

# Gabriola Community Ferry Service Consultation

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Perspectives, Ideas and Recommendations

**December 21, 2012**

This paper represents the ideas and recommendations coming out of a Gabriola driven community consultation process to address our community's ferry needs. The consultation was co-sponsored by the Gabriola Ferry Advisory Committee and Sustainable Gabriola.

# *GABRIOLA FERRY SERVICE CONSULTATION: Perspectives, Ideas and Recommendations*

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# *GABRIOLA FERRY SERVICE CONSULTATION: Perspectives, Ideas and Recommendations*

## INTRODUCTION AND BACKGROUND

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On November 13, 2012 the Ministry of Transportation and Infrastructure (MOTI) hosted a community consultation on Gabriola Island, to seek community input on the pressures facing the BC ferry service and to identify a long-term vision for our ferries. Many in the community found the approach and the process to be deeply flawed at both the conceptual level and in its execution – a point made by our Ferry Advisory Committee (FAC) and by the FAC Chairs as well as local government representatives across the system. We appreciate the office of the BC Ferry Commissioner, as the independent regulator of coastal ferry services, for recognizing that we are at a ‘tipping point’ and for calling on the government to work with BC Ferries “. . . to develop a long-term vision for the delivery of a sustainable coastal ferry service, including a public consultation and engagement”<sup>1</sup>. It is regrettable that this consultation did not happen much sooner.

The consultation as designed by the MOTI is narrow in its scope. By focusing on only the question of the operating shortfall, you deny us the opportunity to discuss whether the current *service delivery model* is effective. The answer is, in our view, no. So the consultation asked us to tinker with a broken service delivery model with the hope that we can breathe enough life into it that it can limp along for another four years. Because of our dissatisfaction with this approach Sustainable Gabriola and the Gabriola FAC decided to host a community consultation that would give Gabriolans a chance to talk about the ferry service in the broadest possible terms and not simply to answer the limited questions that the Province was seeking our input on.

The Gabriola community ferry consultation took place on December 8<sup>th</sup>, 2012. The three hour event was attended by 35 people including residents, elected representatives (MLA, Islands

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<sup>1</sup> *BC Coastal Ferries Consultation and Engagement, Fall 2012, p. 2.*

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Trustees, RDN Director and a Nanaimo City Councilor), a representative from MOTI and media. Although invited, no representative from BC Ferries attended. This report summarizes the ideas generated through this process. We have taken care to note where there was general agreement with particular perspectives as well as areas where there was a notable lack of consensus. The Ferry Advisory Committee and Sustainable Gabriola have reviewed the results of the discussion and have based their recommendations, which are integrated into the body of the report, on the input from our community and the ideas generated from other FACs.

We are aware that 35 people cannot be considered representative of Gabriola; however, we are confident that because of the involvement of our elected representatives we have a good grasp on what the majority of Gabriolans are seeking from their ferry service. We also have made this document widely available in the community for comment and feedback. This paper is intended to complement not supplant the feedback you have received from other Gabriolans.

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## SUMMARY OF RECOMMENDATIONS

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The recommendations listed below are based on the discussions held on December 10<sup>th</sup>. It is important to note that the participants did not formally adopt recommendations given the limited time we had available. We remain open to hearing from all Gabriolans as we continue to seek ways to improve our ferry service into the future. The recommendations are grouped here for ease of reference but are also embedded throughout the paper.

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## PURPOSE AND FOCUS OF SERVICE

1. Create a minor-routes focus which emphasizes safe, efficient and affordable services for residents of ferry-dependent communities as the primary users.
2. Decouple the minor routes from the major routes' administrative overhead for spending on corporate initiatives such as advertising, service marketing and administrative costs for services not provided the minor routes (e.g. reservations).

## ACCOUNTABILITY

3. Ferry Advisory Committees should receive a detailed Annual Financial Report and Performance Review for each minor route to evidence that cost allocations to individual routes are transparent and appropriate.
4. The coastal ferry service should be considered to be part of the provincial transportation system. There should be one ultimate point of accountability and it should be the Minister of Transportation and Infrastructure.
5. The Minister and the Legislative Assembly provide a forum for taxpayers perspectives to be heard, in addition a service governance board (or Passenger Board) should be established that enables ferry users (particularly in ferry dependent communities) and affected local governments to influence operational decision making. Ferry governance capacity should be created at the local level to provide advice on service levels and fare rates.
6. The Ministry of Transportation and Infrastructure should have the capacity to provide the Minister with up to date information and advice on ferry services based on current evidence and best practices, rather than relying on a private sector service contractor with a vested interest.

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7. An independent third party (i.e., the Ferry Commissioner and/or the Auditor General) should evaluate the ferry service on a regular basis and report to the Legislature regarding performance and achievement of goals and objectives.

