

**FERRY ADVISORY COMMITTEE MEETING MINUTES**

**Bowen Island Municipality Ferry Advisory Committee Meeting  
Wednesday, January 8, 2003  
Horseshoe Bay Terminal  
5:00 p.m. – 7:00 p.m.**

**Attendees:**

<b>Committee</b>	<b>BC Ferries</b>
Luz Budzinski, Chair	Manuel Achadinha, Director, Corporate and Major Asset Planning
Grant Chitty	Gary Leitch, Manager, Public Consultation and Stakeholder Relations
Alison Morse	Deborah Dykes, Communications Coordinator
Robb Schultz	
Doug Sinkinson	

**1. Call to Order****2. Approval of Agenda**

Presentation of Core Services Review

**3. Public Presentations**

None

**4. Minutes of Previous Meeting**

Minutes of the meeting held on September 17, 2002 were approved and distributed on October 8, 2002.

**5. Correspondence**

None

**6. New Business**

Manuel Achadinha gave a presentation regarding BC Ferries' Core Services Review (attached). The committee asked a number of questions for clarification.

Q. Is the funding available for the new intermediate vessel destined for the Bowen Island run?

A. Yes, that project had previous approval.

Q. Who is involved in the negotiations for the Coastal Ferry Services Contract?

A. BC Ferries has a transition team, comprised of BC Ferries' officials negotiating with the government.

Q. Are you looking at reservations, pre-booking discounts and other demand management tools?

A. Yes, BC Ferries is looking at reservations as well as demand pricing strategies. The corporation is not looking at pre-booking discounts.

Q. Will BC Ferries delay the retirement of the Queen of Tsawwassen until more new vessels come on line?

A. Possibly.

Q. Will service levels remain the same?

A. Under the Coastal Ferry Services Contract, service levels will remain the same.

Q. Could more sailings be added?

A. The Coastal Ferry Services Contract will set a minimum service level for each route. If the demand is there, more sailings can be added.

Q. Will the subsidy [service fee] from the government go to individual routes, or to the route group?

A. The service fee will be applied to the route group.

Q. Will BC Ferry Services be compensated by the government for social programs on Routes 1, 2, and 30?

A. While these routes won't receive a fee for the service, they will receive a separate subsidy from the government to continue social programs such as seniors travelling free of charge Monday – Thursday.

Q. How do the shares work with the new company?

A. The province will hold 75,000 preferred shares (non-voting) and the BC Ferry Authority will hold 100 Class B common shares (voting). This structure removes the ownership and management of the company away from the government. There is a "poison pill" clause, that if any of the common shares are sold, the governments' 75,000 preferred shares transfer to 75,000 Class A common shares (voting, fully participating) so control of the company would revert to the government.

Q. Will BC Ferries be looking at efficiencies such as automated ticketing like the Seabus?

A. Yes.

Q. Will Coastal Council continue?

A. Yes.

Will BC Ferries be looking at revenue-generating initiatives such as advertising on the vessels?

A. Yes.

Q. Will the planing work that has been done over the past year for Snug Cove continue?

A. Yes.

**7. Action:**

None

**8. Next Meeting**

TBA

**Meeting adjourned 7:00 p.m.**

**Approved:** Gary Leitch, Manager Public Consultation and Stakeholder Relations      Date: Jan 10/03  
Luz Budzinski, Chair: Date: Jan 14/03

**Attachments:**

**1. Core Services Review Presentation**

**BOWEN ISLAND MUNICIPALITY FERRY  
ADVISORY COMMITTEE MEETING**

WEDNESDAY, JANUARY 8, 2003  
HORSESHOE BAY TERMINAL  
5:00 P.M. – 7:00 P.M.

ATTACHMENT 1

**Charting a Course to the Future  
British Columbia's  
Coastal Ferry System**

**B C F E R R I E S**

# INTRODUCTION

**Welcome and Introductions**

**Purpose of Session**

**Questions and Answers**

**B C F E R R I E S**

# THE PROCESS

## Core Review

- What is essential role of government?
- How best to deliver public services?

