministry cannot justify delaying other important projects in order to reduce the cost of ferry travel even more than we are already doing.

The Coastal Ferry Services Contract guarantees service levels and ferry users will continue to be protected by an independent ferry commissioner who ensures that any fare increases reflect real changes in the cost of providing this vital service. BC Ferries faces restrictions on how much it can increase fares across the system. This is a vital protection for ferry ratepayers that our government put in place with the implementation of the Coastal Ferry Act.

The BC Ferry Commissioner, BC Ferries, and the Ministry all play a part to ensure a safe and sustainable ferry system. The Ferry Advisory Committees also does a good job of keeping the Ministry aware of community views.

The Ministry supports BC Ferries, but the reality is that the costs of providing ferry service along the coast demand that fares be charged to assist in keeping the system running.

Resolutions Committee Comments

The Resolutions Committee notes that the UBCM membership has previously considered and endorsed a resolution on the need for BC Ferries to provide an affordable and reliable ferry service to

coastal communities in the province (2004-B59).

The provincial government has indicated that it is committed to improving the service levels for all communities with ferry service. In 2003, the Province transformed BC Ferries from a Crown corporation into an independent commercial organization with a mandate to provide a safe, reliable and efficient ferry service to coastal communities, while at the same time trying to find ways to mitigate costs to the Province.

See also resolutions C15, C16 and C17.

2007 B169 BC Ferries Reservations & Assured Loading

Ucluelet

WHEREAS increases to travel costs for marine vehicle and passenger transportation aboard BC Ferries, the only transportation source to Vancouver Island and adjacent islands, has a significant impact to residents and visitors;

AND WHEREAS the BC Ferries unregulated reservation fee and number of spaces, assured loading tickets and number of spaces forces customers to pay higher costs to ensure boarding, or be displaced with a longer wait time for boarding:

THEREFORE BE IT RESOLVED that the provincial government amend the *Coastal Ferry Act* to require that reservation fees, the percentage of reserved spots, and assured loading tickets also be subject to the public consultation process through the BC Ferry Commission.

Convention Decision: Endorsed

Provincial Response

MINISTRY OF TRANSPORTATION

BC Ferries is an independent but regulated company. Ferry users are protected by an independent ferry commissioner who regulates ferry operations and takes a broad approach to the review of ferry services and concerns raised by users.

In accordance with the Coastal Ferry Act, the Ferry Commissioner presented an annual report on July 31, 2007 for the year ending March 31, 2007. The Ferry Commissioner noted: "the number of car drivers paying for priority loading, available as an option on the three major routes and more recently on the Sunshine Coast route, using pre-paid reservations or assured loading tickets, has grown by over 40%, from about one-in-seven in 2003/04 to one-in-five in 2006/07. Remarkably, we do not detect worsening service for those car drivers not choosing to pay the premium for priority, i.e. paying just the regulated rate. The annual count of "overload" vehicles, i.e. those left behind on the dock after a sailing departs, has fallen overall."

This is good news for ferry users who can be assured that BC Ferries is making progress in its efforts to ensure boarding for all passengers waiting to embark on a ferry.

British Columbians have made it very clear they prefer BC Ferries to be independent of government. Given the current model, it would not be appropriate for the Ministry of Transportation (Ministry) to intervene in the operational matters of BC Ferries. It should be noted, however, that BC Ferries values customer feedback and local governments, community groups and individuals are encouraged to communicate with BC Ferries and the BC Ferry Commission directly on issues that may be of concern.

BC Ferries is involved in ongoing consultation with twelve Ferry Advisory Committees (FACs) representing communities served by BC Ferries. The FACs also do a good job of keeping the Ministry aware of community views.

Resolutions Committee Comments

The Resolutions Committee notes that the UBCM membership has not previously considered a request that the Coastal Ferry Act be amended to require that reservation fees be subject to the regulatory review of the BC Ferry Commission.