### GOVERNANCE

8. Other governance models were discussed related to specific service delivery models (e.g. locally owned and delivered service). Depending on the delivery model chosen, governance could devolve to a local government, regional district, improvement district or other formal entity authorized to provide the service. Nonetheless, there was a strong feeling that the ultimate accountability needed to reside with the Minister regardless of the model chosen.
9. The current model has been in operation for 10 years; we recommend that the provincial government undertake a comprehensive review of the governance and delivery model for the minor ferry routes to evaluate its effectiveness at meeting local needs.
10. We recommend the establishment of a BC Ferries Passenger Board as a formally constituted user representative body embracing FAC representatives and Local Government nominees with remit to provide challenge and guidance to decision making affecting the minor ferry routes.

### SERVICE DELIVERY MODELS

11. We recommend that the MOTI investigate the potential of other ferry systems such as the Pierce County (Washington) as a service model for the minor routes.
12. A review should be undertaken into a modified Seniors' discounted travel scheme for the minor routes to reduce pressure on ferry capacity at the busiest times.
13. We recommend the introduction of a differential pricing structure on Route 19 to encourage non-vehicle travel and strengthen utilization at non-peak times.

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## PLANNING FOR THE FUTURE

14. We recommend a further, detailed consultation with local communities once a range of options for financial savings from service adjustments have been fully investigated and costed for consideration.

15. We recommend that the Ministry of Transportation and Infrastructure engage with the Gabriola community, local government bodies and the Gabriola FAC to initiate discussions regarding the development of a minor routes delivery model that could be piloted on Gabriola, evaluated and eventually extended to other minor routes.

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## GABRIOLANS' IDEAS ABOUT AN EFFECTIVE FERRY SERVICE

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Participants engaged in discussions on five topics: the purpose and objectives of our ferry service; the core values and operating principles that should guide the service; governance and accountability; service delivery models; and, affordability and service quality. There was significant agreement on purpose, values, governance and accountability. There was a range of ideas generated regarding efficiencies and more responsive service models.

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## PURPOSE AND OBJECTIVES OF THE FERRY SERVICE

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Determining whether our ferry service is meeting our needs has to start with a common understanding of what we need our ferry service to do. A general observation is that with the current service which combines the small routes with the larger island to mainland routes we have lost sight of the user needs on the smaller routes; these needs are distinctly different than the large routes. It was also noted in the early days of the BC Ferry Service there used to be an inter-island

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service. The loss of that capacity, and the continuing pressures on the remaining services, has effectively cut islands off from one another.

We asked participants to consider the following questions:

- Who is the ferry service intended to serve?
- Are some users' interests more important than others?
- What are the most important features of the ferry service?

*“For Gabriolans this route is a public utility and it should be part of a seamless transportation network.”*

Participants distinguished between the large routes and the small routes. Primary users on the smaller routes are the commuters (due to our proximity to Nanaimo Route 19 has a large number of commuters); freight and service vehicles (delivery of supplies and services are critical); residents requiring services in Nanaimo (e.g. medical appointments, attending school (high school and VIU), recreation, etc.); and, tourists (high ridership in the summer months and long weekends).

The participants recognized that while the main routes serve some commuters, they are mostly dealing with tourists and freight. It was suggested that a freight service be put in place so that truckers will not have to wait in lineups along with tourists during the summer. This could be a “no frills” service and should have as many sailings as necessary to move freight regularly.

Participants emphasized that this route is appropriately a ‘no frills’ type of service – essentially a form of public transit. It needs to be safe, comfortable and reliable. The purpose of our service is to move people and goods from Gabriola to Nanaimo efficiently and safely. For Gabriolans this route is a public utility and it should be part of a seamless transportation network. The service delivery model as it is currently configured is irrational and does not seem at all to consider the regular,

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long-time users of the coastal ferry system. Under the present delivery model, the primary focus is on traffic generation on the profitable major routes, with marketing being more important than public service. Gabriolans, as taxpayers, support the provincial transportation system and should have their transportation system treated in the same way as those that need bridges and roads built, and snow plowed, etc. It is critical to emphasize that government contributions to the ferry system are a public service, not a subsidy.

### **RECOMMENDATIONS:**

- Create a minor-routes focus which emphasizes safe, efficient and affordable services for residents of ferry-dependent communities as the primary users.
- Decouple the minor routes from the major routes' administrative overhead for spending on corporate initiatives such as advertising, service marketing and administrative costs for services not provided the minor routes (e.g. reservations).

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### **CORE VALUES AND OPERATING PRINCIPLES**

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BC Ferries has identified their core values as: safety, quality, integrity, partnerships, environment, and employees. We asked participants at the Gabriola consultation to reflect on what core values and operating principles should guide the ferry service from their perspective. Gabriolans agreed that safety and the environment are important but also emphasized four other critical values: affordability, equitability, and predictability; accountability; community focus and local control; and integration.

