

MEETING DETAILS	BC Coastal Ferries Community Engagement 2013 Ferry Advisory Committee Chairs Meeting November 19, 2013, 10:00 a.m. – 11:30 a.m. Vancouver Island Conference Centre Nanaimo, B.C.
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PURPOSE	Notes from a Ferry Advisory Committee Chairs Meeting for the BC Coastal Ferries Community Engagement held on November 19, 2013 at the Vancouver Island Conference Centre, Nanaimo, B.C.
FACILITATOR	Judy Kirk, Kirk & Co. Consulting Ltd.
ATTENDEES	Barry Cavens, Chair, Southern Sunshine Coast FAC Joyce Clegg, Chair, Gambier-Keats FAC Bill Cripps, Chair, Northern Sunshine Coast FAC Dyan Dunsmoor-Farley, Vice-Chair, Gabriola FAC John Hodgkins, Chair, Gabriola FAC Brian Hollingshead, Chair, Southern Gulf Islands FAC & FACC Co-Chair Tony Law, Chair, Hornby-Denman FAC & FACC Co-Chair Alison Morse, Chair, Bowen FAC Jo Mrozewski, Co-Chair, Tri-Islands FAC Paul Ryan, Chair, Quadra-Cortes FAC Keith Rush, Chair, Thetis-Penelakut FAC Frank Frketich, Incoming Chair, Hornby-Denman FAC Harold Swierenga, Chair, Salt Spring Island FAC
PROJECT TEAM ATTENDEES	Kevin Richter, Assistant Deputy Minister, Ministry of Transportation and Infrastructure Kirk Handrahan, Executive Director, Marine Branch Ministry of Transportation and Infrastructure David Hendry, Director of Strategic Planning, BC Ferries Joanne Doyle, Manager, Master Planning, BC Ferries Lisa Santos, Kirk & Co. Consulting Ltd., Meeting Recorder
AGENDA	1. Welcome and Review Agenda 2. Discussion 3. Closing Remarks

KEY THEMES

- Participants stated that a socio-economic impact analysis should have been done prior to the Community Engagement. They suggested that:
 - This would have given the government information about how the service reductions would impact communities and families.
 - The additional comments section of the feedback form should be used to gather input regarding the socio-economic impacts of cuts.
- Participants said that the government has failed to fund the ferry system adequately and more funding is required. They said that service reductions, costs savings from the seniors' discount, and gaming on major routes will not result in the estimated savings.

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- Participants wanted to know what the province and BC Ferries will do with feedback regarding supplemental private passenger-only ferry service.
- Participants stated that capacity utilization should be re-evaluated so that each route has the correctly sized vessel.
- Participants felt that the service reductions will result in negative economic impacts in the longer term, which will further erode ferry ridership and reduce revenue.
- Participants said that developing the proposed service reductions should have been done with communities on their specific routes prior to them being proposed in the Community Engagement.
- Participants said that people will want to know foot passenger utilization.
- Participants wanted to know more specific details regarding the breakdown of ferry operating costs per route.
- Participants said three-quarters of savings are coming from the minor routes. They wanted to know about planned cuts to the major ferry routes.

DISCUSSION

1. Welcome and Introductions – Judy Kirk

Judy Kirk welcomed participants and explained the format of the meeting. Judy informed participants that the meeting was being recorded for accuracy. The BC Coastal Ferries Engagement team members introduced themselves.

Q: *Tony Law:* The printable Feedback Form is not accessible online. I tried to access it online and it said that it was inserted but it wasn't there.

A: *Judy Kirk:* Thanks for letting us know. Lisa, can you step outside and deal with that right now? Just so you know Tony, we have received 70 Feedback Forms online already. So we know that it's working to the degree that we have 70, but I'm going to find out what's going on.

C: *Tony Law:* There is a Discussion Guide that you can get, but there's another one that I tried to send electronically.

C: *Judy Kirk:* It's the one in the Discussion Guide that people should use, but we will check on your issue because that's important.

Q: *Evan Putterill:* I was just wondering who is in the room?

A: *Judy Kirk:* Evan, we will do the introductions now.

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2. Discussion – All

(Abbreviations will be used and mean – Q: Question, A: Answer, C: Comment)

- C: *Kevin Richter:* Thank you for coming. With your interest in Coastal Ferries we wanted to meet with you before going to the communities. The inside of the guide has a list of the communities we will be visiting and you can go to the website and encourage people to go fill out the feedback form, electronically or in hard copy. The engagement will conclude December 20, 2014. There is a high-level summary that the government recognizes the challenges that BC Ferries is facing based on the engagement last year, when government heard that fares are at the tipping point, or past the tipping point. The measures that we are seeking feedback on are regarding service adjustments that would be introduced April 2014: modifications to the seniors' discount; and the introduction of gaming as a revenue-generating source for the ferry system; the reservation system; the time-of-day pricing; the loyalty program and perhaps supplementing with private passenger-only service to help mitigate the impacts of the service reductions. As we talked about last year, the discussion guide includes a summary of the challenges that BC Ferries faces. As the Ferry Commissioner reported in 2012, all parties should come to the table or there will be more pressure on fares by a combination of actions. There was a response by government; they put an additional \$86 million into the ferry system. BC Ferries is looking at finding an additional \$54 million in efficiencies, and we went out last December to find out considerations that could be used for service reductions to find if they were suitable considerations for reductions. Part of the plan was to mitigate the pressure of fares by a combination of actions. On page 4 there is a summary of previous engagement results. We heard support for going forward and looking at long-term strategies such as standardized vessels, no-frills vessels and a movement toward LNG propulsion. In addition, wanting BC Ferries to find efficiencies within their system to ensure they are as lean as possible. The province will look at seeking additional federal funds. There are some new infrastructure programs that the federal government has introduced. They will look at seeking any opportunities where there are capital investments to ensure that those decisions are done appropriately and prudently. Recognizing that those programs exist, government wanted to act quickly and looked at medium-term plans such as the seniors' discount, recognizing that it's a \$15 million program a year, one of the largest social programs. As we heard in the engagement, there was some interest in looking at it, and government decided to change it from 100 percent discount Monday – Thursday service to 50 percent discount. It was calculated that there could be \$6 million in revenue that could be reinvested back into the system that could help reduce the pressure on fares going forward.
- Q: *Alison Morse:* Can you clarify 50 percent of what? 50 percent of the full cash fare or of the Experience Card fare?
- A: *Kevin Richter:* Fifty percent of whatever you use, on the full fare or on the Experience Card fare.
- Q: *Alison Morse:* Still Monday to Thursday?
- A: *Kevin Richter:* Correct.
- Q: *Alison Morse:* Then I guess the other question is regarding the \$6 million that would be invested back in the system. The Minister said the \$6 million would go back into the service fees.
- A: *Kevin Richter:* The idea is that the revenue that would be received by BC Ferries for people paying that fare would be in that order of magnitude. So there would be no net loss in revenue. But the

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- money that wouldn't be used to offset, that the province would reinvest into the service fee. So it would have a net effect.
- C: *Jo Mrozewski:* So instead of money going to individuals, this is more government contribution to the system.
- Q: *Brian Hollingshead:* Going back to the original premise, people said they would give up some discount if it reduced the fares. But if it's going into the service fee the fare doesn't change for the next two years, does it?
- A: *Kevin Richter:* It won't change for the next two years. But it's part of strategy and a step to help alleviate fares in the future.
- Q: *Brian Hollingshead:* So what's happening is that they are giving up half their discount but not getting any fare reduction?
- A: *Kirk Handrahan:* Not in the immediate term. But in the longer term it will help reduce the pressure on fares.
- C: *Judy Kirk:* Brian, because Kirk & Co. wrote the Consultation Summary Report, I want to correct something you asserted there about the seniors' discount. People, certainly over 30 written submissions plus many comments and people did not, in the majority, connect their comments about the seniors' discount to anything else last year when people told us what they thought about it.
- Q: *Brian Hollingshead:* The suggestion in here is that the two are related.
- A: *Judy Kirk:* I'm only commenting on what you said regarding what people told us.
- C: *Brian Hollingshead:* I thought that's what it said in here in the current one. That people would give it up if it helped reduce the fares.
- C: *Judy Kirk:* People generally want the rate of increase in fares, as you know that was one of the largest key themes last year, to be held as low as possible or be reduced. That's what we heard this time last year.
- C: *Brian Hollingshead:* It will cost BC Ferries a lot of money to do this.
- Q: *Tony Law:* In arriving at that \$6 million, what did you take into account with respect to lost revenue if many seniors decide not to travel? Many travel with their vehicles, so you won't get the vehicle charge. In the winter, many seniors take their vehicles on the ferry, so even if they are not getting the fare for the individual, they are getting the fee for the vehicle. To what extent have you considered lost revenue from reducing the seniors' discount?
- A: *Kirk Handrahan:* The seniors' discount program costs about \$15 million based on last year. If there was no loss, given the change we would expect that we would generate about \$7.5 million in increased revenue based on usage. They would be paying half that fare and we can keep our \$15 million that we would put into the service fee, the seniors if they continue to travel that would be \$7.5 million that's been discounted down, anticipating that there will be some drop off knowing they won't travel during the Monday to Thursday period, not at all, or just on weekends because there is no longer incentive enough to go on during the week. So what we've done is discounted that \$7.5 million down to \$6 million.
- C: *Tony Law:* My understanding is that BC Ferries invoices the province for the full fare. So under the new arrangement with the discounts, BC Ferries' invoice will be less, have you accounted for that as well?

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- C: *Kirk Handrahan:* Yes we have. Primarily, the biggest source of traffic using the seniors' discount is on the majors, where they don't use the Experience Card. That has the highest levels of fares. So incrementally we could look at the lower fare that you get and then it may be even slightly lower given they may use the Experience Card.
- Q: *Paul Ryan:* Kirk I'm confused about the \$15 million figure. When you were on Quadra last year a question was asked: how much money does BC Ferries get from seniors and social services regarding seniors? The answer was \$12 million in total. You said so now we are up to \$15 million just for seniors. What's happened here?
- A: *Kirk Handrahan:* I don't remember saying that, the actual number for all programs is around \$30 million. That's public directive.
- C: *Paul Ryan:* I know. But what I heard you say was \$12 million.
- A: *David Hendry:* The seniors' program usage has been climbing dramatically. So it quite possibly could have been \$12 million.
- C: *Paul Ryan:* No, we were talking about the whole thing.
- C: *Kirk Handrahan:* I can't remember that comment Paul, if I said something like that I apologize, but I need to look at the record.
- Q: *John Hodgkins:* I would like to seek clarification on the assumptions being made. The availability of the 50 percent discount against the Experience Card means that the passenger would be paying a third of the full rate rather than 50 percent. What assumptions have been made in terms of revenue loss from the reduced number of vehicles?
- A: *Kirk Handrahan:* Again, I've explained our rationale of how we got from the \$7.5 million to the \$6 million. There wasn't an explicit amount from cars versus people. It's kind of hard for people to look at the net impacts and at what will happen on the vehicle side. It depends on if they don't travel at all or if they defer their travel to when they really want to go.
- Q: *John Hodgkins:* It seems like a relatively low level of revenue resistance.
- A: *Kirk Handrahan:* It's about 15 percent.
- Q: *Judy Kirk:* What do you mean by revenue resistance?
- C: *John Hodgkins:* A relatively low level of revenue loss; resistance to travel.
- A: *Kirk Handrahan:* The passenger fare is a portion, if you are bringing the car, of total cost of travel. If they use the Experience Card for example, is a relatively low part of their costs. Will changing the discount from 100 percent to 50 percent of the passenger fare change their behaviours dramatically? It's hard to say. We are expecting some drop off and we are expecting some drop off from the use of their cars. But not all seniors bring their car. We felt that a \$1.5 million dollars reduction out of \$7.5 million was appropriate. It could be more it could be less.
- Q: *Dyan Dunsmoor-Farley:* It's helpful to have this explanation, but it's not sufficient because in the interest of transparency we are being asked to organize ourselves and our communities to respond to the consultation without having a comprehensive understanding of the business case you have made. I'll use the seniors as an example: If we look at this part of the population, it's probably the largest growing area as our population is aging. It would be helpful for us to organize our responses with the communities to see what your business case was. We can't respond other than asking more questions and the answers that we get are helpful but not illuminating. I don't know if this is a good business case. Unless you show me documents that you produced for your Minister about

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- why this was the most fruitful approach to save money, I can't take it on faith and my community can't take it on faith. I would like to see the rationale behind this, so we can review it and bring it forward to community. Is that possible?
- A: *Kirk Handrahan*: We can't give you what you want because there is no documented business case. We operated on the community discussions and one suggestion raised by the communities themselves and by seniors was that there was an interest in exploring the elimination or decrease in the seniors' discount as a way of trying to support fares in general. We heard that feedback and what we are trying to do is offer a discount for seniors, but maintain our funding in terms of what we we're spending in the program and put that into the service fee. The incremental benefits would support fares in general. That's the approach and it's a range. It could go down to \$4 million or up to \$7.5 million if people stay on. It's hard to sit there and say that we know how people will react to this policy.
- C: *Keith Rush*: So the provincial contribution will go from \$148 million to \$154 million in fiscal 2014 or 2015?
- A: *Kevin Richter*: I don't know the exact numbers.
- A: *Kirk Handrahan*: Actually you would take the money that is spent from the seniors' program, add that to the service fee, and any incremental benefit that's derived from the seniors who pay would be an incremental increase to the system as a whole.
- A: *Kevin Richter*: So the overall contribution is the same, it's the incremental increase in revenue that the users would benefit from.
- Q: *Judy Kirk*: Can I simplify this, and I may not be right here, but are you asking whether the \$6 million in revenue will end up in the ferry system?
- Q: *Unknown*: Yes.
- A: *Kevin Richter*: The answer is yes.
- Q: *Jo Mrozewski*: During the news conference you used the figure of 200,000 as your anticipated drop off traffic with this change to the seniors' discount. Does that refer only to passengers? If that figure exists then it does suggest that the information that Dyan is asking for might be compiled in a form that you can share with us and that may or may not include vehicle drop-off as well. You must have some projections.
- A: *Kirk Handrahan*: We didn't use any figures other than the \$6 million estimated expectation. One of the reporters asked about the question and the number would be approximately 15 percent of traffic.
- Q: *Jo Mrozewski*: So that reporter is doing his own math then?
- A: *Kirk Handrahan*: Yes, he was doing his own math based on the number of users. We looked at the cost of what we were spending, not so much the users.
- Q: *Jo Mrozewski*: If I understand correctly, it might be in the order of \$6 million savings. So whatever gets put back in the system would depend on what you save?
- A: *Kirk Handrahan*: It's more like how the seniors will use the program from Monday to Thursday. We can track that because BC Ferries will track the discounted service.
- Q: *Jo Mrozewski*: So the actual amount of money that you put back in the system would be X number of users times what they would have paid if they paid 100% of the fare and whatever they don't get back as their discount gets thrown into the system. Is that how you are going to calculate it?

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- A: *Kirk Handrahan*: We haven't gone through all the implementation of it. We expect that we will take the \$15 million that we spent last year and move it to the service fee.
- Q: *Jo Mrozewski*: I get that, but I'm just trying to figure out if this is a variable or is the figure set regardless of the outcome?
- A: *Kevin Richter*: The incremental increase would be variable because it will be a function of incremental variable of the users. Our contribution of \$15 million stays whole. The benefit to the system is that incremental additional revenue that would be accumulated.
- C: *Kevin Richter*: So the \$15 million is a solid number and the \$6 million is an estimated number of that incremental number.
- Q: *John Hodgkins*: I believed that the contributions from the social programs for seniors' were not a fixed budget. So it's not a fixed \$15 million.
- C: *Judy Kirk*: I don't think he meant fixed, he meant actual number based on last year.
- C: *Kevin Richter*: The next medium-term idea was to look at gaming. When we were out engaging last year, the idea of gaming was introduced and there was some interest. The idea is to seek feedback on this, as government is only considering it at this time. There are many details to look at, but they are testing for viability by looking at a gaming pilot on a major route. Based on that viability, and the feedback we get from the engagement, we will see if gaming is a source of revenue that could be put back into the ferry system.
- C: *Harold Swierenga*: This is common on the European ferries with an overnight trip and we are talking on Route 1 which is an hour and a half. I can see it working on the northern ferries, like the Northern Expedition, but I don't know, unless there are serious gamblers I can't see it working.
- C: *Judy Kirk*: So you're questioning viability.
- C: *Kevin Richter*: We've seen and had a couple of estimates of what potential revenue could come and it ranges and we heard the last time that people were interested. We are trying to help in whatever way we can to take pressure off fares going into the future. The Major routes have the most traffic and most volume of people. So that has a potential of gaining most access. What I've heard from BC Ferries, and correct me if I'm wrong, is that the technology with iPhones and other devices, kids aren't using arcades. So maybe there's an opportunity to use that space to generate additional revenue.
- A: *Kirk Handrahan*: All the net revenues from that would go back to support ferry fares. Other than cost of providing service, anything above it goes back.
- Q: *Harold Swierenga*: What about policing it? Arcades are full of kids; we don't want kids there with gaming.
- A: *Kevin Richter*: There are details to work through and we need to talk to the BC Ferries and gaming folks. There would need to be dedicated staff to make sure it is appropriately managed. Those details need to be worked out and it's thinking about doing the pilot project to work out details and see interest.
- C: *Kirk Handrahan*: We are only considering this; no decision has been made to do this. We are looking for feedback.
- Q: *Barry Cavens*: You said net revenue; does all revenue from gaming go to BC Ferries or some to British Columbia Lottery Corporation (BCLC)?

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- A: *Kevin Richter:* Those details need to be worked out. Currently, where you have gaming and casinos the municipalities also have a role and want a portion of that. Details need to be worked out to see what would be the division of that revenue.
- C: *Barry Cavens:* I think you might get questions on that because it's implied in the document that this gaming is going to produce all this revenue for BC Ferries but it will also bring revenue to BCLC.
- C: *Judy Kirk:* So be clear of shares.
- A: *Kirk Handrahan:* The only part of the money that goes to BCLC is to pay their costs.
- Q: *Barry Cavens:* I think they make a profit on gaming.
- A: *Kirk Handrahan:* They do in other circumstances, what we are saying here is that all the net revenue will go back to BC Ferries to help support fares.
- Q: *Barry Cavens:* So BCLC won't make normal charges like they make to the casinos.
- A: *Kevin Richter:* So there will be costs to cover the machines and I know that in communities we need to talk to the communities where they are docking. There is a split on where some revenue goes. The idea is to get as much of those net revenues as possible back to help support the ferry system.
- Q: *Alison Morse:* Would we get into the medium-term plans in 2016?
- A: *Kevin Richter:* This is something we want to hear from the communities, to hear the interest in gaming to see if it's still on the tracks to go forward. I don't have the exact timetable yet, but we have steps to take and one of the most important ones is seeking peoples feedback.
- Q: *Judy Kirk:* Is the intention on the gaming pilot to be implemented prior to 2016 or after 2016?
- A: *Kevin Richter:* Hopefully prior, but there are steps.
- Q: *Alison Morse:* In the end of first paragraph, is it only the reservation system for 2016 to 2020? We are talking about medium-term plans. What will happen right away versus down the road?
- Q: *Judy Kirk:* When are the improvements to the reservation system coming in?
- A: *David Hendry:* The time of day, reservation system and loyalty programs, the whole IT program is a three year program that's scheduled for full implementation by 2017.
- Q: *Judy Kirk:* Kevin, I think I heard you say that the gaming pilot program would be prior to 2016.
- A: *Kevin Richter:* Yes.
- C: *Evan Putterill:* I'm wondering if this is time to talk about service cuts. I think we should move on to this. The gaming is kind of a side issue and I don't think we should spend any time on it.
- C: *Judy Kirk:* Not quite, I hear you loud and clear, I will make sure we get there in the next 10 minutes. I hear you, but some people do have an interest on some of these topics and we will move along as soon as we can.
- C: *Kevin Richter:* The other idea is to recognize that there will be impacts to communities with these service reductions. When I was out on the coast, I noticed that there were quite a few private operators providing passenger-only service, such as water taxis. One of the things that we are looking into and seeking feedback on is the desires of communities on how these services could be used to supplement the existing passenger-vehicle services that are being provided. The province isn't seeking to divert any money to be moved from BC Ferries to these. It's to have a better understanding from communities to see how they may be considered to supplement existing services.

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- Q: *Jo Mrozewski:* I am completely confused about what you want to find out. You're not looking to divert money; these are private services, which was one of the goals of trying to restructure things back in 2003. What do you want to find out and what will you do with the information? How would it affect either government or BC Ferries?
- A: *Kevin Richter:* This information can help. Turning to the Feedback Form, the breadth of the questions are asking about people's opinions on passenger services.
- Q: *Jo Mrozewski:* But if the government is not looking to divert money, presumably in the short term, but making no projections about the medium term. You're not looking to get involved in any alternative service. Are you looking to change that statement, diverting money and/or making planning assumptions based on the planning services? Are you looking to change that in the medium or long term depending on the feedback you receive?
- A: *Kevin Richter:* I can't say at this time, but at least by getting feedback from communities, that's something that government can consider as it goes forward.
- A: *Kirk Handrahan:* This is also to provide information to current and future service providers so they can better provide the services that they are doing now or potentially enter the market.
- Q: *Jo Mrozewski:* So you're providing this service for private companies in doing this information gathering for them?
- A: *Kirk Handrahan:* We are looking at other ways that we can help mitigate potential impacts and maybe we are helping them with better information.
- C: *Tony Law:* People are going to ask the same question. What are you going to do with the information? What actions will come? Otherwise it's information that doesn't go anywhere. Would you consider supplying seniors' and medical discounts to private operators? I'm thinking when evening sailings have been cancelled and people have gone from Hornby Island to Victoria or Nanaimo for treatment and are unable to get the medical free travel because the ferry isn't running. Are those the types of discounts you are thinking of providing to passenger-only services? If that is replacing existing services that have been cancelled as a result of this process?
- A: *Kevin Richter:* I think those are the kinds of comments that you should put down. There is no statement about it yet. But those comments are helpful.
- Q: *John Hodgkins:* I'm not sure whether we are going to some degree over the same ground here. But the issue with supplemental passenger service is not simply immediate, it could be a reactive expectation or desires on the part of communities come April 2014. As far as our community is concerned we would like to understand that if there was to be a supplemental passenger service/water taxi to offset the loss of late evening sailings. Are you saying there is no money on the table or saying no money will be diverted away from BC Ferries?
- A: *Kevin Richter:* At this point there is no money on the table for that. We are seeking feedback on the interest and information.
- Q: *Alison Morse:* With no last sailing on Friday night, would you look at facilitating passenger-only service? I'm not hearing that's what is being contemplated.
- A: *Kevin Richter:* Correct, we are not putting forward a service. But it's important to get your feedback, that it is something that's interesting. Then perhaps add additional comments about being supported by the social programs or encouraging government to consider it as a service that could be supported by government.

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- Q: *Bill Cripps:* We are having a great deal of difficulty understanding the rationale of having this Feedback Form be made available across British Columbia. If you can imagine, there will be a whole bunch of people filling out the form and they don't have a clue about the background of coastal ferries. So the feedback you receive online from these forms is questionable. Just listen to the difficulty we are having here. We will be doing our best to have the people in our communities understand, but there are people out there filling in the feedback form who don't have the opportunity to understand. I think that's a challenge.
- A: *Judy Kirk:* One of the reasons why we do polling in addition to consultation to the consultation is to have a check with something that we can look at that and can be divided by region. Under the Freedom of Information Act we can't compel people to tell us where they are from. In the attitude research we can know which regions and know where it's coming from. And we are using exactly the same form. I want you to know we're doing that, so we can see if there's significant variance in the results.
- Q: *Evan Putterill:* I want to touch back to the talk about water taxi operations and the idea that the government will look into them to look at potential mitigation to impacts. When it comes to impacts, we understand that there will be impacts. Does the government have any of those socio-economic impact studies completed? Can they be forwarded on to us?
- A: *Kevin Richter:* Although the government hasn't commissioned any socio-economic studies; we looked at many factors and realized that the system is under pressure. The government needed to find the correct balance between the ferry system and balancing with investment in health, education, with social programs. Government increased its contribution, but they felt that the contribution was all it could afford. Government recognized, as it looked at the Ferry Commissioners' report, that it was a balancing act that government wanted to achieve.
- Q: *Evan Putterill:* That's interesting. So there is no detailed information that talks about the impacts of what these changes would be. I want to ask a question about something you mentioned, about everyone paying their share. What is the Province paying on a yearly basis to BC Ferries?
- A: *Kevin Richer:* Right now the province is paying in over \$180 million in addition to the fact that the federal government is contributing over \$28 million into the ferry system too. So taxpayers are paying over \$200 million.
- A: *Alison Morse:* Does that include social programs?
- A: *Kevin Richter:* Yes, and that includes fuel.
- C: *Judy Kirk:* In the interest of time, I'm going to ask Kevin to move along here, very briefly on the reservation system.
- C: *Kevin Richter:* People were interested in modifications to the reservation system. The idea was to look at how that could be improved to make it more efficient. BC Ferries is implementing a new reservation system and now's the time to get feedback from users as to how the program can be shaped.
- Q: *Jo Mrozewski:* My understanding is that BC Ferries is responsible for the fare structure once the fare cap is set. So similar to the question of passenger-only service, what is government trying to find out about this? Why isn't this a BC Ferries issue?
- A: *Kevin Richter:* Since we are going out and engaging with communities and it was raised in the last engagement, we thought it would be appropriate to bring it forward and then have that

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information passed onto BC Ferries. BC Ferries will be accompanying us to the communities we are meeting with.

- C: *Jo Mrozewski*: So as you're going out and using the tour as an opportunity to do a little bit of research for private companies and for BC Ferries, is there not scope to add questions to do research on the economic impact on communities? The economic impact on our communities and assumption that our communities are bedroom communities; there are a number of us who question the validity of that assumption.
- A: *Judy Kirk*: Fair enough. Not to comment on the specifics of your question, but if people felt there should be something dedicated to socio-economic impacts, there is an additional comments section. This allows for participants to add information that may not have been asked. Or if you think the other questions are inappropriate.
- C: *Harold Swierenga*: Talking about time-of-day and time-of-week pricing and demand management. This is a function of demand. It can help in terms of future capital expenditures such as ships, etc., however when you talk about dropping the seniors discount it removes incentives for seniors to travel on those days. They may as well go on the weekend and is counter to what we are proposing here.
- A: *Judy Kirk*: I hear the comment, is the question also whether BC Ferries and the government considered that.
- C: *Harold Swierenga*: It's a comment there.
- C: *Kevin Richter*: Moving on to service reductions. Recognizing that this is an immediate challenge, a plan was put together by BC Ferries and it indicates routes using considerations that we discussed at last year's engagement. Using those considerations to inform the decision and also meeting a target that was set by the province. BC Ferries developed a plan of routes and where reductions would occur. We've taken this plan and it's included in the Discussion Guide and I would like to ask that Kirk walk through a quick sampling preview of it and open it up to questions that you may have. I also want to comment that we committed to come out to communities prior to the implementation of this reduction plan. We are doing that and want to know of any considerations we weren't aware of. Secondly, is that BC Ferries would like to meeting with the Ferry Advisory Committee to talk about how it could be modified to help mitigate what these impacts will look like. Those are two important parts, as we go through the reduction plan.
- C: *Judy Kirk*: Kirk, you will be explaining what modified means, correct?
- C: *Kirk Handrahan*: BC Ferries can speak to that a bit more clearly than I can.
- C: *David Hendry*: BC Ferries was asked to come up with information to present to government and that's where this plan has come from. It was derived from considerations; we looked at utilization and sailings on each of the routes. Where there was low utilization and you could carry the traffic on the remaining sailings we went and checked if it did achieve net sailings. If that was the case, then that was an option that was presented. In terms of the actual proposal and which sailings are impacted; we run the business and we have a pretty good idea of where we think it could come from. But that's also why we are out here, and we will be out again starting early January to go through what's proposed here and work with the FAC in terms of refining that schedule so it takes into account things in the community that we may not have considered. So we need to come back in a separate forum to discuss those changes.

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- Q: *Jo Mrozewski:* Going out to the communities and or talking to the FACC in January presupposes any comments that people have regarding any changes or service cuts. We're assuming that this consultation in the community is not going to have impact on these service cuts. That's an observation. My question is, with these changes, projections or savings, what traffic projections are you using?
- A: *David Hendry:* In terms of what we anticipate the impact to revenue being?
- Q: *Jo Mrozewski:* What are your assumptions for traffic levels?
- A: *David Hendry:* These are based off traffic levels for fiscal 2013, the year that just finished.
- Q: *Jo Mrozewski:* So you're assuming that between now and the end of the performance term there will be no drop in traffic?
- A: *David Hendry:* That's not true. We have taken into account as best we can an estimate of what we think the drop-off of traffic from these sailings will be.
- Q: *Jo Mrozewski:* In general then, obviously you have to make some projections for revenue for the entire system and the rest of the performance term. My question is, what is the picture that you have of what traffic will look like between now and the end of this performance term?
- A: *David Hendry:* It goes back to the price cap that was set by the Commissioner for Performance Term 3. That traffic forecast was flat and we haven't achieved that, but in terms of achieving the savings of \$18.9 million, that's basically built into the cap.
- Q: *Jo Mrozewski:* I'm taking from the different components of your answer that you're not taking into account the possibility that traffic will fall with reductions but in general throughout the system from the increase of fares that we are going to be seeing, between now and the end of this performance term. All these numbers are based on flat traffic?
- A: *David Hendry:* That's correct.
- C: *Bill Cripps:* I would like to comment on the fact that this is the first time I've heard about BC Ferries coming back to communities to talk with the FACs about potential schedule changes. This is the same problem that FACs and other groups have. No individual or collectivity can understand the needs of ferry users collectively. For you to come back and say "we have feedback on Texada, how would you folks like to modify the schedule to mitigate?" We can't do that, we don't understand the individual ferry user needs. David, you were at our meeting on Texada in April and we heard from a supplier for the grocery store on Texada that if you cancel the dangerous goods sailing, there's a ferry user who was using that service, and changed the schedule to accommodate the meeting and that created a huge reaction, because we didn't understand the need of that supplier. You cannot expect the FACs to be able to work schedules. It's not possible; I think that's a failure before it starts.
- Q: *Tony Law:* I have some problems with assumptions and I would like to get some clarity at how you arrived at them. One assumption is around capacity utilization, because it's looking at demand but you need to consider the supply side. If you look at the major routes, capacity utilization is based on the actual vessel that's running, meanwhile there's a vessel sitting idle. If BC Ferries decided to run the small vessel then capacity utilization looks high even though there's a larger vessel sitting idle and that's not taken into account. On the smaller routes BC Ferries does not have the capacity to change vessel size when there is low or high demand. So you have a vessel in place that has to meet the summer demand and a different vessel to meet winter demand then there will be lower

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capacity utilization. Each vessel is not matched to demand on that route. When you look at capacity utilization you need to look at supply and demand, otherwise you have a gross or misleading figure. Not looking at operating costs but looking at capital costs and it can vary in terms of age and infrastructure. I think these figures are very misleading because they don't take into account the infrastructure of vessels and supply that BC Ferries is providing. That has a consequence which leads to the shortfall in the capacity utilization. Relying on those figures is not helpful. When you are looking at cancelling sailings to what extent did you look at traffic losses? I look at where you are looking at cancelling the last two of three sailings on Hornby, if you look at the traffic on those two sailings it's over 100 percent so you're dealing with an overload on the last sailing. Did you take that into account, or are you assuming there will be a drop of traffic?

- A: *David Hendry:* We came up in support to look at net savings because the actual cost savings you start out with is higher than what's shown. There's a revenue adjustment to come to that net savings. We don't know what the impacts are going to be, but we had to make an estimate saying, with the sailings that are removed, some of that traffic won't sail. We took an estimate that 25 percent of that traffic will no longer sail. That will be the revenue erosion against your cost savings against your net savings. We tried to take into account for that and being optimistic. We put it on an average of about 25 percent.
- Q: *Evan Putterill:* One question on the erosion of revenue. That 25 percent might be a realistic estimate if you don't take into consideration the longer-term economic impact this will have on communities and how that will drive down overall traffic on the sailings throughout the day that aren't being packed. Would that take into consideration the medium to long-term economic impact and how that will erode the ridership in general? My second point is on capacity utilization, pointing out how it's problematic. We have had the replacement of two northern vessels and before they were replaced they were not full. They had low capacity utilization numbers. Both of those vessels were replaced by larger ships with more deck space. How can you justify using capacity utilization when those decisions are made.
- A: *Kirk Handrahan:* No one consideration was used. We looked at utilization annually and on a round-trip basis, as well as the difference between providing the cost of services and revenues generated. We looked at a mix of considerations in coming to any of the decisions, that's what I can say at the general level. On northern routes, one of the primary things we looked at was cost and balance. We hit it up against low level utilization levels at times, that there was an opportunity for significant savings, particularly on fuel, given the length of those sailings. On the smaller routes, the emphasis was more on the utilization of round trips, mostly are under the 20 percent, some are 25 percent or 30 percent. Those are still relatively low-usage, even if you had a smaller vessel. There was no one consideration, we looked at all of them and applied it into the considerations of each route as best we can.
- C: *Judy Kirk:* Would you like Kirk to walk through examples or leave the floor open to additional questions and comments lead by your desire?
- C: *Alison Morse:* A bit of both, maybe some general questions and then get into examples.
- Q: *Evan Putterill:* Just because I had a little trouble hearing that last answer, how can we justify, that when it comes to the two northern routes, capacity utilization was the number one reason so many

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- cuts were made on Route 10 and Route 11? How can we justify using capacity utilization when such poor decision-making was in place when it came to vessel replacement. Is this going to continue?
- A: *Kirk Handrahan*: The primary consideration on the northern routes was the difference of the cost of providing the service and the revenues generated. We also looked at utilization levels, but there are significant costs of providing those services and it is difficult to do the frequency of the sailings given the low utilization.
- Q: *Brian Hollingshead*: I heard it a number of times on the announcement that if this isn't working it will go back to the Ferry Advisory Committee and they will fix it up a little bit. It implicates us in this, in something we have no ability to move. But it is putting a false hope out there that the Ferry Advisory Committees are going to be able to fix this, they are not.
- C: *Judy Kirk*: Are you saying as FAC representatives that you don't want BC Ferries to talk to you about tweaking the sailings?
- C: *Brian Hollingshead*: I don't discourage it, but don't want the public to have the expectation that we can fix it.
- C: *Judy Kirk*: I just want to check. As the facilitator these are some things that I can clarify in meetings. What BC Ferries has said is that they will come out and talk to you about changing something and you want to be consulted but don't people to assume that you are creating this timetable.
- C: *John Hodgkins*: Those parameters are not made clear in this message you are giving to the community. We don't know from anything in here the level of flexibility we have for future discussions with BC Ferries. We don't know if we are talking about containing the service level within a number of sailings on any given day. It's not enough information.
- C: *Brian Hollingshead*: There is a trust issue with members of the community with numbers that come from government and BC Ferries. Even in here we are trying to get the numbers and having a hard time. If you are asking the Ferry Advisory Committee to get into helping you rejig the schedule, we have to know what's behind the numbers. How much is fuel? How much is labour? Are you charging for docks? There are different numbers for round trips; we need to know where the numbers come from. Hopefully you are prepared to provide that. We need that information.
- Q: *Alison Morse*: The utilization numbers that are being used are only for vehicles, right? No one has looked at how many foot passengers have used those runs?
- A: *Kirk Handrahan*: Yes we have.
- Q: *Alison Morse*: That's not published. Is that information going to be made available to the communities when you come out?
- A: *Kirk Handrahan*: Sure.
- C: *Alison Morse*: To say, we have cancelled this run, there are 50 cars and also 20 percent of the ferry that has a 10 car capacity and 20 percent of the ferry that has 100 car capacity is different than the absolute number.
- A: *David Hendry*: Typically the foot passenger utilization is much lower than this.
- Q: *Alison Morse*: I think people will want to know what the foot passenger usage is. You are saying that it will save money, so I'm assuming that this estimated savings to 2016 is for fiscal 2014-2015 and 2015-2016, so it's two years' worth of savings, not annual savings?
- A: *Kirk Handrahan*: That's correct.

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- Q: *Alison Morse:* It's a net number; are you going to give us the details of what the gross and net was of what you are estimating? Also, providing some general information to the communities around the fact that yes you are canceling runs at the end of the day, but logic is that this is because of the union contract. What about providing some information around what the contract says regarding worker information, lunch break, shift information and then the operating expenses themselves. We used to get direct operating expenses broken down between wages, fuel, refit, maintenance, terminal operating costs and I think that if a lot of people feel that if our fares were covering direct expenses (fuel, wages, etc.) then maybe that's fair and how much more than those costs are we kicking in. If I compared the fares to the old days and costs increased, they all were absorbed by fares. Then the utilization numbers for the vessels, was it based on the capacity of the vessel for the day?
- A: *Joanne Doyle:* It was based on the vessel that operated that day or that sailing.
- Q: *Alison Morse:* So if I looked at the capacity provided 2013 versus 2012 I would see that 2013 was a smaller number?
- A: *Joanne Doyle:* You would see the difference in the capacity utilization.
- Q: *Alison Morse:* So that number for 2013 will be smaller than 2012?
- C: *David Hendry:* Yes, so if there was a vessel on Route 8 that was small for a significant portion than utilization would trend upwards.
- Q: *Bill Cripps:* In terms of the FACs, in last year's consultation you received a submission from the economic development manager who said there are four routes that are all interconnected one way or the other. You can't arbitrarily change the schedule for one of the routes because it impacts connectivity for residents coming from outside the region to Powell River. The suggestion was that BC Ferries work with the community to look at all schedules that are interconnected. Figure out what's best for Powell River and Texada. Just to clarify, that's why it's complicated and why the FAC can't do it. The \$18.9 million to be achieved over two years, what's that on a year-to-year basis until Performance Term four?
- C: *Judy Kirk:* To be clear, Performance Term four being what year?
- C: *David Hendry:* Starting in 2016.
- A: *David Hendry:* So Bill, you're asking what the annual savings are going into Performance Term Four?
- Q: *Bill Cripps:* Yes.
- A: *David Hendry:* It's approximately \$13 million annually.
- Q: *Bill Cripps:* My second question is about flat traffic for Performance Term 3 both for your fiscal 2013 and fiscal 2014 annual business plans for BC Ferries. But was the flat traffic you were talking about for fiscal 2012?
- A: *David Hendry:* The flat traffic I was talking about was in the development of the price cap for Performance Term 3.
- Q: *Bill Cripps:* So the base case for Performance Term 3 was fiscal 2012.
- A: *David Hendry:* Yes.
- Q: *Paul Ryan:* For this proposed meeting between BC Ferries and the FACs, I would suggestion that you make it clear when you announce this that there will be no difference, even if service reductions may be tweaked, that there will be no difference in the amount of money that needs to

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be saved. You're looking to keep the amount of money the same. So any tweaking that needs to be done would end up generating the same amount of savings. Please make that clear when you announce that.

