

NEWS RELEASE – from the Ferry Advisory Committee Chairs (FACC)
FERRY USER REPS QUESTION TRAFFIC RECOVERY

18 JUNE 2012 – Representatives of coastal ferry users are not surprised by BC Ferries' fiscal 2012 results, released last week.

They are surprised, however, at the company's prediction of a return to profitability within two years. The Ferry Advisory Committee Chairs (FACC) believe the basis for this prediction is highly optimistic.

The difference in views centres on traffic and fares.

BC Ferries' \$16.5M net loss is driven significantly by a drop in ferry traffic, and the company's prediction of profitability assumes traffic levels will stabilize. The FACC does not see any sign this will happen in the foreseeable future.

"With fares rising at least twice as fast as inflation, combined with the poor state of world economies and economic indicators, it's hard to see how ferry traffic can stabilize in the next two years," says Salt Spring FAC Chair and economist Harold Swierenga.

The FACC has advised both BC Ferries and the provincial government that it firmly believes traffic will continue to drop, and likely will fall short of their projections.

The modest increase in contribution from the provincial government takes some of the pressure off fares, but the FACC believes it won't be enough to reverse the traffic decline.

"Ferry traffic is an indicator of the well-being of the coastal communities. says Southern Gulf Islands FAC Chair Brian Hollingshead. "The most direct way to stimulate economic recovery in these communities is to encourage activity through affordable transportation. And that means ferry fares."

Of the \$150M that the government contributed to coastal ferry travel last year, at least \$25M came from various ministries specifically to pay the fares for seniors and others who travel for medical or educational reasons, travel assistance programs not unique to ferry users.

"The \$125M for ferry service is a very good deal for the provincial government," says Tony Law, Hornby-Denman FAC Chair. The Province pays only 21 percent of BC Ferries revenue. By comparison, it pays 46 percent of BC Transit revenue. "In all, the ferry contribution is a very modest amount to pay for essential transportation. And our coastal ferries still have one of the highest levels of user pay of any basic ferry system."

Fares will still increase significantly in the next three years. The FACC hope the provincial government will be prepared to consider further support for coastal transportation, to mitigate these increases and help stimulate recovery of coastal economies and ferry traffic.

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