

Politicians can't duck difficult choices on ferry fares

VANCOUVER SUN FEBRUARY 8, 2011 8:06 AM



A man is facing charges drug possession charges after he was arrested at a ferry terminal with one-and-a-half kilos of cocaine and heroin.

Photograph by: Handout, BC Ferries

Liberal leadership hopeful Kevin Falcon's assessment that BC Ferries' CEO David Hahn is engaged in scare tactics over ferry fares is a bit puzzling.

As a former transportation minister, Falcon should be fully aware of the financial seas through which Hahn must pilot the ferry corporation.

So while Falcon is correct that the fare increases being discussed are not imminent, Hahn's projections are nonetheless very real and worthy of discussion during the Liberal and NDP leadership races.

Hahn made the predictions in an interview last week with Sun columnist Vaughn Palmer on his weekly cable television show, Voice of B.C.

The ferry CEO was extrapolating from a financial report filed in the fall with the B.C. Ferry Commissioner as part of the process of setting a rate cap for a four-year term that begins April 1, 2012. He suggested with the current projections for subsidies from the federal and provincial government and ridership levels, fares will have to go up by as much as 20 per cent on major routes, 50 per cent on minor routes and 100 per cent on northern routes over the four-year term to keep BC Ferries in the black.

The process now is that the ferry commissioner will assess the filing. He may ask BC Ferries to make some changes. In the past, BC Ferries has been required to change the way it dealt with fluctuating fuel costs, for example. Those changes affected the timing of fare increases, but the bottom line over time is that fares still have to cover costs.

While the province has tried to take some of the politics out of running ferries in B.C., the government is still in control of most of the levers that can affect ferry fares. As the sole shareholder of the quasi-private corporation that operates ferries, the province is ultimately responsible for the quality of service and the cost. It controls costs through the provincially appointed board of directors, to which Hahn must answer for any perceived inefficiencies that are needlessly inflating fares.

The province also negotiates with BC Ferries a subsidy, now \$125 million, to cover the cost of maintaining moneylosing routes. The federal government also chips in about \$27 million.

So, as both Falcon and Transportation Minister Shirley Bond have said, the fares that are finally published may not reflect the numbers Hahn is projecting. But if they don't, it will be because the province either increases the subsidy substantially, or allows Hahn to reduce service on smaller and northern routes.

We have had a perennial debate in this province over how we should pay for our ferry system, just as we have over transit in our cities. We don't expect the latest cost projections will change the nature of that debate between those who would like to see ferries provided as an extension of our untolled highway system and those who believe ferry users should pay the full cost.

Like it or not, the ferry fares issue is a political hot potato that rightfully falls in the lap of provincial politicians. Anyone who wants to be premier should be prepared to say how they will deal with the upward pressure on ferry fares. That's especially true of Falcon and the other Liberal hopefuls, since they were part of the government that created the corporate structure in which the ferries now operate. If they think it is no longer working, they should be prepared to say so.