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## **Affordable, equitable and predictable**

We view our ferry as a public utility that provides us with our only connection to Vancouver Island.

Traveling on the ferry is not an optional pursuit for most

island residents; it is our economic and social lifeline to

Vancouver Island and beyond. The ferry rates must be

equitable (i.e. not disproportionate to what other

transportation system users pay for use of their

infrastructure). The amount users pay should be based

on usage impact (i.e. vehicles are higher impact than pedestrians). The fares must be affordable

recognizing that workers and students use the ferry on a regular basis. Service users should have a

sense of predictability regarding fare increases (e.g. increases aligned with Cost of Living index).

*“It is critical to emphasize that government contributions to the ferry system are a public service, not a subsidy.”*

## **Accountable to Users**

The ferry service must be accountable to those it serves (ferry users) and those who fund the

system (taxpayers and ferry users). It is important to recognize that ferry users also fund the

service through their taxes as well as the fares they pay. The interests of users and funders should

be reflected in the governance structure. Ferry users and funders should have access to detailed

operating and capital cost information in order to provide useful advice on reducing costs while

maintaining a high standard of service. There needs to be accountability structures at the local

level (e.g. local governance).

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## **Community Focus/Local Control**

The ferry service is an integral part of the health of our community. It not only ensures we receive the goods and services we need, it is a part of the fabric of daily economic and social life of the community.

Community issues ought to be dealt with at the community level, rather than a 'one-size fits all' approach.

The ferry service is more than transportation: it's about kids being able to socialize with their peers, go to sports

and cultural events in Nanaimo, people getting to medical appointments on time, etc. The ferry has community building potential: it brings people together; it enables a diversity of people to live here; and it is essential to our economic viability.

*“Traveling on the ferry is not an optional pursuit for most island residents; it is our economic and social lifeline to Vancouver Island and beyond”.*

## **Integrated**

More thought needs to be given to treating the ferry service as part of an integrated provincial transportation system. At the local level this means collaborating with local transportation authorities to ensure the systems sync to the greatest degree possible.

## **Safe**

Safety is an important consideration in the ferry service. Safety requirements should be aligned with local conditions. Our ferry route is of short duration and largely sheltered with no significant navigational challenges. The safety ratings and requirements should reflect this. Our vessel should be regularly maintained to industry standards, officers and crew appropriately trained, and the vessel should be operated in a prudent manner.

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## **Sustainable and Environmentally Sound**

In viewing the long term sustainability of the system we should be looking to find ways to reduce our impact on the environment and to create a financially sustainable system in the long term. This may mean looking at ship design based on emerging need (e.g. volume of passengers vs. vehicles), and creating fare structures aimed at reinforcing behaviours that will result in a reduced negative impact on the environment and a more efficient, streamlined service.

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## GOVERNANCE AND ACCOUNTABILITY

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During our consultation we asked participants to consider the following:

- how the service should be governed, who should have a voice in governance and whether some voices were more important to be heard than others.
- Whether the FACs as they are presented constituted are representative and effectively resourced to engage with the communities they are intended to represent.
- Who should the service be accountable to and how should accountability be structured?

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## CRITIQUE OF THE CURRENT SYSTEM

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The current governance and accountability framework for British Columbia's ferry services is disjointed, fragmented and ultimately unaccountable. The system as it is currently configured is made up of: the BC Ferry Authority (staff and board of directors) whose role is to "establish compensation plans for the directors and certain executive officers of BCFS"<sup>2</sup>; BC Ferry Services Inc. (staff and separate board of directors) responsible for providing the ferry service; the Province of BC, responsible for setting service standards; and, the Ferry Commissioner, responsible for

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<sup>2</sup> British Columbia Ferry Services Inc. & B.C. Ferry Authority. *Annual Reports, 2011/12*. p.87.

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regulating fares and services levels. For the average taxpayer and ferry user (who is also a taxpayer), this is an unnecessarily complex and opaque structure, making it next to impossible to hold anyone accountable for the overall delivery of ferry services.

Streamlining and more direct lines of accountability are needed. The current governance model has too many organizations running the ferry system (BCFS Inc., BCF Authority, Ferry Commissioner, BC government).

Moreover, the 'corporate' nature of the BCFS Inc. results in a lack of accountability to both users and taxpayers. The corporate business model – disengaging the service from government and making ferry users bear the majority of the costs -- has failed. It was supposed to have resulted in:

- improved service and customer choice,
- guaranteed service levels and fair rates,
- no new public debt and
- ongoing accountability

None of these objectives have been achieved. Instead we have been burdened with:

- unstable, unpredictable fare increases,
- no customer choice (given that the BC Ferry Services Inc. has a monopoly),
- additional public debt,

*“The current governance and accountability framework for British Columbia’s ferry services is disjointed, fragmented and ultimately unaccountable.”*

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- high executive salaries and administrative costs which have done little to improve the services for the small routes, and
- no direct accountability for the service as a whole. Overheads costs (such as for unnecessary marketing) are allocated to minor runs arbitrarily.