WHEREAS the North Coast Ferry Advisory Committee passed a motion at their regular meeting on April 3, 2008, recognizing the critical importance of BC Ferries obtaining an additional 'Blue Water' capable vessel as an essential component of their business continuity plan;

AND WHEREAS a replacement vehicle for the Queen of Chilliwack that currently provides BC Ferries Route 40 'Discovery Coast' service is required by new Transport Canada regulations effective in 2012, and current industry timelines for the construction or procurement of an appropriate vessel for Route 40 dictate that an immediate purchase order is required to meet the 2012 deadline;

AND WHEREAS it is recognized that the social and economic benefits derived from BC Ferries Route 40 extend beyond the Central Coast region to include all tourism providers in British Columbia:

THEREFORE BE IT RESOLVED that the UBCM lobby all applicable BC ministries to immediately provide BC Ferries with the resources necessary to procure an appropriate replacement vessel in order to ensure the continued provision of Route 40 Ferry Service to the Central Coast region.

Convention Decision: Endorsed

Provincial Response

Ministry of Transportation & Infrastructure

The Province's commitment to ferry service for central coast communities remains substantial. Presently, the Province and BC Ferries are finalizing the Northern Services Strategy which will see even more funding provided for ferry service to central coast communities.

Resolutions Committee Comments

The Resolutions Committee notes that UBCM membership has endorsed previous resolutions regarding BC Ferries rates and service on specific routes. The most recent is 2002-B8 which called on the provincial government to reject BC Ferry Corporation's plans for decreased service to northern routes. UBCM membership has also endorsed 2000-LR5 regarding the Mill Bay/Brentwood Bay route, and 1999-B8 - Port Hardy/Prince Rupert.

2008 B112 Ferry Advisory Committee Appointments

Sunshine Coast RD

WHEREAS local input from Coastal Communities to the operations of BC Ferries is essential to the Ferry Authority's ability to respond to local needs and the system of local government appointments to the Ferry Advisory Committees has worked well for coastal communities;

AND WHEREAS the ability of local governments to appoint representatives to Ferry Advisory Committees has been removed and replaced with appointments by the BC Ferry Authority;

THEREFORE BE IT RESOLVED that UBCM urge the provincial government and the BC Ferry Authority to adhere to the democratic system of local government appointments to Ferry Advisory Committees.

Convention Decision: Endorsed

Provincial Response

Ministry of Transportation & Infrastructure

The Ferry Advisory Committees (FACs) are part of the British Columbia Ferry Services Inc. public consultation process. As an independent company, BC Ferries and the BC Ferry Authority are not required to involve the provincial government in this process.

BC Ferries have indicated that they continue to see great value in having local government as part of the Ferry Advisory Committee process. However, in order to ensure broad representation of interests, they reserve the right to ask other community interest groups to provide them with lists of candidates for consideration as FAC members.

Resolutions Committee Comments

The Resolutions Committee advises that UBCM membership has not previously considered a resolution regarding removal of local governments' ability to appoint representatives to Ferry Advisory Committees.

Members have endorsed previous resolutions advocating public consultation prior to BC Ferries service changes in general (2000-LR5, 2002-B8, 2007-B18).

WHEREAS the provincial government has exempted BC Ferry Services from the oversight provisions of the *Ombudsman Act*;

AND WHEREAS the *Ombudsman Act* provides British Columbians an important avenue by which to register complaints of administrative unfairness by a public agency and BC Ferry Services receives substantial public funds:

THEREFORE BE IT RESOLVED that the Province be urged to include BC Ferry Services in the oversight provisions of the *Ombudsman Act* to allow an avenue for impartial investigations of complaints about the administrative actions of the agency.

Convention Decision: **Endorsed**

Provincial Response

Ministry of Transportation & Infrastructure

Through the Coastal Ferry Act, the office of the British Columbia Ferry Commission was established as the independent regulator of the ferry operator (BC Ferries).

While the Ferry Commissioner is not an ombudsperson, his independent and impartial office may launch a probe regarding the performance, service quality, efficiency or how the productivity of BC Ferries could be improved. This could be in the form of a question of clarification formally put to BC Ferries by the Commission, possibly leading to a corrective order. Several probes have been conducted, including some which address questions from the public.