- C: *Judy Kirk:* To be fair Paul, I think the discussion guide has tried to be clear on that. But what I'm hearing from you is that it's not clear enough.
- Q: *Paul Ryan:* Like Brian and Bill have said, it's that people are going to get false hope when they hear that BC Ferries is coming to meet with them to try and mitigate these changes. The second thing is that I think you have it backwards, why wouldn't you have come to the communities beforehand, like you said you were going to last year, to talk about potential, specific service cuts, and ask for feedback from the communities before you announce the cuts themselves? You're saying we are cutting this and this now, but maybe we can tweak it a bit.
- A: *Kevin Richter:* For the \$18.9 million in service reductions, the government has been clear that there would be reductions. The government has taken a lot of time thinking on how they would approach that. It has taken us a long time to this point in time to come forward. There are very few options and we asked BC Ferries to come up with a plan, we gave them a target and the considerations to develop the plan. Now we are coming forward with that plan and asking for your input, but we were clear with the service reductions.
- C: *Paul Ryan:* There are other options. As you know, the government could decide that they were going to fund the ferry system at the same level they fund all other forms of transportation in the province like we have been saying for years. That is an option that isn't even on the table here. We've been talking about this for years. You keep giving the mantra that there is no money; well there are millions of dollars being spent in the Lower Mainland on transportation infrastructure.
- C: *Jo Mrozewski:* It needs to be absolutely clear about the parameters that will be used to talk with the FACs. We don't want to be consulted primarily on service cut effects. We want to be consulted on what we think the problem is in the system and where the solution is, which are fares. That is what our prime focus is, that is the problem, and none of what is being proposed changes that. We have heard a number of references echoed about how the FACs will be consulted. It has to be absolutely clear that we will be consulted on precisely this, not the stuff we want to be consulted about. It strikes me that the FAC's track record in predicting traffic trends and fare impacts has been far more accurate than either the Ministry or BC Ferries. This does not deal with the increase in fares. If you aren't going to clarify it, we will take it upon ourselves to clarify it.
- Q: *John Hodgkins:* The data set used for the preparation of this document is a new data set; it's not restating the data that was published 12 months ago. BC Ferries was kind enough to share that data set with the Ferry Advisory Committee to help us understand, specifically on the volume of passenger usage on the sailings. The request is, may we have that or at least our own routes data to enable us to assimilate a response.
- C: *Judy Kirk:* Evan, so you know, I heard David saying yes.
- Q: *John Hodgkins:* There has been a gut reaction from the community in the last 24 hours, that we have received from up to 150 respondents using social media, that we have a set of proposals here that I believe assume that later evening travel is optional travel. It is based around a likelihood that it's leisure and recreation-driven. I'm hearing from my community there are life-changing implications and because we are serving hospitals and other major employers with shift work,

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people will be faced with decisions about moving off the island if these proposals go ahead unchanged. It reinforces my question that we must understand the parameters within which the assumptions of future operating costs are being made and we must understand the parameters within which any dialogue between the Ferry Advisory Committee and BC Ferries may take place in the future. There is not enough clarity for us to be able to even guide the questions that members within our community will want to ask.

- C: *Evan Putterill*: To build on this consultation process and how the FACs fit in: When the Commissioner came around a few years ago, he had it right. They were open-ended meetings about what the problems were. It was just one meeting in our communities, but they were positive meetings because people were looking for solutions and the questions were open-ended. I'm not trying to point fingers at anyone, but this process has been rigged from the start. It's about flashing services and how to do that, and it's not about how best to do that. If it was about how to minimize the impacts while finding these savings, personally I don't think we should have to find these savings, it was an arbitrary number. But if it was about trying to find the most painless way to do that, from the beginning of the process there would have been successive rounds of community-based meetings where details were put on the table and where community members were asked to be involved in the process. This is the opposite. Now the Ferry Advisory Committee is being asked to come in and do that work for the government and BC Ferries. That's absolutely unacceptable. If that is something that you guys want to do now, well great. I welcome tweaking this service because from what I know there are many significant problems. But I'm only one person. That won't happen with a couple of meetings with the FACs or one meeting in the community. It's a joke.
- Q: *Tony Law*: I want to make a couple of observations because in the plan, for Route 18 and Route 21, it says elimination of two round trips daily and an elimination of three round trips daily on Route 21. On all other routes, it specifies the sailings that will be cancelled. So on our Facebook discussion, we say that that it looks like on Denman it hasn't been determined and then this morning when I looked at the Feedback Form it does specify. So it's very misleading because on Route 21 and Route 18 hasn't been decided which sailings are proposing to be cancelled in the Discussion Guide. It's only when you get to the Feedback Form you find out.
- A: *Judy Kirk*: Let me check, was that an oversight David or Kirk.
- C: *Joanne Doyle*: I think I misunderstood the question.
- C: *Judy Kirk*: The question is regarding information on page 21 regarding route 18 it says elimination of two round trips. And it doesn't say the specific elimination, is what you are saying.
- A: *Joanne Doyle*: We tried to identify the round trips by the black borders but it is difficult to see.
- C: *Tony Law*: With the other ones it says which ones are cancelled, but here it gives the impression that it hasn't been decided.
- C: *Judy Kirk*: That said, there is the black line there.
- C: *Tony Law*: It's hard to see on the computer screen.
- C: *Tony Law*: Could we have the breakdown for the overall assumed savings, where it breaks down to labour and fuel. We are on the front line, you see us as a thorn in your side, and we try and represent what we hear from the Province and BC Ferries. I wanted to resign my position as FAC because people saw me as an apologist because I try to represent what I hear from you. All of us

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have spent two days out of our lives as volunteers, yesterday and today, preparing for this meeting and you put us in a really difficult position. We have been saying all along, yes the government will come back and consult. As Paul said, if you had come back and said, we are trying to figure it out, so let's sit and work with you to see how these savings can be made, rather than coming down with this plan. What I've heard in the last 24 hours on Facebook and riding the ferry this morning and going to the store yesterday were some people saying, what's the point in going to the meetings. They aren't consulting; they want to go through the motions of having done consultations. People will be in reactive mode and that is not good for consulting or problem-solving. You have not set out to sit down and solve this mutual problem and a lot of us really feel like the last consultation was a poor use of money because of the general questions. If you're not respecting the people that you are consulting with, for example, our community is booked over supertime and that gives message that you aren't interested how we do things on this island, you will have to choose if you can come, even if it disrupts your supertime. Everyone knows that meetings start at 7:30pm, to avoid interruption with supertime. I'm afraid that unless you can do something to communicate better exactly what this consultation will lead to. What are you going to do with that information about how the cutbacks will affect people's lives? Unless you are responsive to what you hear in the communities, I fear people are going to go in with a reactive mode. People are saying let's not go through this process, let's go to the Minister and our MLA. Consultation has got to work for the people who are being consulted with to be successful and I have a feeling that people are not in the frame of mind that they will go in with that understanding.

A: *Kevin Richter:* We realize that there will be impacts to communities, the whole intent of why we are going out and doing this, the whole reason why government is contributing more money and looking at service reductions, is to try and deal with affordability and sustainability in the long run. The idea of doing the engagement is to see what may have been missed and to gather feedback on these other measures that are going to help into the future. We realize that there will be impacts, but what this is all being driven by, is loud and clear is that fares can't continue to rise. There has to be action taken to stop that. It only gets the pressures developed more and more in the future.

C: *Dyan Duns Moor-Farley:* Kevin, it's interesting the way you have framed that as an issue that fares can't continue to rise. By framing it that way, it appears that government is being responsive to keeping fares low. But that's turning the issue on its head. The reality is that ferry-dependent communities, and British Columbia has one of the longest coast lines in the world, ferry-dependent communities rely on this service and one of the key finding in the first round of consultation was that this government needed to treat this as part of the transportation system. Out of all of the recommendations that came out of the consultation record from the 2012 consultation, that was the only one that was completely ignored. The only issues that were chosen were cherry-picked to suit a narrow agenda. I want to go back to the larger picture. This government was elected because they made a commitment to economic growth and to jobs for BC families. I was a public servant for 25 years, I can't imagine that government has not done a business case on this, that they have not looked at the socio-economic impacts. If not, they are derelict in their responsibilities to us and to all British Columbians. I want to know how the things that are going on around the ferry system, as part of our transportation infrastructure, are going to build economic sustainability in this province for families in the future. Or is it just for some families? It's certainly not for families that live on our coastal communities, not just the islands, anyone who needs to get from A to B in this province.

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The lack of contextualizing it into a larger political arena, and the lack of a stated plan for economic growth for families or a lack of any evidence that a socio-economic analysis was done. I can't believe that the government has been so negligent in these responsibilities, which leads me to believe that they either have the information or aren't sharing it or they are making a narrow political decision to sacrifice this part of the BC tax payer base for some other interests that are more compelling. I know this is getting away from the service cuts conversation, but that will happen when we go into our communities and we have a conversation with residents. They will say: "where do we fit in this larger economic plan?" It's not being reflected here. Are we going to get "one-offed" on this? Or "one-offed" on the health care system and then education? Every single ferry cut that is being proposed in our community will cost someone something; our healthcare workers who work shiftwork in Nanaimo, our university students who are going to classes and can't get home. There are going to be real impacts to communities and it seems that this is not being considered in terms of economic health of our province. Are we chopped liver in this whole process? So, what part of your plan is this? Is it to sustain economic development of families and all British Columbians? It's not evident to me. I find it hard to sit as a FAC member and help our community try and struggle to make decisions that will inevitably harm some members of our community.

- Q: *Barry Cavens*: In reference to the definition of basic levels of service. It says "ensure the major of users can get to work and school." What does majority mean? Does that mean that if half our people can't get to work is that okay?
- C: *Judy Kirk*: I think majority was in the last guide.
- C: *Barry Cavens*: People are reading that and interpreting that it means we can forfeit some jobs. For example, if 100 on the boat go to work, as long as 51 are accommodated is that OK. I think that will generate some questions, it already has to me. In the Ferry Advisory Committees over the last couple of years, we have been told that BC Ferries is simply providing data to Ministry and the Ministry will develop the plan and BC Ferries doesn't know what the Ministry will come forward with. I have heard here today that government asked BC Ferries to bring forward a plan. This sounds like BC Ferries plan; a comment is whenever we ask about the sailing, and it might be on the radar, the one in the red box last year was the 6:20 sailing. I asked if that was likely on the radar for service reduction. We tried to get some information on that sailing and the response was, we don't know, all we do is provide information to the government. I'm a little concerned about the process that has gone on the for last couple of years. I'm concerned that we have been left out.
- C: *Judy Kirk*: I want to make sure we have the basic question. You are asking how these proposals for reductions came forward: was it BC Ferries or the Ministry of Transportation and Infrastructure or both?
- C: *Barry Cavens*: I might have misinterpreted what I heard from BC Ferries but I would like clarity now as to how this plan came forward.
- A: *Kirk Handrahan*: The government set the objectives of saving that amount of money and BC Ferries is the service provider and best able to understand their costs. We asked them, within the constraints of that target, how best to achieve that objective given the principles and considerations we talked about last year. The province has approved that proposal.
- C: *Barry Cavens*: That sounds reasonable, but that's not what we've been hearing in the Ferry Advisory Committees.

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- C: *Keith Rush:* My daughter and her boyfriend are building a home on Gabriola and she phoned me crying that they may have to think about moving because she works shift work and comes home late at night. She won't be able to do that. That's echoing what is said there. Specifically on our Route 20, which is the Thetis route, is \$160,000 in net savings. Is that over a two year period? Can you provide the FACs the breakdown on what it is composed of, labour or fuel? Because we won't have time to get into that today.
- C: *Judy Kirk:* I think that was asked earlier today and David, correct me if I'm wrong, but you said yes.
- C: *David Hendry:* Yes.
- Q: *Frank Frketich:* Dyan said what I was going to say much more eloquently. I want to get back to something from the previous consultation and it's on page four. One of the recommendations that was received was that BC Ferries should be an essentially part of highway system. What happened to that theme?
- A: *Kevin Richter:* Government certainly listened to what people had to say. However, government feels that although BC Ferries is a critical part of the transportation system, they see it as a completely different system than the highway system. The government feels that the ferry system is running well but it needs to be tuned up, especially into the future with additional pressures coming on. So government made a decision to keep it as a separate entity. But nonetheless, government has contributed additional money to the system.
- Q: *Frank Frketich:* Has the government ever made a statement that ferries are as essential as highways are?
- A: *Kirk Handrahan:* I think we have said it's a critical part of the transportation system, I've heard it many times. But it is a different operation than a highway.
- C: *Frank Frketich:* The government has to do something different, because the government over many years, and many others before, has failed to fund BC Ferries the way it needs to be funded. We see this mindset that we can only do so much therefore we have these cuts. If we put these cuts in place they will do the job in a year or two. What will be the next thing? What else will we cut two years down the road? As far as my little island, I've already heard the same stories as others, how will I get home at night if I go to college in Courtenay and how will I get home from my shift at night if there is no ferry any more. When you build a highway it doesn't matter if it's 1,000 cars going down it or if it's 10 cars, the highway is there. I recognize the difference with the ferries, but there has to be a bit of leeway, saying there are 100 people on the ferry now and other times there are 15 or 20. That's the way it is, it can't be full all the time.
- C: *Kirk Handrahan:* We aren't looking for it to be full all the time.
- C: *Frank Frketich:* But what you're doing is the end of BC Ferries.
- C: *Evan Putterill:* I want touch back on what Kevin said 10 minutes ago about affordability and sustainability and the driving forces about what government wants to do here. I would like to please ask that you don't come to the communities and insult our intelligence and say it is about affordability and sustainability. This plan will not reduce fares. Fares are unaffordable. This plan won't bring yearly increases to fares within inflation. It won't do that. It's not about sustainability in our communities, unless what you mean by sustainability is a planned decrease until the service is not necessary. There are a lot of important policy questions we are asking and the people are going

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to ask for and they want answers and we aren't getting answers because no one has the ability to give us the answers. I know this isn't going to happen because it's bad news, but it would be great if government had the guts to actually go out with the ability to answer these questions and effect real change.

- C: *Bill Cripps*: An observation, based on what we have heard last year and here today. It's my opinion and comment that the initiatives will not solve the problems that BC Ferries has. If we look at the plan for Performance Term 3, which all of this is based on, and the first Coastal Ferries contract in 2012, we have had consistent traffic declines in the order of one percent in fiscal 2013 and we are already over one percent decline in fiscal 2014. What you are looking at as the basic fundamental plan for Performance Term 3 is a revenue shortfall against that plan and anywhere from \$28 million to \$40 million to the end of Performance Term 3. It makes these initiatives unsuccessful and you are going into Performance Term 4 with the same situation you went into Performance Term 3 with. You are no further ahead and the province simply has to find more funding within the Ministry of Transportation and Infrastructure for the Coastal Ferries system. The problem isn't utilization or the late-night sailings, service adjustments, gaming or the seniors' discount. They are not going to solve the problem. I'll make sure you have the logic behind those comments if you don't already have them.
- C: *Judy Kirk*: I heard that your initial comment was that reductions and other proposals that are before you today won't result in \$14 million in savings.
- Q: *Bill Cripps*: No. It won't solve the problem that was facing BC Ferries at the beginning of Performance Term 4. The government came along and increased the service fee for the last three years. The commissioner set the fare caps at four percent instead of seven. These initiatives won't solve the problem at the beginning of Performance Term 3 going into Performance Term 4. The problem is much bigger than that. The fundamental problem is that traffic is declining and that's reducing revenue at approximately four million dollars each year. If you want a different measure than that, in fiscal 2013 passenger traffic is down by a quarter million people and vehicles are down just under 100,000. These are big numbers. These initiatives won't solve the problem. The fares are simply too high and people are reacting to that.
- A: *Kevin Richter*: I don't think that there will be a silver bullet to solve the problem. I think it will be looking at a multitude of problems. The province is putting in money, looking at service reductions, looking at medium-term ideas like gaming, the seniors' discount and looking at the longer-term strategies. I agree that we are looking big pressure coming into the future. The Ferry Commissioner identified that. I think it's not a single thing; it will be a bunch of steps in order to address that and knock down that pressure going into the future.
- A: *Kirk Handrahan*: There's no one silver bullet and we are looking at a range of things in the medium-term and the longer-term. We fully recognize the pressures that are in the system and on the other side are the costs that have gone up dramatically. Over last 10 years, fuel costs, which are a big part of the costs of providing this service, have gone up 120 percent. That's huge. It does impact your ability to provide services when you are getting very large externally-driven costs. All of these initiatives are trying to address that. In the Ferry Commissioner's report he said that everyone has to contribute, whether it's the users, the government or the ferry operator. It's trying to find the balance, which is not an easy task.

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- Q: *Brian Hollingshead:* Ferry users in the ferry communities feel they have been thrown under the bus. As you probably know the users carry all of the weight. They asked the province, will you pick up your share of it and the province said no. Those are all built into the fares. I want to go back to something we asked last year. You went out and talked about a \$30 million reduction of savings from reduced sailings. We asked if you knew what those service cuts would be and the answer was, no we haven't gone that far yet. Now you know what it looks like although we don't know what the reductions will be on the major routes. We are saying that three-quarters of savings is being drawn from the minor routes and northern routes. That's where 25 percent of the revenue comes from, but 75 percent of the cuts. We were told that \$4.9 million in savings is coming from the majors but that hasn't been identified. Before this consultation is over I would like to know what those cuts are going to look like. That's hidden behind the curtain and yet that's where the big dollars are. Route 30, from Tsawwassen to Duke Point has lost \$25 million in the last year, \$30 million the year before. It's one of the biggest losers in the system and has one of the lowest utilization rates. We would like to know what's going on there. Not just our routes, but the whole picture.
- A: *Kevin Richter:* On the majors there are \$4 million in service reductions that BC Ferries has been implementing. So there will be \$4 million until 2016 in savings off the majors. As far as the \$4.9 million, we have been asking BC Ferries and they are in the early stages. I can't comment where they are. In total there will be \$9 million in Performance Term 3 that will be coming off the major routes.
- A: *David Hendry:* We have to look at the three major routes: 1, 2 and 30. I think everyone in the room recognizes they are the bread and butter of the system from a subsidization standpoint. Since 2007 and 2008 we have taken off approximately 500 or 600 trips off the majors. We have taken out what we can, and there's the opportunity to take out a further 300 on the major routes. But in terms of finding the \$4.9 million, we need to look at that more structurally. We are looking at that right now in terms of what the best opportunities are by looking at the three routes and seeing where the utilization may be low. It takes time and we need more analysis to tell what the conclusions are. Are we going to be ready in the next month? Probably not, but it's incumbent on our plan that we need to find savings from the majors. When we get into the first year of Performance Term 4, the \$13 million of annual savings, basically at that time \$3.5 million would come from the north, \$3.5 million would come from the minors and \$6 million would come from the major routes. That \$13 million would be ongoing into Performance Term 4 and beyond.

3. Closing Remarks

Judy Kirk wrapped up the meeting, thanked participants for their time and encouraged participants to complete the feedback form and encourage friends and others to participate.

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PURPOSE	Notes from a Regional District Chairs meeting for the BC Coastal Ferries Community Engagement held on November 19, 2013 at the Vancouver Island Conference Centre, Nanaimo, B.C.
FACILITATOR	Judy Kirk, Kirk & Co. Consulting Ltd.
ATTENDEES	Jim Abram, Chair, Strathcona Regional District Elisa Campbell, Director, Regional and Strategic Planning, Metro Vancouver Kendall Hanson, CHEK News Rob Hutchins, Chair, Town of Ladysmith Sheila Malcolmson, Chair, Islands Trust Council Reginald Moody, Chair, Central Coast Regional District Garry Nohr, Chair, Sunshine Coast Regional District Colin Palmer, Chair, Powell River Regional District Barry Pages, Chair, Skeena-Queen Charlotte Regional District Bev Parnham, Vice- chair, district of Port Hardy Brenda Paquin, Corporate Officer, Powell River Regional District Cindy Solda, Chair, Alberni Clayoquot Regional District Joe Stanhope, Chair, Regional District of Nanaimo
PROJECT TEAM ATTENDEES	Kevin Richter, Assistant Deputy Minister, Ministry of Transportation and Infrastructure Kirk Handrahan, Executive Director, Marine Branch, Ministry of Transportation and Infrastructure David Hendry, Director of Strategic Planning, BC Ferries Joanne Doyle, Manager, Master Planning, BC Ferries Lisa Santos, Kirk & Co. Consulting Ltd., Meeting Recorder
AGENDA	1. Welcome and Review Agenda 2. Discussion 3. Closing Remarks

KEY THEMES

- Participants wanted to know why there is not a needs assessment and an analysis of socio-economic effects. Participants said that service reductions will result in people moving away from coastal communities and businesses could close due to fewer customers.
- Participants said they want to know (consistent with the Union of British Columbia Municipalities resolution) why the government does not fund the ferry system as they fund the provincial highway system. Participants said BC Ferries should be returned to provincial government control.

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- Participants were opposed to service reductions, noting that they will negatively impact people commuting to work and school, and negatively impact the economies of coastal communities. Participants said businesses on islands require late-night sailings.
- Participants said fares are too high and that efforts to keep fare increases to the consumer price index are not good enough.
- Participants said this plan will devastate coastal communities; the government should look at Washington State Ferries as a better model for running the system.
- Participants said service reductions will drive costs up, rather than generate savings.

DISCUSSION

1. Welcome and Introductions – Judy Kirk

Judy Kirk welcomed participants and explained the format of the meeting. Judy informed participants that the meeting was being recorded for accuracy. The BC Coastal Ferries Community Engagement team members introduced themselves.

2. Discussion – All

(Abbreviations will be used and mean – Q: Question, A: Answer, C: Comment)

Q: *Sheila Malcolmson:* Can you give us a higher-level explanation of why we are here?

A: *Kevin Richter:* Thank you for coming today. Recognizing your interest in coastal communities we wanted to meet with you first before we went out into the communities. We wanted to give you this opportunity to ask some questions to enable you to get the information you may be seeking, which can empower you to then talk with the rest of your community and hopefully encourage them to come out to the upcoming meetings. This afternoon I will quickly go over the guide at a high-level; I believe there is one placed at all of your places, so you may have already looked through it. We will go through it very high level, but along the way I invite you to stop me and ask us questions.

C: *Judy Kirk:* Kevin, I think we need to address Sheila’s question. I want to add that it is not an easy task to manage a meeting like this with four people on the phone. If we find that the phone is disruptive I will ask that the volume here be turned down, recognizing that the participants on the phone can hear. I want to ensure that you who are here not only hear but that we don’t have any disruptions.

A: *Kevin Richter:* This is our second meeting of the engagement and the purpose is to get your feedback here and your input. Also, to answer your questions; to be part of the overall engagement; to solicit your feedback and comments and move this engagement process along.

Q: *Jim Abram:* I’m not sure the high- level was addressed. We’re talking about community engagement as opposed to community consultation. This is not a consultation, this is an

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engagement. You're talking with us, but not really consulting with us in the usual sense of consultation. Is that correct?

A: *Kevin Richter:* We are coming out to seek your feedback on measures that are following up on the engagement that was conducted last November and December. Last year, we did come out and ask for feedback around service reductions, so we did a consultation last year around those considerations, we also consulted on long-term strategies. This is a follow-up on that engagement; we said we would come back with a plan and now we are coming back to communities before implementing a service reduction plan, this is that next step. We have medium-term measures we want to get feedback on, such as gaming and the seniors' discount. Government has been clear about seeking \$18.9 million in service reductions but we want feedback on that. BC Ferries has indicated that there may be opportunities to refine the schedules. Recognizing that there are impacts associated with the service reductions, engaging with communities around those service reductions, but still getting those service reductions.

Q: *Jim Abram:* But those decisions have been made?

A: *Kevin Richter:* A decision has been made for service reductions.

Q: *Jim Abram:* With the reductions that were presented?

A: *Kevin Richter:* For the \$18.9 million, government wants to proceed with the service reductions.

C: *Sheila Malcolmson:* I appreciate Jim's addition. I'm happy to hear your presentation and I know that none of you asked for this but I don't feel that I or the Islands Trust Council were consulted or engaged by a meeting like this. To have them announce the reductions without any notification to local government. We weren't told about the press conference. Then to ask us twenty-four hours later on behalf of our government what we might think of the plan or the impacts on the communities. It is impossible to say what the communities think and nothing I say can represent what people believe. I would imagine that all of the Chairs are in the same position. We are frustrated. We have put in a lot of personal time, travelled and put taxpayers' travel dollars into trying to engage constructively with the Ministry of Transportation and Infrastructure around how to find a solution to the ferry problem. To have the Minister make announcements without any consultation, or without meeting with us in advance of that announcement, is quite a disappointment and departure from that message that we got from the Premier in that together, at the end of September, we would be finding solutions together. This doesn't look anything like that.

C: *Garry Nohr:* I went back to my community after meeting with the Premier last year and she detailed off MLA Jordan Sturdy to have a meeting with us. The impression given at that time was that we would have further input before it was done. That's how I read it. I was very disappointed to get a call saying that the meeting on Friday was cancelled and then having this brought forward. Maybe Kevin can explain why that happened and I hope that we still have that meeting with Jordan Sturdy. My community understood that we would have an open dialogue and consultation. For those who weren't there, I said to the Premier, I hope that the next consultation is not pre-planned. And it looks like it is again. After you spend two years of meeting with you, other people in the Ministry and the Premier to come here and find out maybe it was all for naught. I don't think when we go back, you go back and say this is the plan. I hope the people on the coast don't feel that we proposed this; that we were part of this.

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- C: *Cindy Solda*: When we met with the Premier and she announced that Mr. Sturdy was going to be doing the study on BC Ferries on the Island, we thought “great, we have heard that before.” And then when Mr. Sturdy came knocking at the door and he came to Port Alberni for example and met with us and we gave our feedback, he did the next leg of journey to other Regional Districts. I was impressed. We thought it was great that he came by two weeks later, he earned trust. Then suddenly we get a call saying that the announcement was being made without the end report of his consultation with the Regional Districts. When I talked to Mr. Sturdy on Saturday I asked what happened. He said it came from the top down to move forward and make this announcement. I said, “they are about to do a transportation study of Vancouver Island, you earned our trust and now it’s taken away.” So what will happen when he does the transportation study with all the Regional Districts, because we won’t trust the process? That was the whole intent with the whole thing with BC Ferries. It’s very disappointing for us on the Regional District side. I told him at this meeting, if you are going to take something away, give us something in return to make us happy. We understand that BC Ferries has to be sustainable. At the UBCM the resolution was to recognize BC Ferries as part of the transportation system, as part of highways. I want to bring that forward when the Premier announced that.
- Q: *Rob Hutchins*: Were you aware that the Premier had asked Mr. Sturdy to meet with each Regional District to come to some solution. It seems like a dual process where one hand didn’t know what the other hand was doing.
- A: *Kevin Richter*: I was aware that Parliamentary Secretary Sturdy was tasked to go out and to meet with the Regional District Chairs. He also met with the Minister after his meetings. I’m aware he went out and then informed the Minister of the meetings he had.
- C: *Jim Abram*: There is a key part missing, Jordan also agreed with us that there would be a wrap up meeting with all of us at the same time before he reported out to the Minister and made any solution or recommendation. That’s what got cancelled this Friday, November 22. If I was Jordan I would cross the floor as an independent. That was insulting for Jordan Sturdy, for the Minister to make that announcement yesterday. The media called us and let us know that this was going to be happening. That’s poor that the Regional Districts who represent 70 percent of British Columbia have to be informed of major adjustments to ferry service to coastal communities by the media.
- C: *Judy Kirk*: Colin, as the Chair, but all of you here, if Mr. Sturdy wanted to have or reinstated the meeting would you meet with him?
- C: *Colin Palmer*: I’ve spoken to him, he won’t say it, but he’s embarrassed about what has happened and doesn’t like it at all. Our problem now is that we have to get our heads around if we meet him again what will be the purpose and trust level. I’ve said to him that if he wants to meet with us rather than turn up we are owed an explanation as to what the agenda will be.
- C: *Cindy Solda*: I felt like he was the fall guy. He didn’t say that; it was my interpretation of the situation. He said he would like to have a meeting, but what is the agenda? This is round one and that there would be others, but trust is the big thing.
- C: *Judy Kirk*: We can follow up with Mr. Sturdy.
- C: *Colin Palmer*: He phones me and we have to figure out what to talk about.

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- C: *Kevin Richter:* Turning open the Discussion Guide we are looking at engaging on service adjustments that would be introduced in 2014. To give you context on the service adjustments, there would be \$6 million in service adjustments on the major routes, \$3.5 million on the northern routes and \$3.5 on the minor routes in 2016. So although this guide talks about service adjustments that start in 2014, it's recognizing that those service adjustments carry on into 2016, to help reduce pressure on fares. The second measure is the seniors' discount and the third one is the gaming pilot project. We are also looking at feedback on the reservation system, time-of-day and loyalty pricing and then the supplemental passenger service, like water taxis. On pages two and three, BC Ferries is facing the significant pressures - rising fuel, rising labour, declining ridership, and capital investments - that you are all aware of. In 2012, the Ferry Commissioner went out and engaged and he heard loud and clear that fares are at the tipping point. Even when we were out last year, we heard that fares are the big pressure out there. The Ferry Commissioner said that more pressure gets built in the Performance Term 4 starting in 2016, and into subsequent ones with additional pressures, so action has to be taken. Government introduced legislation, added another \$86 million into the ferry system, challenged BC Ferries to find an additional \$15 million in savings on top of the \$39 million by the Ferry Commissioner. Then we engaged last fall about considerations that could be used to inform decisions about service reductions and about the long-term strategies to make the system affordable and sustainable. Page four includes a summary of last year's consultation.
- Q: *Rob Hutchins:* Kevin, you mentioned twice that the tipping point for fare affordability and on page one I see no highlights, no indication that fares have been frozen. Are they still planning fare increases?
- C: *Judy Kirk:* I want to ensure that people on the phone heard me. For the record, the question was you want to know if fares have been frozen or if they are going up.
- A: *Kevin Richter:* The Province is seeking input on measures that we intend to maintain a sustainable ferry system while minimizing the increase of fares. The Ferry Commissioner sets the price caps and he will be receiving information in September, 2014 and making his preliminary price cap in 2015. These measures are intended to reduce the pressure on fares. Without these measures, there will be growing pressures on fares. Government's hope is to get fares trending towards the consumer price index. That's why these measures are being put forth.
- Q: *Jim Abram:* It's been announced that the 4.1 percent increase will happen April 1st.
- A: *Kevin Richter:* For this Performance Term, it will be 4.0 percent in 2014 and then in 2015 it will be 3.9 percent. Part of the determination of that was going to be these service reductions. In the calculation that the Ferry Commissioner made, he calculated there were going to be service reductions. Without them, those fares would have gone up. The whole idea to introduce these measures now is to get ahead and to put in place measures to reduce pressures, as they will be climbing further as the Ferry Commissioner pointed out starts in 2016. No, it doesn't affect the price cap directly, but if you don't do these service reductions, BC Ferries can move forward and say we haven't got those reductions, so there's pressure and they can seek a price cap increase.
- C: *Jim Abram:* By 2016, you won't have any people in our coastal communities to worry about. They would have all moved.

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- Q: *Garry Nohr:* It's the same spiel I heard last time. I haven't heard that you say that you are hearing people talk about moving from their communities. Where is the needs assessment, where you look at the communities separately and what you are going to do about it, rather than cut the ferries and jack up prices? There isn't any consultation in that area.
- A: *Kevin Richter:* We heard in the engagement the concern about the impact that reductions would have and that people thought it would be good if we had a needs assessment. We did not conduct a socio-economic study. [We know that there will be impacts and that's why we went out and engaged last time, not only on significant annual shortfalls, but on utilization and looking at complexity of the routes.] We also took into consideration basic service levels. We acknowledge that there will be impacts with these. We heard that the big concern was fares. It was trying to strike that balance of trying to deal with the pressure on fares, with what's happening in the future, and impacts to the community. Government felt that they have put an additional \$86 million, and that there are other competing priorities. They had to strike the balance, and say we have gone far enough with what we have put into the ferry system and we have to turn our focus and look at other things within the health care or education system. It was striking that balance.
- Q: *Jim Abram:* When we met last time in Nanaimo with you we asked for a cost-benefit analysis to be done before anything else happened. It hasn't happened. When was that, two years ago?
- A: *Kirk Handrahan:* Last year.
- Q: *Jim Abram:* That hasn't happened; the socio-economic study hasn't happened. No one from government has told us why there's a reluctance to talk about paying for ferries, as the UBCM resolution stated, as an integral part of the provincial transportation system. We haven't had anyone from the provincial end study it, and if you can prove me wrong I would be happy to apologize, but I don't believe you have done that study. I suggested it today on Almanac that some people from the province, some people from the Regional Districts and some transportation analysts from wherever you want should sit in a room and look at a model. Figure out some options to see if it will work and let's put it to bed once and for all. We will keep saying it, I will keep saying it and my community will keep saying it over and over again. The UBCM (184 local governments) have said they wanted to see it happen. Yet the province says no, well why not? So give us a reason. There has been no reason. The Minister was on the radio this morning and said that will never happen. To say it won't work, you have to have something that tells you it won't work. Otherwise you're just making it up.
- C: *Cindy Solda:* When I hear about BC Ferries and I think about turnover, less people riding the ferries means the fares go up to keep it sustainable. As an example, if you have 50 people taking the ferry rather than 100, the higher the fares would go. I'm having a hard time with that. I look at businesses that have left the Island because it's not sustainable for them. Businesses have moved because of the trucking costs for them. They would rather have their main warehouse in Vancouver, rather than Victoria or somewhere on the Island. Tourism is big on this island and I know that at the UBCM a Chinese delegation said that they bring three buses a day on the ferries and other touring bus companies come out here. We are looking at an 8 percent increase in those two years that you are referring to in total. There are also health issues. There are buses with sports teams that go across and they have said to me that they don't come as much because of cost to bring them over. By the time they factor in the ferry, their hotel and everything else they

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- are in a rut. We are going to have a lot of issues. The cheaper the fares are, the more you will have people on the ferries. I don't go to Vancouver unless I really have to because of the cost. The Nanaimo ferries that are going to come, the "Fast Cats" I call them, they look more interesting.
- C: *Judy Kirk*: The proposed passenger only ferry service between downtown Vancouver and downtown Nanaimo?
- C: *Cindy Solda*: Exactly. It will take me right downtown. That's how I'm looking at it.
- C: *Colin Palmer*: You don't like to see documents, like on page 5, that say that traffic declined after the economic downturn. Charts from BC Ferries numbers show that traffic was starting to decline in 2005, before 2008. This is a public document and we are looking at BC Ferries numbers. That's the kind of thing that when we see this in writing we say something is wrong here. The whole business of the inland ferries comparison is a bit bogus. We are dealing with a whole ferry fleet on the coast and we see significant drops in our communities because of high fares. When we read this kind of thing we want to challenge it. On page 5 you also have the long-term plans. Personally, I don't have any problems with that, those are all valid. At the same time, it's a waste of time when the ferry fares are going up so dramatically. We have some other documentation that you might not have; we will give that to you later. All the time we look at BC Ferries numbers we don't invent this stuff. It's all there for everyone to read and analyse and figure out. We will challenge things in this document. Before 2016, you're going to lose traffic and you're going to cause people to find alternatives, the fares will go up and you will still lose money and we will get that message out even if the government doesn't. In this press release which praises and says "we provided \$1.4 billion over the last 10 years to support coastal ferry services" the public looks and says it's good. But we the users provided five billion dollars. When I told that to the media the other day the guy was aghast because he hadn't heard it before, we are telling you what else is going on. We have to get the real information out, whether the government does or not. We are very aware of what's not being said rather than what is being said.
- C: *Joe Stanhope*: My family moved in the 1940s from Vancouver because the ferry fares were affordable. Our economy is in part based on the fact that, for nearly 50 years, there was affordable housing on the Island. Settlement comes basically from the Lower Mainland and we have seen major changes in that since the ferry fares have gone up. It is disrupting people's lives and disrupting the lives of my family, who have a cottage and can't afford to use it any more. But it's disrupting people's lives and they are being impacted by these proposed cuts. Did you realize that there are people working here in Nanaimo who commute to Gabriola? They will have to sell their houses because of the proposed disruptions that you're considering.
- C: *Jim Abram*: Ditto.
- C: *Joe Stanhope*: I'm a resident of 70 years and I can remember when the Black Ball Ferries and CP Rail went on strike. The government took over and said clearly that the ferries are part of the provincial system. That's a lot of what the settlement has been based on; what the government is saying turns out to be bullshit. Somewhere along the way things have gotten out of hand. Now the government has to jump in, which proves that the Coastal Ferries Act is just a piece of paper. The government is obviously getting flak from it. So they should; this is distinctly a BC government problem. The ferries are no longer affordable for the average person. The Premier said families first. I have a large family, four kids, and we took them regularly to Vancouver. I couldn't afford to

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do it now and I was earning a fair amount of money. People now are stuck here on the island and we are losing and I've seen it clearly. We were one of fastest growing areas in Canada; this is my Regional District you are in. There should be some consultation with the people in Nanaimo. My Oceanside the housing prices and real estate calling and normally the turnover is one or two months and now there's three and four months with reduced fees. On some islands, half of the properties are for sale for less than the assessed value. There is only one reason that has happened and that's because they can't afford the ferry fares. Colin said it clearly, talking about how the problem was the global downturn is nonsense. Sure it was a significant factor, but it wasn't the primary factor. There's decreased ridership because of high ferry fares and I hear it day in and day out. I hear it from the tourist industry and real estate people. We hear it repeated time and time again.

