

**Evaluation of Transport Canada's Grant to the Province of
British Columbia for the Provision of Ferry Services**

Departmental Evaluation Services
Transport Canada

June 2005

TABLE OF CONTENTS

| | |
|---|-----------|
| LIST OF ACRONYMS | i |
| EXECUTIVE SUMMARY | ii |
| 1.0 BACKGROUND | 1 |
| 1.1 Introduction | 1 |
| 1.2 Report Structure | 1 |
| 2.0 TRANSPORT CANADA'S GRANT TO THE PROVINCE OF BC FOR THE PROVISION OF FERRY SERVICES | 2 |
| 2.1 Background | 2 |
| 2.2 Grant Objectives | 3 |
| 2.3 Considerations | 4 |
| 3.0 EVALUATION APPROACH | 5 |
| 3.1 Evaluation Issues and Questions | 5 |
| 3.2 Methodology | 5 |
| 4.0 RELEVANCE AND DEMAND | 7 |
| 5.0 SUCCESS AND IMPACTS | 15 |
| 6.0 COST-EFFECTIVENESS | 19 |
| ANNEX 1: GRANT OBJECTIVES AND EVALUATION QUESTIONS | 21 |
| ANNEX 2: KEY REFERENCES REVIEWED..... | 23 |
| ANNEX 3: INTERVIEW QUESTIONS..... | 24 |
| ANNEX 4: EVALUATION MATRIX | 26 |

LIST OF ACRONYMS

| | |
|------|----------------------------------|
| AEQ | Automobile Equivalent |
| BC | British Columbia |
| BCTU | British Columbia Terms of Union |
| DES | Departmental Evaluation Services |
| FTE | Full-Time Equivalent |
| HQ | Headquarters |
| NMP | National Marine Policy |
| TBS | Treasury Board Secretariat |
| TC | Transport Canada |

EXECUTIVE SUMMARY

Background

Departmental Evaluation Services (DES) conducted an evaluation of the grant Transport Canada (TC) provides to the Province of British Columbia (BC), which it provides to BC Ferries Incorporated (BC Ferries) to assist in the provision of coastal ferry services under the terms of an agreement between the Government of Canada and the Province of BC.

Under the agreement, the Province of BC assumes sole responsibility for coastal ferry services in return for an ongoing indexed federal grant. The initial amount of the grant was set at \$8 million per year and it has since grown to \$24 million in 2003/04.

The agreement is in perpetuity and cannot be amended or terminated without the agreement of both parties. To date, the Province of BC has not indicated an intention to alter the agreement.

The evaluation focused on assessing the impact of the federal monies and made observations that serve as lessons learned for the department from this type of grant arrangement.

Key Findings

Relevance and Demand

- While TC has no mechanism for determining precisely how the grant monies are spent, BC Ferries allocates its revenues, which includes the grant, according to its strategic objectives. These objectives are consistent with the department's strategic outcomes and current government objectives.
- The grant agreement in its current form is somewhat contrary to the *National Marine Policy*. There is no constitutional obligation for the federal government to support the service provided. There would be a justification if there was a clear definition of a remote community and if the grant were directed specifically towards ferry routes serving these communities. Since the terms of the agreement are not open for amendment, the cost of the grant has not been reduced as mandated by the *National Marine Policy*.
- There is an on-going need and a future demand for the service as there is neither a similarly affordable means of transportation available, nor any planned for the foreseeable future at the same cost level.
- BC Ferries required the grant in the past when it was a Crown Corporation. As an independent, regulated, and self-financing company, BC Ferries is viewed as more efficient and business-like by many of its stakeholders. It is too early to determine whether this will continue under BC Ferries' new management structure. Interview data suggests that if the federal grant were withdrawn, there could be negative impacts, particularly on the northern communities in BC.

Success and Impacts

- The grant does not support the Trans-Canada Highway.
- The grant indirectly contributes to local and regional economic development as well as safety and environmental improvements.
- BC Ferries provides a quality service and a majority of users are satisfied.

Cost-effectiveness

- By providing the grant, TC is achieving positive outcomes with minimal administration costs and little risk of negative outcomes as responsibility for West Coast ferry services lies with others. There is a further benefit to the department in having the amount limited, with no obligations to provide funding for West Coast ferry services over and above the current grant.

Observations

DES made the following observations through the course of the evaluation:

- TC has no means of altering the grant to respond to changing departmental priorities given it is in perpetuity and can only be altered if both parties agree.
- If TC can renegotiate the grant:
 - The funding should be directed only to those routes serving remote communities. This would require TC to develop clear criteria for classifying remote communities.
 - The grant amount should be reduced in order to comply with the *National Marine Policy* commitment to reduce subsidization.

1.0 BACKGROUND

1.1 Introduction

This report provides the results of an evaluation of the grant Transport Canada (TC) provides to the Province of British Columbia (BC), which it in turn provides to BC Ferries Incorporated (BC Ferries) to assist in the provision of coastal ferry services.

TC's Departmental Evaluation Services (DES) conducted the evaluation at the request of the department's Marine Policy Directorate, who are responsible for administering the grant. The evaluation was conducted to meet the requirements of the *Treasury Board Secretariat (TBS) Policy on Transfer Payments (2000)*. The Policy requires that an evaluation be conducted to assess the effectiveness of transfer payments. TC has not conducted an evaluation of the grant monies since the agreement's inception in 1977.