Resolutions Committee Comments

The Resolutions Committee advises that UBCM members have not considered a resolution on this issue in the past.

According to the BC Ombudsman website, the Ombudsman receives inquiries and complaints about the practices and services provided by public agencies. While not an advocate, the Ombudsman can conduct impartial and confidential investigations to determine if a public agency is being fair to the people it serves.

In 2003 the Coastal Ferry Act transformed BC Ferries into a private company owned by the provincial government. The Coast Ferry Act allowed the (former) British Columbia Ferry Corporation to convert to a company (presently known as the BC Ferry Services Inc.) that would cease to be an agent of the government. Under the Act the Province also established the BC Ferry Authority, an independent, no-share capital corporation that holds the single issued voting share of the new British Columbia Ferry Services Inc.

According the BC Ferry Authority website, the Authority appoints the Board of Directors of British Columbia Ferry Services Inc. By its structure, the Authority ensures the operations of BC Ferries are independent from the provincial government.

Under this Coastal Ferry Act, the Ombudsman Act does not apply to the BC Ferry Authority or to British Columbia Ferry Corporation after its conversion into a company.

2009 B156 A Minor Routes Strategy for Coastal Ferry Service

Islands Trust

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.

Convention Decision: **Not Considered - Automatic Referral to Executive**

Executive Decision: **Endorsed**

Provincial Response

Ministry of Transportation & Infrastructure

The Province meets regularly with Ferry Advisory Committee Chairs (FACC) to discuss the coastal ferry model. Ministry staff and the Minister of Transportation and Infrastructure have had discussions with the FACC regarding their proposal for a minor routes strategy.

The Province is aware that ferry fare increases continue to be a concern for ferry users. BC Ferries has shared information with the Province on its capital investment plans which include the replacement of several aging vessels on the minor routes over the next few years. The Province will be reviewing its annual financial contribution to BC Ferries as we periodically review the terms of the Coastal Ferry Services Contract. Stakeholder views will be taken into consideration as part of that process.

The Province recently announced that the Comptroller General will conduct a review of BC Ferries to ensure taxpayers' dollars are being invested as efficiently as possible. The report was completed September, 2009 and is available at:

http://www.fin.gov.bc.ca/OCG/ias/pdf_Docs/transportation_governance.pdf

Resolutions Committee Comments

The Resolutions Committee advises that UBCM membership has not previously considered a resolution requesting that the BC Ministry of Transportation and Infrastructure work with coastal communities and BC Ferries to develop a strategy for the minor southern coastal ferry routes that supports the sustainability of island economies and coastal ferry services.

Members have, however, endorsed previous resolutions calling on the Province to work with local government and ferry advisory commissions to ensure that coastal ferries remain affordable, dependable and viable (2007-B18, 2004-B59, 2002-B8, 2000-LR5); proposing that BC Ferries update its strategic plan (2002-B77); and calling for the provincial government to recognize, fund and manage all ferry systems throughout the province as an extension of the highways system (2001-B64).

WHEREAS service levels, fare increases exceeding the consumer price index, and unsatisfactory 'on-time' performance negatively impact ferry users, their families and their communities to the extent that the social and economic cost of the service could ultimately result in a migration away from ferry dependent communities;

AND WHEREAS coastal ferries are an extension of the highway system and an essential part of the provincial transportation network, crucial to the economic and social health of the coastal region and the tourism industry:

THEREFORE BE IT RESOLVED that BC Ferry Services be funded and administered as a critical component of the provincial transportation system in order to provide affordable, accessible and dependable service.

Convention Decision: Endorsed

Provincial Response

Ministry of Transportation & Infrastructure

BC Ferries is a critical component of BC's transportation infrastructure and the Province has a strong financial commitment to coastal ferries. This year, taxpayers will contribute \$200 million to support coastal ferry services. That's more than double the \$95 million contribution made in 2001. Despite government support, the costs of providing ferry services are increasing. Taxpayers across BC contribute significantly, but ferry users must also share these costs.

As BC Ferries is independent from government, concerns regarding operational issues such as on-time performance are best addressed by BC Ferries. The BC Ferry Commission's annual report indicated that overall, BC Ferries had good on-time performance with 89 percent of sailings departing within 10 minutes of the schedule.