- C: *Barry Pages:* I want to start off with saying that I'm disappointed that the government has let this get to this point where we are at. I think what needs to happen is we need to pull BC Ferries back under government control to operate as part of the Ministry of Transportation and Infrastructure. In the early 2000s, when we changed it to a corporation, there was a massive Board created and a huge amount of executive positions with executive salaries. You say that you challenged BC Ferries to find efficiencies; they gave themselves all bonuses to reduce service levels. It's ridiculous; people here are pissed off in seeing them pay themselves high bonuses while you gut our highway system. Rolling bonuses into the salaries of these fat cat employees who are essentially millionaires, W.A.C. Bennett would be turning in his grave right now; people are getting fed up and really upset and I'm pissed off right now.
- C: *Bev Parnham:* I'm appalled and feel disrespected by BC Ferries and the Government. You asked about gaming, I think gaming.... For the seniors I think you should have a look at the funding in lieu of senior fares. This plan will devastate the economy of our coastal communities. The BC Ferries model is broken and it needs to come back under transportation. You look at the Washington State ferries they have 4 managers and BC Ferries has 650 managers. There's something wrong with the number of managers. They have not taken the opportunity to consider whether or not the kind of service adjustments shown here can work for our coastal communities.
- C: *Garry Nohr:* We have one of the smallest cuts presented here. Moving the schedule by an hour on a Sunday morning will probably work for us. There are people north of us in Powell River who use their ferry through that route of the Lower Sunshine Coast; they will take a (shellacking). I will give you an example of investors from Asia who were on the Sunshine Coast: a couple are building hotels or motels but the number one thing they said to us, which was going be a school to bring over the kids, up to maybe 30 or 40 thousand a year to travel through B.C. They were looking at the Sunshine Coast as a destination. They asked, can you do anything about the ferry? We said no. They asked, who do you talk to? Are they listening? I didn't say much. Those are the opportunities that go down the drain for us.
- Q: *Colin Palmer:* Barry Pages in the North has an interesting situation and I don't have an answer. Are there cuts to their service that would result in concern because of the federal subsidy?

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- A: *Kevin Richter:* With the agreement that we have with the federal government, we would be honouring that agreement with the service that's being provided to the North and providing a connection between Vancouver Island and the Lower Mainland.
- C: *Colin Palmer:* We happen to have two docks shut down between Powell River and Vancouver Island between February and March, so there needs to be a lot of alternative arrangements. It soon became apparent that a small business transporting fresh food to Texada was going to have an enormous problem. It was going to take three days to get food there with the schedules. We are not talking about just people and vehicles. We are talking about small businesses, people in transportation. We are going to keep a close eye on businesses, not just everyone in the community. If they get into difficulties someone could go under. They have their investment money from their banks, their leased vehicles, their employees and suddenly the schedules will change and how will they get these goods to the communities. We aren't talking about people wanting to go to Vancouver, we are talking about food production, goods and services and no one knows what will happen. I guarantee you that BC Ferries don't know, the government doesn't know, we don't know. I don't know the answer, but it's a needs assessment that hasn't been dealt with.
- C: *Cindy Solda:* There are a lot of remote communities in the Alberni-Clayoquot Regional District that have no transportation. It's either fly out or, if a boat is working, then you are lucky. When you talk about the increases with BC Ferries we are also talking about the domino effect. To bring food over to Vancouver Island, to get building supplies or anything those people have to pay extra on top of that to have any services come to their remote island. When you hit that increase you are hitting transport costs. Wages go up and everything else goes up. Right now we are finding on the Regional District sides we have the library going up 6 percent, we have 911 is going up 6 percent and the cost to the taxpayer in two years will be 8 percent. When I look at page 5 and see ridership is going down, why is it going down? Because no one is taking the ferry as much as they used to because of costs. I used to live in Vancouver and came home every weekend for two years. I can't do that now. And the reporter was telling me that's how he met his wife and he says there's no way he could do that. If the costs go up you will see a decrease. I'm not sure if I agree with gaming on ferries. There used to be a dining lounge area and that was taken away. Take the bells and whistles away and keep down the costs. I remember the Black Ball Ferry. There were no bells and whistles there.
- C: *Jim Abram:* This whole thing about business is a big one as far as cuts impacting our communities. Our communities are being impacted by two ferry cuts at night. Supposedly no one uses them. But businesses do, some of the biggest ones, including the one that employs 150 workers that is the biggest employer on the island. These employees are shift workers. They need those last ferries; they work until the ferry is ready to go and then they go home. The empty trucks come over on the last ferry at night and come back on the first one in the morning so they can catch the Nanaimo ferry. It works well. This business, their ferry costs have gone up over \$150,000 in the past three years for their trucks. They have considered barging their trucks. Their fares alone per year are far more than your savings that you have listed for Quadra Island; I think that's \$370,000 over two years. So that's \$150,000 or \$190,000. Their ferry fares alone are more than that. So you're going to cut two sailings, you will wipe out the business potential for those folks, which will cut their gross income down. They are paying you more money than you're cutting. They are looking at

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getting competition on the Vancouver Island-side for the fish processing product that they do. The competition is such that they can sell their product for the same amount less as the ferry fares. So they are now considering a move to Vancouver Island. That would be our biggest employer moving off the island. Which is the one that's employing the people 40 and under, the people with kids and all the people who sustain our community. They will move because they won't have jobs. This is good money that these guys make. That's why the socio-economic study and the cost-benefit analysis was asked for, because no one has looked at that stuff.

- C: *Sheila Malcolmson*: Let's ask a process question. What do we want, as Chairs, to get out of this? Do we need technical information, because I'm feeling that these are technical people? I mean we are all mad. How do we want to use this time? I have a list of "where are the numbers" kinds of questions.
- C: *Judy Kirk*: Why don't you ask a few while your colleagues think about the question you just asked them.
- Q: *Sheila Malcolmson*: I'm not looking for answers to all these questions right now, but it's more of a wish list I think you should let us know. Can we get a breakdown of the \$86 million increase in the Provincial contribution; what comprises that? That would be good to know. I want to know if you are measuring the number of passengers when you're measuring utilization. If you're not, that's going to be a problem and a question about who is using those potentially-cancelled runs.
- C: *Judy Kirk*: Because that question came up last time, I'm going to take a note of that.
- Q: *Sheila Malcolmson*: I think I would like to see analysis of the seniors' fare change and how it will benefit BC Ferries and the bottom line. I'm interested in seeing some numbers crunched, including the projection that the Ministry of Transportation and Infrastructure would have done on the associated vehicle fare loss connected with seniors not travelling anymore. When you talk about savings on the particular runs by cancelling a number of sailings, it will be very interesting to our communities to know what is the breakdown of gas and labour savings and where are those overtime shifts. Where there a clearly extra-expensive sailing that we might want to know about. Are those net savings? Do they include the reduction in fares on those runs?
- A: *Kirk Handrahan*: We have looked at passenger utilization as well. Generally speaking, almost 100 percent of the time the passenger utilization is at a much lower level than the current utilization.
- C: *Judy Kirk*: Your next question was about the cost savings around the change in the seniors' discount.
- Q: *Sheila Malcolmson*: How does that actually benefit the bottom line?
- C: *Judy Kirk*: You also asked whether the reduction in vehicles brought into that.
- A: *Kirk Handrahan*: Last year the seniors program cost \$15 million to provide. We propose that the \$15 million be moved over to the service fee. The additional incremental benefit will be the 50 percent of the fares that's paid by the seniors who continue to travel Monday to Thursday.
- Q: *Jim Abram*: I understand that the \$15 million is paid to BC Ferries by other programs.
- A: *Kirk Handrahan*: We gave it to them and now we will put it in the service fee. In terms of the funding, the incremental benefit to the system will be that the seniors who travel Monday to Thursday pay half the fare. We estimated that incremental benefit to be about \$6 million a year. That took into account that, with the change, some seniors will not travel on Monday to Thursday and some may have vehicles and now won't take the car.

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- C: *Judy Kirk*: What is the bottom line on estimated revenue that results from a 50 percent reduction in the seniors' discount?
- Q: *Sheila Malcolmson*: Can you write it out so we can pass it on.
- A: *Judy Kirk*: Sheila, I hear you loud and clear. I read in the Discussion Guide it is \$6 million. Is it \$6 million?
- A: *Kirk Handrahan*: It's an estimated \$6 million and will depend on how many seniors travel with the reduced discount from Monday to Thursday.
- C: *Judy Kirk*: The next question from Sheila was around the social programs.
- C: *Sheila Malcolmson*: That's part of the same question I was trying to understand.
- C: *Judy Kirk*: You want a breakdown of run-by-run savings.
- Q: *Sheila Malcolmson*: And the savings were from gas, labour and overtime. Does it take into account the fares that you're not gathering on those runs? I have had some trustees say they have heard that there might be a change in the Experience Card. We currently pay upfront to get a lower resident fare; are there changes contemplated for that program?
- A: *David Hendry*: Not at the present time. As we go through the improvements with our information technology program over the next three years, we are looking at possibly changing the Experience Card to more of a frequent user. You would actually get a greater discount the more you use the card.
- Q: *Sheila Malcolmson*: Maybe that's what we heard. So it hasn't been proposed yet but it's a possibility.
- A: *David Hendry*: It hasn't been proposed yet. A lot of the mechanics of that still need to be worked out. There is nothing on the table that says we will phase out the Experience Card program.
- Q: *Sheila Malcolmson*: Also, was there an analysis of the impacts to the major routes? Cancelling early morning or a late night ferries on the minor routes reduces who is driving onto the major routes. Was that included in the calculations of cancelling some of those early or late runs on the minor routes?
- A: *David Hendry*: Not explicitly. We tried to take account of the sailings that would take out the traffic on that. We took an estimate that some of the traffic would no longer travel. Does that answer your question Sheila?
- Q: *Sheila Malcolmson*: So I'll just tell constituents, not explicitly that wasn't factored in?
- A: *David Hendry*: On the routes impacted, we have estimated how many people we feel will not travel because of these service reductions.
- C: *Sheila Malcolmson*: So that's built into the calculation.
- Q: *Barry Pages*: What is the cost of providing free transportation for all 4,500 BC Ferries employees over a one year period?
- A: *David Hendry*: I don't know off-hand.
- C: *Colin Palmer*: I think we are all a bit leery to go into details because we don't have authority to do it. I would like to give you this November 10, 2013 document. It's the Performance Term Service adjustments will not solve the problem based on BC Ferries statistics. Please add to your record showing that by the end of 2015/2016, BC Ferries will lose \$40 million conservatively, even with the ferry fare increase and the cuts.
- Q: *Judy Kirk*: So Colin, would we take that as a written submission from the Regional District Chairs?

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- C: *Sheila Malcolmson*: Not from the Chairs.
- Q: *Judy Kirk*: From whom then?
- A: *Colin Palmer*: It's from the Ferry Advisory Chairs.
- C: *Judy Kirk*: I just want to make sure I know who it's from.
- C: *Colin Palmer*: It's from me on behalf of all of us.
- C: *Judy Kirk*: Sheila, is that true?
- C: *Sheila Malcolmson*: I just thought it was your work and it's not an Islands Trust Council endorsed thing. I don't mean to distance myself, it just hasn't been part of our process.
- C: *Judy Kirk*: You understand what I'm trying to say. I want to make sure it's properly attributed. So Colin, it's a written submission from you?
- C: *Colin Palmer*: Yes.
- Q: *Joe Stanhope*: There's a bit of concern around the analysis of opportunities to achieve savings on Route 30 and Route 2. It has been inferred by the media that you will you shut down the Duke Point terminal.
- C: *Judy Kirk*: Will you shut down Duke Point?
- A: *Kevin Richter*: There are no plans in what is being proposed for the \$4.9 million saving reduction to be a part of the \$18.9 million. Going forward, whenever there are major capital investments, whether it at terminals or vessels, we want to make sure there is a prudent review of capital expenditures so that if there is any way to minimize those, it needs to be done. That's why we gave those powers to the Ferry Commissioner. So going forward we really want the Ferry Commissioner to scrutinize those capital investments.
- Q: *Joe Stanhope*: I have CBC and CTV asking me the same question.
- C: *Judy Kirk*: So David, the question was, are you planning to close Duke Point to Tsawwassen?
- A: *David Hendry*: No, we are not planning to cut that route from Duke Point to Tsawwassen.
- C: *Joe Stanhope*: I'll quote you tomorrow morning.
- C: *Cindy Solda*: On your community engagement, and we said this last time too, although we don't have a ferry system in the Alberni region, it would have been nice to have been a part of the engagement instead of having to travel to be part of this community engagement that you have planned here. The north side of the island were a part of and it would have been great because the Regional District is quite large in the Alberni Valley. We are missed all the time when it comes to community engagement with BC Ferries.
- Q: *Sheila Malcolmson*: I have a process question: There have been quite a few references that if there is something that's not quite right with this, the Ferry Advisory Committee will deal with it in the community. Can you give a few more words about what your expectation is? If that is what the public understands, I'm concerned that people's frustration is going to be vented at these volunteers and you will leave them to deal with the mess. This can't be your intention.
- C: *Judy Kirk*: I appreciate you saying that, because it was voiced by the FAC members as well this morning.
- A: *David Hendry*: The intent was not to lump it on FAC Chairs, the intent is to do this round of consultation. To be honest, there are a lot of constraints around the system and there aren't many opportunities to look for these net savings. But we have come up with a net plan that we try to

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- take into account what we think are the difficult sailings around school times and things like that. But we can't catch everything. We felt that we at least need to go back to the communities to talk to the FACs who know the communities best and work with them in refining what the schedule will be.
- Q: *Sheila Malcolmson*: How will that process work? Are you expecting that the community members will give their input directly into the local FAC or is that something that the government will gather through the process and bundle, and then come from BC Ferries to the FAC?
- A: *David Hendry*: We haven't worked it out, but I would hope to have the results from this feedback to draw from in discussion with the FACs.
- A: *Kevin Richter*: To expand on that, when we come out to communities to engage I hope to hear from people to look at the service reductions and identify any considerations that we weren't aware of. You have tabled some and I hope to hear from others. This is also an opportunity to see what refinements people are thinking about. What David is talking about is that we are still finalizing what the service changes would look like. David is talking about BC Ferries talking with the FAC members in conjunction with what we heard in this process, to determine what refinements could be made to the schedule. Maybe the time of the last sailing could be changed (or looking at the time of day when it's happening). This process will collect some information, but there will be further refinement of what that information is about.
- Q: *Garry Nohr*: We have been peddling a lot of doom and gloom today. When will BC Ferries let us know if their cuts are working or not? Would that be one year or two years' time? So that if it's not working and in three years we are in the ditch, you will let us know.
- A: *David Hendry*: The test if it is working or not will be the impact on future ferry prices and driving those down to as little as possible.
- Q: *Garry Nohr*: So do you see the ferry rates staying the same or decreasing as a success?
- C: *Judy Kirk*: I think what you said earlier was the trending towards the consumer price index?
- Q: *Kevin Richter*: Yes, that's the goal.
- C: *Garry Nohr*: I think you need to come out in a year or a year and a half.
- A: *Kirk Handrahan*: There will be an opportunity when we file the Performance Term 4 submission. I image some of that information will be provided because it sets the base for service fees going forward.
- C: *Rob Hutchins*: I appreciate the valued input by my other colleagues, but I'm still struggling over the failure to realize that you can't be speaking about consumer price index increases; you can't be speaking about any increases. I was praying that there was going to be a message here today that we are going to find a package that would ensure that there are no increases and planning for decreases. That's a fundamental message you should have received before. Therefore this whole package failed to meet the community message. Where is the socio-economic plan? How do you have a business plan that doesn't take that into account? Then someone comes up with idea of taxing a harmful disease like gambling. Are we that desperate as a rich province that we have to tax gambling addiction to fund a ferry system? I can't speak on behalf of my board, but as an individual I'm ashamed that it's on the table.

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- Q: *Jim Abram:* (I noticed in your utilization numbers you show 100 percent of the number and colour.) That doesn't show up in the Quadra runs. You do not have 100 percent utilization and yet we have numerous runs every day that are 100 percent full and it will be puzzling to communities.
- A: *Joanne Doyle:* It's because we are looking at an extended period and averages. I fully understand that there are a number of sailings that are full throughout the day, but if it's not consistently full for all of the days then they won't show 100 percent. If we look at Route 8 on page 15 it's a good example of commuter sailings that are consistently busy. So we are showing over 100 percent and looking at Route 23 we don't see the 100 percent, because while the sailings still have fairly good utilization, when we look at the 80 percent that's huge utilization and those are the sailings you are probably referring to as full. Because they aren't full all the time, it's an average utilization.
- Q: *Jim Abram:* Thanks for the answer but I don't buy it. The next issue is ferries being treated as part of the provincial highways system. I've specifically asked the question, is it going to be studied? Why hasn't it been studied? I'd like an answer. Last time I said I want to see a cost-benefit socio-economic analysis and I saw nodding heads but here we are a year later and nothing. Are we going to see that happen before we talk about how it can't happen?
- A: *Kevin Richter:* At this point in time there won't be an analysis. The problem with the ferry system is that whether it's in BC Ferries or it comes under the highways department there are growing costs. The fuel costs have gone up 140 percent since 2004 and there are the issues of the capital investment. Regardless of where it sits, the ferry system has these pressures and we are trying to figure out how to deal with them.
- Q: *Jim Abram:* You are missing the point. You have a huge tax base to draw from to deal with it if you look at it one way. Otherwise it's small. It's like apples and oranges.
- A: *Judy Kirk:* Jim, I understand your question. If I could add, it's probably best asked of the Minister. Kevin is a public servant and the question you're asking is a political question.
- C: *Jim Abram:* Well this is a public engagement and I'm bringing my political thought to this public engagement.
- C: *Judy Kirk:* I hear you. I only meant that with the best of intentions.
- C: *Jim Abram:* I understand.
- C: *Joe Stanhope:* Following up on what Rob said, last year we were past the tipping point and now it sounds like a *fait accompli*. It would be a lot easier to swallow the ferry cuts if it came with a fare decrease to show positively that this is working. Otherwise you're making cuts and having further fare increases; there will be a revolt.
- C: *Colin Palmer:* Can I talk about the politics of what's happening here? Back in 2004, when the Coastal Ferry Act was developed, the shareholder was the province, and the ferry authority and the ferry corporation would run the system. We're the shareholder, don't come to us, go to them. We've got this interesting situation now where the Minister of Transportation and Infrastructure and the Premier and others are getting involved politically and directing what's going to happen. And it's not confusing to me. It's like a progression. We are almost to a point where the government is running the system. My knowledge of corporations is this: when the shareholders take over a corporation you've either got total chaos or the operators don't know how to run the system. Who the hell is running the system? I was listening to CBC yesterday and BC Ferries is going to make these cuts. I'm saying it's the government announcing this, not BC Ferries. Someone has to

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sort out who's in charge. My impression is that the government is running BC Ferries. I'm going to train them to think like that. One thing that we came across with Jordan Sturdy. We just touched on capital investments. Getting new ferries etc. I hope you know that BC Ferries only pays the interest on bonds; they call it "bullet bonds". They don't pay the principal; I pay the principal and interest if I have a mortgage on my home. The main point for bond holders is, guess who the shareholder is with the triple A rating? They are prepared to delay these payments. They increase and increase; we are at \$1.3 billion in debt that will increase dramatically as well. We have this situation where the operational side is losing money and the bonds are getting bigger and bigger. The CFO of BC Ferries explained it to us. I've never heard of it, but apparently that's what's happening. We have these double whammies going off around the system and we have a concern about who's in charge and what's happening with capital investments and debt which is owned by the whole province, not just those on the coast. Either this thing is spiraling down or we need to figure out how will they solve it. We were talking to Jordan Sturdy about that.

- C: *Bev Parnham*: We are watching BC Ferries self-destruct. There's a small window of time for someone at BC Ferries or whomever to come with a plan. This plan is short-sighted and will have a devastating effect on the economy. I'm hoping that someone is listening.
- Q: *Sheila Malcolmson*: When you did the vehicle utilization work a year ago, there were lots of community impacts and discussions about whether they agreed that the calculations were done appropriately. Were any of the calculations amended based on feedback you got a year ago?
- A: *Joanne Doyle*: When we looked at the annual utilization last year we didn't take into account the extra feet that some vehicles would have. We went through and saw what the extra foot charge was on that sailing for over-height vehicles and under-height vehicles and we added an extra foot factor to each of the sailings. It won't be 100 percent perfect, but it will take better into account the utilized capacity onboard the sailing. We also heard in the last round that we should not include the crew count as part of passenger utilization, so we took the crew count out.
- Q: *Sheila Malcolmson*: The Crofton route is usually full, but the deck isn't full because of the weight. Were you able to represent that? Because Crofton never shows as being overloaded.
- A: *Joanne Doyle*: It was difficult. We looked at different ways to best represent that in the tables, but we couldn't come up with something.
- Q: *Sheila Malcolmson*: That's a funny one. Before the Province announced that there is no way they will increase the provincial contribution, was there any socio-economic analysis or cost benefit analysis done? Was there number crunching or a political line?
- A: *Kevin Richter*: That was a decision that the Province had already contributed the maximum amount.
- C: *Sheila Malcolmson*: So no analysis was done; it was a political decision.
- C: *Judy Kirk*: (I want to make sure on the record that a budget decision isn't fair.) Kevin can't comment on what a political decision is or isn't.
- C: *Sheila Malcolmson*: But there was no socio-economic analysis in any case. That's what I was getting at. If you could relay to the Minister that hearing the first thing in his press conference yesterday be "I want to acknowledge the work of the Regional District Chairs" was appalling. It made it look like we had owned the product and that was inappropriate given that we didn't know that this was

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coming at all, except through the media. I don't mean to criticize the employees; it's just to pass it on.

C: *Colin Palmer*: Thank you for opportunity so we can tell you what we think and what we do. Now you can go to the communities and get feedback from them.

3. Closing Remarks

Judy Kirk wrapped up the meeting, thanked participants for their time and encouraged participants to complete the feedback form and encourage friends and others to participate.

MEETING DETAILS	BC Coastal Ferries Community Engagement 2013 Klemtu Small Group Meeting November 21, 2013, 6:00 p.m. – 8:00 p.m. Kitasoo Community Hall 86 Klemtu Rd. Klemtu, B.C.
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PURPOSE	Notes from a Small Group Meeting for the BC Coastal Ferries Community Engagement held on November 21, 2013 at the Kitasoo Community Hall, Klemtu, B.C.																																																										
FACILITATOR	Judy Kirk, Kirk & Co. Consulting Ltd.																																																										
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MEETING DETAILS	BC Coastal Ferries Community Engagement 2013 Klemtu Small Group Meeting November 21, 2013, 6:00 p.m. – 8:00 p.m. Kitasoo Community Hall 86 Klemtu Rd. Klemtu, B.C.
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	3. Closing Remarks
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KEY THEMES

- Participants said the ferries are the marine highway and the community relies on the ferry for food and to connect with family in Bella Bella and Bella Coola. Participants wanted assurance that the *Nimpkish* will continue to provide those connections.
- Participants said the ferry system should be returned to the authority of the provincial government.
- Participants expressed concern that service reductions were proposed without undertaking a socio-economic analysis of potential impacts, particularly from lost tourism revenue. 80-85% employment is a goal of the community. Participants said ferry service reductions will reduce tourism and therefore reduce employment, particularly for young people.
- Participants said there is a serious need for a ticketing agent to work the lineup and to check identification before boarding the ferry; passengers currently line up in all weather conditions for extended periods. Participants said it takes too long to board the ferry, particularly for older people.
- Participants were opposed to service reductions and said the elimination of Route 40 will be a significant blow to local business from lost tourism revenue. Participants noted the government used to promote tourism to the Discovery Coast.
- Participants expressed a need for trailer hostelling on all routes.
- Participants said there is a need for longer dock times in Port Hardy to accommodate shopping trips; Port Hardy is Klemtu's only source of food.
- Participants expressed frustration with BC Ferries executive-level compensation and bonuses.
- Participants had questions about the federal subsidy and asked if it could be allocated to First Nations ferry service.
- Participants said there should be no BC Ferries employee discounts or free passes.

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DISCUSSION

1. Welcome and Introductions – Judy Kirk

Judy Kirk welcomed participants and explained the format of the meeting. Judy informed participants that the meeting was being recorded for accuracy. The BC Coastal Ferries Engagement team members introduced themselves.

C: *Kirk Handrahan:* Introduced the engagement process and the discussion guide. Kirk explained the proposed changes to Route 10, as well as the proposed changes to Route 40.

2. Discussion – All

(Abbreviations will be used and mean – Q: Question, A: Answer, C: Comment)

Q: *Les:* I want to be clear on the stops here. Do you have a calendar to show us the stops?

A: *Kirk Handrahan:* It isn't yet final, but it will likely be the same days you get in the summer, though continued and for each weeks.

C: *Judy Kirk:* But, I hear you, you're saying you would like a calendar of the specific dates.

A: *Kirk Handrahan:* We'll provide a calendar.

Q: *Unknown:* You talked about scheduling; there are businesses here that are set on the scheduling as it is. If you could use the scheduling and just extend it. Also, it takes about 10-15 minutes to check status cards, is there any way you can take a picture of each person, just to speed it up?

Q: *Unknown:* The summer route didn't allow hostelling for trailers.

Q: *Kirk Handrahan:* Is that BC Ferries providing the hostelling?

C: *Unknown:* BC ferries did it with the Chilliwack in the summer. I would like to see that all year around.

Q: *Doug:* Questions about this process; will what is discussed here have any influence? I just want to make sure whether what we say here will have any improvements.

A: *Kirk:* The Ministry has a plan to find savings and is committed to that. I can't guarantee that all wishes will be met, but I can say that when we were here last year, we heard about preferred changes to route 10 and I think we've delivered on that.

Q: *Doug:* I am wondering if the Nimkish would be an opportunity to extend service?

A: *Kirk Handrahan:* Yes, the Nimkish will now be extended into the winter. We do recognize that is not the service you get with the Chilliwack, but the commitment is-

C: *Unknown:* I would just like to say, one of our council members are away right now and it is really good to have your services and whatever you come up with, we all need to work together. I know they ferry doesn't expect so many people to go. It takes a long time to wait

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- C: *Kirk*: So, to check people in prior to boarding so that people can walk right on.
- Q: *Unknown*: If there are any changes to route 40, because I provide tourism, is there going to be a possibility that the ship will stay in the same amount as the Chilliwack, so that tourists can visit the big house?
- A: *Kirk Handrahan*: We're trying to maintain 7 round trips. I think matching the length of time that the Chilliwack stayed here would be difficult, given the other changes.
- Q: *Unknown*: So, it is going to have a big impact to our tourism?
- A: *Kirk Handrahan*: It will be more convenient for those from Port Hardy, but you're correct there will be less time spent here than the Chilliwack.
- C: *Percy*: I've been working in the public arena for 45 years. This is one of the longest projects we've pursued. Isn't it the responsibility of the government to look after the people? Before BC Ferries started to stop here, the federal government looked after the transportation requirements of this particular community. At that time were barely 300, now we have 500 people. Klemtu was then 2 stops a week, southbound and northbound. Ferries is a lifeline for this community to survive. It is bad enough that we can't rely on natural environment. For food. You've heard the young man speak about tourism. We look at the whole thing, we take a look at this community, we're not the mainland, we have no way to connect to the highway. That highway doesn't mean anything to Klemtu. But we have a marine highway that is 5 minutes away to go through. You can't take that away. It is the only connection that we have. While the government was doing the work, I was told that the government was to take e responsibility. 22 or 23 million was given to take care of us. Today, that subsidy is somewhere around 30 million annually. Part of our cost is to look after us and help us access that service. We are doing everything in our power to survive. We have to bring in food from the outside. I'm sure you people don't buy food that is 2 or 3 days old. That's all we have. I don't like the idea of losing the Chilliwack. It brought in tourists. We're trying to do everything we can to supplement the usage of that system. If we don't have access to that, we lose those tourists. You have to understand the key here is lifeline. You call yourselves the provincial government, but you have to consider your workforce. Your wages for the high up people. I've now retired, but I have tried to contact politicians. It is far too often the kind of support we get from the government is token. I think it is time the government give us all the support we need and not just on a token basis. I hope that my comments here tonight are heard. I hope that you people have a real good look and try to keep our third route in tact as much as possible.
- Q: *Unknown*: I would like to ask about the \$30 million subsidy from the Federal Government and how that is administered. How is this going to affect the CEO or senior staff of BC Ferries.
- A: *Kirk Handrahan*: The Federal Government agreement on the service transfer is for the northern service and for Vancouver Island to the lower mainland. The subsidy has been growing by inflation each year. That \$30 million is in addition to \$150 million the province provides each year. Running just BC ferries is about \$500 million year. It is a relatively expensive service to provide. We've heard clearly from people that the fares are high, tax payers are putting more money in. We are taking some services away, but we've put in \$80 million more over the last 3 years. I recognize the concerns about executives. In the last couple years the number of executives has been reduced from 17 to 9. It isn't happening over night, but steps are being taken. I think someone said it earlier

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that we all have to contribute. I think it is in a sustainable manner that we have to do this going forward.

C: *Unknown:* Is someone who is working on the Chilliwack now going to have the opportunity to work on the northern expedition at that time?

A: *Kirk Handrahan:* I think there will be opportunities, but I can't say how many or when. There will be many employees retiring over the next five years, and I think that will open up. Perhaps for all year round, not just seasonal workers.

C: *Ben Robinson:* I was under the impression we were going to start at 7:30. My name is Ben Robinson, I'm the Manager and CEO of the development corporation in the community. It is very tied to the ferry service because of the freight-in-freight-out. Last time you came into the community you asked for ways and means to cut down on service and find the \$26 million. Since then you've done an audit and I think BC at large started to see your fiscal operation because everything gets into the papers and into the media. After you left here, the numbers of the executive pay came out. You come into our community and we've not privy to your numbers and your operation, your inner sanctum, rules and how you operate. That really angered us. Now we come to this meeting and you're telling us you had to cut back it was not too long ago, on TV, when the Queen of Nanaimo went ashore in a storm. We find that you had 22 staff on that boat and 2 passengers. A number of red flags go up and we're saying to ourselves "why does this happen?" I want to act is there a socio-economic impact study done in these communities. Before you even start this. I always call it a dog and pony show. This is serious for us. I can always relate to every time we look at part of government, BC ferries in the olden days, I heard comments about the subsidy. We were front-and center with that subsidy. My past colleague here refreshed your memory. Growing up in this community we enjoyed the services of the steamship, until we lost it to the province, from the federal government in the early '70s. The optics are very bad. Who is running BC Ferries? It doesn't look good if you were a corporation in the real world. Your corporation has an attachment to taxpayer dollars. If we were going to run this. If we're going to find the dollars to try and cut back. Why do you come here in times of crisis? Why do you come here to seek advice on how to do your job. Even in one year, some of the pay scales would take 10 or 15 years to get to that number. That kind of angers us. I just got off the phone a few days ago. A very good friend of mine works for Jim Pattison, in fact two. One of them started out in neon products. Do you know that Jimmy Pattison doesn't give any discounts? Here's a big corporation. No discounts. Why are we doing that? I got off the phone yesterday from the President of the Canadian Fish Company. I've known this chap before, in the old BC Packer days. He used to pack fish in the Fraser River. Dan Imura. Why don't you ask him the same question? It is still there today. When some of us want to relate to you and have dialogue, don't do it in times of crisis. Be a partner with us. It is only going to work that way. How to you give a group of people a half a million dollars in the '80s and then go bankrupt. You can't mix this. You want to make tis lean and mean, we'll try and find people that will make this lean and mean. We're not doing it. First of all, we do the easy thing, we hunt for a boat. We don't even do the feasibility. Whether it is practical. We use petroleum to run these vessels. Could we do a better job? You go to Scandinavia and think it's going to be the cat's meow and run this system. What I've seen all along growing up in this village

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asked someone how could these numbers pertain to a little community like Klemtu when we could see a little vessel going by our community. There's no one here, riding that vessel. The picture is that you're accommodating this community. That's the cost in the central coast. They stored it and that angered me. It is hard enough getting service. I will cut it short because I am a little late. We're 400 people in this village and we rely on this service and it is important to us. Don't come here during a crisis time. Don't do this to us.

- A: *Kirk Handrahan*: I will cover a few points regarding service. [Kirk explains adjustments to service].
- Q: *Ben Robinson*: Just to add on to the economic value of the service. It has always been one of the goals that we have to keep 80-85% of our people working. A lot of this relates back to the trips that we have. If you take a trip to Skidegate, you get stuck there for 12 hours. Our goal has always been to provide work for our people, to provide some kind of outlet for the students. This kind of thing has a lot of impact on the type of work that we do. Tourism. We used to have 40, 45 people working on tourism. These are kind of connections that when you take one away, how many more are you going to have. It is probably going to add to your cost, but it would build up our economy. If there was some way to provide for the winter. It is an impact on the community. To be able to go to Port Hardy to get fresh vegetables.
- Q: *Kirk Handrahan*: Thank you. It is very admirable what the community has done to create jobs. Is the problem with the schedule mostly the weather? Has the new dock made the service more reliable?
- C: *Unknown*: Yes, it is much better. But when there is a delay, it is difficult for those who need to get food or for medical reasons. If it runs late, by 12 or 6 hours, then our whole schedule moves.
- C: *Unknown*: Just going to what Charlie's talking about. When it is late like that, you can't help what the weather does. When it is late, they don't accommodate on the other side to allow people to do their shopping.
- Q: *Percy*: With the loss of the Chilliwack, is the Expedition going to replace that service?
- A: *Kirk*: Yes, essentially. [Kirk explains the changes to the Expedition Route].
- C: *Ben Robinson*: For a number of years we had this great discovery coast platform where we were going to open up the central coast to tourism. If you recall we had tourism here with the old Chilliwack. When you're trying to do tourism and service the communities at the same time you have an overlapping user group. What are you really trying to do here? That Queen of Chilliwack, how many people use that Chilliwack to go from A to B. most of them didn't use it because it is so long and so uncomfortably. I often wonder why these things happen. What is the real net benefit to the corporation in the end of the day. Who are we focusing on here? It hurt us. We could use that vessel the way we wanted to use that vessel. We just wanted to do our business in Port Hardy. I often wonder where that evolves. There are certain interests that we found in trying to deal with BC Ferries over a number of years. Is it the hotel in Prince Rupert, or the hotels in Port Hardy, or the commerce in Williams Lake, Bella Coola? The majority of the community here over the years, the majority of the traffic here is from Klemtu to port hardy, but we were diverted to use alternate routes to get to port hardy. We need dialogue. At this level. Not just at your stakeholders meetings.

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- C: *Unknown:* Just from what I gather, this community isn't going to be affected that much compared to other regions. I think even if you cut back service the province will have to be here. What plan does the province have for the people of these communities? I worry that in two years we will have the same problems.
- A: *Kirk Handrahan:* Clearly, economic development policy is very important infrastructure is important for communities and growth. I admire what this community has done. There are a lot of opportunities such as LNG that can provide jobs but also a cheaper, cleaner source of fuel. The whole point here is to have a sustainable service. There will be many steps. I don't think there's one thing that we can do.
- C: *Jennifer Mason:* I have been an employee at BC Ferries since 1996. Is this all going to be brought back to BC Ferries? It would have been nice from BC Ferries to be here to listen. I have worked for BC Ferries for 18 summers. BC Ferries is the marine highway for this community. I work as a customer service worker on route 40 and I was really saddened to working on old faithful, the Queen of Chilliwack. Where do we go from here with my job as a customer service worker? With such short notice within the last couple of days; With the union; Why? Can I be compensated for that? I usually get called. I would love an opportunity to work on the Northern Expedition. I have at least 14-15 more years to work towards our pension plan. I would love to finish that. I grew up on a boat, my dad was a captain of many different boats from BC Packers. He worked his way up for 40 years, my mom was the cook, my dad was the captain and every summer we would go out the boat. This is a very big opportunity for me to work on the Northern Expedition. Please bring that back to the people. I would love to work on the Northern Expedition. Thank You.
- Q: *Unknown:* Just another question around fares. Will there be increased pricing. And just the turnaround service as well. A lot of people are very dependent service for grocery shopping.
- A: *Kirk Handrahan:* The \$18.9 million was designed so the fares would be capped for the next two years. The overall strategy is to drive the rate of increase down to the CPI, around 2%/year. A lot will depend on what will happen over the next couple of years. Your second question was the turnaround time?
- C: *Unknown:* The cost of flying to Vancouver is around \$1,000. Other costs of transportation are growing, too.
- A: *Kirk Handrahan:* I would be interested in getting your written feedback on what kind of schedule will work best for the community. If I could get your feedback forms.
- C: *Judy Kirk:* If there are any final comments before we close?
- C: *Lori Robinson:* I'm an employee of the band council; I frequent the ferry a lot. On one of my trips one of the managers approached me regarding the ticketing. The discussion was around setting up a ticket agent. I've seen many times. Sometimes it is so cold out there and you see our elders waiting outside to get on the ferry. There are some people who can use visas, but not everyone has that.

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- A: *Judy*: We will bring that back to BC Ferries.
- C: *Clark Robinson, Chief councilor*: We often go shopping for groceries here. These months are very important to everybody here. If we could have a little more time either way, in Port Hardy or Prince Rupert. It does take 3 or 4 hour by the time we're done with it. I do it and my wife does it and that's how long it takes. A little bit more time at the port, either one, would help. Especially around Christmas time. That's the only way we can get our Christmas shopping. It is so costly to fly to Vancouver or Prince Rupert. Just another hour or two at either port would help; we are rushing around as it is. By the time we get to the boats, some of our people are just making it back on the boat.
- C: *Les*: I just want to voice what Lorraine voiced about all the IDs. We have to stand in line if you don't have a visa. I think BC Ferries should find a better way. We need to find a better way. I went Nanaimo one year; we have to find a better way.
- A: *Kirk Handrahan*: I did mention that BC Ferries is hoping to implement a new point of sale system. And the idea of a ticket center here is another thing that we'll bring back to BC Ferries.
- C: *Judy Kirk*: Are there any strong objections or comments before we end the meeting? We still have some time left, so if you would like to speak with Kirk one-on-one, please let us know.

3. Closing Remarks

Judy Kirk wrapped up the meeting, thanked participants for their time and encouraged participants to complete the feedback form and encourage friends and others to participate.