Under the current arrangement the MOTI looks to the BCFSI for ferry expertise – however, BCFSI has a vested interest in advice they provide back to MOTI and cannot be reasonably expected to provide objective, disinterested advice. The MOTI should have its own marine transportation expertise independent of BCFSI and capable of evaluating the ferry service based on world-wide best practices.

Currently Ferry Advisory Committees are appointed by BC Ferries to provide advice to the company on behalf of the ferry users in their community. FACs report that their recommendations are not listened to by the BCFSI or by the provincial government. It is recommended that if there is a board of directors responsible for decision making then 50% (or more) of the board members should be users of the service.

The establishment of the Ferry Advisory Committees appears to be little more than window dressing: the individual FACs work hard to engage their communities but very little of what they recommend is ever acted on. Moreover the FACs are not given complete financial information on which to base their advice. The governance model must include a legitimate voice for ferry users and there must be opportunities for meaningful input from ferry dependent communities.

The lack of clarity in BC Ferries' financial information is of critical concern: we have no idea about the true costs and profitability of our ferry. For example, the numbers that BC Ferries provide come with many unstated assumptions, for instance: 70 vehicles is taken as 100% full regardless of

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vehicle size; if 60 large vehicles fill the ferry it gets counted as an 80% load even though the ferry is fully loaded. More importantly, we have no way of knowing how much of the administration, marketing and financing costs attributed to Route 19 are costs that should more properly be borne by the major routes.

### **Recommendation:**

- We recommend that Ferry Advisory Committees receive a detailed Annual Financial Report and Performance Review for each minor route to evidence that cost allocations to individual routes are transparent and appropriate.

Our ferry service has become a political football with succeeding governments blaming the previous administration for problems with the ferry service. It is time to stop the political game playing: engage island communities as respected partners in creating a more effective approach.

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### **RECOMMENDED CHANGES TO THE GOVERNANCE MODEL**

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The following recommendations are deemed essential to achieving a well-governed, accountable and transparent ferry service:

### **Recommendations:**

- The coastal ferry service should be considered to be part of the provincial transportation system. There should be one ultimate point of accountability and it should be the Minister of Transportation and Infrastructure.
- The Minister and the Legislative Assembly provide a forum for tax payers perspectives to be heard, in addition a service governance board (or Passenger Board) should be established that enables ferry users (particularly in ferry dependent communities) and affected local

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governments to influence operational decision making. Ferry governance capacity should be created at the local level to provide advice on service levels and fare rates.

- The Ministry of Transportation and Infrastructure should have the capacity to provide the Minister with up to date information and advice on ferry services based on current evidence and best practices, rather than relying on a private sector service contractor with a vested interest.
- An independent third party (i.e., the Ferry Commissioner and/or the Auditor General) should evaluate the ferry service on a regular basis and report to the Legislature regarding performance and achievement of goals and objectives.
- Other governance models were discussed related to specific service delivery models (e.g. locally owned and delivered service). Depending on the delivery model chosen, governance could devolve to a local government, regional district, improvement district or other formal entity authorized to provide the service. Nonetheless, there was a strong feeling that the ultimate accountability needed to reside with the Minister regardless of the model chosen.

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### SERVICE DELIVERY MODELS

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It is important to start by saying that the current cost overrun scenario is a manufactured crisis. It is a crisis that not only throws ferry dependent communities into a continual cycle of uncertainty, but one that is manufactured to pit ferry dependent communities against other communities across the province and ultimately to pit ferry dependent communities against one another. This causes communities to propose scenarios that will either not work or work marginally for all ferry dependent communities or scenarios which result in some communities getting thrown overboard so that others can survive. This is both unethical and unacceptable.

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To say that the current approach to delivering ferry services does not seem to be working to the advantage of small ferry dependent communities is an understatement of immense proportions. We asked participants at the consultation to consider whether the current model is appropriate to their needs, and what improvements might be needed. We also asked them to consider other possible delivery models that they felt might better serve the community's needs. Some of these models will only work for communities like Gabriola where the utilization rates are relatively high. It is deeply disturbing that any government should put us in this position.