1.2 Report Structure

The report is divided into the following sections:

Table 1: Report Structure

| Section(s) | Content |
|--|---|
| 2.0 Transport Canada's Grant to the Province of BC for the Provision of Ferry Services | Background on the grant including its history and objectives. This section also includes factors considered by DES in developing the evaluation approach. |
| 3.0 Evaluation Approach | An overview of the study's evaluation questions and methodology. |
| 4.0 Relevance and Demand 5.0 Success and Impacts 6.0 Cost-effectiveness | The findings for each evaluation issue. DES noted observations at various points throughout the report. |
| Annexes 1 to 4 | Additional information. |

2.0 TRANSPORT CANADA'S GRANT TO THE PROVINCE OF BC FOR THE PROVISION OF FERRY SERVICES

2.1 Background

In the early 1970s, the Province of BC requested that financial support for its ferry services be increased, arguing the services were part of the highway system and that support for the East and West Coasts were unequal. At the time, the federal government subsidized five different private ferry services in BC at a total cost of approximately \$4 million annually.

In 1977, ATIP removed , the federal government and the Province of BC entered into an agreement whereby BC would assume sole responsibility for coastal ferry services in return for an ongoing indexed grant (referred to in this report as "the grant").

The grant was negotiated as part of a federal transportation package for BC. Receiving it was contingent upon BC's agreement to cap federal contributions to the construction of the Dease Lake Line, a construction project that had large cost overruns and was politically sensitive for the federal government.

The initial amount of the grant was set at \$8 million per year, based on the mileage of two routes: the route between southern Vancouver Island and Lower Mainland and the one between northern Vancouver Island and Upper Mainland. The grant is adjusted annually based on yearly changes to the Consumer Price Index published by Statistics Canada for Vancouver BC. It includes a clause to permit a review of the appropriateness of the index used as a basis for calculating adjustments to the annual grant every five years. The agreement cannot be amended or terminated without the agreement of both parties. To date, BC has not indicated an intention to alter the agreement.

The grant has since grown to approximately \$24 million in 2003/2004.

Observation: TC has no means of altering the grant to respond to changing departmental priorities given it is in perpetuity and can only be altered if both parties agree.

Governance

The responsibilities and accountabilities for different organizations involved with BC Ferries are as follows:

- *TC* – Provides its annual grant to the Province of BC. Aside from the grant, the department also develops and administers Acts and Regulations that support and promote marine safety and protect the marine environment.
- *Province of BC* –Is responsible for ferry services within the province. It receives TC's grant and provides it to BC Ferries. The province manages the *Coastal Ferry Services Contract*, which is a 60-year binding agreement between the Province of BC and BC Ferries. The contract defines ferry routes and service levels.

- *BC Ferries* – Is the eventual recipient of the grant. The funds go into their general operating revenues and are distributed according to their strategic objectives. BC Ferry Corporation was restructured in 2003 and changed from a Crown corporation to an independent, regulated, and self-financing company known by its current name.
- *BC Ferry Authority* – Established in April 2003, the BC Ferry Authority is an independent, non-share capital corporation that holds the single issued voting share of BC Ferries. The purpose of the Authority is to govern BC Ferries and to appoint its Board of Directors. By its structure, the Authority's aim is to ensure that the operations of BC Ferries are independent from the provincial government.
- *BC Ferry Commission* – Established under the province's *Coastal Ferry Act* of 2003, the Commission regulates BC Ferries' fares and service levels. The Commission is independent of both the government and of BC Ferries.

BC Ferries

BC Ferries serves a range of communities along the coast of BC; its service includes 25 routes, which serve 47 terminals. As noted on the BC Ferries website, there is a clear delineation between these route types in terms of the type and volume of traffic:

- *Major Routes* – Passengers on these routes comprise over half of the passengers and 60 percent of BC Ferries' total revenues. Passengers using these routes generally travel between Vancouver and Victoria or Nanaimo. Of passengers on these routes, 21 percent are non-local tourists, 70 percent are residents of Vancouver Island on the Lower Mainland, and 8 percent are residents of other parts of BC. Business travellers account for 23 percent of traffic, while 77 percent are leisure travellers. These are the profitable routes and BC Ferries does not allocate them monies from the federal grant.
- *Northern Routes* – Leisure travellers have a greater tendency to use these routes. These routes include a combination of leisure and cruising traffic and ferry services that provide vital links for northern BC communities.
- *Other Routes* – Passengers on these routes account for just under half of all passengers. Most of these travellers (91 percent) are local residents and commuters and have a higher tendency to travel on business compared to the other two route types.

In 2004, BC Ferries had 3261 full-time equivalent employees. Further information is available on their website at www.bcferrys.com.

2.2 Grant Objectives

TC's objectives for entering into the agreement to provide the grant are not clearly defined. A document review, however, shows a combination of the following aims:

- To address regional equity concerns with federal ferry service subsidization;
- To support economic and social development in BC;

- To support the efficient movement of passenger and freight by supporting the highway network;
- To provide access to remote areas;
- To provide a means of limiting federal involvement in subsidizing West Coast water transport due to escalating costs; and
- To assist in solving the question of federal involvement in the Dease Lake Line as a part of the greater transportation package to BC.