MEETING DETAILS	BC Coastal Ferries Community Engagement 2013 Bella Bella Small Group Meeting November 23, 2013, 10:00 a.m. – 12:00 p.m. Elders Building Bella Bella, B.C.
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PURPOSE	Notes from a Small Group Meeting for the BC Coastal Ferries Community Engagement held on November 23, 2013 at the Elders Building, Bella Bella, B.C.
FACILITATOR	Judy Kirk, Kirk & Co. Consulting Ltd.
ATTENDEES	There were 72 attendees at this small group meeting
PROJECT TEAM ATTENDEES	Kevin Richter, Ministry of Transportation and Infrastructure Lynda Petruzelli, Ministry of Transportation and Infrastructure David Hendry, Director of Strategic Planning, BC Ferries Joanne Doyle, Manager, Master Planning, BC Ferries Max Tobias, Kirk & Co. Consulting Ltd., Meeting Recorder
AGENDA	<ol style="list-style-type: none"> 1. Welcome and Review Agenda 2. Discussion 3. Closing Remarks

KEY THEMES

- Participants expressed concern that service reductions were proposed without undertaking a socio-economic analysis of potential impacts. Participants noted that the consequences of short-term cost savings would be a loss of investment, tourism and business in coastal communities.
- Participants expressed frustration with excessive identification checking, which takes too long, particularly for older people.
- Participants expressed disapproval of the overnight facilities on the summer run and said people have to sleep on the floor.
- Participants said that the ferry system is an essential service and should be maintained as part of the provincial highway system. They said cost savings could be found elsewhere, rather than reducing service on mid-coast routes for communities that are as isolated as Bella Bella. Participants reinforced that the ferry is a lifeline for these communities.
- Participants said there is a need for longer dock times in Port Hardy to accommodate shopping trips.

MEETING DETAILS	BC Coastal Ferries Community Engagement 2013 Bella Bella Small Group Meeting November 23, 2013, 10:00 a.m. – 12:00 p.m. Elders Building Bella Bella, B.C.
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- Participants opposed service reductions and said they would be a significant blow to local business and tourism.
 - Participants noted the Discovery Coast was a government initiative. The communities invested in tourism on the understanding that existing ferry service would be maintained. These cuts will significantly reduce their tourism business.
 - Participants do not support replacement of Route 40 with *Nimpkish* service. The elimination of Route 40 will ensure the brunt of the impacts fall on Bella Bella, Klemtu and Bella Coola, and is unfair to citizens of the central coast. They said the *Nimpkish* will not be able to accommodate all the tourists.
- Participants said the government has a social contract to provide services to the coast; a government-to-government commitment with First Nations was made and therefore funding of services should be maintained. Participants noted great wealth is coming out of the region's land and sea and the government needs to uphold their side of the contract.
- Participants questioned why BC Ferries executives are getting high pay and pay increases when those who use the ferry service are being subjected to cuts.

DISCUSSION

1. Welcome and Introductions – Judy Kirk

Judy Kirk welcomed participants and explained the format of the meeting. Judy informed participants that the meeting was being recorded for accuracy. The BC Coastal Ferries Engagement team members introduced themselves.

- C: *Kevin Richter:* Good morning and thank you very much for coming. My name is Kevin Richter and I'm with the Ministry of Transportation and Infrastructure and I'm the Assistant Deputy Minister.
- C: *Joanne Doyle:* Good morning, my name is Joanne Doyle and I'm with BC Ferries and I'm a manager of Master Planning.
- C: *David Hendry:* Good morning, thanks for coming out, my name is David Hendry and I'm the Director Strategic Planning for BC Ferries.
- C: *Lynda Petruzzelli:* Good morning, my name is Lynda Petruzzelli, I'm a Senior Manager with the Marine Branch of the Ministry of Transportation.

2. Discussion – All

(Abbreviations will be used and mean – Q: Question, A: Answer, C: Comment)

- Q: *Judy Kirk:* Are there any questions before we get started?
- Q: *Dolly Manson:* I'm Dolly Manson, I want to know how this is a consultation, in light of all the media coverage.

MEETING DETAILS**BC Coastal Ferries Community Engagement 2013**

Bella Bella Small Group Meeting

November 23, 2013, 10:00 a.m. – 12:00 p.m.

Elders Building

Bella Bella, B.C.

- A: *Kevin Richter:* We came out and consulted last year and Government made a commitment that prior to implementing any service reductions we would come out and consult. We're here to engage with the community, to get your feedback and to take that back to Government. Government has made the decision that there will be \$18.9 million in service reductions but we want to engage with you to find out that if in the consideration we missed anything, or if there is any other information that you would like to share with us.
- Q: *Mal:* My name is Mal. I'd like to know about the MOP... I've travelled many times on this boat that you guys call us sometimes he'll be here and sometimes he doesn't leave. Sometimes he'll be late, just like you guys came in late this morning. You know when you're going from here to (Port) Hardy ... we leave here at midnight and get to Ocean Falls at 6am in the morning or something. You come back and it's 3 or 4am in the morning again. You got all the speed... When the BC Ferries arrive you've got 8 or 9 guys steering there when you're landing, where's the reduction of the crew of the ship? You ought to look at a thing like that. I've worked with unions all my life and understand what they do and that is the first thing they do to try to cut costs of ... they have, instead of taking everything away from the public. The first, they can't do anything about it. When the expedition came here that Chief Councilman went down and blessed that boat. And the Vice President of BC Ferries went down and said that 'this is going to be a highway', our highway. And what we've got is the opposite because you guys instead of two big beautiful boats you give us a shoebox and another shoebox from Bella Coola to here. I wanted to go to a funeral of one of my relatives in Kitimat and I had to go all the way to Port Hardy, then up to (Prince) Rupert and when I want to come home again, I had to go all the way to (Port) Hardy again and come here. I had to catch two boats to go back and forth. No wonder you guys are in the hole.
- C: *Judy Kirk:* Kevin, please briefly introduce the material, then I'd like to open the floor to any of your questions and comments.
- C: *Kevin:* Thank you very much for coming and thank you very much for allowing us to come into your traditional territory. I'll just give a very quick overview. We're here today to hear from you, to listen to your comments and to answer your questions about Government's decision around Coastal Ferries. The decisions include service reductions. And why there are service reductions, why there the measures that we're coming to talk to you about and get your feedback is because as the Ferry Commissioner did his report in 2012, there is significant pressures facing BC Ferries coming in to the future – financial pressures, declining ridership and capital investments – and without any changes the ferry system is unsustainable going into the future. Government has taken some action; Government has invested another \$86 million. BC Ferries has been asked to find \$54 million in efficiencies and Government didn't have any more money to put into the system so it's looking at service reductions and other measures. Other measures include; changes to the Seniors discount – that's only the Seniors discount on the majors and the minors and that's changing the discount from 100 percent to 50 percent. On the Northern routes there will be no changes to the Seniors program. Another thing that we heard that last time we were out engaging, was around gaming. And so, the government is putting out on the table to consider looking at gaming on the major routes between Vancouver Island and the lower mainland to find additional revenues to help support the ferry system. But we want to hear people's feedback and that's why we're going to all these communities and we're asking British Columbians to have their response.

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- Q: *Don:* Are you guys here just simply as messengers and the reductions are already written in stone or can we actually make an impact through these meetings? We have a lot of concerns here.
- A: *Kevin:* That's a good question and we've been hearing it a lot in other places. Government has made the decision that there is going to be 18.9 million dollars in service reductions. But the government has committed also that before those service reductions are implemented that they are going to come out and engage with the communities. So we're here to listen. Are there considerations that we've missed. Are there other ideas that communities have before the implementation of these service reductions? So we're here to get that information to inform Government, who will make the final decision on what these service reductions will actually look like. But the decision has been made that there are \$18.9 million in service reductions.
- C: *Travis Hall:* Last year I went to a BC Ferries meeting and stated several of the concerns that we're going to be stating here again but one of the concerns is that the BC Ferries stops here at the unreasonable hours. That's very hurtful to our people because they have to travel at such a late hour. We get on there and there are no staterooms and we have to sleep on the floor and it's well lit. It's great that it's well lit but you can't sleep in that condition. It's a risk for our people to travel on this ferry. I stated that this ferry should arrive to our community early and it then should also arrive at Port Hardy earlier. It gives us more time to shop at Hardy, more time to engage with that community. It was stated by Captain Hawkins at the time when I suggested this, he actually stated that "You know Travis, we looked at this, and it reduces the cost by about \$26,000 a month." My question is about that but it's also about the communication between the FAC and your group because we made recommendations that don't seem to get to BC Ferries.
- C: *Judy Kirk:* I wonder David if you could comment on the timing difference and if that would have an effect on reducing costs?
- A: *David:* I think it's important to remember that BC Ferries will be out in the January time frame to have some meetings with the local FAC and try to put into place a schedule that works better for the community. I can't promise the changes but it's something we can definitely talk to the committee about. With these reductions there will be a change in the pattern, in terms of the frequency, the stops, particularly here at Bella Bella and Klemtu, so along with that we should be looking at the timing as well. I don't want to make any promises but it's something that we can look at.
- C: *Rod:* When the Queen of the North went down, that obviously impacted a lot. The excess costs that have been involved with that the costs to implement a new ferries system to offset that run but it still doesn't do anything to benefit this community and we're being taxed again in that you're cutting back on our runs. So when the Queen of the North went down, it impacted the BC Ferries pocket and in turn, BC Ferries has paid for that other ferry system to replace it and now you guys are taxing us by not giving us the services that we had before – that even at that time were not adequate for this community. So the millions of dollars that you had to spend on the new ferry system taxed everybody, not just Bella Bella.
- C: *Judy Kirk:* Thank you Rod.
- A: *Lynda Petruzzelli:* I just wanted to mention that the northern vessels were scheduled for replacement prior to the Queen of the North and the Province recognized that those vessels were

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costing them and that they did need to be replaced and the Province increased its funding to BC Ferries to cover the cost of vessels, so, those costs have not in fact, been passed on to the users.

- Q: *Charles:* A lot of people don't have a visa card, would BC ferries consider EMT, so that we could all have a chance to book a room?
- C: *Judy Kirk:* When you say EMT, what do you mean?
- C: *Rob:* Electronic mail transfers. Alongside visa, since a lot of us don't have visa so we can't book a room.
- A: *David Hendry:* That is definitely something that we should put into this discussion guide. It's something we take back to the Customer Care department. We are in the midst of replacing our whole IT Customer Interface structure. We're going to be calling it booking, ticketing and check-in instead of reservations and along with that there should be some capacity to allow for alternate means. Again, can't make promises but it's going to be a lot more robust than it is right now.
- C: *Charles:* And it's a lot cheaper because you won't have to pay visa for processing.
- C: *David Hendry:* That's a very good point. Credit Card fees are a big part of the business and if we can avoid them, that'd be good.
- C: *Judy Kirk:* Just because David mentioned it. There is, on the second to last page of this Discussion Guide that you have, a section that's called 'Additional Comments'. In addition to what we've just marked on the record here, if you want to write that in, I would welcome it.
- C: *Louise:* Just a point of clarification. You said that we're not paying for the vessel, the Queen of the North, that went down. But when you look at the budget and the table of figures, you talk about net financing and amortization and it looks like that's tripled. And so in a sense, I believe we are paying for that. We are being penalized for errors that were made by BC Ferries in the past. And I would challenge that a lot of it is down to, very sadly, and it's sad that I have to say, poor management. I don't know when the vessels down south that were bought that ended up going somewhere else because they were a very poor decision, whether we are still paying for those errors and for Queen of the North.
- C: *Judy Kirk:* So did everyone hear that? I'm just going to repeat it. Please correct me if I paraphrase incorrectly. Essentially what you're saying is: Challenging the notion that the people are not paying for additional boats or infrastructure. And saying that decisions in the past were poor and indeed that people are, by virtue of these kinds of reductions and the additional cost of borrowing ie. the interest costs, indeed, you are paying for bad decisions. Is that right?
- A: *Louise:* That's essentially it. We are paying for that. I would also just add that what troubles me is that you are looking at service cuts and I would wonder whether there are areas in your budget that you could be looking at, rather than automatically looking at cutting what I believe is an essential service.
- C: *Judy Kirk:* Ok, we'll take the first one first and then we'll come down to "are there other areas that you could be looking at"... David.
- A: *David Hendry:* I think what Lynda was referring to was the increase in service fees to the North. She was referring to when the North went down and had to be replaced by new vessels, the Province increased their service fees quite substantially. They directed it at the North and tried to alleviate the fare pressure. But you're absolutely right, in terms of an accounting perspective, the cost of those assets are still on the books, so to speak. In terms of what the province is doing in terms of

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looking at service reductions, those are primarily to address the operating costs. The assets that we purchased are there anyways, how often they sail, this is to address the operating costs primarily and the fuel and the labor. I think part of your question was referring to the vessels of the south. I just want to clarify are you talking about the Fast Ferries that were purchased?

A: *Louise:* Yes

A: *David Hendry:* There were three actually. Those ferries were written off, so they are no longer part of any of the BC Ferries books. So the customers for BC Ferries are no longer paying for those Fast Ferries. It was written off and passed on to taxpayers.

C: *Judy Kirk:* Just before I come to you in the back. The second part of the question, which was, “what about finding reductions elsewhere?”

A: *David:* Good question. I think Kevin referred to it earlier. When the Commissioner, when he sets the price caps, he sets the fares, the Commissioner does. And he looks at 4 year performance term. And he looks at three things; 1. The Province should be putting in more Service Fees – they have done that. 2. Challenging BC Ferries to find more than \$54 million in operating efficiencies – we are well on our way to achieving those. They come through in a variety of measures. They come through Labour, they come through Fuel, they come from wherever we can trim off. And the third, the Commissioner identified \$30 Million in service reductions that needed to be taken out in order to balance the fares at the current 4 percent lift that we’re scheduled for in the next two years.

Q: *Frank Brown:* I am the Co-Chair for Heiltsuk Economic Development Corporation. Through our local fish plant and band store we generate approximately half a million dollars, through those two enterprises, toward the operating costs of the BC Ferries Corporation, not mentioning our other businesses that are owned by our Nation. So we are a major contributor to the operating costs of BC Ferries, not including our membership who use that service extensively. In reviewing the plan of BC Ferries, it became very apparent that you are moving forward and I would like some clarification about first of all, the proposed changes, are those definite, are those confirmed? Are you here for further input for additional modification to the existing plan? If you could clarify that before I continue, that would be very helpful.

A: *Kevin Richter:* Certainly. The government has made a decision on \$18.9 million in service reductions - that’s the objective. But we are absolutely out here to talk with communities, your community and many other communities about what that means and how the \$18.9 million can be achieved. The guide I don’t think gives enough information, so for clarity: on Route 10, the idea is, that in the summertime, currently, on Route 10, Bella Bella is serviced, 2 stops, every two weeks. The idea is to increase that, to 10 stops over the two weeks. It also is because Route 10 has a shortfall that’s over \$30 million and its utilization is only 40 percent and so it’s looking at changing the shoulder season or the peak season. So, what’s being proposed, and we want your feedback is: Having the peak season now, starting mid-June to early-September. In the winter time, what’s also being planned, and we want your feedback is, currently there’s the mid-week service which would be removed in the off-peak period. Also recognizing that route 40 services Bella Bella, but the plan is to remove the Chilliwack, but making sure year-round that the Nimkish will provide a weekly service. And the service that it provides will tie in to the schedule of Route 10, so that people can go north or so that people can go south but they are using the Nimkish to connect. So, that’s what the service would look like, but we want to hear your feedback on what that means to the community.

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Q: *Frank Brown:* Thank you for that clarification. So, as I understand it, the inside passage run, like many other runs, is going to have about a third of the services reduced according to the documents I read, I believe it came out of your booklet there, in addition to the rest of the Province with the reduction of services, to achieve the objective of \$18.9million. There is one fundamental flaw here and in my opinion, it is that, by eliminating the vessel, the dedicated coastal service, through the elimination of that service the communities of the Central Coast, not only Bella Bella but also Klemtu and Shearwater and all those that reside in the Central Coast, Bella Coola, will be taking the brunt of these cuts because that is the only total elimination of a run. Whereas the rest of the Province, the services are being reduced. So, in fact, what's happening to the communities of the Central Coast, it's a double whammy. It's more than that. Because you're eliminating a dedicated service, in addition to that eliminating a third of a service that's running on the inside passage. So, if you looked at it from a broader perspective, what you're proposing is completely unfair to the citizens of the Central Coast.

That being said, I wanted to mention that at one time I had a partnership agreement with BC Ferries through my ecotourism business, when they launched Discovery Coast Ferries. The BC Ferries came in to the Central Coast, and in my opinion created a social covenant or a contract with these communities. In order to achieve that agreement, they eliminated the coast ferries, who had access to the \$100 million federal transportation subsidy. Part of that subsidy was supporting those communities and even farther back there was a commitment to providing services; transportation services, to the coast because of the resources that were being extracted, specifically timber and other natural resources. From a First Nations perspective, those are our resources as the First Peoples. So, this is a little bit of our history. With the elimination of this dedicated service, it is a violation of the social contract that exists between the ferry corporation and the citizens of the Central Coast. It's going to create tremendous hardship for us. During our peak seasons we need reassurance that during the summer months our fish processing plant can get our product to market in a timely fashion. What we need is some assurance that, the commitments that have been made will be maintained, even though we are prepared to recognize that the cuts are going to cost across the Province and that you have an objective, and you have a terms of reference and you have an objective around long term sustainability and we support that. In fact, I think that BC Ferries was flawed in its strategy from the beginning when you used a vessel that was inadequate in the Queen of Chilliwack. Quite honestly I'm happy that vessel is gone, because it didn't meet our needs. You set it up for failure in some ways. Not you as individual persons but it was a flawed process and now you're having to go back and deal with these millions of dollars that were lost, if you didn't proceed with a half-baked idea from the beginning, because the notion is still sound. This region is a world-class wilderness tourism destination. The original thinking was that BC Ferries Corporation was going to provide access to the region and create a new economic stream but that never happened. I had a partnership agreement and I put a lot of money on the line personally, me and my wife. Hundreds of thousands of dollars we invested and we worked our asses off, excuse my language, for 6 years until the ferries cancelled the customer service officer on that vessel. And so, that's all water under the bridge. What we've got to think about is, what we're going to do going forward.

The other part of this, my last comment is this: We, as members of the Coastal First Nations, have signed a Reconciliation Protocol Agreement with the Province of British Columbia in which there is a recognition of the duality of title that includes a commitment to shared decision-making and

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revenue and benefit sharing. There are ten pieces of legislation that are citing in that agreement with the Government of British Columbia. We know that BC Ferries is a Crown corporation and that you have a Political Past Master. You are accountable to the rest of the citizens of British Columbia. There is a Government to Government commitment that was made. We recognize now that forestries are taking off there are a lot of revenues that are going into the provincial treasury. All that we expect is that our quality of service, you know if we were in Nanaimo or Victoria or Vancouver, you know they get the lion's share of the benefits from the tax revenues into the Provincial territory. But the resources are off our land and sea, we expect to at least maintain a quality of service in this region...Because great wealth is coming off of our land and sea to support the quality of life for the Southerners and the people in the major centers. And that is totally unfair and inequitable to us. We expect to be treated justly and fairly in your deliberations around how our transportation needs are met. It's not because we're the lowest common denominator in a formula for your accounting department. We appeal to your sense of humanity, to consider us, because we are contributing to the wealth of British Columbia, even though we recognize these cuts are essential to ensure the viability of the ferries, don't just look at us as the lowest common denominator of the numbers on the spreadsheet because we are more than that.

Q: *Judy Kirk*. Thank you Frank. I didn't hear any questions in there so I'm not going to ask either of these two gentleman to speak, unless you would like a response?

A: *Frank Brown*: I would like a response. There is a social contract, a commitment to us. I would like to hear from you that you heard what I said and what we feel and that we expect that commitment to be honoured. We need some assurances as a community that when you go back that you've heard our concerns clearly, we've got formal written submissions and that you'll do the necessary advocacy work to ensure that we are not subjected to any more hardship than we already are because our community is a hard hit fishing community and this is going to create even more hardship, so we need some reassurance. I would like a response, thank you.

A: *Kevin Richter*: I can absolutely assure you that I will carry your message on and I'm also very happy that you are providing written submissions. And I ask all of you to take the time to fill out a feedback form. Have that voice, create that choir for the elected officials so that they hear what you have to say.

C: *Cheryl Hall*: When they do provide us with service we need to have choice between sleeping on the floor, or, having a room. That summer run is terrible. I can't even get up from the floor. It was cold. And, in 2009, the acting CEO cut 35 managers positions in order to make his wages - ridiculous. I think something can be done there too.

C: *Bruce Landsdown*: ... A lot of what Frank said I want to concur with, as far as the past and there are a lot of business owners here that have invested a lot of money based on promises that BC Ferries made. The whole discovery coast was a government driven initiative. Everything that I've been involved in... There are two buzz words in government; resiliency and capacity building. We can't do anything to change the situation without those two things. In actual fact I was at a Resiliency workshop with all the managers of BC Ferries, trying to respond to the Queen of the North and other things and trying to do things differently. We are a resilient people, a resilient area. We manage to survive. But what you're doing in your short term way of "oh we're going to save this money here" is false economics because it's about the budget this year or next year. You're saying "oh, we're going to cut the capacity. Cut the capacity for Bella Bella, for Shearwater, for Klemtu.

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We're not going to worry about that!" Then you're simply shifting the cost back onto somebody else. In the long term you're shifting the cost back on to the people here. You restrict the capacity to expand the fish plant. People have been struggling. Millions of dollars have been raised to refurbish the fish plant. Now you're going to cut the lifeblood of that fishplant. And the life blood of the people in the community.

One of the things this summer, when there was extra fish in the fish plant, they were not allowed on the Northern Expedition because of the whole thing of loading trailers versus loading cars. That's a whole other thing. Changes the whole capacity of your boat, no longer have the two boats. All of those things I feel, because people aren't taking a long term view, what's the real effect of this. The same thing as Frank talked about, eliminating dedicated coast ferry, all that stuff – it's a way bigger, human picture. Rather than just shifting the minimum costing – I understand stand your position, as BC Ferries. I'm glad the Ministry of Transportation is here because they are fixing to try and look like it's private corporation and not Government. It's still Government, we all know that. There's no getting around it. So at least we have the honesty... to have the government department that's really in charge here. But I really urge you to be more thoughtful, to give thought to the human cost and the capacity for the future. People did invest time and money and BC Ferries didn't honour their word. There is a political responsibility of this Province to honour the promises that it has made. I was thinking this morning, instead of spending all the money in Klemtu, why didn't you give Klemtu the money as a transportation subsidy. To spend all this money to make things better then to just take it away on the other hand, it just doesn't make sense in the long run.

Q: *Bernita:* We're one of the island communities totally dependent on BC ferries for transportation. And one of the comments I've heard is that there are going to be cutbacks in the sailings. And from what I can understand... that the midweek sailings would be removed. If the Nimkish is going to be doing the mid-coast run for other remote communities like Shearwater, Bella Coola, Ocean Falls I think it is going to be overcrowded and the second questions that I have is what is going to happen with the Queen of Chilliwack?

A: *Joanne Doyle:* Thank you for that. They are great questions and questions that we heard yesterday when we were in Bella Coola as well. Overall, looking at the schedule and the changes that are outlined in the guide... in the winter season, we're moving the Tues/Wednesday by-weekly mid-week service of the Northern Expedition or the Northern Adventurer, whichever vessel is operating, the Nimkish would remain the connection between Bella Coola, Ocean Falls and Shearwater and Bella Bella, to come north/south. The same by-weekly schedule... north one week, south the next. The proposal for the peak season, as Kevin mentioned, a slightly shorter peak season – a few weeks removed at the beginning, a few weeks removed at the end. The Nimkish would do weekly service as well, providing service between Bella Coola, Ocean Falls, Shearwater to Bella Bella to connect with the Northern Expedition that would go north and south. The idea with the Northern Expedition is that instead of having the direct Port Hardy – Prince Rupert runs, of the seven days per week, two of those days the Northern Expedition would stop in Klemtu and the other five days the Northern Expedition would stop in Bella Bella. On one of the five days the Nimkish would need to connect in to provide the connecting service. It would be a weekly service similar to what we have in the off-peak (season). The days of the week schedule, that hasn't been determined. We're looking for feedback and we're looking for comments on the impacts of this

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proposal and this type of change to the service, as well as what would be the better days for connections and what are the better days for going North and South. Those are the opportunities that we're hoping we'll get some feedback on.

- A: *David Hendry:* The Queen of Chilliwack will no longer be used for the mid-coast route. She is still required as a relief vessel for two of our Southern routes for the next two years and then she will be retired.
- C: *Bernita:* I would just like to say every time the Queen of Chilliwack came in the staff was so accommodating to clear the passengers. It did take a while but it will be missed – by some people.
- C: *Travis:* Some discussions that came up around the FAC table were regarding the tipping point. I don't know if you guys have explored that in terms of reducing costs to increase ridership among our community members. Another point I would like to make, as a community member just recently stated: How come all these higher up people from BC Ferries are getting these bonuses and then turning around and cutting back our services? Another thing that I'd like to state is that HSBC as well as this community would like to increase entrepreneurship in our community. Where you are cutting services in our community this makes it very difficult for us to promote entrepreneurship and tourism. We already have challenges to encouraging people to provide those goods and services. Another point that I'd like to make, with the change of hours I mentioned earlier, and the saving of \$26,000 a month, if you come here earlier and have your services aboard the ship open later, people here would also use the services on your ship and you could generate more revenue there.
- Q: *Unknown:* I would like to ask about your budget sheet. [refers to budget pages of the discussion guide]. In 2004 it says that 479 million and 2013, 742 million, your labour went up \$61 million and fuel went up \$71 million - was that due to more services or wages and increase cost of fuel?
- A: *David Hendry:* I'll address fuel first. Fuel has gone up. The entire increase in fuel is related to the cost of fuel. We have actually reduced the volume of fuel overall, probably by about 8,000,000 litres from 125,000,000 litres but the cost of the fuel has more than doubled. So that is something that we don't have any control over. We're looking at longer term initiatives, looking at alternatives to try to bring that cost down, like, liquefied natural gas, but they will take time to get into place.
- On the labour side, the labour increase is a result of a couple of things. Firstly, we have had to increase labour as a result of security measures. Those are federal regulations. We have increased labour as a result of Transport Canada crewing regulations. And then thirdly we have increased labour on some of the vessels due to the fact that the replacement vessels are larger than what we had previously. And then there's also over that ten year period, there have been some wage increases as well. It's a combination of all three.
- Q: *Unknown:* Are there any more services provided? Any more sailings or anything?
- A: *David Hendry:* No, in actual reality there's less service than there was ten years ago. And the service has been reduced only on the southern routes. They have taken out about 5-6 percent of the service offerings on the main routes that serve Vancouver, Southern Vancouver Island and Nanaimo region to Vancouver.
- Q: *Unknown:* So what did you make? You said you lost money, but what did you make?
- A: *David Hendry:* Over the last ten years, the first part, from 2004 to 2007, were strong years. We actually made money. All of the money that is made, the net bottom line, is reinvested into the

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company. It's not paid out. It's reinvested to reduce borrowing requirements. It's basically put back into operations to alleviate fare pressures. The last few years have not been strong, we have suffered a decline in ridership. We've been hit by economic conditions, global economy, we've been hit by the fact that the US dollar is not as strong as it used to be. A whole host of factors but what has contributed to it is, the decline in ridership, a cost increase in terms of escalation of fuel costs, those sorts of things, and that's what we're out here to talk about today. You're in that position where we are still offering the same service but you're not able to keep up with the revenue for that service. Ultimately it's not sustainable.

Q: *Unknown:* Because I'd like to say that in 2004 to 2013 our service hasn't ever changed. And I've used the ferry a lot. And there's mostly Bella Bella people on it. So why are the rest of us being punished?

A: *Kevin Richter:* So, the Province realizes that action needs to be taken on the system. There are these pressures. So while Government has added additional money into the system, Government is trying to balance competing needs and so these pressures are growing. And to try and make the system sustainable, we're looking at the service reductions but what that means is all parties coming to the table to make sure that the system is sustainable in the future. So these service reductions and these other measures, are all means, in addition to the Government giving more money, to try and make it sustainable into the future.

Q: *Unknown:* If you cut labour costs and the increases then you would cover it.

A: *David Hendry:* There are two components of our labour. There is our operational labour – that's the labour that's required at the terminals, and probably more important, is required on the vessels. That's dictated by Transport Canada, as crewing requirements. We have to have a certain amount of crew on the vessels, for safety reasons, in case of any kind of potential emergency to passengers. From the management side, I know that's the one that probably gets the most attention. Over the last 5 years we have trimmed down, primarily on the executive side, from 17 executives down to 9 executives. On other measures, general management, there's been a decrease, probably of about 50 positions over the last 5 years. There's been one wage increase on the management side over the last 5 years and wages are now frozen for the next two years from the management side. So we're trying to do what we can to help in this situation. And it takes a lot of effort from all angles.

Q: *Mark Clifting:* My name is Mark Clifting and I'm the FAC representative for Denny Island and also a stakeholder in Shearwater Marine. So just looking at the proposal for eliminating the Chilliwack summertime service particularly, it appears to me anyhow, that I think I've interpreted it correctly that if it stops in Prince Rupert 5 times a week, it will improve the service between Prince Rupert and Bella Bella because you're going to have a faster ferry that has state rooms and it's actually a better ride. The connection to the other communities though is the Nimkish, instead of Chilliwack. There seems to be a problem there though because just looking at your stats, and you can tell me if I've got something wrong here, you said that the Chilliwack is running at 29.5 percent capacity and that means with 125 car maximum capacity, on average it would have 34 cars. The Nimkish can only have 16 cars. To provide the service between Bella Bella and Shearwater, Ocean Falls, Bella Coola in the summer. The Chilliwack (Nimkish) doesn't seem to have the capacity that it needs by at least half. And that's not during peak periods. That's on average. There's times where that run's got very low ridership but at other times you're at 70 percent on the Chilliwack. So how the

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Nimkish is going to fill that role, it just doesn't seem clear. And you said that it's going to do that run only once a week and again, after clarification, that wasn't in the document. Even if it was at twice a week, as in double the number of runs of the Nimkish from what is proposed, it would come closer but there's still a concern that during Peak Periods, for instance in Ocean Falls in September when all the residents leave, already now it's hard to get a spot on the Chilliwack, so the Nimkish is not going to cut it. I just can't see it.

And the other thing is the registration process for when you make a booking on the Nimkish at other times, you can't even confirm if there's a seat or a place for your vehicle currently so in the Summertime, when you increase the traffic so much it's going to be a very difficult process. So that's the first question I have for you. My second question is, in the lower mainland there is a fuel transit tax to subsidize the transport system in Vancouver. So would the BC Government consider a 1c per litre ferry transit tax that would make up that \$18.9 Million and eliminate the need for such severe service cuts? The Carbon Tax in a sense, is the BC Government fall back on fuel. You know as ferries buy a lot of fuel the Government's getting that back on tax back, it's a fall back in a sense on the BC Ferries.

C: *Judy Kirk:* Let's take the Nimkish question first and the tax question second.

A: *David Hendry:* The government has made the decision that the mid-coast service will no longer be offered. So there is a definite decision that it is a tourist service. Nimkish will be more of a commuter service. It will not be a Tourist Service. So obviously they are vastly different capacities and for vastly different purposes.

A: *Kevin Richter:* With regards to the second question of funding; when we were out engaging last Fall, November, December we asked communities and we asked British Columbians about another way to fund something you want to raise with elected officials, and I'll certainly carry that on... but again this is why we're out here and this is where I ask, if you can put those comments down and those requests of Government down, I can also carry the message but the message is also stronger if you include it on the feedback form.

C: *Mark:* You're writing off the tourist access and it's just there to supply access for our community. Even with that, in the summer time, Denny Island has a 52 foot reefer that comes in on the ferry on a regular basis and that's essentially half the capacity of the Nimkish. So even if that is not taken up, there's still not going to be enough capacity, even for the locals.

C: *Judy Kirk:* So what I hear you saying, Sir, is that the Nimkish is too small. It can't, not only address tourism but it wouldn't address the supply needs.

A: *Mark:* Yes.

C: *Judy Kirk:* I'm just doing this clarification to make sure that we have it clear in the record.

C: *Bill:* I have a pet peeve, I have to show my ID when I check in and pay for my fare, and when I get on the boarding of the dock I have to show my ID and they have to look at it before I go upstairs, when I disembark it's the same thing all over again.

C: *Judy Kirk:* So are you saying Sir, that you have your Identification checked three times?

A: *Bill:* Yes. And the same thing when you get off. It doesn't happen on the Island or anywhere else for that matter.

C: *Judy Kirk:* David, can you answer why that is so?

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- A: *David:* I believe that has to do with our manifest requirements and it's not feasible to do that down South with the number of passengers but given these runs are longer runs and less people obviously, it's required for that purpose.
- Q: *Judy Kirk:* Is that something that could be reviewed?
- Q: *David:* The purpose for Manifest Requirements: A Manifest is to know exactly how many people are on the vessel for safety requirements.
- Q: *Bill:* Is it not obvious when you pay for your fare?
- A: *David:* It's an operational procedure that I don't have all the details on but something I can take back and we can have a look at.
- Q: *Bill:* I had a friend that sat on the FAC. His comments are given to me by people that sit here, but to no avail by BC Ferries. They don't hear. They don't get brought forward. I can't understand why you have a board when you can't work on things, especially when your biggest population on the Coast has the most support for your Ferries north and south.
- A: *David:* I appreciate your comments. I sit on those advisory committees as well, we have about 13 of them throughout the Coast and they serve a vital role. People on those committees are basically the liaison between BC Ferries and the local communities. We hold two meetings a year with each of them and we try the best we can to take all the feedback from those committees, and I can tell you we take each one of those comments or action items back and address them as best we can. We aren't perfect. We can't address all of them in the timeline that we would like but we definitely hear and we try to do what we can.
- Q: *Reg Moody:* My name is Reg Moody and I sit on the Tribal Council and I also sit on the Central Coast Retail Leadership Board and I just want to say that we went down to the Union of BC Municipalities Annual General Meeting in September. There was about 18 Regional District Chairs met with the Premier and the Minister of Transportation and at that time various speakers spoke about our concerns and our issues around BC Ferries, about the tipping point, about us reaching the tipping point. And the other thing that was a concern was that we are looking at highways in a complete different light than ferries. Ferries connect the highways and when you look at the amount of money that you have in your budget for highways versus ferries, ferries pales in comparison. The Premier, she made a commitment. She told us that she realized that whatever solutions that we need to find, weren't going to be an overnight thing but she made a commitment to us that we were all in this together and that we needed to work together. We had a meeting scheduled for the 22nd of this month, which was yesterday, with the Minister of Transportation. And on Thursday or Friday the week before we were informed that that meeting was cancelled and we thought that this meeting for the 22nd was the first step towards moving collaboratively to look at the situation. After we met at the UBCM in September, we got back home, Jordan was at the meeting, the legislative assistant. Jordan and Taylor were doing phone calls all around the Province. Travis and Darla (Blake), who is the CAO for the Central Coast Regional District and myself, we sat and we gave a lot of information, a lot of concerns, to the Legislative Assistant. I feel really like we've been shafted here because, were those issues that were flagged taken into consideration? Because I feel like the Minister, what has happened, it contradicts her statement that we're in this together. This whole thing around Ferries, it's not just right now. I mean you take a look at the services that we've had to deal with over the last 10, 15 to 20 years. It's been tough

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for us. We've had to literally battle with BC Ferries to get additional trailers on their runs. On their regular runs. I mean if we weren't persistent, we'd be missing out a lot on our essential services. And it really kicks me to know that the Premier goes and makes a statement like that. She leads us to believe that we're a part of the solution only to drop this bomb on us. It is unacceptable. These people here... I don't know if any of you know what our situation is with the band store, with the high unemployment. ... We're a hard hit community. A hard hit fishing community. We're struggling, but we have a plan and we're moving forward. But when we get shafted like this it makes it even harder for us. So I think that, we matter, that's the message that is clear here today, is, we matter. We are a stakeholder and we have a voice. All we're asking for is that we need to be respected. And if drastic changes like this are going to come our way then we need to be at the table. I don't think it is fair that, unannounced, no indication, you drop a bomb like this and it has an effect to the extent is has now.

My first question, when I thought about this meeting today, this morning, was, 'What are we doing here?' 'Why are we even meeting? The decision has been made.' 'What we're going to say today, is that going to affect the decisions that have been made?' I highly doubt it. But I would recommend that we at least meet with the Minister of Transportation directly. Not with just the First Nations communities but Shearwater is here. The Cariboo Chilcoten Coast just hosted their Annual Summit, Tourism Summit in Shearwater. And they gave a lot of statistics and numbers and research about the usership how dependent they were for the Tour operators even off of ... Island. You know? So I think this is not going to go away. To me, I feel like, even prior to today, when I see the BC ferries go by our community, without stopping, to me that is a human rights violation. And through the grapevine I've heard that because of the decisions that were made, some First Nations are actually looking at a legal option. But I just want to say today that we need to be treated with a lot more respect. I wonder if you guys even know what our situation is here in Bella Bella. This is a big decision and I think the message is really clear: you need to be more inclusive. You know and like I said, I thought that this meeting on the 22nd was going to be a step in that right direction... to begin more collaborative discussion. But that wasn't the case. I know that today, I do appreciate all the concerns are valid and legitimate and you need to bring it back to the Premier and let her know we need to sit down and rethink the situation that you have imposed on us.

- C: *Cathy Brown*: I'd like to mention a couple of things. Well, first of all I'd like to thank Mal for mentioning about the ID. The ID is a little bit too much. We're adults. When it first started they would line us up, upstairs and ask for ID. You can't move down until they have seen your ID. It wasn't done in a manner that front line service professionals would use. And now it's still being done. You can't drive off until you've shown your ID. I can't understand that. It just seems so silly that we have to do that... Every time you want to go up or down you have to show it again. I could understand if it was done in a way that "this is why we're doing it", but there is never any explanation and you travel everywhere else and you're not asked to show your ID. You get off a plane you don't have to show your ID again. And that's the problem. You're getting off a boat and you have to show your ID again! I just think it is a little bit too extensive. I think they should be able to do it so that it's not so, right in our face.
- And I wanted to ask about what the fare difference between Prince Rupert and Skidegate. What that fare is. Because I believe we have the same distance between Bella Bella and Port Hardy and I believe that we have difference. When it very first started, there was no such thing as a residency

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rate. They introduced that at some point. But I challenge that. It is not a true residency rate. Because a residency rate, if you look properly, in the North, was introduced in Skidegate when they had the base there. It was never based on low season, mid-season or high season. Your basing, our rate, stays at low season. So that's not a true residency rate. So I'd like that looked at. Clarified. To be fair. Because I want it to... You get a Residency Rate and it's not based on the Seasonal Rate. I would like ours looked at so it's clearly... because when I talked to one of your employees one time, when I was trying to explain it to him, he told me "Well you choose to live there." There are challenges in our community. You introduce these things and... You put a note there for your officers, that this is how it works. These are the points that need to be clarified and that we need to be respected. As Reg has said, this is about respect. There are these little things but if you worked together on that it would improve things. Charles commented about EMT, that's commonly used, you can order on eBay, all kinds of things. You'd be amazed at what people can do here because at last we have the internet. But the ferries have got to have place on that, too. If I want to book I have to go out to the ferry. That's got to change. We used to be able to pay through interact but now that's, in the US and Europe you don't have to use Visa, you know but now, because they have changed their interac to Visa... I'm sure there's a button you can press in the system... So that's one thing.