Concerns about on-time performance for a specific route should be shared with the BC Ferry Commissioner who can look into on-time performance issues in his capacity as the regulator.

The Ferry Commissioner recently conducted a probe into BC Ferries on-time performance on the Nanaimo-Gabriola island route. There were mechanical problems with the Queen of Surrey this summer but BC Ferries took steps to minimize the disruption. Customer service is important to BC Ferries and they have been working closely with the Southern Sunshine Coast Ferry Advisory Committee to discuss scheduling and on-time performance issues.

Resolutions Committee Comments

The Resolutions Committee notes that the UBCM membership has previously considered and endorsed resolutions requesting that the ferry system be recognized and funded as an extension of the highway network (2004-B59; 2001-B64).

2010 B110 BC Ferries Subsidy

Metchosin

WHEREAS children suffering from serious illnesses such as cancer who reside on Vancouver Island and in coastal communities may require treatment at the BC Children's Hospital in Vancouver;

AND WHEREAS the ferry subsidy to access non-emergency medical specialist services not available in their own community helps alleviate the financial burden incurred while travelling for reasons associated with the children's health conditions;

AND WHEREAS the ferry subsidy is restricted to the patient (and an escort under certain conditions), and does not cover the cost of parents travelling back and forth from their home to Vancouver during the extended period of their child's treatment:

THEREFORE BE IT RESOLVED that BC Ferries and the provincial government, through the Ministry of Health Services, recognize the financial challenges for some families and provide help by subsidizing the ferry fares of immediate family members incurred when travelling back and forth on BC Ferries during the extended period of a child's treatment.

Convention Decision: Endorsed

Provincial Response

Ministry of Health Services

The Travel Assistance Program (TAP) is a corporate partnership between the Ministry of Health Services and private transportation carriers who agree to provide fare discounts to patients.

TAP is available province-wide to B.C. residents who are required to travel outside their home community to obtain non-emergency, physician-referred specialist medical care.

At the 2008 UBCM Convention, the province committed to establish a program that would provide families needing to travel to BC Children's Hospital with support and accommodation.

The BC Family Residence Program was launched in April 2010, and \$7.4 million has been budgeted for the 2010/11 fiscal year to help alleviate the financial hardship families may experience while their child requires care at BC Children's Hospital.

Resolutions Committee Comments

The Resolutions Committee notes that UBCM members have endorsed resolutions concerning the provision of assistance for health care related travel costs (2006-B156, 2005-B146), and have endorsed several resolutions pertaining to ferry fares, ferry routes, and service. However, none of these resolutions has requested that the provincial government subsidize ferry fares for family members whose children are receiving treatment at a children's hospital outside of their community.

The Committee would note that a ferry subsidy for the patient and an escort is available through the Ministry of Health Services, though the subsidy does not apply to back and forth travel for parents whose child is undergoing extended treatment. The Province's Travel Assistance Program provide further subsidies if the specialist or specialty medical service provider determines that another appointment is required as part of the same course of treatment.

WHEREAS BC Ferries announced in early 2011 that ferry rates would increase 100% in four years on all northern routes;

AND WHEREAS the ferry route to Haida Gwaii is an extension of Highway 16 and an essential service for its residents for both personal and freight transportation:

THEREFORE BE IT RESOLVED that UBCM lobby the provincial government to recognize our coastal ferry services as essential extensions of our provincial public highway system and provide the independent BC Ferry Commission with a mandate to provide comprehensive recommendations aimed at creating equity between our terrestrial and marine highways and keeping jobs in coastal BC;

AND BE IT FURTHER RESOLVED that UBCM lobby the provincial government to ensure that the BC Ferry fares are reduced and current service levels are maintained at current levels until such time as the provincial governments implements legislation that recognizes our coastal ferry services as essential extensions of our provincial public highway system and creates equity between BC's terrestrial and marine highway systems.