The evaluation questions for success and impacts were developed with these objectives in mind. Variances between these objectives and the ones assessed by DES are noted in Annex 1. The evaluation questions for relevance, demand, success, and cost-effectiveness align with the requirements of the *TBS Evaluation Policy*.

2.3 Limitations

In conducting the evaluation, the evaluators took into consideration the following factors:

- DES assumed from the outset that recommendations to cancel or alter the grant could not be made. This assumption was based on the terms of the grant agreement, which do not provide this option to the federal government. Therefore, the focus of the evaluation is to provide TC senior managers and the Canadian public with an assessment of the impact of federal monies and to develop lessons the department can learn from its experiences with the grant.
- The evaluation relied primarily on available documents and qualitative interview data as other supporting evidence, such as economic impact studies, were not available.

3.0 EVALUATION APPROACH

3.1 Evaluation Issues and Questions

The evaluation study addressed the following questions to assess the relevance, success, and cost-effectiveness of the grant.

A. Relevance and Demand

1. Does the grant support the strategic outcomes of TC? Is it consistent with current government objectives?
2. Is there a public policy justification for the grant?
3. Is there an on-going need and an anticipated future demand for the service provided?
4. Is there an on-going need for the grant?

B. Success and Impacts

5. To what extent has the grant supported the National Highway System?
6. To what extent has the grant contributed to local and regional economic development?
7. To what extent does the grant support TC's safety and environmental objectives?
8. Have the services been responsive to user needs – for quality, affordability, and efficiency?

C. Cost-effectiveness

9. What are the probable costs and projected outcomes for alternatives to providing the grant monies?

An overview of the rationale for the evaluation questions is included in Annex 1. It explains how the evaluation questions are linked to the objectives of the grant discussed in section 2.2 and explains why some of the objectives of the grant were not assessed. Annex 1 also explains why one evaluation question was altered during the course of the study.

3.2 Methodology

The evaluation used the following methodologies:

Document and Website Review — The evaluators reviewed documents related to the grant, including Memoranda to Cabinet, Cabinet Decisions Records, Memoranda to Ministers, letters

Evaluation of Transport Canada's Grant to the Province of British Columbia for the Provision of Ferry Services

exchanged between department officials, briefing notes, stakeholder websites, reports, and policy documents. A list of key documents reviewed is provided in Annex 2.

Statistical Analysis — The evaluators reviewed available statistics.

Financial Analysis — A financial analysis was conducted to assess the demand for federal monies.

Interviews — DES conducted interviews with TC officials at Headquarters and at the Pacific Regional Office. Interviews were also conducted with representatives from the Province of BC, BC Ferries, stakeholder groups (e.g. from business, community, and shipping associations), and unions. The interviews were conducted both by telephone and during a field visit to Vancouver and Victoria in April 2005. The interview questions are provided in Annex 3.

Use of Existing Survey Data – Under the Coastal Ferries Service Contract, BC Ferries is obligated to conduct a customer satisfaction survey each year. The first survey of this type was carried out in 2003. The evaluators used this data in the evaluation.

Annex 4 provides the evaluation plan for the study, outlining the indicators, data sources, and methodologies used to respond to each of the evaluation questions.

4.0 RELEVANCE AND DEMAND

1. Does the grant support the strategic outcomes of TC? Is it consistent with current government objectives?

Finding: While TC has no mechanism for determining precisely how the grant monies are spent, BC Ferries allocates its revenues, which includes the grant, according to its strategic objectives. These objectives are consistent with the department's strategic outcomes and current government objectives.

The three strategic outcomes for TC are as follows:

- A safe and secure transportation system that contributes to Canada's social development and security objectives;
- An efficient transportation system that contributes to Canada's economic growth and trade objectives; and
- An environmentally responsible transportation system that contributes to Canada's sustainable development objectives.

It is difficult to determine the extent to which the grant supports TC's three strategic outcomes. The grant agreement does not state that grant monies be directed to specific areas of the ferry service operation. Rather, in exchange for the provision of federal funding, the Government of Canada was relieved of any obligations related to the ferry services, while the Province of BC agreed to assume sole responsibility for deciding which ferry services should receive financial assistance. Presently, BC Ferries considers the federal grant as one component of its overall general operating revenues. BC Ferries allocates the grant monies to routes that would otherwise not be commercially viable.

While TC has no mechanisms for directing how the grant monies are spent, BC Ferries allocates its revenues, including the grant, in a manner that enables it to meet the strategic objectives identified in its *Strategic Plan 2003-2025*. One of BC Ferries' strategic objectives is to "ensure a safe, secure and environmentally responsible marine transportation system." This is similar in scope to two of TC's strategic outcomes. Its *Strategic Plan* outlines some key initiatives and associated performance targets to measure progress towards this objective. This suggests that portions of the general operating revenues are directed towards safety and environmental management aspects of the operation, which aligns with two of TC's strategic outcomes.