## Core Review Task Force Priorities

- Address the governance framework
- Ensure financial stability and limit the financial exposure of taxpayers
- Improve customer services and choice through improved facilities/increased competition
- Protect consumer

# WHAT NEEDS FIXING?

## Financial Underpinnings

- \$2 billion required to modernize fleet/terminals
- Recent taxpayer debt forgiveness exceeded \$1 billion

## Unacceptable Service Standards

- On-time performance, long line-ups, unsafe vehicle queues
- Retail/concession services: lack of choice, quality, competition

## Dysfunctional Governance

- Gordon, Morfitt, Wright reports raised concerns about project management, government interference and financial viability
- Fast ferries are only one symptom

# SIGNIFICANT CHANGE BRINGS PUBLIC CONCERNS...

## **Safety**

- Transport Canada and Classification societies will continue to regulate safety

## **Service levels/route retention**

- Service Levels will remain the same for the next 5 years.

## **Tariff increases**

- Tariff increases will be predictable and at or lower than historic levels.

## **Taxpayer exposure**

- Tax payer exposure will be reduced because BC Ferry Services will move to the Capital markets to finance the 2 billion dollar Vessel and Terminal program.

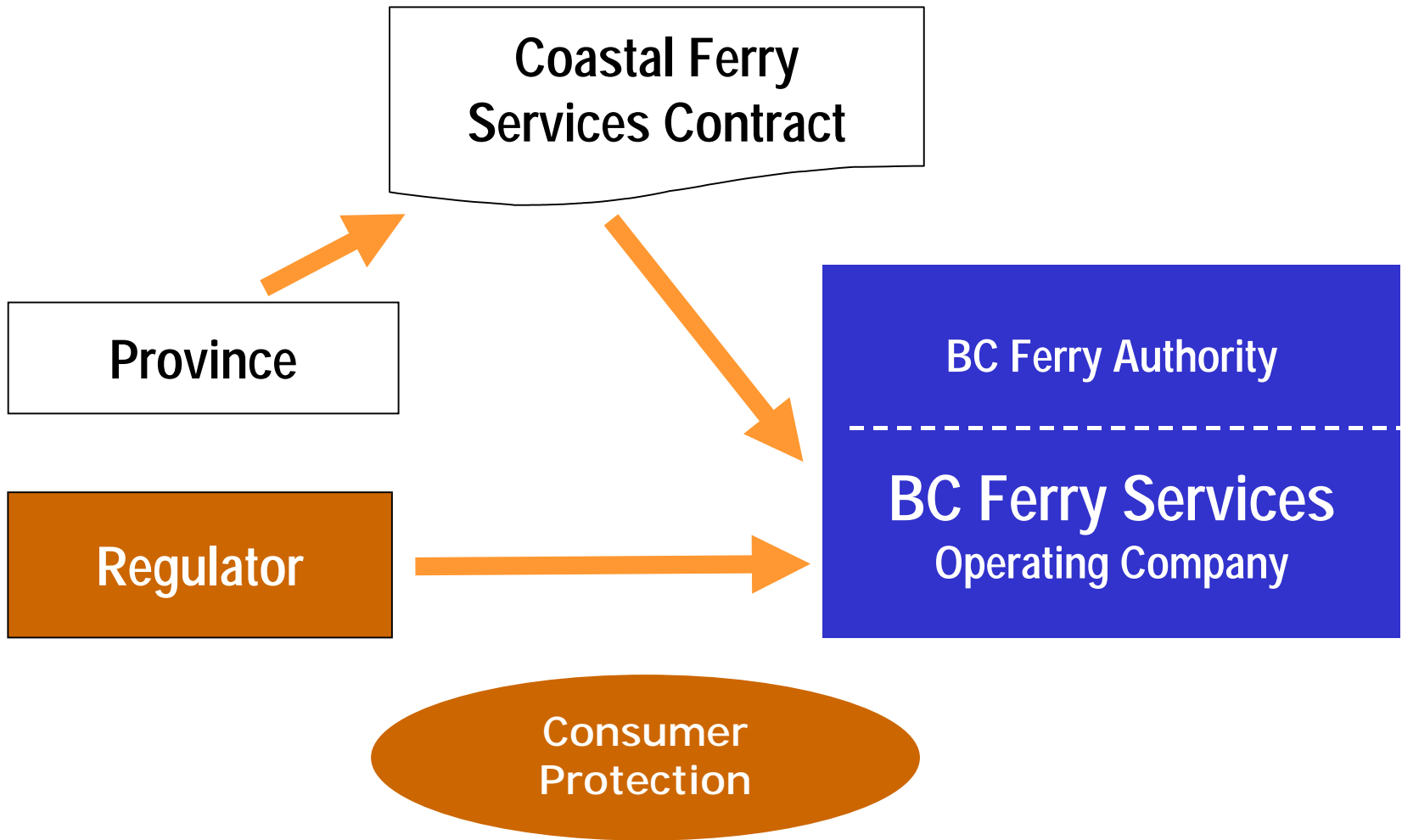
These concerns are all addressed

# VISION

**A customer-focused, financially stable  
marine transportation system that improves  
services and revitalizes the economies of  
BC coastal communities.**

**B C F E R R I E S**

# THE NEW BUSINESS STRUCTURE



# THE NEW BUSINESS STRUCTURE

## 1. Coastal Ferry Services Contract

- A contract between province and BC Ferry Services which establishes routes, service levels and service fees
- A long term 60 year agreement, with service levels and fees negotiated every five years
- Service levels assured for five years
- Detailed schedules committed for two years in advance. Adjustments to schedules can be permitted under special circumstances
- Province of British Columbia retains ownership of ferry terminals