It was noted that during the MOTI consultation a community member had asked whether either MOTI or BCF had considered implementing a service similar to that operated by Washington state's Pierce County. They run ferries of comparable size with a smaller complement of crew compared to a B.C. ferry of the same size. For instance, Pierce Country runs two vessels, including the Christine Anderson, a 50 car roll on/roll off vehicle ferry similar to the Bowen Queen class with a crew of four, including a captain, two deckhands, and a deckhand/engineer. A similar BC Ferries vessel such as the Bowen Queen would have a crew in the area of eight. In terms of larger vessels, one can compare our larger ferries with the Washington State ferries. BC's early C Class vessels, the Queens of Coquitlam and Cowichan, were designed along the lines of the Jumbo class in Washington State. The Spokane and Walla Walla each have a passenger complement of 2000 and operate with a crew of 14. The Coquitlam and Cowichan each have a passenger complement of 1450 with a crew of 38. It was troubling that neither BCF nor MOTI were aware of this fact. While ferry dependent communities must and should be involved in identifying better ways to deliver service, they are not equipped or paid to do that and should be able to expect that BCF or MOTI will have this expertise and knowledge.

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Participants to the Gabriola-led consultation identified three broad types of service models: government mandated and operated; mixed government/community/private operation; and, private service. It was noted during the consultation, that all scenarios needed to have the capacity to integrate the ferry service with transit options. It was also noted that regardless of the model chosen the ultimate responsibility for our ferry service needed to reside with the Minister of Transportation and Infrastructure.

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### GOVERNMENT MANDATED AND OPERATED SERVICE

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Under this model, the responsibility for the ferry system would be transferred back to the Ministry responsible for transportation (currently MOTI). The ministry would be responsible for implementing a new legislative framework returning the service to the ministry, providing the capital and operating funding (topping up user contributions paid through fares), and delivering the service. Debt financing costs would be lower if held by MOTI than they are with the BCFSI. A distinction would be made between the main routes and the small island routes. It was recommended that the ministry reinvigorate the marine branch responsible for the operation of ferry services with a separate focus on the small route needs. This is essentially a return to the previous model with enhanced governance capacity (e.g. governance board with user representation, and local governance capacity) as described above in the discussion of governance.

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### MIXED PROVINCIAL GOVERNMENT AND LOCAL GOVERNMENT

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Under this model, the Ministry of Transportation and Infrastructure would be responsible for the legislation, would carry the capital financing costs, and would ensure user affordability. The minister would be accountable to the legislature for the ensuring service safety, affordability and

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reliability. A private service provider would be responsible for operating the service; the governance structure would be local.

Four potential provider models were identified:

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### REGIONAL COOPERATIVE MODEL (NANAIMO REGION)

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The rationale for this model was based on the connections between the ferry and travel on both Gabriola and in Nanaimo – our transportation related to the ferry is primarily regional in nature. The focus of this recommendation was on intermodal transportation, linking the ferry with transit and other modes of travel, one of the main issues being that RDN bus schedules are not linked to ferry arrival times; neither is there a dedicated shuttle connection between Nanaimo Harbour and either Departure Bay or Duke Point Ferry terminals for passengers travelling to and from the mainland.

Gabriola is unique relative to other ferry dependent communities – our ferry service provides ‘walkability’ to a city centre and potential bus access to the entire region (if the bus timing was better).

While there were some advocates for RDN as the governing body there were also concerns expressed that, due to the heavy weighting of Nanaimo city representatives on the RDN, there was limited understanding of the transportation needs of Gabriola Island residents (see Governance recommendations). There was also a concern expressed regarding the potential for downloading and the potential increase to local taxation; this could be addressed if the provincial government maintained the responsibility for ensuring user affordability.

It should be noted that this model could work to Gabriola’s advantage but could not be applied across the other small routes.

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## COALITION OF COASTAL COMMUNITIES OR ISLANDS TRUST

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The rationale for this model is that communities that are ferry-dependent have the expertise and knowledge regarding both user and taxpayer impact on the ferry system – information that needs to be at the core of the decision-making, and they also have an interest in ensuring that the system is efficient and serves the local needs.

Under this model, the effected coastal communities would create a service delivery organization (cooperative, non-profit or private) responsible for the minor route network and establish a governance structure. Most felt the Islands Trust was not the right body to be taking on the governance of the ferry system but that they needed to play a key role in advising and advocating for ferry dependent communities, and that their advice needed to be heard and responded to rather than ignored (BCFSI has ignored recommendations from the Islands Trust in the past).

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## LOCAL FERRY SERVICE WITH INFORMAL GOVERNANCE STRUCTURE

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Under this model a local operator would provide the ferry service. The captain of the ferry would be responsible for the management of the service including route management, scheduling and crews. The captain/operator would be accountable to the provincial Ministry of Transportation and the FAC. The operator would be responsible for administration, details of which would be set out in a contract with the Ministry. The FAC would receive input from the community and provide advice to the captain based on that input. In this model the government would own the land, ferries, and equipment while the captain and a responsible Gabriola governance body would manage operations.