According to interview data, stakeholders believe that BC Ferries provides important economic links for the province. They state that BC Ferries is critical for the commercial movement of goods and services on and off Vancouver Island as well as for tourism around the province. Additionally, the stakeholders consider BC Ferries to be one of the largest employers in the northern communities. They feel the livelihood of residents in these communities is dependent on the ferry service operation. In this way, the interview data suggests that the grant could also be contributing to TC's other strategic outcome by providing an efficient ferry service operation that contributes to Canada's economic growth and development.

The grant is also consistent with current government objectives as outlined in the most recent *Speech from the Throne* on October 4, 2004. In the *Speech*, the federal government outlined a "five-point strategy to build an even more globally competitive and sustainable economy." One

of the elements included a commitment to regional and sectoral development. The federal government recognizes the importance of regional economies as a source of economic strength and stability. It will continue to support regional and rural economic development through regional agencies and tools by targeting fundamentals, such as modern infrastructure.

As mentioned above, BC Ferries has contributed to the economies of BC's coastal communities for several years. In this way, there is a link between grant monies rendered for BC Ferries and current government objectives for regional economic development.

2. Is there a public policy justification for the grant?

Finding: The grant agreement in its current form is somewhat contrary to the National Marine Policy. There is no constitutional obligation for the federal government to support the service provided. There would be a justification if TC had a clear definition of a "remote" community and if the grant were directed specifically towards ferry routes serving these communities. Since the terms of the agreement are not open for amendment, the cost of the grant has not been reduced, as mandated by the National Marine Policy.

The *National Marine Policy (NMP)* outlines TC's current mandate with respect to the marine sector. With respect to ferry services, TC's role under this policy framework is as follows:

- Continue supporting all constitutionally mandated services as well as those required by remote communities;
- Reduce the cost of other federally subsidized ferry services; and
- Maintain regulatory role for safety.

The relevance of the grant in relation to the public policy framework described above is as follows:

- There is no constitutional obligation to provide the grant. In the past, the Province of BC has taken the position that the federal government has a constitutional obligation to provide or subsidize ferry services in BC, based on several provisions of the *British Columbia Terms of Union (BCTU)*, including sections 4, 5 and 11 of the Schedule to the *BCTU*. However, according to departmental analysis, there is no constitutional obligation for the federal government to provide or subsidize ferry services in BC.
- BC Ferries allocates the grant monies as part of its general operating revenues to all routes that would otherwise not be commercially viable. The grant agreement in its current form is somewhat contrary to the criteria under the *NMP* that TC continue to support only those services required by remote communities. There would be a relevant federal role in providing assistance if the grant were targeted only towards ferry routes that serve remote communities. However, the department has no clear definition of what is considered a remote community. Once TC has established a definition and if there is a possibility of renegotiating the grant, the grant monies should be allocated only to those routes meeting the definition.
- Since BC Ferries is not a constitutionally mandated service nor does it only serve remote communities, it falls under the category of "other federally subsidized services." The grant agreement in its current form is somewhat contrary to the *NMP* commitment to

reduce the cost of other federally subsidized services because the terms of the agreement are not open for amendment and the Government of Canada has a permanent contractual obligation to continue subsidizing this service at the rate outlined in the agreement.

Observation: If TC can renegotiate the grant:

- The funding should be directed only to those routes serving remote communities. This would require TC to develop clear criteria for classifying remote communities.
- The grant amount should be reduced in order to comply with the *National Marine Policy*.

3. Is there an on-going need and an anticipated future demand for the service provided?

Finding: There is an on-going need and a future demand for the service as there is neither a similarly affordable means of transportation available, nor any planned in the foreseeable future at the same cost level.

Several interview respondents suggest that the only other alternative to BC Ferries is air service, which is more efficient and timely but too expensive for the majority of travellers. A few respondents identify services provided by American-based ferries as a possible alternative to BC Ferries. They feel that these ferry services do not have the capacity to handle traffic demands and are not capable of serving the entire region of BC. Additionally, a privately owned fast ferry service, Harbour Lynx, offers a faster alternative for foot passengers but does not transport vehicles. The service operates only between Nanaimo and Vancouver. In general, respondents consider BC Ferries to be superior to all other comparable services in terms of quality and service.

The possibility of a fixed link between Vancouver Island and the Lower Mainland has been suggested as an alternative to the ferry service. In 2001, the Province of BC and BC Ferries undertook a study that concluded that a fixed link between Vancouver Island and the Lower Mainland and most other areas serviced by BC Ferries was cost prohibitive and faced major challenges in engineering, environmental and socio-economic factors. It might be possible that these major challenges may be overcome as new technologies become available and innovative ideas provide new solutions. A fixed link is not planned in the foreseeable future.

Seaspan Intermodal and SeaLink offer competitive cargo services to BC Ferries for freight transportation. The evaluators reviewed in detail one of the competitive cargo services, Seaspan Intermodal. Seaspan Intermodal offers drop-trailer ship and barge service (container only; no tractor or driver) from Fraser River to Swartz Bay and Nanaimo. It operates a fleet of 4 roll-on and roll-off, self-propelled ferries, and 2 articulating tug and barge units offering daily scheduled sailings. BC Ferries estimates that Seaspan Intermodal has captured 50 percent of the semi-trailer market. Interview respondents state, however, that this service is not feasible for small operations or organizations shipping time-sensitive freight. For these services, BC Ferries was identified as essential.