The question about over-height. Why are we charged over-height when there isn't another deck? It just doesn't make sense to me. If I wanted to take a truck – a regular height truck on the ferry, that's longer than 20 ft, higher than 7 ft on the ferry, just to get that on the ferry is, I had to the calculations just because I wanted to go get something, it was over \$300 just for the truck. So then you add me as the driver and you add my passenger, you are looking at over \$500 just to drive on the ferry. That's not going down the Island or wherever you're going to pick up stuff. And then you're coming back. We would like that addressed because the over height thing, we could change our weight allowance but in low-season where there is ... Why there is even an over-height I have no idea because we have nothing above. So I would like some explanation on that and I would like a written answer in regards to the residency. Look at what they are charging between Rupert and Skidegate. Look at what they are charging between the small islands like Salt Spring and the other islands on the Island and explain and why is our rate so much different than theirs.

This neighbourhood ... we need this service.

And I would really like to begin... And I don't know which one of you explains the difference... So the Expedition and Adventure will stop. But you need to write this down. I want it clarified clearly what days are they going to stop and how many times are they going to stop, going South, in a year. And how many times are they going to stop in the summer? Right now it's only once or twice. For the businesses, for the plant, we need to be able to put trailers on there. This needs to be addressed. Those trailers need to be addressed. This is business for sure. We need to be able to do that. Because I remember someone sharing with me in the past, when it did stop, they didn't want to take the trailers because the focus is tourism. But I've been working with some of your people but although the focus is on tourism. The tourism isn't there. You run at less than 50 percent on these sailings. We have, one of the most beautiful places here. We could develop tourism and work with you, we tried to ask this years ago and we did a proposal based on your numbers, the ridership was going to increase. We tried to ask, if we do the call center here, because we know the area. Because when we first introduced it, that ferry system was A, B, C, D, E, F, like a semester system in the school. I had a walk through with some of your operators. One day they had

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stopped, they had a ... in Bella Coola and I had to explain to them how it worked. We'd get so far but then you would change your employees, so they would move to another department and you're not the only government department that has done that so, you've heard a lot of concerns and a lot of things to write and I only hope that we can look at all of these issues and address them and not leave it hanging so that we ... and the meeting's cancelled. It is going to come to that point where, you know, we could be an advocate and help you fill those ferries. But how can we do that if you keep making these changes and not treating us and sitting us at the table. We have one representative there. But this representative should be notified so that people that want to develop and who say 'this is what I want to do' can have the schedule ahead of time. You know when we were going to do a Tourism venture down South, with a First Nations Developer, they wanted to book things out 3 years ahead. I don't know how many years ahead you have your ferries booked but that's something else you need to look at. I don't know if you have your central office in downtown Vancouver but that's the type of thing that we could work together on. I really hope that we could really look at these things because the fare is a big factor and if we had true residency, I'm sure more people would be able to use it and I think the term 'residency' needs to be looked at itself, because we have students who go in and out and because of your policy we have to show, so we have to carry mail with us, that shows that you have residency. There are rules that if you are absent for school or for medical for an extended period of time you are still a resident. I would like to know what you've put in place for that and if not, if we could work together on that because that's the other areas where when you're paying if you don't have something with your ID on it, you have to show it at both ends. I can understand what you're doing but at the same time... One more comment, the luggage sometimes I have to pay excess. And then I challenge that because that isn't done elsewhere in British Columbia. It depends on who is there. So again, clarification so that if it is going to be in place we can plan for it.

C: *Judy Kirk:* Thank you for your comments. Now, there were two main things for you to respond to. We're not going to do each one but a couple. The first one was the difference in the residency rate between Skidegate and here. And the second one was over-heights.

C: *Cathy Brown:* And if at the end you could clarify what the difference is going to be, with the stops.

A: *David Hendry:* Let me take that one first. In terms of clarifying the stops. That's something that will be out in January, I don't think it's fair to talk about the details of that right now. In summary, there will be more direct stops here and more direct service between here and Port Hardy but in January we'll be out to talk about what the details of that will be and if there is any potential for changing the actual times of those stops, the recognition that it is tied to a large overall service that involves Port Hardy and Prince Rupert.

In terms of the fare structure on each of the routes, it goes back a number of years and there are a number of routes that perceive that they have fare inequity because they have longer routes or, well, basically they see their fare as; they have a shorter route versus a longer route and wonder why are they paying differently? It is not necessarily based on the distance of the route, there are a lot of other factors involved, like, what the actual vessel costs on that route. Having said that, we don't do per kilometer fares. That's in essence what it is.

Q: *Judy Kirk:* So what you're saying is, the cost of operating boats is different. Is that what you're saying?

A: *David:* Yes.

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- C: *Judy Kirk*: I'm going to move along.
- C: *Unknown*: What I want to bring forward is a lot of what we're talking about. You go to Klemtu and you're doing a North to South run, how much fuel do you burn between Klemtu and Bella Bella? Because they are paying the same rate that we are paying to get to Port Hardy. But if I want to get on the boat to go to Klemtu I gotta pay. So that to me, you know, you're traveling further...
- C: *Judy Kirk*: Okay, let's get an answer on that. How much?
- A: *David Hendry*: I don't know exactly what the fuel burn is but there is the cost of the labour and the cost of the fuel on the vessels but there is also the significant cost of the capital asset in itself before you can go anywhere. So it's almost like a taxi cab, when you get in a taxi cab, they have already set, it's costing \$5 and then you need to cost, however far you travel.
- C: *Travis*: A couple of concerns coming up. We rely on the service for medical purposes in our community as well. There are people that just can't fly. Reducing the service to our community will put them at risk. Another concern that I have is with regards to the economy already being hard hit in Bella Bella and we have several employees that work with BC Ferries here as well. 38 percent I think was the scheduled cutback and that is a reduction of services provided by individuals in our community and BC Ferries, as well as the shipping industry. The trucks that come back and forth from Bella Bella, there is going to be a reduction to their income. Is this also being put on the table for you guys? The impact of this to the economy? The economy has already been hit quite hard here.
- C: *Judy Kirk*: Thank you very much.
- C: *Marilyn Slett*: Good morning, my name is Marilyn Slett. I'm the Chief Councillor for the Heiltsuk Tribal Council. We represent, or, I'm from Bella Bella. Just in terms of providing some context for people who are here with you today because we started and just kind of got right into questions and answers. We have here today people who are at the center of our community. We have political leadership here, we have our hereditary leadership here today, we have business leaders in the room and we have residents from Denny Island and other local business owners. So we all came out because we have concerns with the reductions BC Ferries. I have a lot of the same concerns and comments that have been raised earlier today, one of the things that I'd like to ask is whether or not the Provincial Government or Ministry of Transportation or any of its Departments, has conducted a socioeconomic study on the negative impacts of these cuts?
- A: *Kevin Richter*: Although we didn't conduct a socioeconomic study, we looked at as many of the considerations as possible. Government has made the decision that it wants to find the \$18.9 Million in service reductions. It's trying to balance the fact that Government also put in \$86 Million more into the system but it's trying to balance service reductions and other competing priorities with the amount of money that it has put in the system. So we did look at the considerations came and engaged with you about last year to figure out and inform our decision. But it's key that we are here today because we're here today to hear from you but what I ask you to also do is write it down, provide this information, so that it can go back to the elected officials.
- C: *Marilyn Slett*: [submits a written submission and community petition] We do have a Written Submission, we provided one last year as well. We also have a Community Petition that circulated just over a day, around the service reductions and we hope to convince the provincial government

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to go back to the drawing board and come back with reasonable solutions that fit the communities that use that service. We have about 315 signatures on it. I just want to reiterate and support the comments here made earlier. We consider the air and sea a part of the transportation system. It is part of the roadway. You know, as well as we do, from coming in here, that that is the way you get to our community. We're an isolated and remote community. So with that, there has been a lot of investment over the years into transportation highways. It is time that the BC Government reinvest in the Central Coast communities and not take off the ... of our communities, because that's what's happening here today.

One of the things that I wanted to also mention, you know, without having socio-economic study, or talking about the impacts, you've heard about some of the impacts here today... We can't even begin to quantify those impacts here right now. It is going to affect our health, grocery delivery, small business owners, it's going to affect people in terms of access for a trip home.. You know there are a lot of students that live on the Island and in Vancouver that come back. One of the things that was mentioned here earlier, we are a community that is working hard to diversify our economy, we are looking at a whole range of ways to do that but it is totally contingent on having access to bring those goods and services to and from our community. So it's most detrimental to our community, these reductions. One of the things that we do have here, that was raised earlier by Reg Moody, one of our Council members, is we are not just going to be looking at legal action, we are going to act on some legal options in Bella Bella because we cannot accept these severe reductions. We have a voice. We need to be served. We feel as though we are taking the brunt of the BC Ferries reductions and that's not fair. It's really time for the Government and BC Ferries to go back to the drawing board and find solutions that are reasonable to the central coast and not off the backs of the people. So we have a petition here that is signed by members of our community, residents of Denny Island, people who would support a ferry service that's comparable to the rest of BC. We're not looking for services that are daily, we're just looking for a basic, no frills service, with no cuts. Thank you for listening.

C: *Judy Kirk:* Thank you very much.

Q: *Michael Wilson:* My name is Michael Wilson. I am a user of BC Ferries. I would like to inquire; what is the ratio for the Prince Rupert - Skidegate run, compared to Prince Rupert Bell Bella, Port Hardy?

A: *David Hendry:* The utilization on the Expedition run is about 39 percent and the utilization on the Skidegate-Prince Rupert route is about 42.5 percent, so they are very close.

C: *Judy Kirk:* But I think the question was; what is the capacity?

Q: *Michael Wilson:* What is the ratio of passengers on each run, daily?

A: *David Hendry :* I think what's listed in this guide here is the vehicle utilization rates but if you go to the website that is also listed in this guide here you'll also get the passenger utilization rates. Typically the passenger utilization is about half of the vehicle utilization of what's available to be carried on each vessel.

C: *Michael Wilson:* Your peak run for during the tourist season is quite low with the big vessels. You bypass the Port of Bella Bella. You are catering to the tourists that come to Canada, mostly Germans on there and I don't think it fills the Expedition up. When you could call into Point B and C, Kitasoo and Bella Bella for us to also use that vessel but it bypasses us. Instead of using the Chilliwack... Before the Chilliwack came in the Queen of Prince Rupert was here. BC Ferries sent Rupert into Ocean Falls just to drop some newspapers off and a puppy and you're a waste of fuel

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when you have 30 percent of people that want use it and you have to wait for the bustle to come out of Ocean Falls. The percent that's out here on the Chilliwack is quite high. I heard that the Skidegate run, for them to use it is a lot more up there, than for us to use it down here, to go to Port Hardy or Prince Rupert. You've got three vessels running – Prince Rupert to Skidegate and Prince Rupert down to Hardy, and the Chilliwack is also in the run in the Peak Season, during the Tourist Season. People want comfort other than utilizing the Chilliwack. And I think that is where one of your biggest losses are, with the Chilliwack. People sleeping on the floor. You've got 300 passengers looking for a place to lay down. So that's the trouble, there's no State rooms on that vessel.

So, just another thing... I inquired with locals from Haida Gwaii about what they're paying. They told me and we made a comparison and ours is a lot higher than for the same amount of run - 6 hours. They pay less than we do to go down to Hardy. I don't know what's the difference, you know? Same amount of travel time and they pay less than the Central Coast. I just want to bring this to your attention. What is going on? And another thing that was brought up on the floor earlier too, is about checking the passengers coming off here at Port Bella Bella. You mentioned the manifesto. It is already on your point-of-sale. in each terminal and it documents how many people boarded. They all paid. So they are wasting another 2 hours pushing around on the car deck. Checking who is getting on, who is getting off. I think that should be put a stop to. They don't do that going into Rupert. They don't check us going into Rupert. 90 percent of the time they don't check you going into Port Hardy also. Just here. I don't know what is going on. Maybe because we're First Nations, I don't know. But that's something to look into. You are paying an extra two hours for the ferry to sit when it's dropping the passengers off.

Q: *Louise Wilson:* I'm glad the Ministry of Transportation is here today. Essentially as I understand it and I think most people understand it, the ferry service is actually an extension of our highway and as such it is an essential service. And I really would challenge, instead of just automatically thinking 'Oh we're just going to cut the service', that you look again at the budget and I'm sure there's places where you could make cuts but the Government needs to also look at ways to support us in these remote communities. I know down South, I know, well I'm not familiar but I know there is a bridge that has been built that is having a lot of problems with ice falling off it...

C: *Judy Kirk:* The Port Mann, Highway 1 Bridge.

Q: *Louise Wilson:* Okay, so I would like to ask, how much it cost to build that bridge? And I'd also like to ask, how much is it going to cost to fix that mistake, and, who is paying for that?

A: *Kevin Richter:* I don't know the exact number. It's the a couple of billion dollars for the Port Mann Bridge. The Port Mann Bridge is also a tolled bridge. So it's a self-financing project. With regards to the problem of the ice, a contractor built the bridge and a contractor is responsible for that.

C: *Louise Wilson:* The problem here is, infrastructure wise, you are supporting communities in the lower mainland but when it comes to us up here, we are being penalized and marginalized and it's not right. It's wrong. And you need to go back and look at the figures and look at how you can support us.

C: *Judy Kirk:* Thank you Ma'am. I have you sir, in the back. And thank you for being patient.

Q: *Unknown:* I would like to know what amount of money the federal government is subsidizing BC Ferries to provide a service to the Central Coast.

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- A: *Kevin Richter:* So the Federal Government, we have an agreement with them, and about \$28 Million in the last year – Lynda’s great with the numbers.
- C: *Lynda Petruzelli:* Yes, it is.
- A: *Kevin Richter:* About \$28 Million and that number has been increasing with the rate of inflation. And that agreement says that that money is to go towards services to provide service from Port Hardy up to Prince Rupert, in the corridor here and also to provide service between the lower mainland and Vancouver Island. Just also worth knowing, it’s part of our strategy going forward, is to also seek federal funds, additional federal funds for some of the capital investment that BC Ferries is going to have to make. The federal government has recently announced a new infrastructure program and so that’s what the Province is currently doing is asking the federal government if some of that money cannot be used to help the ferry system and that’s for the capital investment.
- C: *Unknown:* Well with that money you have provided sub-standard service and held the people hostage on that shoe box and tortured us on a simple trip to Port Hardy. For the purse, we’re pretty much non-existent. I think myself that the Queen of Chilliwack is a multi-million dollar reef. And I think that in order to provide better service to the central coast you should be looking at having the ferries that go north and south in summer stop here at Bella Bella twice weekly, instead of once every second week. We need better service than that on the central coast with the amount of money you people are receiving.
- C: *Judy Kirk:* Okay, thank you for your comments Sir.
- Q: *Kevin Richter:* With regards to the schedule, the plan with route 10 is to have the schedule stop additionally on the mid-coast, at Bella Bella. It is 7 trips every two weeks. On two of those trips it will be going to Klemtu. The remaining five would be stopping in Bella Bella. Do I have that correct, Joanne?
- A: *Joanne Doyle:* Yes. So of the 7 days, in the summer, when it’s a north/south daily service, of the 7 days, 2 days will be stopping in Klemtu and the 5 remaining days we would stop in Bella Bella. The days, or the times of the arrivals, we are looking for feedback. In the back of the Discussion Guide, there’s room for feedback. So what works best for the community, what are the days. Because we are sharing this service with Bella Bella, Port Hardy, Klemtu and Prince Rupert there is going to be some competing interest but we’re looking to hear as much as possible from as many as possible.
- C: *Unknown:* So we’ve heard that the schedule is going to come out in January... So what’s the consultation process for? If you really want to consult with the people then you should come back and really try to work it out with the local people here. I think then you’ll find the information that you need.
- A: *Joanne Doyle:* That’s an excellent comment and just to touch on what David said... In January, the plan is to come back with the information that we’ve got from these meetings and from the minutes and work with the community on creating the schedule, based on the reductions that we need to meet, the target that we need to meet with the Ministry. So based on that we want to come back and pull together a schedule that meets the needs of the community that the Route serves.
- C: *Judy Kirk:* What I think I heard you say sir, and I don’t think it’s correct, is that changes would be coming in, in January.

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- C: *Joanne Doyle:* No, we would be coming back in January to discuss the schedule in more detail. I don't have the schedule detail now. We're looking for feedback as to what days of the week would work. We've got the 7 days to work with in the inside passage. So the Peak Service is what I seem to be referring to more. And when we go to Klemtu we need to know what days, between all the Ports, what works best... because it is North and South on alternating days, it won't be every Monday the same service but rather an alternating two week period.
- Q: *Kate:* I want to know whether the mean wage income for this area was considered, so how much people make a year, their income, was considered?
- A: *Kevin Richter:* We did not look at that specific item. We looked at other considerations; where the shortfalls were, where the utilizations were, trying to find that balance, that target of 18.9 with where the utilizations were lower or where the savings could be found.
- C: *Kate:* Because I'm quite sure, that a lot more people here would travel if they could afford it... I also want to say something about the ID checks. That was my cousin that died on the Queen of the North. I appreciate the ID checks. I'm sure none of you would want a relative left behind.
- C: *Judy Kirk:* Thank you.
- C: *Kate:* I also want to say about the ferries. Sometimes they go by here and they don't stop. Why don't they stop? So if we're going to have decreased service here, I don't want to see them going by without stopping any more. Is it that we need improved docking facilities? Does the docking lane need to be improved, is that why they aren't stopping? Is it the weather? I mean, why are they not stopping? Because if we are going to go down this route of not having more services in the winter, that cannot happen.
- C: *Judy Kirk:* So why do ferries go by and not stop?
- A: *David Hendry:* Right now it's dictated by the schedule. I know that sometimes you can run into weather problems at Maclaughlin Bay. There's been larger [inaudible] going into Mac Bay, which is just closing off right now. That will alleviate some of that concern, that larger vessel can dock more safely into Mac Bay. In terms of the schedule, the number of stops, that's something that needs to be worked out. I think that's something that needs to be talked about in more detail in January.
- C: *Bill:* My name is Bill and I'm a concerned citizen. You want your Engagement presentation to page 9. "Service Reductions to begin in 2014". I'd like to reference Route number 10, of which we're part of – that's Prince Rupert and Northern Expedition. You advised last year that we're down to 39 percent. Then down to Route 30 at the bottom; 29.5 percent utilization. Of those two, Bella Bella is the main contributor to that. On Route number 10 you're looking at 32 percent reduction this year and you say this is going to be \$3.8 Million, out of the \$14 Million. Route number 40, you are eliminating that altogether – 100 percent. You're going to have a saving of \$1.4 Million. So Bella Bella is really contributing something like \$5.2 Million to this reduction out of \$14 Million in savings. That's a lot of money. You know we utilized those two runs when they were going. A big percentage. I've heard of people going on the Queen of Chilliwack, walking on. Not counting the vehicles. Hundreds of people, from this community. I was on the Northern Expedition not too long ago, over 30 vehicles were on there plus 2 semi-trailers from Bella Bella. I never saw anything out of Prince Rupert, maybe 20 vehicles. You know, most of the year is like that. Is BC Ferries considering with these reductions, you're taking the Chilliwack away altogether to the tune of \$1.4 Million in savings. Are you going to consider picking up that 29 percent that was used by the Queen

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of Chilliwack in utilization last year and put it on to the Northern Expedition so that they can have more stops in Bella Bella?

A: *David Hendry:* As we've mentioned previously, the intent is that there would be more stops at Bella Bella as a result of change in the service. We have to work out those details with the community.

C: *Bill:* As I think you've heard the concerns of the community, I think you've heard it quite frequently, that we need to have the service not curtailed at all. If anything, it should be improved. It's been a shortcoming of BC Ferries for quite some time. I don't think we should be bearing the brunt of fuel costs, of what it costs to go to Rupert. What if they made a stop here and make two or three stops to Bella Bella and then go back to Hardy and maybe one to Rupert because they got a highway. And this community, it depends on BC Ferries. I think you heard it from our people with the economic development, with our fishing. You know our people utilize it in a big way. You know, medically and also going to do business outside of this community. We're a part of this country just like anyone else and we shouldn't be disassociated just because of costs when we're a major contributor to that run. So I'm a little bit concerned. I'm a concerned citizen, I think you should do your best to accommodate Bella Bella.

Q: *Unknown:* Just a clarification on Route 40. It is mentioned that there is a shortfall of \$7.35 Million on Route 40 and then it says that the elimination of Route 40 will result in an annual net savings of approximately \$725 Thousand per year. I don't quite see how those two correlate.

A: *Kevin Richter:* There are two components to the cost to run the service. There's an operating cost and maintenance cost and then there's also a capital cost – a cost to pay for the financing and amortization. To run Route 40 is about 9.4 million dollars, you will correct my numbers if I'm wrong. There is a revenue of about 1.7 million dollars on Route 40. So that's how it comes to that \$7.3 Million – I might have got the numbers a bit wrong. What is going to happen is when the Route is not operating there will be a savings from labour and there will be a savings from fuel. However the boat, for a couple of years, is going to be providing, on a short term basis, refit services on other routes. So there is still a cost, for example, for the Nimkish and also for the maintenance that has to be done on that particular vessel. However in a couple of years, when the vessel is retired, you see the complete savings. You don't have any amortization costs, you don't have financing, or any maintenance costs. All of those costs can grow into several million dollars. So close to covering what that difference is. However, the Nimkish is going to be operating the full year. So there will be some offsetting costs associated with the Nimkish. For the first couple of years, it's only, the total savings is 1.4-5 million dollars. But after that you get the complete savings. You get the, almost several million dollars in savings.

Q: *Unknown:* So the \$725,000 is just for the savings of fuel and labour in one year?

A: *Kevin Richter:* It's the net of the fuel and labour, offset by the revenue lost.

C: *Frank Brown:* First of all I'd like to thank William Glasgow for quantifying the point that I made previously about the elimination of the Discovery Coast and the Inside Passage run and the cut of the third of the services to the amount of \$5 million dollars. And that's what I was saying. Is that the mid coast is taking the brunt of this hit. The \$18 million objective of cost reductions, of which \$5 million will be covered through us, the northern run. Everyone knows this is an issue. So you need to think about that and how you want to create an equitable process around the impacts. I think that, you know, you have to reduce costs. That's what you're saying. That this is the directive. We get that. But the point is, it is not fair to look at 5 million out of \$18 million cut that directly

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impacts us in the mid coast. So you need to reconsider that. And when you come back, come up with some alternative approaches to remedy the situation. And try to also meet your objective of providing a service and all the stuff that was outlined in your Terms of Reference. As I understand it, we're talking about 5 stops within a 7 days circuit on the run, in the current recommended approach. A couple of comments: Within those stops, I think it is essential to look at the operational reality of that vessel that runs the inside passage. It's got a very narrow bow. You can see the difficulties even with bringing trucks in there. It's a challenge. It is not that well designed. I think there might be some retrofitting required, to meet our transportation needs for trailers, in order to do it in a timely fashion, that needs to have some serious consideration. And have a conversation with staff in our MacLaughlin Bay Operations because they're going to give you direction on what is going to make it most effective from an operational perspective, to meet or economic needs. The other thing I thought about was around the timing issue. We had this partnership agreement with the ferries corporation we worked very diligently to try to see if we could get a stop on the inside passage run. And we couldn't do it because not only as a small business, even as a community, and the reason why is because the committees that make the decision around scheduling, they dictate the schedule to the peak season run around tourism time. Like, I'm not sure if the gentleman still chairs the Ferry Committee in Rupert, was the owner of the Crest Hotel. The high-end hotel in Rupert and the business owners in both Prince Rupert and Port Hardy have a tremendous amount of Political and Economic influence around the scheduling of that ferry. We couldn't get any consideration whatsoever. They would not. They said it cost too much money, like literally minutes on a turnaround time on the inside passage. Now we're taking about five stops. So there's the operational issue, there's the time issue for turning it around because when we were doing our business through our partnership we had walking tours, ocean canoe tours, barbecues, a little campground, arts and craft sales and a water taxi business and we thought if we could get that inside passage run because BC Ferries, this is a sort of macro business thing, BC Ferries was promoting the region and they were using First Nations iconic images to basically target the European market, and what happened was there was little to no deliver of the actual program. So they were appropriating images of our culture and our history and our heritage and saying come to the beautiful North West and have that experience but there is little to no opportunity to have that experience. And so we think that we could be tremendous partners and able to deliver an authentic Aboriginal heritage and eco-tourism experience in a world class tourism destination and that will help the viability of the ferries. What happened was there was little service. So that needs to be thought through. Under our Reconciliation Protocol Agreement we have access of up to half of the recreational tenures within our territory, through a Government-to-Government agreement. And we're doing shared decision making on the land base. We have set the table to be able to reinvent our economy. Our people have always adapted. We've always been traders by our geography. Where we are located in the Central Coast between our Northern friends and relatives and our Southern friends and relatives. That's who we are. We're prepared and we're capable of not only moving forward in a constructive way that not only benefits us but that benefits the ferry corporation. And I appreciate what you're saying about having an open mind because that ferry – if there was an opportunity to work together, to bring people in, then the business will increase because they can't. And the reason why they can't is simply this: scheduling by that committee who has the influence to ensure that the ferries arrive at night in Port Hardy, so that their hotels and their restaurants, people can sleep in their beds, eat in

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their restaurants. The same with Prince Rupert. And that is all that's about. And what happens to us is we lose the economic and employment opportunity which we very much need to be able to diversify our local economy. Our Political leadership, our business leadership has laid the path to do this but this is a barrier to us in realizing this opportunity. So what is an action item out of that comment – you tell me.

- A: *Kevin Richter:* You raise really good points and I think working together to work it out, especially with the perceptiveness of the community, the business community, on ideas to move forward to leverage the population to come on the ferry to enjoy what the community has to offer – the ecotourism route, that list of things that you have. The action item that I am taking is to engage with other Ministries that have tourism but also put it into the context that the ferry system is an integral part, I'm hearing, to try to make that work. So my action item is to carry on and to connect with those people and at the end of this meeting I would like to talk to you personally so I can establish that connection so I can line up the right connections.
- C: *Frank Brown:* The second action item is the around the operational reality of the ferry for those reefers, in order for them to get in there in an effective way to get in and get out so that our service isn't diminished.
- Q: *Arlene Brown:* In August of this past summer we had the opportunity to travel to Skidegate for our adopted daughter's wedding, who pretty much based her wedding on the ferry schedule, so that we, her family members could get there. And we had an issue with returning because of our job commitments and family commitments. If we went there we would have to wait two weeks to get back. And so the only way that we could get home was to get off the ferry in Klemtu. And as we live on the coast we're all weather-minded people. The weather wasn't going to be that great. When we arrived in Klemtu, because we had to get back to Bella Bella that day, we had to travel by aluminum skiff, that a friend so graciously came to pick us up. Thank goodness the weather didn't turn out as it had supposed to. I had several conversations with the management in Victoria, Customer Service Manager, about requesting an extra stop, a couple of months in advance and she said you can't do that because you have to plan it two years ahead of time. But I've been persistent at requesting an extra stop at Bella Bella on the way back for family members. There were some family members who couldn't go because they couldn't get back to Bella Bella. They would have to get off at Klemtu. It came down to, her last comments to me were; we cannot inconvenience the passengers from Prince Rupert to Port Hardy, to stop in Bella Bella. So then we were an inconvenience. So I asked her a simply question: "well, how many passengers will we be inconveniencing?" And she said 120. So, we didn't want to miss our adopted daughter's wedding. So we went. It wasn't until we were there that we found out that we were able to get a ride home from Klemtu but it was depending on the weather. So that's just a comment that I really needed to make because BC Ferries is telling us that we're an inconvenience but they could go to Bella Bella anyway.
- A: *David Hendry:* I understand your concerns but the ferry service on the inside passage can't be all things to all people all the time. And we will try to work through this change, recognizing that there are a lot of people that need this service and have different requirements.
- Q: *Charles:* Before they built the Adventure and the Expedition they said they were going to build third ferry to run the North Coast. So now we're not going to get a third vessel?
- A: *Kevin Richter:* This plan does not have a replacement for the Chilliwack.

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- C: *Charles:* They said that we were going to. Before they built the other two, they said. I went to a meeting and they said three new vessels. So they just dropped the third one then?
- A: *Kevin Richter:* So again, the Province and listening to the Ferry Commissioner, the overall sustainability of the ferry system is what's at stake here and Government although they have put in money, you've heard me say this before, they have set this objective of savings and part of the savings target is part of this plan. And part of this plan is not replacing the Chilliwack.
- Q: *Charles:* So what if one of the two ships breaks down? We won't have any ships.
- A: *Kevin Richter:* If we're talking about peak service, then that's the two vessels running, then that's something we'll need to deal with. Obviously there would be a vessel up here. In the off-peak service if it was unfortunate and the vessel is shut down for some reason and we have to adjust because the other vessel is down south in our maintenance facility, then we'd have to look at adjusting accordingly.
- C: *Charles:* I'd like to ask if they could build a covered area for walk-on passengers, down for our ferry and the one in Port Hardy, when it's rainy and blowing, they are out there, it takes forever.
- C: *Judy Kirk:* I think we'll take that as a comment sir, thank you.
- Q: *Norina White:* I want to ask a couple of questions. One of my questions was asked already but I didn't hear an answer. I wanted to know if the residential rates will be affected with the changes that are being made. Are they going to be increased?
- A: *David Hendry:* Not to my knowledge. I mean this plan it's really to achieve the fare increases that are anticipated for the next two years.
- Q: *Norina White:* The second one is, will the elders' rates, will they be affected?
- A: *David Hendry:* Not to my knowledge.
- Q: *Norina White:* And the last one was, why does Bella Bella and Kitasoo pay the same rate, traveling Kitasoo to Port Hardy. We pay the same rate as them – why is that?
- A: *David Hendry:* That was something that was addressed earlier.
- Q: *Norina White:* Nobody... Didn't answer it. Otherwise I would have taken it in.
- A: *David Hendry:* The fare structure is complex and it's not just based on the length of travel.
- Q: *Norina White:* What does that mean?
- A: *David Hendry:* It means that there is more than just the fuel considered and the labour on the vessels. There is also the cost of the vessel itself, the cost of the terminals...
- Q: *Norina White:* I just don't understand why they pay the same as us and we're closer to Port Hardy than they are.
- A: *David Hendry:* Maybe I can make an analogy. We have routes in the south that are 10 minutes long and Routes that are 40 minutes long and they pay almost the same. There's a similar...
- C: *Norina White:* Oh... But I think we pay the same.
- C: *Judy Kirk:* But I think what you were saying... And I don't know if I've totally got this... But I think what you were saying David is that it's not just the distance that determines how much people pay, it's because of the cost of the vessel and I think the cost of labour, is what you're saying, the cost of crew.
- A: *David Hendry:* The cost of the crew, yes. And the cost of the assets that need to be employed.
- C: *Norina White:* I'm thinking that their fare should cost a little bit more than hours because they are a farther distance than we are. Not just by a couple of miles.
- C: *Judy Kirk:* We'll take that as a comment.

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C: *Judy Kirk:* Sir, you're the last speaker before we have to go, I'm sorry.

C: *Gary Houston:* First of all I want to thank the panel for coming here to our community. I want to say a big thank you to all the Speakers before me. There are some very strong concerns that were brought up here and I hope you take it seriously. On the proud day of the opening of our terminal... I'm one of the Hereditary Chiefs of this community. My name is Gary Houston. My Hereditary name is Natzi, and I work very hard for this community. I work with our mayor. So I just want to make a comment that as Hereditary Chiefs, when we're down here to, this great celebration of the connection of Route 10, the highway that is so important to my people, when we get dressed in our sacred regalia, that is the most honour that we can give you. I want you to know that. Taking and Giving. Giving and taking is not right. You give to us and now you want to take from us. And we were there as Hereditary Chiefs, to verify that this is such an important thing for Our People. To have this connection to this highway, which connects us to all our brothers and sisters from down South and up North. People were talking about trading here. We do a lot of that, we never ever stop. This is just going to make it so complicated, these cutbacks and everything. We have had panels such as you people in front of us many, many times. We've learned not to trust any of you. Our lives have been turned over. Upside-down because people don't listen to us. This is our territory, these are our resources. We should have everything to say about it. We should have the last say. Because people don't listen to us, we're in turmoil. Our people are unemployed. I want to use herring fishing as an example of how Government treats us. They took Herring year after year after year and they used the bio maps to get at the herring in a place like Spiller Channel. It's not rocket science. Damn stupid. It's just common sense not to do that. 15 years we told them you better quit doing that because you're going to kill our resources. And that is what they did. We no longer have our own kelp operation, for our fish plant to work and many people need these jobs. Our own kelp operation bought in \$2.6 Million one season and that's only in a stretch of 2 to 3 weeks. We lost that because of greed. Because of poor decisions. Because of mismanagement. So, we are always careful when we listen to people like you guys. We don't need any more changes than the quality and erosion of our lives, because that is what is happening. You are going to change our lives and change your rules, I don't think that should ever happen. And when you read our written submission that was put together by our Tribal Council, I want you to take it seriously. I read through it. It was really good. To the point. And I want you to carefully look at the petition and all the signatures. I really hope and we all hope that the outcome of this meeting is going to be favourable because it is going to determine the quality of our lives. We don't want this change. We are fighting for our lives. We are trying to rebuild the way we live. Because some of you ruined it for us. So we want to continue to have the services that were brought to us. We appreciate it. I hope and pray that we when this is all done, we will have continued respect for BC Ferries. BC Ferries is important to our lives. Thank you.

3. Closing Remarks

Judy Kirk wrapped up the meeting, thanked participants for their time and encouraged participants to complete the feedback form and encourage friends and others to participate.

MEETING DETAILS	BC Coastal Ferries Community Engagement 2013 Courtenay/Comox Small Group Meeting November 29, 2013, 9:00 a.m. – 11:00 a.m. The Westerly Hotel & Convention Centre 1590 Cliffe Avenue Courtenay, B.C.
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PURPOSE	Notes from a Small Group Meeting for the BC Coastal Ferries Community Engagement held on November 29, 2013 at The Westerly Hotel & Convention Centre, Courtenay, B.C.																												
FACILITATOR	Anna Wright, Kirk & Co. Consulting Ltd.																												
ATTENDEES	<table border="0"> <tr> <td>Edwin Grieve</td> <td>Frank Stets</td> <td>Cole Logan</td> <td>Dianne Lineker</td> </tr> <tr> <td>Frank Frketich</td> <td>Martin Crilly</td> <td>Barb Dobree</td> <td>Anne Ryall</td> </tr> <tr> <td>Michael Briones</td> <td>Tony Law</td> <td>David Nelson</td> <td>Laura Busheikin</td> </tr> <tr> <td>Joanne Ovitsland</td> <td>Dave Dyke</td> <td>Janet Horn</td> <td>Jon Szekeres</td> </tr> <tr> <td>Terry Lawrence</td> <td>Chris Aikman</td> <td>Steve Elman</td> <td>Christine Carson</td> </tr> <tr> <td>Andrew Jones</td> <td>Paul Atterton</td> <td>Scott Fraser</td> <td>Mila Flynn</td> </tr> <tr> <td>Darrell Erhart</td> <td>Geoff Horn</td> <td>Renee Andar</td> <td></td> </tr> </table>	Edwin Grieve	Frank Stets	Cole Logan	Dianne Lineker	Frank Frketich	Martin Crilly	Barb Dobree	Anne Ryall	Michael Briones	Tony Law	David Nelson	Laura Busheikin	Joanne Ovitsland	Dave Dyke	Janet Horn	Jon Szekeres	Terry Lawrence	Chris Aikman	Steve Elman	Christine Carson	Andrew Jones	Paul Atterton	Scott Fraser	Mila Flynn	Darrell Erhart	Geoff Horn	Renee Andar	
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Darrell Erhart	Geoff Horn	Renee Andar																											
PROJECT TEAM ATTENDEES	Kirk Handrahan, Executive Director, Marine Branch, Ministry of Transportation and Infrastructure Sean Nacey, Ministry of Transportation and Infrastructure David Hendry, Director of Strategic Planning, BC Ferries Joanne Doyle, Manager, Master Planning, BC Ferries Laura Abbott, Kirk & Co. Consulting Ltd., Meeting Recorder																												
AGENDA	<ol style="list-style-type: none"> 1. Welcome and Review Agenda 2. Discussion 3. Closing Remarks 																												

KEY THEMES

- Participants said service reductions will hurt coastal and island economies, particularly the tourism sector, and questioned whether a socio-economic study had been completed.
- Participants emphasized the need to have early morning and late evening sailings, in particular noting that the elimination of the Friday night sailing to Hornby Island and the 6:40am sailing and evening sailings on the Denman run would have serious consequences for island commuters and children getting to and from activities.
- Participants said that businesses, especially in the tourism sector, need more notice about service reductions and the cancellation of Route 40. They emphasized that tour companies make bookings more than two years in advance.

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- Participants asked how vehicle capacity on the ships is calculated and questioned whether the utilization charts were correct.

DISCUSSION

1. Welcome and Introductions – Anna Wright

Anna Wright welcomed participants to the small group meeting, and explained the format of the meeting. Anna informed participants that the meeting was being recorded for accuracy. The BC Coastal Ferries Engagement team members introduced themselves.