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## LOCAL FERRY SERVICE WITH FORMAL LOCAL GOVERNANCE STRUCTURE

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Rationale for this model includes direct accountability to users and taxpayers, local control, transparent operation, intermodal transportation management (if a Transportation Commission

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rather than just FAC). An elected FAC or Transportation Commission would be created for the purposes of overseeing the Gabriola ferry system (or transportation system). They would be responsible for the budget and would receive funds from the provincial government, through MOTI, for the operation of the ferry (and other transportation services). Decisions about fares and schedules would be made by the FAC (or TC). FAC members (or transportation commissioners) would be elected during local government elections.

Concern was expressed that this approach would result in taxes being collected at the local level for the ferry service (similar to the Fire Improvement District) rather than from provincial tax revenue and federal funds – as per the current funding system and that this would go against the equity principle.

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### PRIVATELY OWNED AND OPERATED

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Under the Coastal Ferry Act there is the option for organizations or businesses to take over the management and operation of a ferry route. While there were some attempts to do this in other communities (e.g. the Mill Bay ferry, and the Skidegate to Alford Bay ferry); the sense from participants was that BCFSI rejected all but one of those efforts. There were concerns that this option would result in no funding support coming from the provincial government (taxpayers) and thus a ferry system that would not be run in a way that acknowledged the marine highway needs, in terms of affordability and accessibility, for the community. In terms of structure, it could be operated as a non-profit society, a cooperative or a private enterprise.

If there is interest, this type of model could also be designed to address the needs of Protection Island which currently has a passenger only service.

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### **RECOMMENDATIONS:**

- The current model has been in operation for 10 years, we recommend that the provincial government undertake a comprehensive review of the governance and delivery model for the minor ferry routes to evaluate its effectiveness at meeting local needs.
- We recommend the establishment of a BC Ferries Passenger Board as a formally constituted user representative body embracing FAC representatives and Local Government nominees with remit to provide challenge and guidance to decisions affecting the minor routes.
- We recommend that the MOTI investigate the potential of other ferry systems such as the Pierce County (Washington) as a service model for the minor routes.

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### **AFFORDABILITY AND SERVICE QUALITY**

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This topic area was most closely aligned with the question posed by MOTI in their consultation. It asked participants to consider things we could do differently to reduce costs. The discussions resulted in many innovative ideas, but it must be emphasized that implementing individual actions in the absence of an overarching and comprehensive service plan is likely to simply put the pressures else and to create unpredictable problems in some other part of the service.

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### **PLANNING CONTEXT**

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The ferry service is key to the island's (including Vancouver Island) economic well-being. Over the past eight years the fares have risen far beyond rate of inflation and this has had an observable negative impact on the local economies. If government was to view the ferry service as a key part of the infrastructure necessary to create a healthy BC economy, the ferry system could be used to create jobs and economic growth in BC. Some participants suggested that in addition to the taxes

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paid by ferry workers, we could be building ferries in BC rather than importing them from somewhere else and we could use local labour. Our shipyards used to be a strong part of BC's economy; they still can be.

Participants were quick to acknowledge the high quality of service we receive and the importance of that service to our community. In view of that, it is important to find savings and efficiencies in ways that do not reduce the quality or safety of our current service.

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### PLANNING CONSIDERATIONS

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Planning to find efficiencies and saving should start by ensuring we are clear on what the service priorities are: many participants felt that the first priority should be people and the second, vehicles. We should also be looking constantly for ways to reduce our carbon footprint while at the same time reducing our dependence on fossil fuels.

Our planning efforts have been hampered by the lack of a comprehensive cost breakdown for Route 19. It is critical to know the precise make-up of revenue and costs associated with this route. Also many people question the cost of the mid-life upgrade to the Quinsam (\$25 million) suggesting that we could have replaced the ferry for that amount.

Participants recognize that there are some economies of scale (e.g., to do with safety and purchase of fuel) that would be lost if the system is broken up. But at the same time, many felt that we were paying for some overhead that had no direct bearing on our service (for instance, advertising). No one at the planning session suggested that a bridge would be a viable solution. It was noted that if the province was seriously interested in seeking our support for a bridge they should approach the community only after they had undertaken a complete feasibility analysis. That analysis should address not only the direct costs of infrastructure and maintenance but also the implications for

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government to continue to achieve its legislative mandate under the Islands Trust Act, to preserve and protect the Gulf Islands. In addition, the government should not promote any discussion about a bridge until it is satisfied that it has the agreement of the Snuneymuxw First Nation.

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### SAVINGS OPPORTUNITIES

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The options that are presented below represent a range of perspectives from service users and other interested parties. They are not offered as ‘suggested cuts’. Each would have to be analysed on its merits and any significant changes should be subject to formally seeking approval from users.