Table 2 displays a comparative analysis of transportation modes (ferry and air) conducted by BC Ferries in 2003 to measure trip duration, fare prices (individual and family), and frequency on two of its major routes.

Table 2: Comparisons Between BC Ferries and Transportation Alternatives

| Route 1: Tsawwassen—Swartz Bay Route | | | | |
|--|--|---|---|--|
| Measure | BC Ferries | Air: Vancouver Harbour-Victoria Harbour | Air: Vancouver Int'l (YVR) to Victoria Int'l (YYJ) | Bus/Ferry: Pacific Coach Lines |
| Trip Duration | 3 hours 20 minutes | 1 hour 5 minutes | 2 hour 50 minutes | 3 hours 35 minutes |
| Fare (one way, unrestricted, one adult, including ground transportation costs) | \$57 to \$84 (Includes reservation in higher cost) | \$111 to \$171 | Total Cost: \$130 to \$223 | Total cost: \$29 |
| Frequency | 14 daily summer 8 daily winter | 29 daily 10 weekends (3 carriers: Harbour Air, Helijet; West Coast Air) | 26 daily; 22 weekend (2 carriers: Air Canada and Pacific Coastal) | 8 to 13 daily (varies by day of week and time of year) |
| Fare for Family of 4 | \$74 to \$104 | \$408 to \$648 | \$427 to \$799 | \$87 |
| Route 2: Horseshoe Bay—Nanaimo | | | | |
| Measure | BC Ferries | Air: Vancouver Harbour-Nanaimo Harbour | Air: Vancouver Int'l to Nanaimo Airport | Bus/Ferry: Greyhound |
| Trip Duration | 2 hours 45 minutes | 55 minutes | 1 hour 50 minutes | 3 hours 5 minutes |
| Fare (one way, unrestricted, one adult, including ground transportation costs) | \$41 to \$68 (Includes reservation in higher cost) | \$66 | Total Cost: \$126 to \$198 | Total cost: \$21.75 |
| Frequency | 8 to 12 daily summer 8 daily winter | 17 daily 6 weekends (2 carriers: Baxter Aviation, and Harbour Air) | 12 daily; 8 weekend (2 carriers: Air Canada and Canadian Western) | 8 daily |
| Fare for Family of 4 | \$58 to \$88 | \$228 | \$411 to \$699 | \$65 |

Source: Strategic Plan 2003-2025, BC Ferries

Note: All comparisons from downtown Vancouver to downtown Victoria or Nanaimo, including ground transportation from downtown to ferry terminal or airport. Cost of ground transportation includes \$0.35 per km for drive to ferry terminal and Vancouver International Airport.

The data is consistent with the interview results, revealing that while air service offers faster travel times, the ferry service is the cheaper mode of transportation for both individuals and families. The evaluators conclude that BC Ferries provides the least expensive mode of transportation.

4. Is there an on-going need for the grant?

Finding: BC Ferries required the grant in the past, when it was a Crown Corporation. As an independent, regulated, and self-financing company, BC Ferries is viewed as more efficient and business-like by many of its stakeholders. It is too early to determine whether this will continue under BC Ferries' new management structure. Interview data suggests that if the federal grant were withdrawn, there could be negative impacts, particularly on the northern communities in BC.

The evaluators examined BC Ferries' financial situation without the grant to determine the impact on its overall financial viability for the last seven years. Table 3 displays BC Ferries' annual financial information between 1998 and 2004. As indicated in line 7, BC Ferries would have been operating at a loss between 1998 and 2003. Once the federal grant is taken into account, BC Ferries would still have been at a loss, as shown in line 9. The only exception occurred in 2001, when the Province of BC forgave over \$1 billion of BC Ferries' debt. Overall, the federal grant helped to mitigate BC Ferries' losses during this timeframe.

A different situation can be observed for 2004. In that year, BC Ferries would have had some earnings before receiving the federal grant, as shown in line 7. It is the evaluators' opinion that this difference might be attributed to the change in BC Ferries' management structure from a Crown Corporation to an independent, regulated and self-financing company. It is not known if this trend will continue in future years.

It is evident that BC Ferries needed the federal grant in the past when it was a Crown Corporation. As an independent, regulated and self-financing company, many stakeholders view BC Ferries as more efficient and business-like. Since BC Ferries earned a net income without the grant in 2004, this suggests that it could be self-sustaining under the new management structure. ATIP removed.