- C: *Kirk Handrahan:* This is our tenth meeting of about 20 public meetings we are holding over a four week period. We are here to discuss the changes to the BC Coastal Ferry Service outlined in the BC Coastal Ferries Community Engagement Discussion Guide. The changes that we are here to discuss are service reductions, changes to the seniors’ discount, the potential for gaming on some of the major routes, the change to BC Ferries reservation and point-of-sale system, and the potential for passenger-only ferry services to help supplement transportation services in some areas. A couple of years ago, the current BC Ferry Commissioner released a report, after reviewing the coastal ferries system. Government responded to that report by making changes to the legislation, increasing funding for Performance Term 3 to 2016, and committed to getting savings from service reductions. BC Ferries also committed to finding other efficiencies in the order of over \$54 million to 2016. Last year, we went out and talked to communities about some of the considerations that would help inform any service reductions. At that time, we talked about six ideas that we had: protecting basic service; looking at routes that had low annual utilization; looking at sailings or round-trips that had low utilization; taking account of complex, multi-stop routes; looking at routes where there are considerable capital expenditures coming up. Those are the types of things we talked about. We also talked about other longer-term strategies, including moving to LNG, standardization of vessels and moving to other types of transportation like cable ferries. After getting the consultation summary report, we’ve developed a plan to achieve the objective of service reductions in relation to minor and northern routes, including Route 3, with the goal of saving \$14 million over the next two years. This engagement shows the service reduction plan based on that. The plan identifies sailing; we deal with round-trip reductions, as opposed to the actual schedule. For example if we want to remove two round-trips on a route, the schedule is still open for discussion. We are trying to manage the traffic and community needs, as well as reduced levels of service. What we’re here to talk about today, is given the objective we have for service-level sailings, what kind of schedule would best meet community needs.
- C: *David Hendry:* It’s important to realize that with what’s shown in the discussion guide for each of the routes you would be interested in, we didn’t want to be presumptuous and come out with revised schedules. We’ve shown reductions on the existing schedules. Where there is opportunity and we can still achieve the same net savings, we want to hear from the communities about the opportunities for moving some of these sailings around potentially. There may be some of the morning sailings that need to stay, but there may be some opportunities to achieve savings in the

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mid-day. We've heard that the late-night sailings are important as well. We probably won't be able to keep the very late-night savings, but there may be an opportunity to push some of the schedule later, to get some coverage in the late-night, even though those sailings are under-utilized. In that process, once this engagement is finished, BC Ferries will collate the information from this process, and will be talking to the local Ferry Advisory Committees early in January. We will be getting a better idea of how to work these schedules and still achieve savings. If you want to talk about any of those specific sailings for your routes today, then we can do so.

C: *Kirk Handrahan*: I'd like to open it up to questions from the group. I don't want to go through it page-by-page, but if there are specific things you would like to go through I would be happy to talk about them.

2. Discussion – All

(Abbreviations will be used and mean – Q: Question, A: Answer, C: Comment)

Q: *Barb*: I don't know where I got this impression, but I thought there was some sort of percentage of reduction, depending on the utilization rate. Is there a formula for that?

A: *Kirk Handrahan*: We didn't have a hard and fast rule on anything. We had the considerations that we looked at. We looked at routes with annual utilization of under 50 percent, which are most routes. For individual round trips, as opposed to one leg of a sailing, we looked at 20 percent. For some of the proposed changes, the utilization is above 20 percent. We acknowledge that. What we tried to do in identifying the service reductions here, is look at where the utilization low and we thought that there could be substantial savings, for example from overtime periods and things like that. We recognize that those might be the sailings that people really need. You can't make reductions without having an impact on people. We recognize that and we are trying to mitigate the impacts as best we can. We do recognize that there will be impacts.

C: *Tony Law*: You've identified routes and sailings on the basis of percentage capacity utilization. A year ago I did an analysis of the vessels running on Hornby and realized that the capacity was overstated. I communicated that to BC Ferries and got a message back that this would be looked at and still the capacity of the vessels is overstated. We really question the percentages that you're using as the triggers for looking at sailings. I feel really frustrated making that point as a volunteer a year ago, and not having any follow-up. When you're asking communities to look at sailings when they don't trust the information is not a good starting point. I'm really pleased to hear you acknowledge the importance of evening sailings. If you look at the bus system, you will see that on mornings and late night runs there is low utilization, but they are critical for users. They are critical for those who work shifts or operate businesses, and so on. In terms of looking at alternative sailings that could be cut, the potential to do that varies from route to route because of your operational structure. On Route 21 there two shifts, so there could be opportunities to cut sailings in the middle of the day, but on Route 22 that opportunity doesn't exist. I don't think the community should be penalized for not being able to find savings, because of the operational structure that BC Ferries has. I'm hoping for flexibility, even if it means that the province will have to put in some more money, \$7 million is not big dollars from the province's perspective, but there are huge community impacts. I hope that more effort will be made in looking at savings that can

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that can help elsewhere, particularly with Route 30. I've done an analysis of Route 30 and there is maybe \$4 million that can be saved by looking at the number of shifts the vessels operate. There is a huge amount of under-utilized capacity on the major routes. On the minor routes you've got one vessel going back and forth that has to meet the peak summer demand and the winter demand, which means that BC Ferries is offering overcapacity by necessity in the winter. Of course there's underutilization, because the capacity being offered is higher than the traffic that's going to use it. On the major routes, you've indicated high utilization, without taking into account that there are often vessels sitting idle, whose capacity is not being counted. On the major routes, there is an overrepresentation of capacity utilization, which makes it look like minor routes not doing their share. I encourage you, if you are looking at savings, to not just hit up the minor routes. Look particularly at Route 30 where I see considerable potential for savings by rationalizing the capacity that is being offered on that route.

- A: *Kirk Handrahan:* Thank you Tony. You make a number of good points. I'll let David address the vessel utilization.
- A: *David Hendry:* We have to use a consistent measurement on all vessels. It goes back quite a number of years. All vessels have a certain amount of deck space; a footprint. We look at the types of vehicles using the ferry and convert them using an automobile equivalent, approximately 17.5 feet long. A car would be 17.5 feet long, a semi-truck would be five automobile equivalents, and a cube van might be 2 or 2.5 automobile equivalents. Unless you can go on each sailing, and measure what vehicles are on each sailing, it can never be perfect. We take types of vehicles and say that all under height are equivalent to one automobile equivalent; all of the semis are equivalent to five. Put that on each sailing and convert it back to show that it's going to take up X amount of space on the vessel deck space. If it's taking up 50 percent, it's a 50 percent utilized sailing. We then average the sailings over the course of the year. What's shown in these charts is average deck-space utilization over the course of a year. It could be averaged over 365 days or, in the peak season, over 60 or 70 days. It's a consistent measurement. Similar automobile equivalent measurements are used in the international ferry system. It's not unique to BC Ferries. It has to be consistent throughout the fleet. It has to be consistent between years, in terms of comparison.
- C: *Anna Wright:* There was a second point Tony raised, in terms of looking at the majors.
- A: *Kirk Handrahan:* We need to save \$14 million over the next two years, from the minor and northern routes. We need to save an additional \$4.9 million from the major routes, connecting Vancouver Island to the Lower Mainland: Route 1, from Tsawwassen to Swartz Bay; Route 30 from Duke Point to Tsawwassen; and Route 2 from Departure Bay to Horseshoe Bay. We're looking at getting \$4.9M in a single year of sailings, in the last year of Performance Term 3, which is the year 2015-2016. The major routes have already contributed \$4 million over this performance term. In total we're looking at almost \$9 million from the majors in savings from service reductions.
- A: *David Hendry:* Back when traffic was stronger, for example 2007-2008, the round-trip traffic was about 10,200 round-trips. We started taking out round-trips that weren't required by the contract. Over the last 5 years, we've taken out about 600 round trips from the majors. We are currently sitting at about 9,600 versus 10,200 round trips. That represents about six percent of the total major round trip usage. There is the potential in the contract to take out a further 300 round trips, depending on traffic levels. It's difficult to get round-trip savings from the majors. They are the bread and butter of the system. They drive 75-85 percent of the system revenue, which helps to

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alleviate fare pressures across the system. I always draw the analogy that in order to get the savings from the majors you need to go in there with a scalpel and cut sailings that won't cut the revenue base too much and that you can still carry the traffic on existing sailings. Those are the things that we are looking at to achieve a further \$4.9 million in savings by the end of this performance term.

- A: *Kirk Handrahan*: In the longer term, we are going to take a look at how the middle of Vancouver Island is connected to the Lower Mainland. There are two routes there, and we want to consider how best to provide that service that's necessary for the mid and northern part of the island's connection to the Lower Mainland. There are significant capital requirements at Horseshoe Bay, coming up. Before you make the decision to spend that money, it's prudent to look at what the demands are going to be and how to best service them. After we've gone through this process, and talked to people about the other considerations we should be looking at to achieve the savings, we will have report back that will go back to the elected officials, and we will have to make decision on final implementation as we change the contract that BC Ferries then implements.
- Q: *Frank*: I understood this exercise is to try and create a sustainable ferry system. At the end of Performance Term 3, is BC Ferries going to be losing money? Or is this process going to create a situation where BC Ferries is breaking even or making money?
- A: *Kirk Handrahan*: It goes back to the fact that we are in the third Performance Term, where the ferry commissioner sets the rates for a four-year period. In this case, it's a three-year period. One year was set by legislation. Based on that, I don't look at the profit as much as being in a sustainable position going forward. The changes to the Act may recently – previously there was a regulated rate of return that they had to meet each year – now we're trying to make sure that BC Ferries is in position to run its operations and meet its borrowing requirements. The changes that we are putting here are part of the plan that we identified at the beginning of this performance term and will put BC Ferries in good position going into PT4. BC Ferries will next year provide the Ferry Commissioner with information for Performance Term 4, which goes from 2016 to 2020. We are expecting that there will continue to be pressures. Service reductions are one part of the plan, but there are other things we are trying to drive, including changes to the seniors' program, the potential introduction of gaming, the move to LNG, and the capital requirements at Horseshoe Bay. There is no one silver bullet. All these actions are designed to put BC Ferries and the coastal ferry system in a sustainable position going forward.
- A: *David Hendry*: Sometimes you can get lost in the numbers here. Given that these changes go forward, for the first year of the next performance term, and ongoing after that, it would create savings of about \$13 million on an annual basis, assuming these changes go through. The money would come from the major routes, as well as the minor and northern routes.
- C: *Scott*: I appreciate the complexity of the issues here. The reason that we're meeting is essentially to find cost savings for the corporation. Over the last 10 years, we've seen fares, according to the Commissioner, at or past the price point. We've seen ridership drop. We see the corporation losing money. Now we're looking at fare reductions and the removal of seniors' discounts. Is there any part of this equation where there is a critical cost-benefit analysis? You could argue the service reductions are at least in part because trying to address fare increases, which have caused a drop in ridership. As you move forward announcing service reductions, when you've already reached a

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price point, which is going to go up because a fare increase is also anticipated. There is a great cost to the economy on Vancouver Island, and to coastal communities. On the route from Powell River to Courtenay-Comox, the savings are anticipated at \$720,000. What's the cost to businesses now and in the future, for the whole region and the whole island? Is that built in to the calculations or is it just cost savings to the corporation? If that's the case, we're working in a vacuum, and not taking into account that this is part of the transportation system. It's not a luxury. You don't shut down the Sea-to-Sky highway in the summertime, when the traffic's less. These are the concerns that come into my office.

A: *Kirk Handrahan:* That's a consistent message we've heard in these meetings. There hasn't been a socio-economic impact study done. This is a complex system and one of the things that we're trying to do is mitigate the impacts. In our plan, one of the things that was a factor in taking a sailing out was if there was sufficient capacity on adjacent sailings to carry that traffic. There are timing issues. If my shift ends at 10:30 and there's no longer an 11 o'clock sailing, then I can't go on the earlier one. We recognize there will be impacts. We don't know exactly how much that's going to be. Part of the discussion we're having during this engagement is to get a better sense of what the impacts will be.

Q: *Joanne:* I am going in the same direction as Scott. How can you move forward with an engagement without looking at the socio-economic impacts on communities? It's in a vacuum. It's a domino effect. There will be less people living in the communities and there is going to be less people able to go off. We are going to be back here in this room looking at this in two years, looking at how much more we're going to cut and more fares going up. How can we be here without you being able to speak to that?

A: *Kirk Handrahan:* We have looked at it as best we can. There are a lot of moving parts. There are a lot of things that are going on in the economy that affect the local economy. For example the exchange rate affects tourism and the number of people who choose to take their vacations here. Traffic levels have declined here, and in other areas as well. I recognize that there is that concern. We recognize that there will be impacts. To quantify it would be a very difficult process, so we are talking with people to try and get a better sense of how these specific changes will impact their business or their behaviours.

Q: *Joanne Ovitsland:* Here is a specific: I did a survey at the Hornby meeting and I had 66 people fill it out. Of the 66, 56 were permanent residents and 58 of them indicated that these changes to the fares will have a direct economic impact on them. I have a list of examples. My experience is that I am the manager of the bookstore. Often, people will come in on weekends. Visitors wait to come to Hornby to shop at the little shops. They understand that it is what enables these small businesses to keep going. Mostly, throughout the winter, if you break even you are happy. If we lose 20-30 percent of our business it's going to be a domino effect. We have four little businesses at ringside; three of them will close down. People have told me that they want to support the little businesses. If those people don't come to Hornby because they can't get there on a Friday night, we will lose that business.

A: *Kirk Handrahan:* Those are the important things that we need to hear when we're out talking to people.

Q: *Anna Wright:* Would you like those forms to form part of the consultation record?

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A: *Joanne Ovitsland:* I will submit them. We will talk about that.

C: *Anna Wright:* Thank you.

Q: *Paul:* My understanding is that all of this is based on vehicle utilization capacity. I have difficulty understanding how you calculate those numbers. You said it's based on the square footage of the deck, and then it's based on unit equivalents of the vehicle. My question to you is if the vessel is full of 17.5 foot vehicles, is it 100 percent full? If it's full of smart cars that are only eight feet long, is it 200 percent full? A lot of people don't have 17.5 foot vehicles; a lot of people have 20 foot vehicles. We're looking at a two foot buffer that's going to be pushing people off. What would represent a 100 percent full vessel?

A: *David Hendry:* Take the case of the Kahloke. Some people have said it's a 30 car ferry and some people have said it's a 25 car ferry. Let's say it's a 30 car ferry. If they're all 17.5 foot long vehicles, you could fit 30 cars on there. If they were all smart cars, I would say you could fit 50-55 vehicles on there. If they were all a normal-sized vehicle pulling a small boat, you could fit 15 on there. Does that give you the idea?

Q: *Paul:* Coming back to that idea, how do you measure utilization? Is it measured at the ticket booth or on the ferry?

A: *David Hendry:* At the ticket booth, we would record the type of vehicles that are on the ferry. Sometimes there is no ticket booth, but the deck hand would record the types of vehicles coming on. We try to account for vehicle's towing something. We've adjusted that through the point-of-sale transaction. It gets a bit complicated, but we know that a customer's been charged for an over length vehicle, and we try to account for the number of feet. We are being as transparent as we can. We are not trying to manipulate the numbers. It has to be consistent through the years and across the vessels.

C: *Laura Busheikin:* I am going to follow up on what Scott and Joanne said, about economic impacts in particular. I was at the meeting on Denman last night. I'm sure you've heard in a lot of detail about the economic impacts for businesses and individuals on the islands, and surrounding communities. I was at the stores at Buckley Bay, and one of them said I might have to close if they cut mid-day sailings. It was a coffee shop. It's a boon to our communities and it's a local business. I think it's important to look at the economic impact to B.C. Ferry-dependent communities are big tourist draws. They help to create an image of B.C. that draws people. I go every year to a big family gathering on Hornby Island. We have relatives from Vermont, Philadelphia, Texas, Comox and Toronto and we all gather. It happens every year. I did a little estimate in my mind, and it probably results in some \$40,000-\$50,000 being dropped into the Canadian economy, through airfare, hotels and restaurants. Because they travel so far, they always go somewhere apart from Hornby, like Whistler or Telegraph Cove. Last year, my cousins invited another family from Vermont. They spent three weeks and travelled around B.C. That happens all the time. These are amazingly attractive communities. I'm not saying they will cancel it, but they might after a few years. My cousin says every year, that it's insane and questions why they do it. They go because they love it here. Eventually they will say that it's just too insane. There's going to be a cumulative process, where accommodation will have to increase their prices, where businesses will close down, the ringside will get less vibrant. If these cuts go ahead, and with the rise in ferry fares, it's inevitable that these

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communities will lose vibrancy, which will be a loss to economy of all of B.C. What about tourism? This has to filter up to the highest level of decision making. To the whole economy, \$7 million is a drop in the bucket, yet it's going to have huge ramifications for the whole tourism economy, not just for our communities.

A: *Kirk Handrahan:* There's a complex interrelationship between ferry travel; there are lots of things that go into making a decision about travel. Government is trying to balance its input on this particular transportation system. Ferries are an integral part of the transportation system. It is different from a highway. It has a different cost structure and different needs. We are trying to find the right balance; you can say this isn't. There's a cost to providing the service. We've heard that fares are too high. The elected officials are saying that they provide significant funding to support the system; over \$200M this year. There are only so many ways to deal with it. You've got fares, you've got the taxpayer contribution and you've got the cost of services. We are trying to look at those to address the challenges of making the system sustainable. Government is putting in more money, and BC Ferries is looking at ways of being more efficient outside of service reductions. We are looking at service reductions. We would like to see the fares go down, to not rise at all or to be at CPI, but it's a balancing act of how much money you have to support different funding priorities. There are lots of demands on government. Elected officials are making the decision on how much we can contribute to this particular form of transportation.

C: *Andrew:* I want to echo some of the same comments, about the impact on the economy. I was extremely disappointed to hear that there was no socio-economic study done. That blows me away, but at the same time doesn't surprise me. I am very disappointed. I'm a tourism operator on the north end of Vancouver Island. The day that these announcements were made, I lost a contract for \$32,000. That's one operator. There are lots of other things come into it: the hotel stays and car rentals, eating at restaurants and things of that nature. When I look at the Northern Routes, the cutback on the Port Hardy-Prince Rupert is one, and then the complete cancellation of the mid-coast route will be devastating to communities and to tourism. I'm not going to say that it shouldn't be cancelled. Maybe at some point it should be, like in 2016-2017 it was looking to be replaced. That's a few years down the road. You're looking at rates for 2016-2020, you're looking forward. That's a very smart thing to do as a business operator. You have to be looking forward. When cuts come in, effective in four months' time, as I a business operator there is no way to adjust to that. I lost that one contract the day the announcement was made. I was just at Canada's West marketplace, which is a major meeting for tour operators and international tourism wholesalers and travel agents, and this was a major thing being discussed. In Europe, there are a lot of operators who sell fly and drive packages. They fly into Calgary where they rent an RV and drive through Northern B.C., spending money the entire way. They get on a ferry to Port Hardy, they spend time on the North Island doing whale and bear watching, they come down to Comox, they go to Tofino, they go to Victoria, and they end up in Vancouver and fly home. There is a huge economic impact that hasn't been studied at all. The challenge is that tour operators are being told that tours that they've been selling for the last two years, and have already taken money for, they can no longer offer. In Europe, that's a huge deal because of their travel insurance policies. This could cost them lots and lots of money, to the point where they may just cross of British Columbia as a selling destination. If don't think they can sell it, and have the assurance that they can offer

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this product on an ongoing basis, they're not going to come back. Cancelling things on short notice doesn't work. It will cost the whole B.C. economy in a really large way. It will hurt B.C.'s tourism and brand. The damage has already been done. There is still a chance to save some of that, but decisions have to be made quickly. Looking at the long run, I'm not going to say that they shouldn't be cancelled or cut back. As a tourism operator, you need one or two years lead time. If I know the options, I can deal with that. I have to adjust. But being told now that this summer, it's no longer available, I'm screwed.

- A: *Kirk Handrahan:* Thank you for your comments. We have heard that consistently from people in Bella Coola, Port Hardy and into Anaheim Lake and Williams Lake in the Interior. This is the kind of input we need before we make our final decisions.
- Q: *Mike:* In the mid-1990s I was working in Port Hardy and I met somebody who worked for Tourism B.C. He said that 70 percent of visitors to B.C. come to Vancouver Island. What are those numbers now?
- A: *Kirk Handrahan:* Sorry, I don't know the answer to that. I'm not in tourism.
- C: *Mike:* That created a lot of money for Vancouver Island. Not only would they come to Vancouver Island, but they would visit Hornby and Denman. Hornby used to be a destination, because that's where the hippies lived. Six or seven years ago I was talking to a fellow who works on the ferries and lives on Denman and he talked about the effect it's having there. There are a lot of older people living there. They are not wealthy but they have some money, and a lot of the work is done by younger people. For example, gardening and chopping wood. Those younger people have kids in school. The younger people can't live there any more, they live on Vancouver Island. Those people have left. Who are the older people going to get to do work? The school's population is going down. There is a ripple effect hitting all of these islands, not just Denman and Hornby. Any little economies that they had are gone. What's happened to the tax base? This is the effect of what's happened to ferries. Back in '03, when BC Ferries was privatized, a developer told me he would be nervous if he owned land in the gulf islands. That was ten years ago and he was spot-on. I would be really nervous to buy land on the gulf islands. Even to live there, I would be really nervous.
- A: *Kirk Handrahan:* Thanks.
- Q: *Anne:* I live on Denman. I have lived on Denman for 20 years and I have commuted to work for 10 years. My husband has commuted for as many years. We have consistently used the 6:40 a.m. sailing. That's very important to us. On your sheets, you say you are going to discontinue that sailing in the off-peak season. In your utilization tables, utilization in the off-peak season is higher than in the summer months. What's with that? You had a survey in 2012, and you asked questions about seniors and sailings. One question that hasn't been addressed is about the inland ferries. That came up consistently as a comment. Why are the inland ferries free? Why are the coastal ferries in dire straits? Your reduction for Denman is estimated to save \$660,000. Is that with the cable ferry or the present system?
- A: *David Hendry:* The savings on Denman are based on the current service with the Quinitsa. We do recognize that those savings will go down when the cable ferry is introduced. The question on the 6:40 sailing, we looked at all routes where there was lower utilization; there was no hard and fast rule. The more important factor was whether traffic could still be carried on a later or an earlier

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- sailing. Quite frankly, we looked at numbers. One of the things we're out here for is to find out the story and usage behind the numbers. That's what we're hearing and that's very important. In this case, we saw lower utilization, and we saw the potential to say that there's a 6:40 sailing and a 7:20 sailing. Is there the potential of combining those sailings, because you can still carry the traffic? The question now, is what time could that sailing be? How will it affect the rest of the schedule?
- C: *Anne*: If we can't get on the 6:40, we can't get to work on time. I did a little survey myself, and most people who caught that ferry are consistent users and have to use that ferry in order to get to work. You're shutting down the system we use to get to work.
- A: *David Hendry*: We've heard that loud and clear. If there is not the opportunity to take out that sailing, is there the opportunity to potentially take something in the mid-day out? We have to see what it provides, in terms of savings. That's why we're out here.
- A: *Kirk Handrahan*: I'll address your question about the inland ferries. This has been raised at a lot of the meetings as well. BC Ferries cost about \$750 million to run last year, while the cost of the inland ferries was about \$21 million for 14 routes. When we look at the traffic carried, the taxpayer sends about 18 dollars per car on the inland ferries; the taxpayer contribution to the coastal ferries is about 22 dollars per car. The reason that the inland ferries are free is that we are providing a similar level of contribution. In the case of the inland ferries, that can pay the entire cost. Is that something that will be there forever? I don't know. That's a decision for the elected officials to make about whether they want to introduce charges there.
- C: *Chris Aikman*: This plan not going to work. It is a blueprint for failure. We only have to look at what's happened in recent years to see why that's true. Everybody here knows that it is possible to have a BC Ferry system that efficiently services the coastal communities and efficiently provides for tourism needs that we can all be proud of and that works well. We know this, because we had it from the first sailing of BC Ferries in 1960 until a decade or so ago. We were all proud of BC Ferries and it worked efficiently. What went wrong? There are many factors, but there are two that stand out. One was that there was a very bad decision made around the catamaran ferries. Mistake two was to think that BC Ferries could be better operated as a private entity, rather than a Crown corporation. I heard David Hahn speak very early in his presidency, and he was very gung-ho that he was going to increase ridership and economic profitability of BC Ferries, because those had been stagnant for a few years before his appointment. What happened was just the opposite. It should surprise no one, because through privatization administration grew hugely in BC Ferries and administrative salaries grew much faster than the rate of inflation. Fares went up much faster than the rate of inflation, at a time when ordinary people's income was stagnant or declining. Are we going to get out of this mess by extending this strategy? Take the seniors' discount, for example. Seniors don't generally have to go anywhere, most of the time. We travel because we can do so free four days of the week, but we still pay for our vehicles and most of us do travel with vehicles. For example, if I am facing the choice of going between Hornby and Comox, I can make that trip round-trip for \$26, if I don't have to pay for myself. I might chose not to do that if I have to pay 50 percent of the regular fare. It's been stated that the seniors' discount costs the system \$6 million a year, but it's quite possible that the loss of customers will amount to another \$6M a year. We have to compare that with the \$5 million a year in travel that's given to BC Ferries employees and their families. I'm not sure that this is going to improve the economic position of the ferry system.

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Yesterday I was reading comments on the gaming pilot project online, and the word that stood out was “sleazy.” That sums it up. It won’t provide any advantage economically or otherwise, to do that. The nature of public transportation is that it won’t run at 100 percent capacity all the time anywhere. The more you cut your service, the more you drive people away. That’s a general rule. If we look at the specifics of the Hornby-Denman route, we see that in the peak season it’s above 60 percent utilization all the time, at least in one direction, every hour of the day. In the winter, the only sailings where you fall below 20 percent in both directions is the 22:00 sailing, which is one sailing a week in the off season. What that means is, for many years I was in the position of coming from Victoria for a weekend getaway, I’m sure many people are today, and you’re coming from Victoria or someplace down island for a weekend and you can’t get away from work until 6 p.m., and you don’t know if you’re going to get there if there’s not that 10 o’clock sailing. If you do away with that 10 o’clock sailing, residents of the lower island and the Lower Mainland won’t be able to reach their homes for the entire off-peak season. What will they do? Some of them will sell and some of them will give up. It will have a very negative effect on the island economy. There are 1,000 residents year-round on Hornby Island. There are more seasonal homes. If people can’t get to their seasonal homes for nine months of the year, it will have a devastating effect. The cost savings will be minimal and the devastation will be very significant. Here is the problem that BC Ferries is facing: it’s trying to do what it’s always done, but a little bit less. You can do something more and more poorly all the time, but you’re never going to get a good outcome. What we really need is an efficient transportation system that serves everybody’s needs. The way to make it efficient is to stop doing things you don’t need to do. What are those for BC Ferries? We don’t need a ferry to Gabriola Island; it is easy to bridge that. That should be something that BC Ferries should tell the government. There is a better way to do this. I personally believe that argument can be extended to Denman-Vancouver Island, because we don’t know what yet the 30 year costs are going to be for a cable ferry, but I suspect they will be over \$200 million. I would like to see it proven that you can’t build a bridge for less over a 30 year period. The only open water that’s too deep not to have a causeway is a 700 metre gap. If you look at the cost of comparable bridges, like the one across Okanagan Lake, you can build a five-lane bridge for that amount of money. I’ve written the Minister about this and he said it would cost \$500 million to build, but I would like to see that detailed because I don’t believe that. There’s even a third route that could be abandoned potentially by BC Ferries, from Earl’s Cove to Saltery Bay. In the Comox newspaper this week there is a story about the third crossing of British Columbia. By completing about 30 kilometres of highway, it would be possible to drive from Powell River to Squamish to anywhere in the interior. Most of that terrain is not that difficult; there is only one pass of 1,200 metres. We’ve had this concept in our mind that the transportation system is mature and there is nothing that needs changing, but I think we need to take another look to see what’s really worth doing, so that we can do the best for all citizens in providing efficient transportation.

A: *Kirk Handrahan:* Last year, we did come out and we talked about bridges. Government is still looking at alternative ways of trying to connect communities in an affordable, sustainable way. It’s not just about the coastal ferry system; it’s about connecting communities in an affordable and sustainable way. Bridges were put on the table as a discussion point last year. There was a pretty negative reaction to building bridge to many of the gulf islands, including Gabriola. That’s something we’re still interested in looking at, but there seems to be a strong, negative public

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reaction to that. Government currently provides full funding for seniors Monday-Thursday, for the passenger fare. BC Ferries records it as a fare and bills us monthly. That cost about \$15M last year. Government is going to take that money that it was previously providing for the seniors and give that to BC Ferries as part of the service fee. The incremental revenues are estimated at \$6M, which would be the amount that seniors would pay in terms of the 50 percent fare. The idea of changing the seniors' discount came up a lot last year. I know not everyone is in favour of it. We clearly got the message that seniors said that we would be interested in changing or eliminating that program if it would help keep fares affordable for everybody. The \$6M number is an estimate, and will depend on how much their behavior changes as a result of the changes to the program.

- C: *Mike:* Just to clarify about the inland lakes, in the 1950s when they started that hydro project, all those communities were disconnected. They were promised by the government of the day that they would have free ferry service in the Kootenay Lakes. That's why we have it today. It's not something that they get for free and we don't. Another thing about the slot machines: in 1974 I worked on the Queen of the North. They had slot machines on there. That's how the Scandinavians paid for their ferry service. They sell a lot of goods on their ferries. They have grocery stores. BC Ferries doesn't seem to have that thing for selling things. In the 1990s, I suggested to the CEO at the time that BC Ferries should start selling merchandise, like food and liquor. There was no way that going to happen; we don't have the space. It was just no. They got a way of making money on those runs and they don't seem to have any marketing skills. Those newsstands on the ferries are a joke. If you go to Scandinavia, they have four tills going full-tilt on every crossing and they sell, big time.
- A: *David Hendry:* On the major routes, in many cases we have buffet operations, cafeterias, coffee cafes, as well as expanding retail stores on those vessels selling variety of goods, including candy, newspapers, books, clothing and jewelry. It's an expanding part of the business. Retail and food and beverage bring in about \$75 million a year into the system. That's about 15 percent of our revenue base. It's the one revenue base that's expanding, even with declining ridership. It's an important part of the system. Due to Transport Canada crewing requirements, we have to have a certain amount of crew on board for the number of passengers. Since the crew is on board, we want to put them into value-added activities, one of which is retail operations and food and beverage. We get quite a few accolades and we spend quite a bit of time trying to grow that business. With the two largest vessels, the Spirits, when they are up for major life upgrades in three or four years' time, we will expand the retail shops. It's the one area that's growing. For instance, we will take over the arcade areas and expand the retail operations. Maybe there is an opportunity to do things like sell groceries on board. If there's an opportunity, and it's going to provide net revenue, then it's absolutely something we will look at to help to alleviate fare pressures throughout the system. Often we criticized, because people just want no frills vessels. Our answer is that it depends on route. We're not going to open a retail facility Denman to Hornby. Where there are the longer passages and larger volumes, it does make sense. You have a captive audience. If you can earn additional revenues with a fixed crew, that's what we should be doing.
- C: *Tony Law:* Most travel companies offer incentives, and I view the seniors' discount as an incentive. Before I was a senior I would maybe have come to town once a month for a really busy day, where

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I crammed everything in, now I go twice a month. I pay BC Ferries twice to take my vehicle across and businesses in Courtenay maybe get a little bit more from me than I intended to spend. That's important, it's not just the economies of the island communities, but it's also people going from the islands to Courtenay. The late-night Friday sailing in particular enables people to go to Courtenay and spend a lot of time and money. I'd like to say for Hornby and Denman that what's non-negotiable is the 6:40 a.m. sailing from Denman, the 9:00 back and evening sailings on Hornby. Those are critical to our communities. Kirk, you said that you're not in tourism. The Ferry Advisory Committee Chairs have been trying to impress on the Ministry of Transportation that transportation is in tourism and economic development. It's critical for any who is in ferries to realize the role that you play in economies and tourism. I tend to generally be a positive and constructive person, but I am immensely frustrated. When this process started, we said that you need to come to the communities right away. We know our communities and we are constructive and creative. We want to help you find efficiencies. Let's start a b brainstorm and find solutions. Now we're at the back end of the process. You are laying these things onto us and that's putting us in a reactive mode. You are not utilizing constructive, proactive planning that we engage in in our communities all the time on other issues. We could have worked with you, and it would have spared people like Andrew from having this thing laid on him. This top-down approach does not work. You are not taking advantage of your partners in transportation, which are those people who use it and pay for it. I want to express that frustration, especially because over and over and over again the Ferry Advisory Committee chairs and elected officials have delivered that message. We have indicated our willingness to work with you to make this work for the government, for the ferry corporation and for our communities. I hate being this frustrated. I hate being in the position of being negative and reactive. Now I want to look at the back end of the process, after a year and half of knowing where this was heading, we are now into a month or so of needing to take this information and look at alternatives. As the chair of a Ferry Advisory Committee I am really apprehensive of what you're laying on us, this responsibility of being the intermediaries between BC Ferries and the government and our communities to try and resolve these issues and come up with some reasonable alternatives. We can't do that without some solid information and resources and the opportunity to consult with ferry users and go back to our communities with the proposal for an alternative schedule. I am really concerned that this role for the Ferry Advisory Committee hasn't been put in writing. It's been floated orally at this meeting that BC Ferries is going to come back to the Ferry Advisory Committees without any consultation with us as volunteers about how we're going to carry this forward. I hate being in a reactive mode, but you've put us in a reactive mode by not listening to us or working with us during the past two years. We're at the month at the back-end of the process, and we're having all of this laid upon us. I tried to put this as respectfully as I can, but I hope that you understand the level of frustration and irritation that I'm feeling on behalf of the Ferry Advisory Committees, our communities and elected officials too.

A: *Kirk Handrahan:* Thanks Tony. I've got that message from you before and I appreciate you raising it again.

C: *Laura Busheikin:* I share Tony's concerns. I welcome that it looks like we will be invited to look at what cuts will be the least unpalatable, but the timing is so tight and we need time to think about how to communicate with the community about that. You've heard about the difficulties of the

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timing of these cuts from businesses. Families, people have made commitments to sports and leisure programs that start in September and end in June, and you pay for the whole year. Not everyone can just work in town. It's such a quick timeline for something that is such a life-changer for businesses, as well as individuals and families. The timing is terrible. The second point comes back to Kirk's response to my last comment. I appreciate the difficulty that governments have in balancing everything; do you take money from schools or health care and put it into ferries? We don't want that. One thing that we expect of elected decision-makers, and I hope that this will filter up, is to look at the big picture and look into the future, and resist the easy choice of going for short-term solutions that mean that you don't have to tax people more or make any difficult decisions. We want decision makers to look at the big picture. If you look at the cuts to ferries, yes you have to save money, but if you look at the cost to the B.C. economy in the long run, you're not saving anything. It's like making cuts to home support workers, that don't cost very much, but evidence shows that when you cut front-line health care support, then you have more pressure on emergency wards. That costs a lot more in the long run. This is a similar thing. The people who make decisions are charged with looking at big picture and looking into the future and saving \$7-14 million through service cuts is not good planning, it's not a good choice for the province.

- A: *Kirk Handrahan:* Thank you. The decision to cut services is not an easy choice. It was a hard decision. My background is in economic development. Government is trying to look at the bigger picture. Have we done an absolute socio-economic study? There are a lot of moving pieces. The decision is not being made by the Ministry of Transportation. This is part of larger picture and it's not just about the service reductions. It's about trying to put the transportation system of the coastal communities in a more sustainable way, which we heard is very important to users and communities. We heard clearly that they're concerned about fare increases. You have a system that has to operate. We can debate whether the current BC Ferries model is the best way to do that. We've looked at, and the ferry commissioner has looked at, other ferry options around the world. All are facing similar challenges. It's the nature of that business. These decisions are coming forward and service reductions are part of a larger package of responses to help to put the system in a more sustainable way.
- Q: *Dave D.:* With respect to the reduction of sailings at any time of day, how are you going to deal with contractual items with the union if their hours of work are cut?
- A: *David Hendry:* These savings have to be achieved through two primary means: fuel and labour. There will be an implication to labour and we are trying to mitigate that impact through the union as best we can.
- C: *Dave D.:* You have to get onside with the union or have the union get onside with you to reduce the hours of work.
- A: *David Hendry:* We have worked very hard over the past few years to have a good relationship with the union and we have a pretty good relationship. We have to just manage it as best we can, on a route by route basis.
- Q: *Dave D.:* In your figures, I'm a little fuzzy about how you come up with some of those numbers. When you say that utilization is 10 percent or less, or whatever it is, how do you arrive at that number? Is that deck space percentage or passengers or is it a combination?

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- A: *David Hendry:* It's strictly deck space, vehicles on the deck space. Equivalent passenger information is available on coastalferriesengagement.ca
- C: *Dave D.:* I don't know whether you can make an informed decision based on these figures. You could have no vehicles, but full ridership of passengers.
- A: *David Hendry:* That's something we would have to look at on a specific basis. Typically, we find that the passenger utilization is about half of the vehicle utilization. There may be some nuances with the school run in the middle of the day, where you are going to see huge passenger utilization and little vehicle utilization. That's something we need to get down to on a sailing by sailing basis.
- C: *Frank:* The first thing I asked when I came into this room was "where was this meeting advertised?" The answer was Courtenay and Comox. Where else? Nanaimo. I said I live in Bowser. Parksville, Qualicum, Bowser. BC Ferries doesn't listen. I've written letters to David Hahn, Mike Corrigan and to the Premier. They send responses back and they patronize you. I had a woman talk to me for an hour once, saying we can't do that, we're directed by the government. I said, I thought you were a private corporation. Seniors pricing: I'm not a senior now, but I will be next year. They're going to save money off of the free rides seniors are getting Monday to Thursday. BC Ferries is going to lose car revenue and revenue from parking. Seniors are not going to go. BC Ferries going to raise money here and lose it here. It's a never-ending cycle. The pricing of fares is not affordable. BC Ferries should be an essential part of the highway system. We don't mind paying our share. I have a 49-foot travel trailer, which costs \$250 each way to take to the Lower Mainland. I started doing online research. You can take three 20-foot pickup trucks, with a camper on top, taking up 60 feet plus the four feet between them, and it will cost you half of that. Next week, we're going south for winter, and we will take the Sidney-Anacortes ferry. They demand a reservation, but the reservation cost is part of the ferry fee. If you don't show up, they take your money. That's fair. I have never paid for a reservation on BC Ferries, I refuse to. They came here last year and they gave this presentation about where the money is lost. If you want to cut service, Duke Point loses \$30 million a year. Duke Point was closed for three or four months this year and it didn't make a difference. We still need the run going to Tsawwassen, but out of Departure Bay. They can work very efficiently. BC Ferries doesn't want to hear it. BC Ferries should run on the cruise ship model. Cruises are set for two years in advance and they know their costs. I went on a cruise in October and the price changed five times in the past year. Their price fluctuates depending on demand, because they know that people are going to be on board and spending money. BC Ferries solution is to raise the price and ridership goes down. BC Ferries said that they can't use the cruise ship model. On the UK and French ferries, they have sales once or twice a year. You can take a car and seven adults to Calais for \$100. BC Ferries just doesn't get marketing. Why don't we shut down highways? We all pay our share, but let's shut highways down in the middle of the evening. It's an essential part of our service.
- A: *Kirk Handrahan:* Thanks Frank.
- C: *Martin Crilly:* I'd like to reinforce what Andrew was saying earlier. I have a great deal of sympathy with what Andrew was saying before. If you remember the issue is with Route 40, which goes from Port Hardy to Bella Coola in the summertime. It's on the Chilliwack, which is running between Earls Cove and Saltery Bay. This route has been totally cancelled. It used to be that BC Ferries was

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required to publish their schedule two years in advance. It was part of the contract. It was for the very reason that the tour operators needed to book and they have been booking, with the expectation that the service will continue.