Convention Decision: Endorsed as Amended

Provincial Response

Ministry of Transportation & Infrastructure

The Province recognizes that the coastal ferry system is an integral part of the provincial transportation network and families living in coastal communities need access to reliable and affordable ferry service. Since 2001, the Province has contributed over \$1 billion to support coastal ferry services.

Last year, the new BC Ferry Commissioner, Gordon Macatee, requested that the Province provide him with the mandate to review the current model. In response, the Legislature passed Coastal Ferry Amendment Act (CFAA) in June 2011 giving the Ferry Commissioner the mandate, time and resources to review the Coastal Ferry Act in order to recommend changes that would better balance the interests of ferry users with the financial sustainability of the ferry operator. While the review is underway, CFAA limited the Price Cap increase to 4.15% for all routes in 2012/13.

As part of the review, the Commissioner is conducting an extensive consultation process with coastal communities to ensure that their experiences, perspectives and suggestions are reflected in the report. The Commission's recommendations were released on January 24, 2012. The Province is reviewing these recommendations, and will be making decisions without undue delay.

Resolutions Committee Comments

The Resolutions Committee notes that UBCM members have endorsed a number of resolutions over the years with respect to BC Ferries. Many resolutions have requested that ferries be administered and funded as a critical component of the provincial transportation system and be treated as an extension of provincial highways and therefore travel must be affordable, accessible and dependable (2001-B64, 2004-B59, 2007-B18, 2010-B20).

The UBCM Executive established a Ferry Fares Advisory Committee in November 2010 in response to concerns from many coastal communities about projected fare increases for the 2012-2016 rate period. The Committee has undertaken extensive research and consulted with the previous and present Commissioner and ministry staff on the fare setting process. As well the Committee met with the Minister of Transportation on May 4, 2011 to advise of UBCM policy with respect to ferry fares and express concerns that increased fares would not be sustainable and would be a serious impediment to the economic and social sustainability of coastal communities.

On May 24, 2011 the provincial government put forward Bill 14 - Coastal Ferry Amendment Act, 2011, which will place a 4% cap on ferry fares across all routes for one year, until the Commissioner has had an opportunity to undertake a review and provide recommendations to the Minister regarding how to "better balance the interests of ferry users and the financial sustainability needs of ferry operators."

The Committee continues to monitor the Commissioner's review process and has encouraged the Commissioner to engage coastal communities in consultations in the coming months.

See also resolution C9.

WHEREAS UBCM has resolved to lobby the provincial government to:

- a. recognize our coastal ferry services as essential extensions of our provincial public highway system and provide the independent BC Ferry Commission with a mandate to provide comprehensive recommendations aimed at creating equity between our terrestrial and marine highways; and
- b. ensure that BC Ferry fares are reduced and current service levels are maintained at current levels until such time as the provincial government implements legislation that recognizes our coastal ferry services as essential extensions of our provincial public highway system and creates equity between BC's terrestrial and marine highway systems;

AND WHEREAS the BC Ferry Commissioner's 2012 report on the *Coastal Ferry Act* contains recommendations that are inconsistent with UBCM policy, as described above, including:

- a. The Commissioner's 11th recommendation, which calls for a price cap at the rate of inflation. As ferry fares are already well past the tipping point of affordability, if implemented, this recommendation would not create equity between our terrestrial and marine highways and would instead ensure that fares remained unaffordable in perpetuity; and
- b. The Commissioner's 9th and 16th recommendations which, if implemented, would give the Commissioner the mandate to reduce core ferry service levels:

THEREFORE BE IT RESOLVED that UCBM insist that the Government of BC rejects any recommendations, and abandons any plans, to increase ferry fares and/or reduce core ferry service levels, as such actions would have irreparable negative impacts on the economic wellbeing of Coastal British Columbia;

AND BE IT FURTHER RESOLVED that UBCM continue to lobby the Government of BC to implement legislation that recognizes our coastal ferry services as essential extensions of our provincial public highway system and creates equity between BC's terrestrial and marine highway systems.

Convention Decision: Endorsed

Provincial Response

Ministry of Transportation & Infrastructure

The Province recognizes that ferries are part of our provincial transportation network and are important to many British Columbians. We have a world class ferry system in British Columbia and we are going to work together to ensure we also have a financially-sustainable and affordable ferry service for the long-term.