Table 3: BC Ferries' Annual Financial Information (in '000s)

| | | Year ending (March 31 st) | | | | | | |
|---|--|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| | | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
| 1 | Total Revenues without Federal Grant | \$361,510 | \$ 376,946 | \$ 421,082 | \$434,014 | \$449,420 | \$466,489 | \$509,756 |
| 2 | Total Operating Expenses | \$363,457 | \$ 372,593 | \$ 389,084 | \$396,021 | \$408,057 | \$420,217 | \$435,909 |
| 3 | Earnings before the following: | \$ (1,947) | \$ 4,353 | \$ 31,998 | \$ 37,993 | \$ 41,363 | \$ 46,272 | \$ 73,847 |
| 4 | Net financing expense | \$ (33,805) | \$ (42,394) | \$ (53,094) | \$ 312 | \$ (882) | \$ (1,214) | \$ (22,482) |
| 5 | Amortization | \$ (43,866) | \$ (50,266) | \$ (60,233) | \$ (50,029) | \$ (46,056) | \$ (44,050) | \$ (47,355) |
| 6 | Other expenses | \$ (1,335) | \$ (48,000) | \$(240,000) | \$ - | \$ (40,000) | \$ (53,107) | \$ - |
| 7 | Net Income (Loss) WITHOUT Federal Grant | \$ (80,953) | \$(136,307) | \$(321,329) | \$ (11,724) | \$ (45,575) | \$ (52,099) | \$ 4,010 |
| 8 | Federal Grant | \$ 21,931 | \$ 22,040 | \$ 22,150 | \$ 22,438 | \$ 22,953 | \$ 23,377 | \$ 23,975 |
| 9 | Net Income (Loss) WITH Federal Grant | \$ (59,022) | \$(114,267) | \$(299,179) | \$ 10,714 | \$ (22,622) | \$ (28,722) | \$ 27,985 |

Source: BC Ferries' Annual Reports

A deeper examination of the 2004 financial information by the different Route Groups, as specified in the *Coastal Ferry Services Contract*, reveal that some Route Groups would still be operating at a loss, even with the grant (see Table 4). Based on interview data, BC Ferries allocates the federal grant as part of its general operating revenue to various routes that would otherwise not be commercially viable. Therefore, only routes in Groups 2, 3, 4, 6, and 7 receive portions of the federal grant (highlighted in Table 4). Group 1 represents the major routes, which generate profits as a group and do not require subsidization. Group 5 represents Route 12 (Mill Bay to Brentwood Bay) and does not receive a subsidy because an adjacent highway route is located nearby, offering an equitable road alternative to the ferry route. The group of unregulated routes are administered by BC Ferries but operated by independent operators.

As shown in line 6 of Table 4, each of the Route Groups that receive portions of the federal grant would have operated at a loss without it. Although these Route Groups still finished the year at a net loss even after the federal grant is included, as shown in line 8, the grant did help to alleviate the losses. The only exception is Group 6 (Minor Routes), which generated a net income with the federal grant as a group.

Table 4: BC Ferries' 2004 Annual Financial Information by Route Groups (in '000s)

| | | Group 1 | Group 2 | Group 3 | Group 4 | Group 5 | Group 6 | Group 7 | | |
|----------|---|---------------------|-------------------|------------------------|-------------------|-----------------|---------------------|-----------------|---------------------------|------------------------|
| | | Major Routes | Route 3 | Northern Routes | Route 40 | Route 12 | Minor Routes | Route 13 | Unregulated Routes | Corporate Total |
| 1 | Total Revenues without Federal Grant | \$ 295,601 | \$32,686 | \$ 28,100 | \$ 3,232 | \$ 2,278 | \$ 120,660 | \$ 788 | \$ 1,747 | \$ 485,092 |
| 2 | Total Operating Expenses | \$ 221,934 | \$31,870 | \$ 31,720 | \$ 2,932 | \$ 1,873 | \$ 119,149 | \$ 1,451 | \$ 1,850 | \$ 412,779 |
| 3 | Earnings before the following: | \$ 73,667 | \$ 816 | \$ (3,620) | \$ 300 | \$ 405 | \$ 1,511 | \$ (663) | \$ (103) | \$ 72,313 |
| 4 | Amortization | \$ (28,948) | \$ (3,145) | \$ (1,477) | \$ (1,419) | \$ (485) | \$ (11,782) | \$ (4) | \$ - | \$ (47,260) |
| 5 | Financing Expense | \$ (12,880) | \$ (1,963) | \$ (479) | \$ (43) | \$ (134) | \$ (5,541) | \$ (1) | \$ - | \$ (21,041) |
| 6 | Net Income (Loss) <u>WITHOUT</u> Federal Grant | \$ 31,839 | \$ (4,292) | \$ (5,576) | \$ (1,162) | \$ (214) | \$ (15,812) | \$ (668) | \$ (103) | \$ 4,012 |
| 7 | Federal Grant | \$ - | \$ 1,327 | \$ 3,568 | \$ 502 | \$ - | \$ 18,436 | \$ 140 | \$ - | \$ 23,973 |
| 8 | Net Income (Loss) <u>WITH</u> Federal Grant | \$ 31,839 | \$ (2,965) | \$ (2,008) | \$ (660) | \$ (214) | \$ 2,624 | \$ (528) | \$ (103) | \$ 27,985 |

Source: Annual Report to the BC Ferry Commissioner (2003/2004)

If the federal grant were withdrawn, the interview respondents reveal the following options for BC Ferries, in order to recover the lost revenue:

- BC Ferries could turn to the Province of BC for assistance in addressing this financial gap. However, the Province of BC has indicated in an interview that increasing subsidies to BC Ferries was not being considered an option.
- BC Ferries could reorganize its operations by increasing rates or reducing service levels, in order to become commercially viable. The interview data reveals that neither of these operational changes would be desirable to the interview respondents, as each one has associated negative implications. For example, if BC Ferries were to cut service levels, they might target lower density routes such as, those routes serving the northern communities. Interview respondents state that residents of the northern communities are dependent on BC Ferries for basic transportation needs and would most likely be affected by reduced services and higher fare rates.