Participants identified savings opportunities in five areas: service configurations; financing; fare structures; scheduling; and operating and administrative overhead.

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### SERVICE CONFIGURATIONS

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In the summer of 2011, when the ferry was redirected to Duke Point provided a way for Gabriolans to get a sense of what a different delivery model might look like. Some people commented that Duke Point worked well for vehicles, as did the passenger ferry to the Nanaimo harbour. A larger capacity passenger vessel with room for more bikes and also for non-automotive mobility devices would be needed for this model to be successful in the long term.

A couple of options were suggested:

***Split Vehicle/Passenger Model:*** A model as described above with the vehicle ferry going to Duke Point and the passenger ferry going to Nanaimo Harbour. The assumption being that there would be no need for the vehicle terminal at its current location. The foot passenger ferry to Nanaimo Harbour could be coordinated with the Nanaimo bus schedule; and a car

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ferry to Duke Point could operate on a reduced schedule, at higher fares. The RDN dock on Gabriola could be used for the foot passenger service.

**Two Ferry Model:** A second option suggested using two smaller ferries, both of which would be operated in peak periods, but only one at other times.

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### FINANCING

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As noted earlier in this paper, participants felt strongly that the ferries should be considered part of highway system, like the Port Mann Bridge, Sea-to-Sky highway, etc; a responsibility shared by everyone in BC. Within the context, Transport Canada and BC Ferry Services need to work together towards streamlining costs. Moreover, the federal subsidy for ferry service (\$30 million) that accrues to the main routes needs to be incorporated into governance and funding decisions for the small routes.

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### FARE STRUCTURES

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Fares, while a key source of revenue, are sensitive to a variety of pressures. Under the recent rate increases we have seen a decline in ridership; the Ferry Commissioner referred to this as reaching the tipping point. The current fare structure creates other problems in addition to dampening demand. It is insensitive to need: poor people pay the same as the better off and often cannot afford the savings associated with the Experience Card. The result is that we are seeing a shift in our demographic with an increasing population of older, wealthier people and a reduction in the number of working class people. Those who moved here when the fares were more reasonable are faced with making the difficult decision about remaining in their community. A community requires a mix of income levels and ages to survive.

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The high fares also result in additional stress on families who have to curtail social and recreational activities in Nanaimo. It has also become an increasing burden for off-island family members to come to visit. The government should consider the impact of ferry fares within its Families First agenda.

Some people suggested that walk-on fares are equivalent to bus fares, however, because of the lack of integration with the transit system, foot passengers who need to use public transit in Nanaimo are paying far more than a multi-zone user in the large urban centres.

Many participants requested that government be open to looking for different fare structures with more flexibility. At the same time, they recognized that being part of a large corporation, limits the responsiveness of the system. The bottom line was that ferry users see themselves as paying “twice” – once as taxpayers and then again as service users. No other public utility acts like this, even though some remote communities are more costly to serve. City dwellers ask why *they* should pay for *our* ferries, but we don’t ask the corollary – why should we pay for public transit and highways we don’t use?

A few of the ideas generated were more along the lines of ‘blue-skying’ and while we acknowledge that they won’t result in cost reductions, we wish to see them reflected as part of the discussion. There were four ideas for future consideration, some which could be introduced under a different service model. They included: linking to RDN transit system with integrated, fares, monthly passes, and schedules; rolling back to fares as they were eight years ago (i.e., approximately 1/3 what they are today); providing price reductions for those that continue on to take Departure Bay or Duke Point ferry (e.g. similar to a multi-zone fare in a transit system); and, providing reduced rates (means-tested or income-tested) for those unable to afford the current rates.

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Participants identified several ways of approaching fare structures: differential valuing (i.e., putting a premium or a discount of different types of service); and, preferential timing (i.e. adjusting rates for different times of day to encourage travel at other than peak times).

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### DIFFERENTIAL VALUING

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We need to start by understanding what behaviours and activities we wish to encourage. For instance, is it more cost effective to move people or vehicles? Should we be encouraging foot passengers? If people are taking vehicles should we reward a vehicle full of passengers rather than a vehicle with a single occupant (driver)? A system that prioritizes moving people will penalize those who drive big cars alone and encourage car-pooling, bike-riding and walking. In turn there is a benefit in a reduced carbon foot print. Presently cars are being subsidized by foot-passengers. It was suggested that a realignment of the fares to reduce the cost to passengers and increase vehicle costs would result in a passenger fare of about \$2.50. Other strategies include giving special rates for full vehicles, and charging less for vehicles that take up less space.