To achieve this end, taxpayers, users and the ferry operator need to work together to find ways to link coastal communities affordably and efficiently. This is why the Province committed to a community engagement process.

It is not easy in these tough economic times for government to increase its support for coastal ferry services. However, this Government has found \$79.5 million over four years to reduce the pressure on fares. We have also asked BC Ferries to increase its operational efficiencies - \$15 million over four years.

BC taxpayers, regardless of where they live, are expected to contribute more than \$180 million this year to support coastal ferry services.

Resolutions Committee Comments

The Resolutions Committee notes that the UBCM membership has endorsed a number of resolutions related to ferry fares, service levels and requesting that ferry systems throughout the province be deemed to be an extension of the highways systems and should be funded, administered and managed as such. Most recently in 2011 resolution A3 was endorsed which is as noted in parts a. and b. within the first recital clause of the resolution.

This resolution reinforces the policy position adopted by the membership in 2011.

WHEREAS the Union of BC Municipalities (UBCM) has requested that the Province abandon any plans to increase fares and/or reduce core ferry service levels, as such actions would have irreparable negative impacts on the economic well-being of Coastal British Columbia;

AND WHEREAS the UBCM has called on the Province to implement legislation that recognizes our coastal ferry services as essential extensions of our public highway system and ensures fiscal fairness between BC's terrestrial and marine highway systems;

AND WHEREAS the UBCM has requested that the Province develop a ferry services strategy that supports the sustainability of island economies and the coastal ferry service;

AND WHEREAS over the past year the Province has (a) failed to implement a ferry services strategy, (b) allowed the rapid escalation of ferry fares, and (c) begun to implement a plan to slash services to ferry dependent communities:

THEREFORE BE IT RESOLVED that UBCM continue to request the Province to:

1. Work co-operatively with coastal communities on implementing a long term strategy for the ferry system that supports the strengthening and sustainability of island economies and the coastal ferry service;
2. Implement legislation that recognizes the ferry system as an extension of our highway system and ensures fiscal fairness between the marine and terrestrial components of our highway system; and
3. Freeze ferry fares and service levels at 2013 levels until such time as the legislation and strategy are implemented.

Convention Decision: Endorsed

Provincial Response

Ministry of Transportation & Infrastructure

The Province knows how important it is to keep coastal ferry fares affordable and has taken significant measures to address this need.

Following the Ferry Commissioner's review of the Coastal Ferry Act, government amended the Act to help reduce the pressure on fares. The amendments give the Commissioner more flexibility to determine the amount of revenue needed to sustain operations and support ongoing investment, as well as additional responsibility to oversee the costs of providing the ferry service.

As the UBCM Resolutions Committee notes, the Province has also committed an additional \$79.5 in taxpayer funding and challenged BC Ferries to find an additional \$15 million in efficiencies to 2016, over and above the \$39 million already identified by the Ferry Commissioner.

This year, taxpayers are expected to contribute over \$200 million to support coastal ferries. Further, this government has committed to direct one-third of the Prosperity Fund, up to \$1 billion, to support coastal ferries.

While the Province supports the current coastal ferry model, government is actively looking for solutions that balance the needs of ferry users, taxpayers and the financial stability of our ferry system. The Province is committed to a vision of a ferry service that connects coastal communities in an affordable, efficient and sustainable manner.

Last year, the Province conducted an extensive public consultation process to discuss the short-term challenges and strategies to achieve the long-term vision for coastal ferries. Forty meetings were held in 30 coastal communities, welcoming over 2,000 participants.

As part of a larger strategy, service adjustments will be implemented to ensure the long-term sustainability of the ferry system. The Province will seek further public input this fall regarding these

service changes and the long-term vision.

The Province will continue to work with coastal and island communities to address the challenges facing the coastal ferry system.

Other Response

BC Ferries

I appreciate you sharing this information with me, and more importantly, I'm encouraged to see that you have conveyed the resolution directly to the provincial government - since it is the government who has responsibility for defining minimum service levels for each of BC Ferries' 25 routes, as well as the funding (service fees) for each of these routes.