Therefore, the interview data suggests that if the federal grant were withdrawn, there could be negative impacts, particularly on the northern communities.

5.0 SUCCESS AND IMPACTS

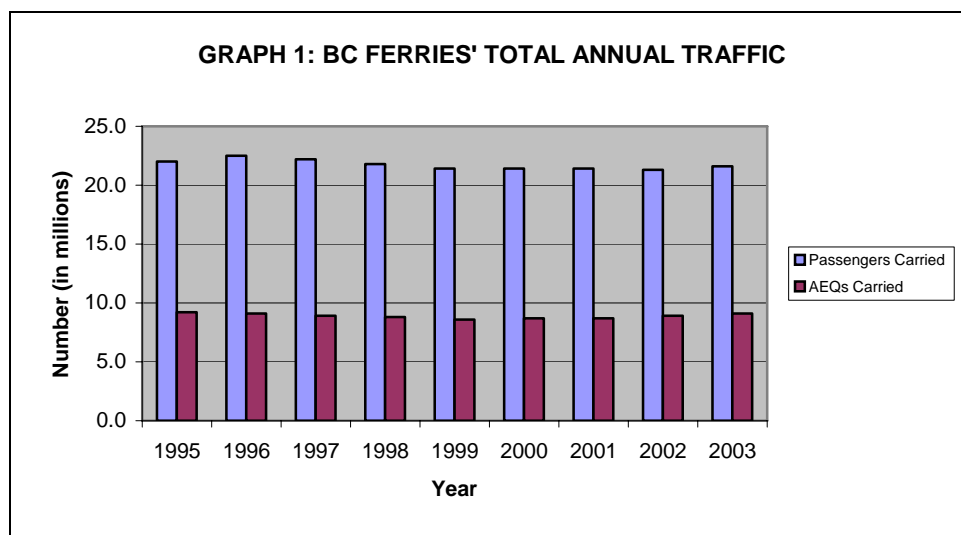
5. To what extent has the grant supported the National Highway System?

Finding: The grant does not support the Trans-Canada Highway.

When the Province of BC initially requested financial support for its ferry services in the early 1970s, it also argued that the federal government should do so because the ferry service serves as “a logical link in the Trans-Canada Highway.” Route 2 is the ferry service that connects the Trans-Canada Highway from Horseshoe Bay on the Lower Mainland (near Vancouver) to Departure Bay on Vancouver Island (near Nanaimo). It is BC Ferries' second largest route, carrying approximately 3 million passengers and 1 million automobile equivalents¹ (AEQs) in 2001. As Route 2 is one of BC Ferries' profitable routes, BC Ferries does not allocate it any funding from the federal grant monies. In this way, the grant does not support the Trans-Canada Highway.

There are other highways that are directly connected to ferry routes serviced by BC Ferries, such as Highway 19 and 19A on Vancouver Island, Highway 16 in Northern BC, and Highway 101 in the Lower Mainland. Grant monies are allocated to these non-major ferry routes. In this way, the grant supports other parts of the highway network.

The ferry service is important in connecting passengers and vehicles to highways and roads. As shown in Graph 1, BC Ferries' total annual traffic has remained steady over a nine-year period. On average, BC Ferries carries approximately 21 million passengers and 9 million AEQs annually.



Source: BC Ferries' Annual Reports

According to interview data, BC Ferries is perceived as an extension of the highway network in the following ways:

¹ AEQs are considered a standard length traffic unit. Underheight and overheight vehicles are each one AEQ; buses and trucks are each three AEQs.

- BC Ferries serves as a “maritime highway” for residents of Vancouver Island and smaller neighbouring islands because the ferry service is the only way on or off the islands.
- BC Ferries is a primary choice for commercial users to transport goods and services between Vancouver Island and the Lower Mainland.

Although BC Ferries provides an important highway connection, BC Ferries does not allocate portions of the federal grant to the major route that connects the Trans-Canada Highway. In this way, the grant does not support the National Highway System.

6. To what extent has the grant contributed to local and regional economic development?

Finding: The grant indirectly contributes to local and regional economic development.

Some stakeholders indicate that the grant does contribute to local and regional economic development:

- Several respondents believe that BC Ferries has a “huge” impact on the economy and plays a vital role in tourism in BC;
- Several respondents note that BC Ferries has a major impact on employment. This includes those who directly work for BC Ferries (approximately 4,500 employees) and indirectly in service areas;
- Several respondents identify that BC Ferries links the coastal communities to the mainland and provides access to goods and services; and
- Some respondents suggest that BC Ferries contributes to a healthy BC economy and this in turn translates to a productive Canadian economy.

There was consensus among respondents that BC Ferries is an essential service that allows for the commercial movement of goods and services on and off the island. Moreover, BC Ferries provides basic transportation for tourists and contributes heavily to the economy.

