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## **BC Ferries were solvent once**

**T**hroughout the 1990s, Ferry Committees from each Gulf Island were actively and regularly in consultation with BC Ferries on operational matters, scheduling, and fares.

For example, Southern Gulf Islands Ferry committees, at the request of the Corporation, worked for a considerable period of time on plans to make the minor runs financially self-supporting, this being the budgetary objective of the Corporation at the time. The mandate was that the Corporation should be run on a financially self-supporting basis.

In addition to extensive projections of revenues and costs, the committee also explored rather thoroughly alternative home porting, schedule and route patterns, and vessel assignments. The result of this study was that while some significant operating savings could be achieved by home porting vessels on the Islands rather than at Swartz Bay, the costs and dislocation involved in moving the crews would not be worth it.

### **Coastal Council Designs Structure**

Towards the end of the 1990's, the BC Ferries Coastal Council was formed, with representatives from all ferry communities (including Victoria and Nanaimo) in response to the Ferry Corporation's deteriorating financial condition. At one point, the Corporation had accumulated debt of about \$1.3 billion. Of this, approximately half a billion was due to the construction of the fast ferries, and the rest was accumulated operating losses due to persistent underfunding of provincial subsidies over the decade.

The Coastal Council made recommendations for the assumption of this debt by the provincial government, and predictable, adequate subsidy funding for future years, and this was agreed to by the government.

At the same time, the Ferry Corporation submitted a long-term capital plan to cover the gradual replacement of the fleet and upgrading of terminals. This was also agreed to by the

government, although the funds were not specifically allocated.

The result was that the Corporation was debt-free, has an assured and predetermined operating subsidy which was thought to be adequate, and an authorized capital plan.

### **Half a Billion in Debt, Again**

Then came a change in government, and with it, a determination to privatize the ferry services. The Coastal Ferries Act established the BC Ferry Authority, the BC Ferry Corporation (as a private company - referred to below as BCFC) and the BC Ferry Commission, formed to approve ferry fare increases, route cancellations, and service changes. A contract between the Provincial Government and BCFC provides that BCFC shall provide all ferry services, and specifies the level of service and the subsidies to be paid. A 'Master agreement' between the province and BCFC covers the exchange of real estate at the terminals (the province buys it from BCFC for \$330 million, and leases it back to BCFC ( for \$330 million), and mentions, for the first time, BC Ferry Services

Meanwhile, the government, which apparently owned the ferry fleet, sold it to BCFC, which owes it \$478 million for the vessels. So BCFC starts out half a billion dollars in debt !

### **Who Owns BCFS?**

Interestingly, BC Ferry Services is not a party to the Master Agreement, nor is it mentioned anywhere else in the agreement other than to say it exists. In fact, nowhere does there seem to be a contract between BCFC, which has agreed with the province that it will provide ferry services, and BCFS, which says that it provides those services.

However the various parties and bodies involved in the labour dispute seem to be treating BCFS as if it were actually BCFC renamed. BCFS appears to be providing the services, and the Union is negotiating with it as if it were the employer. /

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