Under the terms of the Coastal Ferry Services Contract, BC Ferries is the service provider (contractor) and is tasked with providing the service required by the provincial government as safely, reliably and efficiently as possible on its 185,000 yearly sailings.

I would close by saying that we do work closely with the provincial government and each of the communities we serve to optimize the required service, as well as developing a long-term strategy to ensure we all have a sustainable ferry system well into the future.

Resolutions Committee Comments

The Resolutions Committee notes that the membership has endorsed a number of resolutions related to recognizing coastal ferry service as an essential extension of the highway system and requesting that the Province not increase ferry fares and/or reduce core service levels (2012-B6; 2011-A3; 2010-B20; 2007-B18; 2004-B59).

In its response to B6, the Province indicated that:

"The Province recognizes that ferries are part of our provincial transportation network and are important to many British Columbians. We have a world class ferry system in British Columbia and we are going to work together to ensure we also have a financially-sustainable and affordable ferry service for the long-term.

To achieve this end, taxpayers, users and the ferry operator need to work together to find ways to link coastal communities affordably and efficiently. This is why the Province committed to a community engagement process.

It is not easy in these tough economic times for government to increase its support for coastal ferry services. However, this Government has found \$79.5 million over four years to reduce the pressure on fares. We have also asked BC Ferries to increase its operational efficiencies - \$15 million over four years.

BC taxpayers, regardless of where they live, are expected to contribute more than \$180 million this year to support coastal ferry services."

See also resolution C6.

Whereas the discontinued ferry route known as the Discovery Coast Route or Route 40 that connected Port Hardy to Bella Coola and other small communities has negatively affected First Nations, tourism operators, associations, communities and destination marketing organizations;

And whereas First Nations and rural partners are working to enhance transportation opportunities to the Interior of British Columbia for the betterment of all concerned;

And whereas the Mid-Coast BC Ferry Working Group has brought forward "A Vision for First Nations and Rural Communities on BC's Central Coast and North Vancouver Island" to the Honourable Shirley Bond, Minister of Jobs, Tourism, and Skills Training, the Honourable Todd Stone, Minister of Transportation and Infrastructure, the Honourable Coralee Oakes, MLA for Cariboo North and Donna Barnett, MLA for Cariboo Chilcotin;

Therefore be it resolved that UBCM support the recommendations from the Mid-Coast BC Ferry Working Group and urge the Province of British Columbia to support the new vision of the Coastal First Nations communities for a two-ferry solution for economic development and job creation.

Convention Decision: Endorsed

Provincial Response

Ministry of Transportation and Infrastructure

The Provincial Government announced on September 6, 2016 the introduction of a new seasonal direct ferry service between Port Hardy and Bella Coola to support Aboriginal tourism and the mid-coast economy. The service is expected to begin by the 2018 summer season.

The introduction of a new service between Port Hardy and Bella Coola requires the Province and BC Ferries to amend the Coastal Ferry Services Contract, which outlines the coastal ferry service levels. As this work happens, Government will work with BC Ferries, the Aboriginal Tourism Association of BC (AtBC) and its partners in the Mid-Coast BC Ferry Working Group, to determine how best to serve the tourism sector and communities of the mid-coast.

Resolutions Committee Comments

The Resolutions Committee notes that the UBCM membership endorsed the 2014 policy paper, "Socioeconomic Impact Analysis of BC Ferries," which requested that the provincial government take the following actions:

- reverse its November 2013 decision, and restore service levels and ferry fares to 2013 levels.*
- take a 'pause' or 'time out' to consider the results of the socioeconomic impact assessment and commit to undertaking further socioeconomic impact analysis that will build on these findings.*
- recognize the coastal ferry system as an extension of the highway system and administer and fund it accordingly.*
- work cooperatively with coastal communities and other interested parties on the development and implementation of a long-term strategy for the coastal ferry system, based on solid socioeconomic impact analysis, that will ensure the sustainability of coastal communities and the ferry service.*