- C: *Andrew:* I have an operator now who wants me to sell 2015 trips, and I can't.
- C: *Martin Crilly:* People have already booked trips for next year. I don't know how you handle that. It's quite shocking. There may be a silver lining, because your customers may be able to make change at Bella Bella to a feeder route that will supply service between Bella Bella and Bella Coola and it may end up with more frequency, because people will take the big ship from Port Hardy and get off at Bella and then get a smaller ship to Bella Coola. That's an area that needs to be looked at. The details need to be worked out to serve that market. The other issue I wanted to address is the labour management contract with ferry workers. The public can't see inside that and it's not appropriate for the public to get inside whatever discussions you are continuously having with them. It seems to me that in the spirit of everyone coming to the table, which is what the former ferry commissioner emphasized when he made his report in 2011-2012, when is the next opportunity to negotiate split shifts? If they could be negotiated, it would be a magic bullet. You would be able to serve morning and evening peaks and handle some of the problems that we're talking about between Hornby and Denman, without hopefully adding significant additional cost.
- A: *David Hendry:* The next collective agreement comes up in about two years' time. It's an excellent point. A split shift gives the flexibility that allows a gap in the middle of the day, by running an a.m. shift and a p.m. shift. We do have a fair amount of utilization in the mid-day, but we've heard up and down the coast that a lot of that utilization is discretionary. It assumes you could move that traffic to a.m. sailings or p.m. sailings to smooth it out. It comes up in a couple of years' time.
- C: *Martin Crilly:* It's into the next performance term, then.
- C: *Steve Elman:* I've been in retail for about 45 years, with 30 years in the service business. My experience is that if you want to strengthen the economy of an organization or business, the last thing you would cut is service. BC Ferries is essentially a service company. Tourism a huge part of the operation and that should be looked at more seriously in these types of meetings. You're looking at less than one percent of the budget in savings by cutting service. Speaking to these gentlemen, just looking at the numbers, you're going to lose more than one percent in ancillary earnings that you make on all the sailings. I've been in the province since 1976 and I seem to remember that we used to pay for TransLink on our hydro bills or through taxes. Financing public transportation should be subsidized by the rest of the province. Even a one cent tax on fuel across the province would more than cover shortfalls for BC Ferries. Bridges pay for themselves. I'm not sure why we're even doing this. It's not going to make any difference.
- A: *Kirk Handrahan:* I take your point and government could increase its contribution on behalf of taxpayers, from fuel tax or from general revenue. Government spending was over \$200 million this year alone and they think this is an appropriate level of funding to provide. They're looking at other ways of trying to cover the costs. You're right, it is small. Everything you do is small. This is net revenue. The absolute savings are higher. We have discounted some revenue loss from people who are no longer going to travel. You make a good point, there are other ways to fund it, and one way could be to provide more taxpayer funding.

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- C: *Christine Carson:* I represent the Upper Island Soccer Association. We represent eight communities, from Ladysmith to Campbell River, including Powell River. We represent youth soccer and run two competitive soccer leagues. The players from Powell River are very involved. Powell River is an enthusiastic sports community. Out of a small club of 510 players they have at least 150 players playing competitive-level soccer. There are games in all eight communities. These kids must travel for every game. With the proposed cuts, it will be physically impossible to have a game day on Saturday/Sunday for the entire soccer season. They cannot take a ferry, travel to Nanaimo or Ladysmith for a game, and travel back, even without any stops. That's the impact to them. There is also a tremendous impact to the league. Of 27 teams, seven of them are from Powell River. The entire level of competition for the league drops significantly if you cut off the Powell River kids. Then you get to the impact on families and the economic impact. Are people going to choose to live there with their young families if their kids can't participate in the things that they want their kids to participate in? You can't ask families to take on an overnight trip for every single weekend of a nine month soccer season. It's too much.
- A: *Kirk Handrahan:* We heard that very clearly at a well-attended meeting in Powell River.
- C: *Christine Carson:* I know you heard from our club, but this affects every community in the mid-Island and the opportunities for 4,500 kids who are signed up.
- A: *Kirk Handrahan:* That's exactly the input we are looking for.
- C: *Christine Carson:* I didn't look at all your routes, but I was rather amazed that you would propose taking a community the size of Powell River and not offer them a single sailing before noon on the weekend.
- A: *David Hendry:* It comes back to having to show the reductions on the existing schedule. We've heard loud and clear that on Sunday not being able to get out by noon is obviously a huge issue.
- C: *Christine Carson:* These soccer players and their families do all their travel in the off-season when you need your customers most.
- C: *David:* I read that BC Ferries was put on a so-called quasi-private model to get rid of debt from the government books. Now we see that BC Ferries seems to be hemorrhaging ridership. Now we need to find some ways to save money. Why don't we go with a two-tier operational structure for the coastal ferry system, prior to the way it worked in 1985? The minor routes were directly operated by the government, while the quasi-private BC Ferries would operate the major routes, allowing government to not have to take on all of this unnecessary debt and potentially reducing BC Ferries shortfall and hopefully increasing its revenue. It seems to work in my head.
- A: *Kirk Handrahan:* There are a variety of models that could be used, with pros and cons in each case. Yes, it was a benefit that taxpayer-supported debt from BC Ferries is off the books. One of the advantages of the current changes that we've made is that more used and higher-traffic volume major routes can cross-subsidize the minor route fares. We could look at a variety of different models that could be used. Government is committed to the current model.
- C: *Terry Lawrence:* I represent my company, involved in the valley here for about 25 years. We do commercial traffic on and off all of the islands. I'm shocked with the cuts. I'm shocked with the cuts in costs that go the ferries, in the sense that they are too cheap. I think we can afford more. One or two or five percent difference and this all goes away and the schedule stays the same, it would be

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easy to do. To look in the mirror as a business owner I'm going to cancel my service because I'm not making enough money and I've got to charge 50 cents more, would be an embarrassment. I know that somebody had to decide how we are going to fix this problem with costs and ridership, but as we go forward, we have to admit that our ridership is going to drop continuously for the next 20-30 years. These problems that we are having today are not going to go away. I see it in my own business. Most businesses in transportation on the island are down 15-30 percent. There are fewer people, and unless we bring heavy industry to the island, which is probably not very welcome, ridership is going to drop. I appreciate the ferries running the way they are now and I would like to see them keep running. We do lots of late night and early morning calls, and if it costs an extra 20 percent I'm willing to pay it. It's a fact of life that it costs money to get to and from these rocks.

C: *Edwin:* I would like to thank the head table. As an elected official I have attended many public meetings and public forums, but it's definitely not easy. As a Regional District Chair, I have been involved with the chairs group, which is a group of all of the coastal chairs and island chairs. Under the leadership of Colin Palmer from Powell River, we have met with all of the Ministers starting with Blair Lekstrom. We met with the Premier about three times. We've had good conversations with Gord Macatee over the years. One of the things that Gord pointed out in his opinion is that the corporation lacks a clear strategic plan. This is a piecemeal kind of solution. We heard lots of good commentary. I would wonder whether we should be sending these discussion guides out to the Chambers of Commerce and the downtown business improvement associations and the economic development societies around the coastal areas. They could help to fill in the blanks on the socio-economic side. As far as efficiencies go, on page 2, you can clearly see that labour costs, in real terms, have gone down. Administration has stayed static and actually has gone down. There has been a glaring increase in net financing and amortization. We're talking about this strange animal, dreamed up as a means of taking the long-term debt off the B.C. Books. With these looming capital expenditures, we have to replace them. What is the long-term concept of BC Ferries around financing? If you're not in the public, you can't borrow that 'AAA' credit rating we have here in B.C. and you are forced to go on the open bond market. That alone costs big bucks. The other one is insurance and property taxes. The capital financing is my biggest question and nobody seems to be able to answer it.

A: *David Hendry:* The Company doesn't have the rating to go out and the same rates as the government. We go out on the open market. As a company, we try to secure the lowest financing rates we can. We are quite successful at that. We are trying to bring down the financing cost as much as possible. You bring up the more important point, which is the assets behind that need to be financed. At the start of the model in 2003, a lot of vessels were in need of replacement and a lot of the terminals were in need of redevelopment. A lot of that has happened over the last ten years, which has led to financing and amortization tripling over the last ten years. There is still a lot of infrastructure that needs to be replaced. There are a lot of vessels that are tired, because they are 40 to 50 years old. One of the things that we're looking at on a longer-term basis is that when you lock into that capital you don't just lock into the capital cost, but you lock into the operating profile of running those assets. It's trying to standardize vessels and get standardized terminals. You can build in some efficiencies up front, so that you don't have to crew them with as many

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people, so that you've got better safety, bridge and navigational equipment. All the things that regulators look at and say that you've built in better infrastructure, so you can crew at lower levels. It's going to take a long time to play out. We can no longer run this system with one-off vessels. I know the cable ferry is a one-off. Beyond that, we can't run them with one-off vessels that only work on specific routes. Typically it's a vessel that can go between routes, not require crew re-familiarization and retraining every time it goes between routes. Those are the things that are going to have huge implications on the cost structure and get us to more sustainability and alleviate fare pressure.

A: *Kirk Handrahan*: Ultimately whether it's BC Ferries or it was a Crown corporation and government was covering the debt, there is a need to replace the capital and that the elected officials now have determined that they are comfortable with this model. We recognize the increased pressure on the capital side. That's why we're looking at different things to try and bring down costs in longer term, to alleviate pressure on fares and on the public purse. Those are the two main sources of funding.

3. Closing Remarks

Anna Wright wrapped up the meeting, thanked participants for their time and encouraged participants to complete the feedback form and encourage friends and others to participate.

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PURPOSE	Notes from a Small Group Meeting for the BC Coastal Ferries Community Engagement held on December 11, 2013 at the Adult Learning Centre, Penelakut, B.C.																											
FACILITATOR	Nancy Spooner, Kirk & Co. Consulting Ltd.																											
ATTENDEES	<table border="0"> <tr> <td>Joey Caro</td> <td>James Charlie</td> <td>Monte Charlie</td> </tr> <tr> <td>Norman Charlie</td> <td>Doris Charlie</td> <td>Anne Crocker</td> </tr> <tr> <td>Velma Crocker</td> <td>Francine Edwards</td> <td>Carmen George</td> </tr> <tr> <td>Earl Jack</td> <td>Sharlene Jack</td> <td>Melvin Jack</td> </tr> <tr> <td>Denise James</td> <td>Loren James</td> <td>Marion James</td> </tr> <tr> <td>Myrus James</td> <td>Troy James</td> <td>Joyce Johnny</td> </tr> <tr> <td>David Knowles</td> <td>Patty McNamara</td> <td>Doug Routley</td> </tr> <tr> <td>Bob Sam</td> <td>Regina Sam</td> <td>August Sylvester</td> </tr> <tr> <td>Laura Sylvester</td> <td></td> <td></td> </tr> </table>	Joey Caro	James Charlie	Monte Charlie	Norman Charlie	Doris Charlie	Anne Crocker	Velma Crocker	Francine Edwards	Carmen George	Earl Jack	Sharlene Jack	Melvin Jack	Denise James	Loren James	Marion James	Myrus James	Troy James	Joyce Johnny	David Knowles	Patty McNamara	Doug Routley	Bob Sam	Regina Sam	August Sylvester	Laura Sylvester		
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David Knowles	Patty McNamara	Doug Routley																										
Bob Sam	Regina Sam	August Sylvester																										
Laura Sylvester																												
PROJECT TEAM ATTENDEES	<p>Kirk Handrahan, Executive Director, Marine Branch, Ministry of Transportation and Infrastructure</p> <p>David Hendry, Director of Strategic Planning, BC Ferries</p> <p>Joanne Doyle, Manager, Master Planning, BC Ferries</p> <p>Caillin Katnich, Kirk & Co. Consulting Ltd., Meeting Recorder</p>																											
AGENDA	<ol style="list-style-type: none"> 1. Welcome and Review Agenda 2. Discussion 3. Closing Remarks 																											

KEY THEMES

- Participants said that there should be greater consideration given to the needs of their people. Participants reminded government that their ancestors were sent to the island against their will, that very few services are provided to them, and that different governments always pass the buck.
- Participants expressed anger and frustration about the high cost of fares for a population that is largely on welfare.
- Participants felt that the elimination of the seniors' discount will be very hard on the elders, many of whom are already struggling on fixed incomes.
- Participants did not support service reductions. They said that there had been no consultation about the proposed reductions, which will cause hardship to their people. They expressed anger and frustration that government tells, rather than asks.

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- Participants said that the salaries for BC Ferries' management are too high, and that if the organization was managed properly it could find other ways to save money instead of reducing services.

DISCUSSION

1. Welcome and introductions – Nancy Spooner

Nancy Spooner welcomed participants and explained the format of the meeting. Nancy informed participants that the meeting was being recorded for accuracy. The BC Coastal Ferries Engagement team members introduced themselves.

2. Discussion – All

(Abbreviations will be used and mean – Q: Question, A: Answer, C: Comment)

- C: *August Sylvester:* Good afternoon everybody, thank you so much for coming. I'd just like, I hope we can arrange our group like we started off with a number of chairs here, and like the Chief said – our Chief is over there, we're told to move from there, slide down the chairs here, we're told to move the chairs back and make a smaller circle for all people, what to do, let us hear our voice because the stuff that happens here, put the chairs away, put them back – you never hear us, never hear us and that's so sad. Thank you.
- C: *Myrus James:* Good afternoon, my name is Myrus James. I'm not going to say I'm welcoming the people here to Penelakut. Chief might have already but I refuse to say welcome to people who have come here – we said that years and years ago and nobody left, they're still here, so I don't say welcome to them anymore. Thank you.
- C: *Bob Sam:* Bob Sam, I work out of our treaty department.
- C: *Earl Jack:* My name's Earl Jack, I'm an elder here in the community and also I remember going back 35 years ago, when we left here our transportation was on boats until we got the ferry, and I was going to say we stacked groceries. But the question I ask because I have a friend of mine who (inaudible) the question I want to know is do you ever guys make the final decisions about what's going on here (inaudible) a few weeks, a few months ago (inaudible) and you guys get stuck too (inaudible) and elders are getting charged, which isn't fair because we worked for years and years and all of the sudden you're cutting back the 50 per cent (inaudible) I just started getting my free rides Monday to Thursday, and you're just taking them away again. All the elders here in the community that really cannot afford what's going on in this community here (inaudible) so I hope we do make a little headway in our working together because all that's been said, we all say that there are never resolved issues, you guys go back to the government and tell them and they say 'that ferry's to you, that ferry's to you guys', will they listen to you guys? Because I really think it's not so hard, a lot of our people here – we're all stuck here, and a lot of them don't care for it. \$100 bucks we have to put in for our card – I know it saves money but what the heck, we spend \$100 dollars for two trips, three trips and come back, a lot of us can't afford that.

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- C: Nancy: So, can I ask you sir, would you like her to answer the question that you posed or should be continue to go around and then we will answer your question – should we do the introductions first?
- C: Earl Jack: Sure
- C: Joyce Johnny: My name is Joyce Johnny and I'm a community member. I also work at the band office in social housing.
- C: *August Sylvester*: I'm August Sylvester, I'm an elder and I sit on council. Thank you.
- C: *Joey Caro*: My name's Joey Caro and I live here on the island.
- C: *David Knowles*: I'm David Knowles and I live on Thetis and I just came with a few suggestions that might help solve some problems that you have.
- C: *Laura Sylvester*: Laura Sylvester, elder and band councillor.
- C: *Anne Crocker*: My name is Anne Crocker and I work in community planning here.
- C: *Carmen George*: Carmen George, Penelakut member.
- C: *Doug Routley*: Doug Routley, the MLA for the region and I appreciate the Chief allowing us here and appreciate the folks from the ministry and BC Ferries for coming out.
- C: *Patty McNamara*: Hi, my name is Patty and I work as the assistant for Doug Routley and I just wanted to say that I always like coming back to Penelakut – my daughter worked here at the daycare centre for some time and I'm happy to be here, pleased to see you.
- C: *Marion James*: Marion James and I work in community planning at band administration, and I'm a member. I found it really difficult to come over with my husband today because I didn't have the vehicle card and they expected me to put \$105 on it like now, and I had a passenger walk-on ticket so we used those for the both of us and paid cash for the rest because I didn't have the \$105 and I'm working.
- C: *Denise James*: I'm Denise James, I work in the band office. I'm a natural resources advisor and first responder for the community, and fairly active with our youth and I second Mel's concerns as well – it's very difficult because I'm so used to being with the kids when they do their sports activities, for us to go here and there for their sports, it's difficult for our elders to go on their limited incomes as it is and how they can afford to pay that extra dollars that BC Ferries wants them to pay, and as a working person I've been living here for 25+ years and I've put probably more than half my income into paying for that ferry. So., to me it's a whole lot of dog doo for us to have to pay again and again and again. When I first moved here it was 95 cents for me to go on the ferry, it's now almost \$11 – that's to me totally unfair. If they want to increase the rates for us, they better increase the services too. That's all I have to say.
- C: *Nancy*: Thanks Denise. So I'm just going to ask Kirk to do a brief introduction about the purpose of our meeting.
- C: *Kirk Handrahan*: I'd like to answer your question first that you did raise, and you're asking us whether this indeed, I'm not the ultimate decision maker – you're correct in that. My role at the ministry is to manage the contract with BC Ferries. Government has made some decisions, a couple of years ago the ferry commissioner released a report talking about the challenges facing the coastal ferries system and in response to that report, government took actions – they changed the legislation to try to reduce some of the pressures on fares because we were hearing the levels of fares were a major challenge to users. Government provided additional funding to help try to reduce the pressure on fares, the ferries commissioner challenged BC Ferries to find about \$55

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million in savings in their overall operations, and also identify a desire to find some savings from service reductions. We came out here last year, I was here probably about the same time in December, November, and we were talking about what kinds of things should we consider if we're developing service reductions – things like could that be basic services. Looking at low utilized sailing and the costs and balances of providing the services and the revenues generated from it, and the complexity of routes like this one where there are multiple stops and should we consider the needs of things like new investments in the ferries. So we have had that discussion, we also talked about some longer transmission stuff, about trying to bring the costs of the ferries system down – the pressures at least, so that people could afford the fares and taxpayers could find the right balance between what taxpayers provide and what they users provide. As a result of all of those discussions, we've come back with a plan to do some service reductions and we've out in the table here and what we want to do is talk to people about if you need these changes, and these are not set in stone – the changes themselves, we're open to discussion about how these changes can be implemented. But if we made these changes, what would be the impact because you the users are the ones that know how to use the system most, and if we had to make savings from a change in the service, a reduction in the service, where would you like to see that, where would that have the least impact. We also came up with some other measures to bring more funding into the system and we put out the notion of introducing gaming on the feature routes. The proposal is not a guaranteed thing but we're putting it out there – it's something that came up last year. We're also looking at changing the seniors discount, and last year when we talked to people about it, and I know not everybody is in the same financial position, some said they'd be willing to forgo that discount if they can see the general fares decline. So, we took that back and we didn't want to eliminate it but we came up with a proposal to do the 50 per cent. We also, and I think this goes to one of the points you spoke about as well, is the idea of the experience card. Now, BC Ferries has an older point of sale system, how they sell the services to people. We're in the process of upgrading that and we're looking to get input, as they upgrade that over the next three years on what kind of features could be included to help be more responsive to the customers. And some of the things being considered are the more you use the ferry, the more discounts you get, rather than going with the experience card and having to load up \$105 – perhaps we'll have a situation where if you use a card sort of thing, the more you use it, the lower the price is. And other things like trying to roll down the costs, is there an opportunity for a passenger only ferry service because not everybody needs to bring their car – some people do, if you're going grocery shopping sure you want to have your car but sometime you can go as a passenger only. Is there some opportunity for the private sector, for example to supplement the services you get by offering that type of thins. So, we've put a plan in place, there's a booklet here that we're out talking to communities about. We're looking for your input, your thoughts, how do you feel any changes would affect your community, and I don't know, Dave would you like to talk a little bit about what we identify in here.

C: *David Hendry:* Yeah, I think what Kirk mentioned that's important to note is that we didn't want to come out to communities to provide schedules showing where those opportunities for reductions, what we've done is shown potential opportunities on the existing schedules as we've done up and down the coasts over the last four weeks. Many communities made it clear wherever there are opportunities for still achieving the savings but changing where the reductions are, that's what

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we're here to hear from the community. We see a lot of numbers, obviously but what we want to see is what's behind those numbers in terms of who's actually using those sailings – are there opportunities for changing what's actually showing up on the schedules. We've seen, for example, I know it's a bit complicated but in some of the areas, the middle of the day sailings, there could possibly be a bit more discretionary in terms of when people travel, if you travel before or after, we've heard the early sailings and the later sailings are not discretionary – people need those for school and or coming back from Vancouver Island centres, that sort of thing. We need your input, it's very important to get your input, fill it out as you see fit in terms of the different responses, and BC Ferries will be coming back early in the new year to talk with the communities, the ferries advisory committees (inaudible).

- C: *Kirk Handrahan:* Thank you, and as I said before the elected government did ask us to come out and talk to residents about it. People like me have a good understanding of the system and how it works so we're the front line, we'll take back that input, there's going to be a full record of what's being said here and we'll go back to those decision makers and we'll be looking for final decisions on how it might look.
- C: *Nancy Spooner:* So I just wanted to point out the feedback form that's in the back of this is really important. If you have time today to fill it out for us, if you don't have time and you want to do it later, that's fine too, we are just looking for all of the feedback to be to us by the 20th of December and that's when we're going to start compiling the input – both from the notes that are being taken today, any comments that you give us, and then we will be producing our report in the new year. So, we want to hear from you, we're here to hear your voices, so if you wouldn't mind indicating when you have something to say, and then we can begin the discussion. Yes, sir.
- C: *Monte Charlie:* I remember when first ferries came here we had tadpoles and the weather was never warm like this, it was always freezing every winter – you had to break ice to go over on the tadpoles. When they said you're getting a ferry we had to write our name down to get on the ferry. Oh, just before that we lost our ferry where we used to pay half price, so we lost that and they said oh you're getting a ferry now, you don't have to go across on a gas boat – we'd have two logs tied together that the ice wouldn't break your boat, that will save our boats. But we got started, we were on the first ferry, the name of that boat was Ethel – that was the first ferry. We used to pay 12 cents to get on that ferry. The ferry used to land on the red wharf here and then they moved it across here after a while and the money kept going up and up like now. 12 cents you figure that out? What happened here? What's going on to our country? People can't work for the wage they started with, they got to get a raise, they get a raise here, you get a raise there. There was a brick dump, yeah somebody doesn't know how to drive the ferry so they're ramming docks and ramming stuff like this and the ferry's down for a week, little things like that. It didn't cost taxpayers anything but it costs all of us here to pay, I'm a pensioner, I like riding the ferry but now you're going to give me back that old half bare – I lost that and I was mad when I lost it. A lot of our people didn't like using that half bare but they put the engines downstairs because they're half bare, put on the livestock and the big trucks. Things like that have been going on for a long time and now I'm wondering as an old man which way are we heading? Every time BC Ferries gets a raise, we have to pay – our people. I've got lots of grandchildren that are on welfare, that

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experience card was supposed to help our people, it didn't help. That welfare never goes up, our people that are on welfare, my children, I talk about my grandchildren only but there's a lot of people on that welfare. They struggle to live on this island. This is our prison camp where the white man sent us cause they want Chemainus harbor for their own sawmills. They take all of the people and start moving them off the island, moving them up to there, half of them landed in Salt Spring happy. Lots of people had to move, some of the last people crying when they were leaving Chemainus – they were on their canoes hollering back at the people, they look back and the white people are burning down their houses with their stuff in it. So we go through, we got no say in this country, we are prisoners too. We can say we don't like what you're doing or whoever's doing in, but we've got now say. You're here to listen to us today but are we going to get anywhere with this, really? I have many questions to ask – why are we going back to half fares, I was mad when we lost that and now we're getting it back. I don't know whether to be happy or mad again. Those things are what happened to us. Who decides it? You look back to that time when that first ferry came in, we can't be happy about anything because we haven't got a say in this country. We're the first people but we can't say nothing against the government or whoever is in charge. Our people, Native people, are supposed to have someone look after us in the government – they said there will always be someone here and in Ottawa, and my grandfather said yeah right, he didn't say yeah right, he said in our language 'show me that man'. He didn't believe it when they first said it. He said yeah I guess you'll come and protect us when the war starts. We have lots to say about what goes on up and down this coast – the ocean's our highway, that's our super freeway. Our people say when the tide drops, the cable sets, that's where all our food is. We have a lot of things to say about what's going on but nobody listens. I talk all the time with my children, they say well yeah does anyone listen to you? I don't think so. When I talk about half fare, I want to be like the ferry workers, I want to get on for free, I don't want to pay. I want to be one of those ferry workers,. I want to ride for free. How many of the people working for BC Ferries, do you count how much people are riding in a year for free – that's what I want, I want to ride for free. I'm stuck in a place where the white man put me. We have no say. I'd like BC Ferries to think hard about what they're doing to our people. My grandchildren are suffering – they get \$200 a month for welfare and you want them to get an experience card for \$105 but they have to wait for one of their grandparents to catch that ferry so they can go with them and ride with them so their grandparents can pay for their ride back. Who can afford \$100 when you've got only \$200? If you've got 3 or 4 kids and you've got to buy them groceries, they go across and they starve because they're trying to save all of their money for groceries to bring home. So I want to ride for free, I want my people to ride for free. It's not out choice to be here. The things I talk about are the truth, I'm not buttering my bread. Some people, our people have tried and they can't make it, some of the people that are on welfare won't come here because they're ashamed to say we're on welfare. At least the people who've come here can try talking to their children. That's all I'm going to say now, thank you.

- C: *Nancy Spooner*: Thank you very much. Welcome to the people who joined us, sorry we started without you. Would you mind giving us your name?
- C: *Loren James*: I'm Loren James.
- C: *Nancy*: Thanks Loren.
- C: *Regina Sam*: I'm Regina Sam.
- C: *Nancy*: Thank you Regina.

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- C: *Sharlene Jack*: Sharlene Jack.
- C: *Nancy Spooner*: Hi Sharlene, thank you. Hello thank you for coming. Thank you very much for coming. Would anyone else like to, Joey, yes, sir?
- C: *Joey Caro*: I've got a few things to share, and the last time I was at a ferries meeting was a few years ago. So I'm hoping when you do the minutes that somebody has access to the minutes from the old meetings because a lot of other members that were in attendance and shared ideas, I'd like to know where the minutes are for reference and if they can be included in the decisions that are made now. I wonder do politicians ride free or did you have to pay to get on? Do you pay, do all politicians have to pay?
- C: *Doug*: We have a card and we charge it to government as business travel.
- Q: *Joey Caro*: The same with your staff, BC Ferries staff, you didn't have to pay to get out here today?
- A: *David Hendry*: We're on business so...
- C: *Joey Caro*: You're covered, just wondering. A year or so ago you published a report, a pretty big report on BC Ferries and one of the things that was mentioned in the report is that the profits from your run, say somewhere up the coast or what have you, you're not allowed to share profits with other groups with other runs or what have you – it's kind of isolated to that operating area. I was thinking that's something to think about sharing some of that with the smaller runs to help them out and keep it level rather than isolating all of that profit and it may not make a lot of sense but that's what the report talked about – you weren't allowed to share money outside the sphere they operate in, on a bigger, more profitable ferry run.
- A: *David Hendry*: I think you're referring to the commissioner's report and Kirk as a representative of the government can answer that.
- A: *Kirk Handrahan*: So we've heard that recommendation from the commissioner and a few years ago we changed the legislation to allow, the routes that kind of are the bigger routes between Vancouver Island and the Lower Mainland, those three routes there, they're the source of a lot of the revenue for the system and actually make more than their costs. So we changed the legislation to enable those routes to help what we call cross-subsidize the other routes. So we did make that change.
- C: *Joey Caro*: I'd like to see more reporting about it so we can actually see it on paper. Our elder here, he talked about the employee discounts and that is a pretty big thing to look at, especially when you're talking about elder discounts – not only First Nations elder discounts but people across the province who have earned that right but with the ferries being considered an extension of our highway system. So before any of that would take place – discounting the elders cost, I would look at the employee benefits right now and it seems like they make a pretty good wage working on the ferry, I would hope they do but it's just something that stands out for us and to have other young people and mail that goes to Thetis who travel back and forth, back and forth all day long...
- C: *Dave*: He does pay and he does get priority with the federal government. It's not cause we like him or anything, it's just that it's BC Ferries policy to assure boating for federal mail, so it's nothing to do with him personally. It's always been that way. The same goes, did you used to have a post office here or was it just Thetis community centre? I've only be around here for 40-something years, I don't know everything.
- C: *Joey Caro*: But I wondered why, I don't know why they were getting priority.
- C: *Dave*: Well because it's federal mail, I don't know the reasoning behind it.
- C: *Joey Caro*: Well there's mail all the time, how many times do you have to run back and forth.

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- C: *Dave:* Well, they bring the mail over and then take the mail back later, the mail that people deposit all day, they take it back in the afternoon and then bring the mail over in the morning all the time.
- C: *Joey Caro:* With the evening boat, they pull right up to the front.
- C: *Dave:* Oh yeah, they're allowed to do that because they have the priority loading – it's the same if you have livestock, livestock has priority loading so you have a truck full of chickens and you want to get on, phone Ferries and tell them you've got some livestock and you can go to the front. So if you want to get on first, get some chickens.
- C: *David Hendry:* Excuse me sir, the employee pass program is a BC Ferries policy for current employees and employees who've retired after a long period of service. It's common in other transportation companies, we feel it's important to engage employees to travel on the system, to know the system and it helps them in their day to day jobs. The seniors program, as with the other students program, medical program, that's part of the provincial government so they are two different policies.
- C: *Joey Caro:* Yeah, it gets confusing when is it a Crown company, or is it a private company and you look at the wages and it's difficult to see, it's a pretty good chunk of change. Some of these rides that are proposed – sailings that have been proposed to be cancelled, what does the staff do, what will they be doing during that time? Are they still getting paid or do they wait until the next run or does the ferry sit somewhere idling or what?
- A: *Joanne Doyle:* That's an excellent question; do you want me to talk about this route specifically or a different route?
- C: *Joey Caro:* Well, this one here.
- A: *Joanne Doyle:* For the Friday evening cancellation it would be reducing the crew hours to the same PM shift hours they do from Saturday to Thursday. So it would be a reduction in the, it's an added to route so a little bit of premium pay because the Friday night sailing is a little bit later ending.
- C: *Dave:* What it means is Friday night, we have to work the extra time, so we get paid however long extra it is – 1 hour and a bit, we get paid that on our paycheque. Then they also give us that time because it's overtime, they give us that time because it's ASTO, which stands for Annual Scheduled Time Off, so we have to take that as time off because it's overtime, they're not paying extra money, they're giving you time off for working that time in lieu of the money. And what that does over a period of time, it all adds up to many shifts off, many days off.
- C: *Joanne Doyle:* So that's where that savings comes from but the idea of reducing a sailing in the middle of the afternoon shift, that's to break out the schedule a little bit and add more flexibility. So the dedicated run from Chemainus to Thetis, taking that one out and then looking at how we can reschedule the afternoon so there's not so much separation between departures on both islands. I think right now there's a fair bit of separation in the afternoon, the departures from Chemainus and Thetis, so it would be more in the same hour of work.
- Q: *Joey Caro:* I wasn't sure about that so I appreciate you being able to bring it up. (inaudible) Trying to minimize and come up with the shortfall of money that allows us to make it through hard time and I'd be interested to see the overall figures and objective plans they have down the road here once they end up passing and maybe there'll be a tear-out we can use at the meeting. Somebody did a lot of work, and it's a nice book – it's available on the internet as well, but I can bet you it cost a lot. I was wondering, I'm worried about the students and doing away with the elders discount and if you can get rid of that easily, are the students mad and what kind of dialogue around that has been happening around that at your meetings, are there discussions taking place? And just one

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- more thing, I think Duke Point isn't necessary anymore. I think once it got crashed into and people adjusted to Departure Bay, you wonder about the double cost to get it fixed, they're so close together, you wonder why they're keeping that and I can imagine what that place costs as well. That's just my view and thank you.
- C: *Nancy Spooner*: Joey, would you like some answers to some of those questions – you talked about the cost of the materials and the consultation, and you also asked about the student system and if that had been part of the discussion. Then, finally the Duke Point question
- C: *Joey Caro*: Sure, whatever you guys think.
- A: *Kirk Handrahan*: I can answer the first two for you. I'm a manager, I don't go out and talk to people, I'm not a facilitator – this is a new thing for me, so we're going out and talking to people about sensitive issues that are really important to them. So, it is important for professionals to do this so that we do it in the most smooth way as possible. Like we did last year, we went out to procurement, people put in a bid for the project, we decided what we wanted to do and we have a contract, and I don't know the cost of each particular item but the whole contract will be over \$500,000, and that includes the people that come out, their time building the materials, renting the rooms, the transportation, the hotels the ferries – because I have to pay for ferries, things like that. So, it is an expensive process and thank you for bringing it up. We think it's important that we talk to people before we make changes that are going to impact them, so we feel it's worthwhile spending that money in order to get the input. Maybe it could be less-nice but this is the guide that we use. As for the students program, there's been no discussion on changing that. It's very important to make sure they can get to not only their school activities but other type of related activities, particularly when they don't have it at their own schools. So, there's been no talk of changing that.
- A: *David Hendry*: So the Duke Point run runs from Tsawwassen to Duke Point, and at one point there was an issue at Duke Point where it took the dock out for a few months, which was unfortunate. Fortunately it happened at time of year that was our slow season, we were able to take that route into Departure Bay, as well as the Horseshoe Bay route but that's not something we can do on an annual basis and function out of departure bay. It's very busy, Departure Bay and one of the reasons for opening it originally was to the get the truck traffic out of Departure Bay. So at this point we need both terminals to run both of those routes, we are looking at longer term things in terms of what's required for all three routes in terms of the route from Swartz Bay to Tsawwassen. The Duke Point run is very important for commercial traffic and we've always said between the routes, maybe it's not three routes, maybe it's two and a half or two point seven five route but that's something we need to look at on a longer term basis in conjunction with some of the larger capital requirements at our terminals particularly Horseshoe Bay, so it's a very expensive system to run, the costs and revenues are spread through the system so we need to look at not spending as much on the bigger ticket items.
- C: *Nancy Spooner*: Thanks David. Yes?
- C: *Earl Jack*: You guys talk about students, the problem comes when we have to send our kids to college. They're still students but they're expected to pay full price, which makes it even more difficult if they're going to Nanaimo. If we could keep them classified as students that would give us a few dollars and would help with all of the changes the Department of Indian Affairs is bringing down on the college students – they want to destroy that completely. And we're just now getting

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to the point where we can send our kids to school because of the ferry system. My grandson went to school in Ladysmith, 6:30 he was up every day, made it to class at 8:00 but when they go to Chemainus, it was no problem as long as the bus picks them up. They are our next generation.

- C: Nancy Spooner: Thank you very much. Any other comments or questions for, yes sir, and then do you want to go first?
- C: *James*: Thank you. Like my cousin said we're retiring in a couple years and I'd sure hate to lose my one day a week sailing. It's so hard to talk, my grandparents got kicked out of Chemainus and their houses burnt down, that's why we're here. Now, we can't talk to you because the federal government says it's the provincial government and the provincial government says it's the federal government and the residential schools were the same way – they put a residential school here, and 'it's not our problem, it's the federal government', 'that's not our problem, it's the Catholic church', so everybody's pointing at someone different. We started off, the first ferry was with the department of highways – department of highways to BC Ferries to Crown corporation – what's next. We're always trying to improve, we've bringing in experts to improve the system and we're going deeper in the hole. Why? Is our management staff getting too large, is our CEO's getting paid too much? Is our BC Ferries model greater of better than the Washington State ferries – is the ridership higher or lower? Why are we in such a turmoil? Our American cousins have almost the same fleet and I'm sure you've heard this before and you'll hear it again, our model that we're currently using is not working. How many manager have to run BC Ferries, 400? The administration staff is way too large, there's cutbacks. I worked on the cleat a long time ago and there was three engineers that retired and got full pension and they were working for department of highways for a full rate, and I still see it happening today. I see retired captains working today, what are they getting, double time? Aren't there other people we can hire, we can use. We talk about a high unemployment rate but we're still paying these big bucks to people for casual labour, why is that? I know you can't answer because people the people in Victoria are going to decide – they already have made up their minds. Maybe they'll make a couple of small revisions in this report, which is again wrong, seems like we're insulted after the fact. You haven't talked to us, 'oh yeah, we decided for you guys'. We're always told what's better for you, if you listen to us, you can't go wrong. We're always talked at, never with. We're always talked down to. It's time we have a place in this country, I'm not being racist but the constitution has very little bargaining power – the French have a constitution of their own, the Charter of Rights has their own and where are we? We don't exist. I think it's section 35A or B and when you look at that, we don't really exist in the books of history, yet we play an important role in this country. We helped the first pioneers survive in this country, we taught them how to fish, how to live – Robinson Caruso, that's what the book was based on, what it's modeled after. Robinson Caruso was shipwrecked, what did he do, 'well you're not, we'll teach you how to farm, teach you our English., we don't like your church, you're a pig and we'll start our own. So Robinson Caruso taught that and there's so much of that colonization alive. We lived that and we experience it today being overlooked by the government and how long do we have to be overlooked. The buck is always being passed and it had to stop, that is so wrong when you pass the buck and 'oh I can't make that decision, it's up to those guys in Victoria'. Why is it them who send you down on a wasted trip, so to speak. Their minds are made up, they'll make a few revisions in their final draft, it's not going to benefit us that much I get so fed up with the government, they say it's so wrong to drink but they sell the alcohol and they sell the tobacco.