# THE NEW BUSINESS STRUCTURE

## 2. BC Ferry Authority

- A 9-member, independent, professional board
  - 2 appointees from the Province
  - 4 nominees from coastal communities
  - 1 nominee from the Union
  - 2 nominees selected at large
- Created by provincial legislation
- Current BC Ferries board will oversee first year transition

# THE NEW BUSINESS STRUCTURE

## 3. BC Ferry Services

- BC Ferry Corporation continues under the BC Company Act and is renamed BC Ferry Services
- As a service integrator, coordinates the delivery of passenger and vehicle ferry transportation
- Mandate includes funding, planning, construction, fleet management, contract administration, marketing, and operating the coastal ferry service
- Focuses on enhancing value onboard vessels and at terminals
- Borrows externally to fund its \$2 billion capital requirements without taxpayer risk

# THE NEW BUSINESS STRUCTURE

## 4. Independent Regulator

- Established by legislation
- Ensures consumer is protected
- Regulates tariffs and monitors service levels as specified in the Coastal Ferry Services Contract
- Goals:
  - Ensure that consumers are protected through price caps on average fares
  - Encourage efficiency, innovation and competition

# BENEFITS

## Benefits to Employees

- Successorship and collective bargaining continues
- Pension certainty
- Role of Union in governance
- Sustainable ferry system
  - Terminal and vessel upgrades
  - New ship construction

## MOVING FORWARD

### **There will be:**

- Comprehensive long-term planning with community input
- Expanded competition
- Capital expenditures of at least \$2 billion over the next 15 years without taxpayer exposure

### **The result will be:**

- More customers moved more efficiently and on time
- More choice with better service in terminals and on vessels
- A catalyst for growth and tourism

**All within a framework that protects service levels  
and keeps them affordable**

# MOVING FORWARD

## December 15, 2002

- Rate increase consistent with CPI

## April 1, 2003

- Implementation date for new business structure