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### PREFERENTIAL TIMING

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Route 19 is one of the highest utilized minor routes in the system. It is almost unique among the minor routes in having consistently high levels of utilization throughout the working day. One way of getting better overall utilization and reducing overloads is to shift ridership from peak times to less utilized times. Several strategies were identified for doing this:

- Reduce or eliminate the senior's discount, or have it applicable only on non-busy sailings; e.g., on weekends instead of during weekday peak times. For instance, seniors should travel free from Friday to Monday rather than, Monday to Thursday as these are the busiest days for regular commuters. It should be noted that previous FACs have recommended

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eliminating senior discount eligibility for commuter runs, but this has been rejected. There is some speculation that this is because BC Ferries receives full 'subsidy' from the province for these discounted fares.

- Provide discounted rates to those willing to sail on underutilized sailings. It is not recommended to charge a surcharge for travelling at peak times as often people travelling at these times have no choice (e.g. commuters for work and school).
- The fare structure should be remodeled so that frequent travelers/commuters get an actual break in the cost of regular commuting.

### **Recommendations:**

- A review should be undertaken into a modified Seniors' discounted travel scheme for the minor routes to reduce pressure on ferry capacity at the busiest times.
- We recommend the introduction of a differential pricing structure on Route 19 to encourage non-vehicle travel and strengthen utilization at non-peak times.

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### SCHEDULING

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An obvious way to find savings is to reduce the number of sailings. Minimally we should see savings from reduced fuel consumption. It is not clear (due to shift overlaps) whether we would see any saving on crew time; some people suggested that it would reduce the chance of overtime during 3:00 crew change and save fuel because ferry can travel slower. However it will require negotiating with government not to lose the \$425/sailing 'subsidy'. Three options were put forward:

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- drop the 2:30 p.m. sailing from Nanaimo. We have had experience with this, but it does result in more overload on the 3:45 p.m. sailing, an already busy sailing.
- drop the 6:30 a.m. sailings from Gabriola on weekends; this will mean that the ferry will have to overnight in Nanaimo which creates a health and safety issue should someone need to be transported to hospital during the night.
- Drop the first and last sailings during the week (Tuesday to Friday). The challenge here is that these sailing are the only ones people can take to connect with the first and last sailings to and from the mainland. By keeping the sailing reductions to Monday evening to Friday morning, we can still accommodate the pressure on the weekends and long weekends.

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### OPERATING COSTS AND ADMINISTRATIVE OVERHEAD

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Participants made several suggestions for reducing operating costs and administrative overhead. It was noted, although there was no specific recommendation made, that executive compensation had well-exceeded acceptable limits and was completely out of touch with the financial realities in ferry dependent communities. The following suggestions were made:

- Treating the ferry service as a public utility rather than a discretionary service. Although the larger ferries have a different purpose (more tourist-focused) than the smaller ones, they should not be separated from the smaller ferries when it comes to accounting – this puts more pressure on the smaller ferries to make up the difference in revenue. We don't do this for small roads that traverse wilderness areas in B.C. In addition, the big BCF Vacation Centres in downtown Vancouver and Sidney need to be part of Tourism BC and not part of the ferry system. They serve no purpose for most of the coastal ferry users.

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- Reduce crew size. There was discussion about the Pierce County ferry which has operating costs significantly lower than here. Some speculated that part of reason crew size is high on our ferry is to meet Canadian (open water) safety standards, and that in the relatively sheltered waters of Route 19 such standards are not required. The apparent differential between Canadian and US crewing requirements demands further investigation.
- It was also suggested that we could do with fewer personnel at the Nanaimo terminal by using a crew member to collect fares during the voyage (a purser, like a train conductor).

*“Our ferry service has become a political football with succeeding governments blaming the previous administration for problems with the ferry service. It is time to stop the political game playing; engage island communities as respected partners in creating a more effective approach”.*

**Recommendation:**

- We recommend a further, detailed consultation with local communities once a range of options for financial savings from service adjustments have been fully investigated and costed for consideration.

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## CONCLUSIONS

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In three hours Gabriolans identified dozens of ways to improve our ferry service and to find efficiencies and savings, -- a testimony to the power of respectful consultation and community collaboration. To the FAC and Sustainable Gabriola organizers, it was abundantly clear that a drastic wholesale change in approach is required. Gabriolans have an appetite to actively pursue a

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better way of providing ferry service. More importantly we have the support of our local governments -- Islands Trust and RDN – to investigate better ways of providing this service and we have, within our region, the expertise to develop an improved, locally accountable service delivery model. While we cannot claim to represent all Gabriolans we believe we have enough interest and support for proceeding to develop a locally governed service model which might serve as a model for other minor routes.

### **Recommendation:**

- We recommend that the Ministry of Transportation and Infrastructure engage with the Gabriola community, local government bodies and the Gabriola FAC to initiate discussions regarding the development of a minor routes delivery model that could be piloted on Gabriola, evaluated and, if successful, eventually extended to other minor routes.

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