



**North and Mid-Coast Ferry Advisory Committee Meeting  
November 6, 2001  
9:00 A.M. – 2:00 P.M.  
Fairmont Airport Hotel, Vancouver**

**Attendees:**

***Committee:***

Hank Bood  
David Crosby  
Brenda Etherington  
Robert Germyn  
Jim Hadley  
Earl Newman  
Jim Nyland  
Kathy Nysten  
Pete Rauch  
Ben Robinson  
Brian Roe  
Don Scott

***BC Ferries:***

Ann Carpenter  
*Regional Communications Coordinator*  
Deb Hames  
*Administrative Assistant*  
Peter Hughes  
*Assistant Vice President, IIS & Northern Services*  
Gary Leitch  
*Manager, Stakeholder Relations & Consultation*  
Gordon Nettleton  
*Operations Manager, Northern Services*

***Guests:***

Geoff Dickson, *Assistant Vice President, Marketing & Business Development*  
Craig Elder, *Manager, Planning Services*  
Bob Lingwood, *President & CEO*

1. Call to Order and Introduction of Participants

Peter Hughes welcomed & thanked everyone for attending. Self-introductions were made by all present.

2. Review of summer 2001 Northern Route Financial Results

Mr. Dickson, AVP of Marketing & Business Development reviewed the financial results for the 2001 summer season, comparing traffic, revenue and expenses for the past year with the previous two years. Results indicate a small decline in traffic and an increasing loss on the service, both annually and for the summer period.

Mr. Dickson touched on the refurbishment of the Queen of the North and reviewed the 2001 marketing activities associated with the Northern routes, including recent and imminent changes to the Web site, and the up-coming German tour operators convention in Vancouver.

Of particular concern is the recent decline in tour bus traffic. The impacts of September 11th are as yet unclear, however Mr. Dickson expects a decrease in international travel and an increase in American and stay-at-home tourism.

October traffic has declined as much as 4%. A 1-% decline is equivalent to \$3 million in revenue and is therefore a matter of serious concern.

The committee members were provided with copies of BC Ferries "*Northern Voyages 2001 Marketing Activities Summary Report*".

3. Presentation on the future of the Northern Services Strategy  
*Bob Lingwood, President & CEO*

**Mr. Lingwood's presentation focused on:**

- ◆ BC Government Core Services Review
- ◆ Transport Canada "damaged stability" regulatory change
- ◆ Future of the Queen of Prince Rupert
- ◆ Future of the Queen of Chilliwack
- ◆ Service options for the Mid & North Coast

**Core Review:**

Mr. Lingwood indicated the result of the Core Review of BC Ferries is anticipated for early December, and that BC Ferries is one of the last major agencies of government to be examined. While it is impossible to predict authoritatively what the outcome of the review will be, BC Ferries does not expect an increase in the level of subsidy implicit in the current financial framework of the corporation agreed to with the previous government.

**"Damaged Stability" Regulations:**

Transport Canada has recently indicated that it anticipates requiring compliance with the new damaged stability regulations in 2004. This regulatory change will impact all three of the vessels used on the Northern Service.

**M.V. Queen of Prince Rupert:**

The Damaged Stability regulation and the Level 2 survey work on the Queen of Prince Rupert means that the vessel is no longer serviceable beyond 2004. Therefore, an appropriate used vessel must be located on the market or a new ship constructed. In either case, the cost to the service is substantially above that contemplated during earlier discussions on the Northern Services Strategy.

**M.V. Queen of Chilliwack:**

The Damaged Stability regulation means that the ships will not be serviceable after the 2003 summer service schedule and must be retired. Because the cost of maintaining the ship for the 2003 summer service is in excess of \$1mm, BC Ferries will retire the Chilliwack after the summer of 2002.

**M.V. Queen of the North:**

The Damaged Stability regulation means that the vessel will be used only in the calmer periods of the year. Further discussions will be held with Transport Canada to assess how the regulation will be applied to the Queen of the North.

**Impact on Northern Services Strategy:**

The cost of replacing the Queen of Prince Rupert and the Chilliwack renders the service plan more expensive than the proposed strategy and more expensive than the existing service. This is not a strategy the corporation would recommend. Therefore, alternative options must be considered.

**Service Options:**

The feasible options given the Corporation's resources are:

- ◆ Two ships only

- ◆ Two ships + M.V. Nimpkish (Hub & Spoke)
- ◆ Two ships + Tug & Barge

**Discussion:**

The discussion focused on the impacts of the above on the Northern Services plan strategy and in particular upon Route 40. Service to Bella Coola is not included under any of the options. The difficulties of meeting needs related to the "essential transportation services" of the communities and requirements related to supporting the development of the tourism industry were noted.

The role of the federal subsidy was questioned: Does it impose a positive obligation on BC Ferries to provide service to the Mid-Coast?

Mr. Lingwood replied that the subsidy simply required the Province to operate a coastal ferry service.

Members queried the role of BC Ferries in assisting the Bella Coola area deal with the problems associated with this change in service plans. Mr. Lingwood indicated that BC Ferries would consider a pocket cruise ship having access to the Mid-Coast docks and would help assess the feasibility of such a service. He further indicated that BC Ferries would make available relevant information to assist area representatives develop alternative plans and strategies. These data are chiefly operational (traffic) and financial.

The relationship between the announcements at this meeting, the Core Services review and the Wright enquiry was raised. Mr. Lingwood stated that the Wright enquiry and the Core Services review were separate endeavors.

In response to a question, Mr. Lingwood indicated that because of poor performance on Route 10 in October and late May, that BC Ferries was considering delaying the start of the season by one week and shortening the season by two weeks in October. This change alone would produce a net savings in the order of \$600K.

Prior to leaving for another commitment, Mr. Lingwood thanked the committee for the opportunity to speak to them and encouraged them to work through the service options presented by Mr. Elder and Captain Nettleton, and suggest whatever improvements are possible.

4. Proposed Service Options and Schedules  
*Gordon Nettleton, Operations Manager, Northern Services*

The two ships with the Nimpkish Hub & Spoke service was identified as providing the highest level of service to the Mid-Coast. All community representatives indicated that they would like to take the proposed schedules back to their communities before responding more officially. Robert Germyn invited BC Ferries to make a presentation to the Bella Bella Tribal Council meeting in November.

**Action: Community representatives agreed to return their feedback by November 30<sup>th</sup>.**



**Action: Peter Hughes accepted the invitation to attend a Tribal Council meeting, however felt that the upcoming November meeting was too soon and perhaps early next year would be more appropriate.**

**Action: Craig Elder to provide financial performance information for Route 40 to committee members by the end of this week.**

#### 5. Next Meeting

Peter Hughes indicated that he would like to have the next meeting around the March/April timeframe by which time we should have available the results of the Core Review and the results of the search for a replacement vessel for the Queen of Prince Rupert.

Kathy Nysten noted that Bella Coola Central Coast Regional District was not included in the distribution of the correspondence sent out to the various Mayors in the Northern Region.

**Action: Deb Hames to check with Anita Mahoney, Secretary to the President and ensure that Bella Coola Central Coast Regional District is included on all distributions.**

Meeting adjourned