

**Gabriola FAC Response to BC Ferry Commission on BCF Fare Flexibility Submission
(by email)**

Mr G Macatee
BC Ferry Commissioner

Dear Mr Macatee

On behalf of Gabriola Ferry Advisory Committee, I am pleased to offer our endorsement to the response you will have received from the Committee of FAC Chairs.

There is no doubt that BC Ferries' website and ticketing systems are long overdue an overhaul and the FAC acknowledges that the present system, whereby customers who reserve in advance for ferry travel are charged up to \$22 for the privilege, works contrary to most reservation systems that offer discounts for advance payment. We welcome BC Ferries' proposals to drop the reservation fee, but our concern is that BC Ferries currently makes \$13 million income from reservation fees and that lost income - together with the cost of financing the new investment - will all have to be recovered through ferry fares.

Although ferry fares are, of course, subject to regulation, the "price cap" is measured against the *average* fare paid, and not against individual fares. Thus, if BC Ferries makes discounted fares available to up to 80% of their customers who travel on the major routes, then the remaining 20% (including most of us who depend on the minor ferry routes) could face higher prices as a result - and providing the *average* fare stays within the price cap, there's effectively no limit to the increase that BC Ferries could apply to non-reservable fares.

Gabriola FAC recognises the close parallel with Britain's railways after privatisation, when train operators wanted to offer deep discounts to attract new passengers to fill thousands of empty seats. Rail Regulators accepted this was desirable, but to ensure that the train operators didn't impose higher fares on regular commuters, limits were imposed on permitted fare increases for "regulated" rail fares (season tickets, commuter fares and most tickets purchased on the day of travel), pushing the incentive back onto train operators to fund the discounts offered for advance bookings by attracting new business.

The FAC considers the same principle should be applied to ferry fares. After all, why should ferry users who (for whatever reason) cannot take advantage of discounted advance fares be expected to pay more, simply to fund those that can? The FAC would like to see the price cap mechanism on ferry fares exclude any discounted fares, so that it's the average fare available to "turn-up-and-go" travellers (still the majority of ferry users) that is, in future, regulated through the price cap.

We believe there is more than enough scope for BC Ferries to fund the new discounted fares by attracting more business onto the major routes. There has to be an incentive on BC Ferries to grow the market, without expecting ferry users on Gabriola and elsewhere to pick up the tab until they do. We also support the call for a new body to represent the interests of ferry users on the major routes.

Sincerely

John Hodgkins, Chair

Gabriola Ferry Advisory Committee

December 24, 2014