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Everything they do, it's right when they do it. It's wrong for me to out a casino here because I haven't talked to the big boys in Victoria. The only thing they haven't done is prostitution, maybe they should get into that. So, what's stopping them? Maybe you can ask them that question and we can solve some more problems. I'm sorry but it's frustrating, we've been talking like this for how many hundreds of years and not being heard. We're always being told, talked at not with. When this report comes down, we've been hearing this for hundreds, this is what's best for you guys, which is true in a way. We went from department of highways to BC Ferries and a Crown corporation and what's next. The badgers are forever being caged and I think they can consult with the people a lot more, work with the people a lot better. Our ferry line up is one of the worst ones, all the potholes in that line up, everybody else gets their paved parking lots, everybody else gets their ferry line ups ice and snow removed,. We don't and that's so wrong – why is it so wrong? Are they going to justify that? Are they going to move the snow of our land? When was the last time we had a snow plow here? Quite a while ago. I thank you for listening, sometimes I get a little frustrated with the lack of communication and the lack of input from us. There are ways of improving, ways of talking, there are ways of listening. We do those things that we can but as long as it's a lopsided table, it will never work. So with that, I thank you for listening.

C: *Nancy Spooner*: Thank you very much. Yes, sir.

C: *Myrus James*: I guess I get a little cynical sometimes when it comes to dealing with big corporations or the federal or provincial government. Like everyone else is saying it comes down to we know what's best for you guys. There was a big plan years ago in Ontario when everything was going to be turned over to the first nations – 45 years ago. What happened? Nothing happened. People from Thetis were our friends at one time, they came for our support and then they got their ferry landing, supported them fully. What did we get? When we landed here we had to pull up the ferry for a couple of hours to unload our lumber for year and years and years. I came to work here in the band office at the old residential school, and I said 'Myrus, some bosses are coming here from Victoria, you guys should do something.' Within a matter of minutes, I got to the band office and phone everybody. The whole community showed up to have a demonstration, that's what we had to do, unload all of our horses here and carry off to the side. But when our friends from Thetis want something, they want our support but we never get support from Thetis. We're talking about ferry fares for our people here, this is our land here, Thetis Island is ours. Chemainus is ours, Crofton is ours. Salt Spring is ours, the Gulf Island are ours. Tsawwassen, we shared with them. Same thing with Nanaimo. We own the land, why should we pay? I feel we should ride the ferry absolutely free or at least not what we have to pay here. When the people hit the newspaper in regard to the \$1 million, I bet you that one person earns as much as 300 people here in one year. Somebody else here mentioned they're supposed to put \$105 to ride the ferry, so there goes half of their welfare and leaves them \$100 for food. That's absolutely asinine as far as I'm concerned. I was looking over your beautiful book and I don't see any weigh scales for any of your employees in there. Sure it's got a big lump sum but it doesn't show what's in there. I ride the ferry quite often and I keep wondering 'what's the man doing there'? Maybe he'll put a block in front of the tire there, then he goes up to his suite. How many employees are redundant in terms of the ferry? If the ferry breaks down, does the engineer fix it? No we have to get inspectors in to look at any damage. I think we were involved in a lot of discussions when they were talking about deductions of fares, we were working together for a long time but nothing's really happening though. I attend the meeting down

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below there, it wasn't a consultation meeting, they were telling us what they were going to do, which wasn't what we wanted. They told us what we were going to get. So, I'm really cynical when things like this are happening. I think we can talk about any of the bureaucracies that exists and I'd feel the same, especially towards the DFO. That's it, yeah.

- C: *James Charlie*: I just want to clarify one thing about our territory. Salt Spring, that is our territory, it goes all the way back here and half way to the coast. That is the archives, our territory. It's a large territory we once occupied. Thank you.
- C: *Nancy Spooner*: Myrus, can I just ask you, would you like David to talk to the staffing on the vessels and how that's determined?
- C: *Myrus James*: That would be good.
- A: *David Hendry*: Thanks for raising that. David can attest to that our crewing on the vessels is dictated by Transport Canada regulations, we have to have a certain number of crew on the vessel for the number of passenger on the vessel. It's something we try to manage as best we can., in some cases we've crewed-down to a lower license with an expectation of lower traffic levels. That's what we do to try to manage costs but ultimately the levels are set by Transport Canada and our levels are quite different from what Washington State has in their federal regulations.
- C: *Dave*: Can I say something, Myrus? When we got this ferry, Transport Canada wanted a crew on nine. So we showed them that we didn't need nine, only five. We had to show them how we could save 145 lives, this is what it's about – how many people you carry, the more crew you need to have. That's why sometimes you see three deckhands down there, like on a Friday when we have heavy traffic. That's because there's more people, we can only carry 145, so we have no say in how many people work there.
- C: *Nancy Spooner*: Thanks, Dave.
- C: *Myrus James*: The other thing is we have one designated run for Penelakut, Thetis has three and if there's going to be something happening, they'll take Penelakut's designated run. But they don't touch Thetis. There was about four of us who had medical appointment one day, they cancelled our run because there was a dog show on Thetis Island. That's more important than the health of our people? A second time they came over to here on our designated run from Chemainus to here and back but they loaded up the Thetis Island people on our designated run. And half of the people they left behind had medical appointments. A designated run is a designated run for Penelakut, not for dog shows or emergency runs, overflow runs for Thetis Island. They get one but they still use ours.
- C: *Nancy Spooner*: Thank you. Okay, can we start here, and then go here, then to this gentleman.
- C: *Delores Sylvester*: I've been watching the news quite a bit, you guys don't know how to save money. Not one of you guys paid to come here. The taxpayers paid your fare – us, we have to pay. I don't think that's fair. You guys work, we don't. I'm on a seniors pension, have been for a while no. When I say you guys don't know how to save money, the things you guys do on the BC Ferries. \$300 per crew – fitness. Pay raise for all the staff. Free ride for all the staff and you guys don't even know what the number is. You guys didn't pay coming here today. The Christmas tree lights and the Christmas light, that's another one, if you haven't got enough money to pay for these runs, why have these on the ferry. No emergency runs, today we got an emergency boat. Little things like that bothers me for a while now because I see my family here suffering. When I was fighting for that experience card, I wanted that for Cuper Island only and what do you guys do, you pass it

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around. Now that's more money down. When I say you guys aren't smart I mean you really don't know how to save money. When you live on what I live on, I have to count every nickel. I have to dig up how to pay now and you guys didn't pay to come here today. When I was watching the news about BC Ferries, I see all staff and the CEO getting a raise, and you want to take runs away from us. I don't want no runs taken away from us, I really don't. A while back, we used to have a skipper, his name was Webber, he used to make an effort to come here late at night when we had a party here and he'd take some people to Chemainus and park it at Thetis, and now you're taking runs away. I've been here since 1940. I've seen people come and go, I've seen you guys, I've heard you guys like what's been said so many times. 'oh we heard Cuper, we hear Penelakut but when you write it down, it's a different story. I've got grandchildren on welfare, \$200 a month and yet \$105 for that card. That's got to go. I was the one who argued for that experience card, you'll see it on your minutes when you go back and look at your minutes. I was that mean woman who was fighting for Penelakut, she wanted only band members, and what happens? Everybody got it and yet not one of you guys paid to come here out of your own money. You came out of your work money. If you had to cough up your own money, you would've seen the difference because that's what we go through. A lot of times I've seen people like you come and go, we say it over and over again, what we want for this island, our band members and it doesn't happen, I'm really against that taking runs off of us. We need that ferry run. Sometimes I'm the only one but there's bunch of is coming on the last ferry back here. If you guys stay on the ferry and you guys watch how many of us from Cuper Island come on the last ferry, you'll know because we have to be somewhere on the island and we have to be back late at night. I've been so peeved by the government when you say taxpayers, I don't like to hear that – I pay taxes when I go across there, every time I shop at Family Foods, 49th Parallel because that's as far as our band members can go. They pay taxes. The population, we still need that ferry, we still need that late run. I don't want any late runs taken off. if you manage your ferries good, there's shouldn't pay any problems – especially the staff because the staff is making money but riding for free just like you guys, you're making money but you guys are riding for free. Last time we met, you guys walk in my moccasins for one month. You guys walk in my moccasins for one month, you'll never survive. Thank you.

C: *Nancy Spooner*: Thank you very much. Yes sir?

C: *Loren James*: Just a few questions regarding the ferries. I think the big problems started when the BC Ferries Corporation went independent. It seems there's been a steady increase in ferry fares since the corporation was made independent. Since then there's been fuel surcharges adding to our ferries, and I'm not too sure why these increases because when the government was holding onto it, there wasn't increases like this. So, it makes me wonder if we're paying these increases to pay for the senior executives because we all watch the news, we see these senior executives getting way the hell up there in their wages – \$1.2 million is their wages plus they get \$100-thousand in bonuses, each individual every year. It really bugs the hell out of me when they can increase their wages they'd rather take it away from my elders, make them pay half fares instead of decreasing wages. You've got to understand why that frustrates us, and you guys come here and listen to us and there's not one thing you guys can do about it. You guys should send people here that can actually have something done about it because basically I think they're sending you guys to take all the BS and stuff. Is there an option that the government will take over the BC Ferries to

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- help reduce some of the issues because right now you're taking it out of the people – seniors and elders, it seems they're thinking of themselves rather than the people that are on the ferries.
- A: *Kirk Handrahan:* Thank you, that's a few good points you make and we've heard that in talking to other communities. There's a lot of challenges facing the ferries system and this gentleman here rightly talked about Washington State, for example and that's a system that's provided by government, it's within government. They've been facing similar challenges, their fares have gone up by 120% over the last 10 years, similar to ours. They have a smaller base, for example but because they have a cheaper system, less ferries to operate, more people traveling on them. But when we looked at other ferries systems around the world all are facing similar challenges. Many of them were built in the '60's and '70's, the assets are aging, when you have to replace ferries they're very expensive. So there are a lot of cost drivers – fuel, for example has gone up in the last 10 years I think BC Ferries has spent \$50 million two years ago, now I think it's something like \$120 million dollars. That's a phenomenal increase in the costs. So there's not one thing but we do hear the frustration about these things and they come to people's mind but we see these other systems where they don't have the high wages or things like that facing similar challenges and part of it is the nature of the beast, a bit and what we're trying to do is fund various ways, there's not one thing that's going to help everybody. I think government's trying to put more money in, we've recognized the concerns of the users about the fare increases and we're trying to limit those. But the cost structure is quite high so will government consider bringing it back in? That will be for the elected officials and I'm not trying to pass the buck but the elected officials make those types of decisions, try to balance all of the demands we have like the health care system, students, and that's their responsibility and they're accountable for that in the legislature. So, is the ferries system important? I believe everyone in the Ministry of Transportation thinks so but there are challenges we're facing that are different than the highways, so we're going to try to work in different ways to try to control those costs and to find other revenue sources to support the system.
- Q: *Loren James:* Who are the elected officials are senior executives, who's makes the decisions on if it's going to the government or stay in a corporation?
- A: *Kirk Handrahan:* Sure, the Coastal Ferry Act was passed by government at the legislature, so the government at the time was the Liberal government 10 years ago, it's still the government today. The Ministry of Transportation is ultimately responsible for the legislation. BC Ferries is arms-length, so we don't appoint the board of directors that manages the company, government doesn't appoint that board, it's a professional board and they're the ones who are the executives. So, it is arms-length and part of the reason was to get the government of the day that passed the legislation felt there was interference in the day to day operations of the corporation that was creating a lot of inefficiencies so they stepped back, we have a contract that says this is the level of services that will be provided and government votes on appropriation of how much they'll contribute and the rest comes from fares and other kinds of services. So ultimately it is the elected officials that make the decisions about the level of support the government provides to the system and ultimately that impacts what the fares might be. I hope that explains it.
- C: *Nancy Spooner:* We have this gentleman waiting and then Doug. Oh, sorry David.
- C: *David Hendry:* Obviously the main coast drivers over the past 10 years have been the fuel, the gas and then over the course of 10 years there have been labor increase as well, whether that's general wage increases. I acknowledge the executive compensation, they are large salaries, they are also a

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small component of the overall costs. One of the major issues that's happening over the last 7 to 8 years has been the decline in traffic and that's a result of a number of things, obviously people point to fares and you can point to the world economy and you can point to declines in tourism and people not traveling because it costs more money to get to the ferry with fuel, the role of technology. All of those things, they all contribute to less ridership but the big thing in terms of what you see in terms of the fare pressure is when you have less ridership, you have a lot less revenue, and when you have less revenue it basically puts a lot more pressure on the system. You still have the same system to run, you still have relatively the same contribution from government, so it puts all the pressure on the fares.

- C: *Nancy Spooner*: So we have this gentleman, and then Marian and then Doug.
- C: *Monte Charlie*: Just a couple of things I'd like to say, I give you guys credit for coming here. To go back to what Myrus was saying we got the ferry it was here first. We secured our groceries, we got smart and we'd sneak our car across on low tide, the ferry would cross and come back home. The question I have is the bonuses, it wasn't bonus money, it was bonuses for exercising, to get in shape. I'd like to know what the outcome of that was – did they get in shape and use that money for exercising? Correct me if I'm wrong but they gave those bonuses to the staff, right?
- C: *Dave*: I got one, yeah. I got a bonus to get, I got some running shoes and a jacket for my bonus. I didn't ask for it, they're trying to make us feel good too, you know because they're giving these other guys all these hundreds of thousands in bonuses so they want us little guys to feel good too.
- C: *Maurice*: They should do that for the poor little Indians.
- C: *Monte Charlie*: I just wondered why, why aren't we allowed to hire our First Nations people here – what qualifications do you have to have? I know you have to go to training, we had a few students go and when they did get it, they didn't have a job, people were waiting on the wait list. Why aren't we allowing our own people to be hired in our area? That's a real big question I want to ask and get an answer because we have a young lady, young man, young people here, they could be qualified to do something like that. I'd like to see some of our people her hired and the run the ferry run, make them feel good, make us feel good.
- C: *Nancy Spooner*: Would you like David to answer that?
- C: *Monte Charlie*: I know a young man who for years and years tried to be on there, it's our island, we should have someone on our run.
- C: *Nancy Spooner*: Right. So David, maybe you can speak to the hiring?
- A: *David Hendry*: I guess the two things are one, there's a certain amount of training on the vessel, we have a highly trained crew and they do a very good job. So that's one level, and the second level is we're under a collective agreement and there's seniority under that collective agreement, so in terms of when positions come up, I can't say specifically what the local instances here are but I do know that up and down the coast, the majority of our workforce are local to the area, so you shouldn't see a difference here.
- C: *Kirk Handrahan*: You have an aging workforce where you might see more positions opening up.
- C: *David Hendry*: That's a good point; our average age is I think 49 so that's getting up there and it's not going to get any lower for the foreseeable future. I could see positions opening up for the younger folks, and just to add about the fitness bonus that was paid to the union staff, we felt given an aging work force - we spent a fair amount of money on sick time and things like that, so anything that can help to contribute to the health of our employees helps reduce those sick costs.

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- C: *Nancy Spooner*: Thanks David. Marian, then Doug, then we have another comment here – James. Sorry, Joey and then James.
- Q: *Marian*: I'm just curious about the annual cost of this ferry run and what the expenses are, and then thinking about it for the last two decades, we could have built a bridge to Bear Point and then a road through from Thetis to here to get access to Chemainus.
- A: *David Hendry*: I might not have this quite right but I believe the operating costs for this particular run are around \$4 million. The three main components of that are the labor, the fuel and repair maintenance on the vessel, and then add to that around \$2 million, maybe 3 to what we call cost of capital – that's the financing and the amortization of the vessel. So, \$4 million of operating costs in basically cash out the door each year and about \$3 million of amortization, so in total \$7 million and the route brings in about \$1.5 million in terms of revenue.
- C: *Kirk Handrahan*: I'm with the Ministry of Transportation; let me talk a bit about the bridge. The bridge would be to Thetis Island? I don't know what the cost of that is, there was some work done on that a few years ago looking at various routes, I don't recall that one specifically; it's certainly something we can look at. My general recollection is that in most cases, most of the fixed links the cost was way prohibitive. There's a lot more environmental stuff. It depends on the passage and water and what kind of traffic is on there. So, I'll have to say, I don't remember specifically whether this one was looked at or not. The ones that were looked at, there were only a few that were- didn't make sense, and there was quite a bit of opposition from those communities, even considering that we fixed things.
- C: *Nancy Spooner*: Thanks Marian. So we have Doug and then Joey and then James
- C: *Doug*: Thank you for having us here to the chief and elders. I'd like to first thank the people who've come from the Ministry and BC Ferries and the consulting company because they're being asked to absorb all the anger up and down the coast. Every community is angry about this and feels wronged. So they are put in chairs in communities where they have to listen to the anger, and in fact, we have the chief of a nation here and we don't have people from the province who can make decisions. So it's uncool. I believe that the minister who makes the decision and the premier should be attending these meetings. I am elected into the legislature, I'm a member of the opposition, and we are diametrically, totally opposed to the way this ferry system is running. We think the coastal ferries act, the legislation, should be abolished and it should be taken back into the transportation ministry. I have many, many times asked questions in the legislature about this. I was here- this is my third term, and this is my third round of meetings here about ferries. The first time I was here, Kevin Falcon was the transportation minister, and one of the elders told a story, that I told the minister in the legislature, about collecting bottles to get enough change to get on the ferry. And when she didn't have the money to get on the ferry, she just walked on the deck, and the deck hand said "you can't, have you got a ticket?" And then the RCMP were called, she was taken off the deck of the ferry, and then somebody in the lineup gave her enough change to get on the ferry. So, she got home, but she left a whole piece of her dignity on the other side there, just as the nation has left so much on the other side when it forcibly removed her. When I told the minister that story, his reply while I was speaking was "boo-hoo." That is what they said to me. I'm respectful of the fact that people want to work cooperatively and my tone is different in that. I appreciate these people being here and I don't want to be rude to them. I don't want to be rude to the elders, who

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perhaps don't speak in the same way that I do, but I think it's totally wrong and I'm extremely angry about it. Washington State Ferries- I have a report here, and I can give it to any of you that- our ferries critic went to Washington State. She took, I think six routes - two of them were over an hour long, with her husband and their car. The total cost was \$96. Their costs of fuel and labour total 80 per cent of their operation, same as BC Ferries. It is part of their transportation department in the ministry. All the ferries are built in Washington State; they're paid for by the taxpayers. It is considered to be a vital service to people. Not a cruise ship line, not expecting to recover all of its operating costs. So there are different ways that this could be leveled that would not have wound up with these huge increases. And it can be turned back, we believe that. So for me, it's very promising. I'm NDP and I believe that we have a different solution than this. People can criticize me for my service and they can criticize opposition, but that's what we believe. And we believe that the current government is behind this failure. The gentleman- Kirk- is from the Ministry, and David is from BC Ferries. They can't make these decisions. They have to absorb this and then go back and hope that someone will listen to them just the way you all hope that someone will listen to you. They won't. The decision is made. Unless we force them to listen, like what happened with the HST and like what happens with- any time there's a pushback against government. So we will be calling people to express their voices, help us do that. They don't even let us sit in the legislature. I'm sure you all know that we're- they cancelled our sessions. They- in February we have to be in the legislature for the budget, and there will be days when we call on people to come to Victoria and stand on the lawn and say your voice directly to the government. Help us do that. And I know it's a difficult thing to get down there and we'll try to help people. But, I said this last night, and we've said it in other places, pardon me for going on a long time here but I was raised in Cowichan Valley and there's some obvious racism in our province. Obvious racism that continues to exist. The effect of colonialism continues to punish first nations. That's totally wrong. And when people say, "that's a long time ago." No, it's now, it's right there. So, more and more people are becoming aware of that. More and more people are understanding that. Like, Snunneymuxw people, fighting back against school closures and the loss of the colliery dams. All of a sudden, white people who aren't being heard by their government are going, "well at least Snunneymuxw could put a lawsuit to stop it. At least the right of first nations can even help us." So there's a new kind of awareness building about the role of first nations, I believe. So I hope that you will add your voices to that fight that because we'll start in February against this. You know, I wish we were in government, and then you could direct your anger at me directly. But we aren't. But we're going to do our best to fight back. And, you know, I'm inspired. I feel responsible for it. And I'm sorry that it's the way it is, but let's- in spirit work together. Let's scream on it loudly.

- C: *Nancy Spooner*: thank you Doug. We have Joey and then James and then this gentleman - Bob, thanks Bob.
- C: *Joey*: I'm with, I was wondering if Doug or Jean Crowder could introduce some ideas that when you go to work, about people on a fixed income in relation to the ministry of transportation and create some kind of a system for people who, like, you're saying, half, more than half of your money is going to get back and forth and what have you - something that's, probably not only the First Nations people of course, but something that's critical right now for even some First Nations like this one here, which doesn't have anything going for it at this point at all. When I was young, gas was 35 cents a gallon. That's the monster - how high gas went up in our lifetime. And some third

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world countries would shut down, can't run tractors or can't do a lot of things because they just can't afford gas anymore. So that's what we're kind of fighting against, is the reality of - if you think there's some easier or better way to move those ships. You know, then we're going to be fighting back first. It's not the business' fault that the gas is up because they don't set those prices. And it's not our fault that the prices - but still, it's the reality that we have to, you know they're talking about going liquid gas, and that's great, but this is some kind of transition period hopefully. And hopefully things will come down afterwards, but that's a long way down the road and we need some kind of remedies now for like- especially the people to, you know, to throw these ideas around. Jean Crowder - especially since the federal First Nations people are, you know, federal, dealt with easily. Yes, I'd like to know - by email or some way - what discussions have taken place about the shuttle? The walk-on shuttle and what have you for board members or for people to come back and forth. And the last two meetings ago when Doug was here, we talked about the possibility of increasing parking in Chemainus for ferry riders and what have you. Maybe talking to that, knowing (inaudible) back towards your warehouse and have more parking so people have the option of finding a safe place to park their car when they do decided to walk on. And maybe a couple more disabled parking spaces right now, we've got a couple there but they have a lot of staff parking. But it would be nice to have more disabled parking spaces. Lastly, as someone touched on earlier, the idea of a bridge from here to Thetis isn't a bad idea. So instead of making two runs - the cost of running back and forth from here to there will be saved if people from there come here to catch the ferry or here from there can come over and catch the ferry then we'd need some better coordination between the Thetis office, of plans or events and not just events, when they're having like say, dog shows or they're having church events over there and we're having our big house cultural events and a lot of people are coming here, you could have a monthly calendar that we can share with each other so that we can anticipate and share it with the ferry workers too so they can schedule us around if needed.

C: *Nancy Spooner*: Thank you Joey. Do we have your email address so that we, it's on the piece of paper? Thank you. So then we have James and then Bob.

Q: *James*: Thank you. You know, one of the things I keep hearing, and like I said earlier, it's too bad that the elected officials that should be here are not here and it's kind of written in stone but one of the things I hear is, "oh, it's a fuel surcharge." You know, and that seems to be a big problem. I can remember when they pushed that Expo '67. We paid the extra taxes to pay up Expo '67 and we're still, it seems like, paying forever. And now I think we have, I'm not sure, but one of the highest tax-per-gallon in North America, and why is that? Why do we pay so much for our fuel? You know, is the federal government getting so much money? Is the provincial government? Why is it our gas is so high and yet, we're having to pay for high gas taxes and we're having to pay for the fuel surcharge on top of that? That's just- that's ludicrous to me. It really is. The question is, why are we paying high fuel charges? It's unbelievable in this day and age. It shouldn't be. Where is the money going?

Q: *Kirk Handrahan*: So, fuel costs? Or...

Q: *James*: No, why is, you go to the pump, we've got the highest pump prices in, I think in North America. Why?

A: *Kirk Handrahan*: Part of that is market driven, part of it is tax. You take some of the, I don't know all the proportions; I'm not into the fuel pricing. Part of it goes, there are taxes to go to support the

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highway system, for example, and back into general revenue. But worldwide the prices at the pump are higher than they ever were and they've been growing not at a normal rate. I can't tell you all the drivers of why fuel has gone up, I just know every time I fill up my car it's a lot more expensive than it was ten years ago.

- C: *James:* And one more thing, in closing; I think it should go back to the Department of Highways and Transportation. You know, this is just not working. Thank you.
- C: *Nancy Spooner:* Thank you James.
- C: *David Hendry:* James, can I just add to the fuel, when the commissioner sets what he calls his "price cap" which is how much the fares will go up for the four year term, it's based on an assumption of what the fuel costs will be over that term. It's a large cost, obviously. It's the one component that we have no control over. It's a market driven cost, so if the fuel goes substantially higher than what that set price is, then we have to introduce a surcharge. And there's been rare occasions where it goes underneath that and we can actually offer a discount on that, so that's why it's there.
- C: *Kirk Handrahan:* But the move to maybe, perhaps, LNG, liquid natural gas propulsion can, it's expensive to convert to that, or when you're building new vessels and you're doing major mid-life refits, which you have to do in order to keep the vessels safe. It does provide an opportunity to make those types of conversions, and then we will see a lot lower prices in terms of the cost of fuel. But, like I said, ten years ago \$50 million that it cost BC Ferries for fuel, \$120 million last year and they're using less. So it is a big driver.
- C: *James:* Ten years ago I had children in high school. Not no more. I have three boys, they can't afford to live with me. They can't afford to live on this island. They live over in Duncan and Victoria. You also break up families, it's just, you can't afford to live on this island, on any island. It's very costly. So, you talk about your time a few years ago, we talk about our time, there's no family life because the ferry destroyed family life too with the cost.
- C: *Nancy Spooner:* Thanks James. So we have Bob and then Chief.
- C: *Bob:* Like I said, I just want to go back, I think we put this theme before on, you know we're here not by our choice and we brought that up that we should, there's a ferry that's between Powell River and Sechelt that used to be free. I'm still wondering if it is. That's the way it should be for us. We have to live by this ferry, you know, that was one of the questions and I guess another- just a comment is, you know, it seems like the more money that I make, the more I have to spend on coming to work every day. You know, there's the ferry fare, the gas to come to work every day, and then the odd opportunity to go to meetings, you know. So there's extra money on top of that. I just wanted to make them two comments. I'm pretty sure our elders in the past have said that to other MLAs that have had that opportunity to be here with us. I just wanted to make that comment.
- C: *Nancy Spooner:* Thanks Bob. Chief?
- C: *Earl:* Thank you. Thank you today for your presence. Like Doug mentioned, you're here to bear the brunt of our frustrated people. This is only a handful of our frustrated over the ferry system. There's a lot more out there who couldn't make it today. Thank you for hearing us. Hopefully we can see something concrete that would benefit our frustration. And to Doug, I'd like to pass a message to the premier: thank her for family first. Family first to get our hydro rates raised, family first to pay more on the ferry system, family first for unemployment. And if we're going to build ferries, if you're in Germany you'll get the contract. Thank you.

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- C: *Nancy Spooner*: Thank you Earl. Denise would like to speak as well.
- C: *Denise*: I just have a really short comment. I've been listening to everything that's been said and I've been in contact with people that cannot make it and every one of them has suggested that we do an evening session. Because a lot of them are teachers, they can't just pick up and go to a meeting during the daytime. So an evening session would benefit everyone involved because they want their voices heard as well. And it's only fair for them to be able to voice their opinions and concerns as well as we are. Everything that was said here today is valid. Everyone has really good points that they've made and I'm hoping that everything that you've heard from elders, staff administration, health workers, community members. I hope everything is heard and not changing the words around to suit your needs. Suit our needs for a change. It's fair. If you want to increase here and there, you come live here for a month. You live on what we earn or what people live on SA for a month, and we'll see how much you would not like these increases. That's all I have to say.
- C: *Nancy Spooner*: Thank you, Denise.
- C: *Monte Charlie*: If I could have the last word here, I'm sorry, I apologize, but I was trying to be funny there. (inaudible) the punch line. So let's try and loosen up the conversation here because I know our crowd here is very quiet compared to what you guys are going to face in the next few days. I know that because my buddy Darren at Gabriola Island there, he said you guys were pretty even keel and the crowd was pretty wild, he said. I commend you guys. It's not an easy job, but I hope you do progress. Progress, that's the real word. Thank you.
- C: *Nancy Spooner*: Thank you very much Bob. Thank you all for coming. We really appreciate you being here. Thank you. Thank you very much.

3. Closing Remarks

Nancy Spooner wrapped up the meeting, thanked participants for their time and encouraged participants to complete the feedback form and encourage friends and others to participate.

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PURPOSE	Notes from a Webinar for the BC Coastal Ferries Community Engagement held on December 18, 2013 in Vancouver, B.C.
FACILITATOR	Judy Kirk, Kirk & Co. Consulting Ltd.
ATTENDEES	Martin Crilly Derek Kilbourn Colleen Lamothe Christian Nally
PROJECT TEAM ATTENDEES	Kevin Richter, Assistant Deputy Minister, Ministry of Transportation and Infrastructure Kirk Handrahan, Executive Director, Marine Branch, Ministry of Transportation and Infrastructure David Hendry, Director of Strategic Planning, BC Ferries Joanne Doyle, Manager, Master Planning, BC Ferries Lisa Santos, Kirk & Co. Consulting Ltd., Meeting Recorder
AGENDA	1. Welcome and Review Agenda 2. Discussion 3. Closing Remarks

KEY THEMES

- Participants suggested that bringing the coastal ferry system back under the provincial government would allow for more efficient planning.
- Participants suggested that BC Ferries should have to publish a schedule two years in advance of any service being provided or changed, particularly in the north.

DISCUSSION

1. Welcome and Introductions – Judy Kirk

Judy Kirk welcomed participants to the webinar, and explained the format of the session. Judy informed participants that the meeting was being recorded for accuracy. The BC Coastal Ferries Engagement team members introduced themselves.

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2. Discussion – All

(Abbreviations will be used and mean – Q: Question, A: Answer, C: Comment)

- C: *Kevin Richter:* Just to give you a bit of background for this community engagement, BC Ferries has been struggling with pressures for the last 20 years. Pressures that have been in many different forms of costs, for labour and for fuel. I know the Ferry Commissioner has been engaging, and we were out engaging with communities last year, and we followed up again this year. Recognizing that we want to see the long-term sustainability in the system. I mentioned the challenge that the Coastal Ferries has is quite significant. It's seeing fuel costs that have risen over 140 percent from 2004 to 2013. The operational costs have risen 30 percent. There's also a long-term capital cost over the next 10 years. There's going to be over \$2.6 billion in capital investment needed for the ferry system. Also BC Ferries is faced with declining ridership. So these are all the challenges facing the ferry system going into the future. The BC Ferry Commissioner Gord Macatee asked government to go out and engage with the public when he started his term. After he visited coastal communities, in his report he indicated that with the cost increases and capital pressure coming into the future that without changes and action the system is unsustainable going into the future. The Ferry Commissioner made recommendations such as changing the legislation, giving the Ferry Commissioner more powers. But also recognized that to make the system more sustainable going into the future all parties, including the coastal ferries service contractor, the public and the government, need to participate in making the system sustainable. Government responded by making changes to the legislation by giving more power to the Ferry Commissioner. The government also increased the taxpayer contribution by \$86 million to 2016. BC Ferries was asked to find an additional \$54 million in efficiencies. Even with that, the province also identified that it needed to find \$18.9 million in net savings through service reductions to 2016. In 2012, we went out to coastal communities to engage about considerations to be used about informing the decision on service reductions. We also engaged communities about the long-term strategies that would support the vision for connecting communities in affordable, efficient and sustainable system in the future. Some of these strategies included using LNG propulsion, looking at no-frills vessels, at the reservation system and fixed links. Last year we went out and asked for consideration on these long-term strategies. Government listened to what was mentioned in the engagement. Using that information it collected, government developed measures that they wanted to go forward with to address these pressures and ensure the system is sustainable. The various measures include the seniors discount, a gaming pilot, the reservation system, supplemental private passenger-only service and service reductions. With the seniors' discount program we heard last fall was that there was some interest in exploring reducing the seniors' discount. The government is seeking input to reduce the discount by 50 percent Monday to Thursday on all the routes except the northern routes. The province would continue to provide its funding, which is about \$15 million, to support fares across the board. But it's hoping that it would generate an additional \$6 million in incremental revenue. The next measure we are seeking input on is to introduce a gaming pilot, or a long-term permanent revenue generating program of gaming on the major routes, between Vancouver Island and the Lower Mainland. We also heard when we were out engaging last fall that people thought there was an opportunity to look at changing the

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reservation system. BC Ferries is working on new technology to replace the aging point-of-sale system and reservation system. So this was an inopportune time to go out and seek input from the communities on ideas that BC Ferries could consider when bringing in this new technology and reservation system. When we were out engaging last fall we heard about passenger-only service. We know that there are many existing routes where there is a water taxi service. We wanted to hear from communities to gather input on how perhaps a passenger-only service could be used to help supplement or mitigate some of the impacts. Government has identified an objective of finding \$18.9 million in net savings to be achieved by 2016 through service reductions. The idea is to introduce the service reductions and carry them forward into the future to reduce pressures in the future with ferry fares. In developing the plan for service reductions, a suite of considerations were used to inform that decision process. We engaged with communities last fall regarding considerations; such as looking at routes where there are significant annual shortfall; looking at routes where there is low annual utilization; looking at routes where there is a low round trip utilization; looking at routes requiring vessel replacement and/or looking at where there is a complexity of the routes where they have multiple stops. Meanwhile trying to balance this and continuing to ensure that basic service levels are provided for a majority of users. The service reduction plan is looking at the minor and northern routes to achieve savings of \$14 million through to 2016. In addition we are looking at the major routes to find an additional \$4.9 million in service reductions to be found from the three major routes connecting Vancouver Island. This is building on top of addition of \$4 million in net savings that are already in place on the majors, which are generating the savings between 2013 and 2016. On this slide there's a summary of what the service reduction plan looks like on routes. It also gives us information on what the savings are and some information about the utilization and the number of round trips. Specific information for the individual routes can be found on page 10 of the Discussion Guide.

- C: *Judy Kirk:* Thank you Kevin, indeed all of the information that you have just been provided by Kevin can be found in the Discussion Guide online. In particular, page nine has a better and clearer table than is on the slide. I want to open the floor to questions and I'm wondering, right now we have four participants and most of you I think have participated in meetings. I would welcome any questions or comments you have now. In the meantime, I will go through two questions we have received via email. The first is from Derek Kilbourn, who is with the Sounder News on Gabriola.
- Q: *Derek Kilbourn:* Will the Minister or someone else in a decision-making capacity and capable of making commitments to coastal communities, attend any of the meetings early in the new year with the Ferry Advisory Committee?
- A: *Kevin Richter:* I can't speak on behalf of the Minister or the other elected officials. The purpose of those meetings would be to look at the schedule. So that would not be the intended purpose to make decisions at those meetings. Those decisions will be made by the elected officials.
- C: *Judy Kirk:* I have another question, and again by email from Christian Nally.
- Q: *Christian Nally:* BC Ferries has moved to an arm's length corporation from government largely to remove its debt from the provincial record and permit the upper-level management salaries, more appropriate for something like a publically traded-airline. At the same time, the corporation is mandated to maintain a level of service driven by the province. Has this worked as people would hope? Wouldn't planning and efficiency be easier if this vital transportation infrastructure was

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brought back into the provincial highway system? To avoid what appears to be plausible deniability and a shell game with public money.

- C: *Judy Kirk*: I think that's more a comment than a question. In any case I'm not sure that the panel can answer for others. I also have a questions from Martin Crilly. Martin, it's a pleasure to have you with us as a former Commissioner, I know that you have shown many years of interest here.
- Q: *Martin Crilly*: In 2003, the coastal ferries services had a clause requiring BC Ferries to publish ferry schedules two years in advance. This was particularly in the North- that would be Routes 10, 11 and 40 which have infrequent and long durations of sailings- so tourists could make long-term plans. This clause disappeared somewhere along the way and is no longer in the contract. When did this happen? After which consultation? Will it be reinstated at least in the North, when the new plans are settled for 2014 onwards?
- A: *Kirk Handrahan*: The contract was changed in PT2 at the end of PT1, so around 2008, a two-year schedule was less flexible for BC Ferries, so they requested that we change it to one year. In the contract we do allow for making changes, even if it is to publish the schedule for a year. The contract does allow for changes, it doesn't mean that the schedule has to be fixed for that whole period. The current contract for PT3, which was just negotiated last year it was clearly contemplated that service reductions would take place and the service levels would be changed. For the second question, I don't expect that the contract will be changed to extend it out for two years.
- Q: *Christian Nally*: Does BC Ferries interface with TransLink to facilitate smooth cross-organizational travel?
- A: *David Hendry*: Yes, we take the opportunity to talk to TransLink and BC Transit. They have their schedule and we have ours. For the most part, we try to align them for a majority of customers. But we have active communication with them.
- C: *Judy Kirk*: It's interesting question, particularly from the hotel association, which you are affiliated with.
- Q: *Martin Crilly*: Regarding the Mid-Coast feeder service, what is the 2014 proposal for summer and winter feeder service from Bella Bella? What vessel and how frequent?
- A: *Joanne Doyle*: In a proposal outlined in the Coastal Ferry Engagement Discussion Guide looked at the Nimkish going from Bella Bella to Shearwater and to Bella Coola once a week. It's similar to the off-peak service that the Nimkish currently does, but extending it all year-round to connect with the Northern Expedition in the summer time. From the engagement process and comments that we are receiving that could change slightly, but we are still waiting to get all the information in.
- C: *Judy Kirk*: Martin, you should know, that question came up a lot when we were in the mid-coast. It is something that was raised often.
- Q: *Martin Crilly*: What is the current proposal for the future of the Chilliwack? What is her retirement date and what will she be used for until then?
- A: *Joanne Doyle*: The Queen of Chilliwack is set to retire in 2017 and until then she will be used as a refit relief vessel on a number of our routes. So not full-time service.

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- Q: *Christian Nally*: Thanks for saying that you do talk to TransLink. The Southern Gulf Islands recently had a specific issue with the 620 route on the mainland. Are you aware of that issue, its status and reasonable expectations going forward?
- A: *David Hendry*: I'm not familiar with that, I'm assuming it's the Nanaimo into Tsawwassen. I'm not aware of a specific issue. I would suggest they raise it with customer care. They can direct it from there.
- C: *Judy Kirk*: So Christian the best place is to raise it with customer care.
- C: *Christian Nally*: The 6:20 is an express route from Tsawwassen to Bridgeport.
- C: *Judy Kirk*: I think the same answer applies Christian. It's not something they can answer that, so customer care at BC Ferries is the best thing.

3. Closing Remarks

Judy Kirk wrapped up the meeting, thanked participants for their time and encouraged participants to complete the feedback form and encourage friends and others to participate.