The service contributes to the economy through its impact on the tourism industry. A large part of BC Ferries market relies on this type of traffic. As much as 25 percent of ferry use during the summer months originates from the United States and other parts of BC and Canada. Tourism is the third largest economic sector in BC, directly employing more than 115,000 people and generating over \$9 billion in revenue per year. The user satisfaction survey revealed that on BC Ferries' major routes, more than three-quarters (77 percent) are travelling for personal reasons, such as vacationing or visiting friends and family, while 23 percent are travelling for business purposes. Passengers on other routes are more likely to be business travellers (37 percent), while northern route passengers (82 percent) tend to be travelling for personal reasons.

Quantitative research data is unavailable to ascertain the direct economic impact of BC Ferries on the economy of BC.

7. To what extent does the grant support TC's safety and environmental objectives?

Finding: The grant is not directly linked to safety and environmental improvements.

BC Ferries officials note that funding is not specifically earmarked for addressing safety or environmental improvements. The funding is put into general operating expenses and therefore, may indirectly contribute to safety or environmental improvements. The evaluators believe it is difficult to attribute the safety and environmental performance of BC Ferries to the grant the department provides. As a result, a thorough examination of BC Ferries' compliance with regulations and its safety and environmental records was not conducted during the evaluation.

Although separate from the grant, TC does have a direct responsibility for inspecting the company's vessels and ensuring compliance with safety and environmental regulations. BC Ferries officials note that they endeavour to meet or exceed existing regulations.

8. Have the services been responsive to user needs – for quality, affordability, and efficiency?

Finding: BC Ferries provides a quality service and a majority of users are satisfied.

The evaluators were interested in assessing the extent to which BC Ferries is responsive to users' needs. In 2003, BC Ferries retained the services of an independent marketing and public opinion research firm to undertake a customer satisfaction survey, as required under the Coastal Ferries Services Contract. A sample of eight designated routes was included in the survey representing 80 percent of the annual passenger traffic carried by BC Ferries (see Table 5).

The grant agreement does not state that monies be directed to specific areas of the ferry service operations. The evaluators found that it is difficult to directly attribute the grant to the assurance of adequate service levels. The funding is put into general operating expenses and used at the discretion of BC Ferries and therefore, may indirectly contribute to service improvements.

Table 5: Ferry Routes Included in the 2003 Customer Satisfaction Survey

| Route Number | Description of Route |
|--------------|---|
| Route 1 | Tsawwassen-Swartz Bay |
| Route 2 | Horseshoe Bay-Departure Bay |
| Route 3 | Horseshoe Bay-Langdale |
| Route 4 | Swawtz Bay-Fufford Harbour, Saltspring Island |
| Route 5/9 | Southern Gulf Islands (From Swartz Bay/from Tsawwassen) |
| Route 19 | Departure Bay- Descanso Bay, Gabriolia Island |
| Route 23 | Campbell River-Quathiaski Cove, Quadra Island |
| Route 30 | Twawwassen-Duke Point |

Quality

BC Ferries provides a quality service and users, on the whole, are satisfied. Overall, 82 percent of passengers report being satisfied with their experience travelling with BC Ferries. Users have high ratings for the professionalism and the courtesy of employees and the safety of the service.

Users were less satisfied with the ability to get on a desired sailing, comfort of foot passenger areas in terminals, and the automated phone service. Some particular service areas are noted as needing improvement. These include: cleanliness of washrooms, clarity of the public address system, ease of access for those with disabilities, and the availability of parking spaces. Foot passengers are not satisfied with many of the services provided.

Affordability

Tourists and older passengers are more positive about the value for money than passengers from other groups. However, overall satisfaction levels are low with the perceived value for money of the fares, especially among frequent travellers or users who are unable to get on their desired sailing. In the survey, respondents note that the value for money for parking is also low.

Efficiency

The survey results reveal that overall passenger user satisfaction levels are low with the efficiency of the service. Users express dissatisfaction with on-time departures, the ability to get onto desired sailings, sailing frequency, and the timings of the last ferries of the day. Interviews conducted by DES reveal concerns among shippers with the ability of commercial traffic to get onto desired sailings. Some respondents note that when there are vessel failures on some routes, other vessels are taken off their respective routes and moved to accommodate the loss. This changes schedules, reservations and sail times. Respondents feel that this has a negative impact on their operations.

6.0 COST-EFFECTIVENESS

9. What are the probable costs and projected outcomes for alternatives to providing the grant monies?

Finding: By providing the grant, TC is achieving positive outcomes with minimal administration costs and little risk of negative outcomes as responsibility for West Coast ferry services lies with others. There is a further benefit to the department in having the amount limited, with no obligations to provide funding for West Coast ferry services over and above the current grant.

Withdrawal of federal funds would undoubtedly have political and legal ramifications. Interview results indicate that stakeholders view the ferry services as primarily a provincial issue. However, there was an expectation among respondents for TC to have a role in supporting West Coast ferry services. It would cost the department time, personnel, and possibly contract resources to manage the inevitable pressure resulting from a federal withdrawal of financial support. The evaluators found that under the current arrangement, there is very little risk of negative outcomes for the department.

The evaluators compared the approximate costs for the department under the current funding arrangement with its corresponding outcomes. This was then compared with the hypothetical alternative scenario of providing no money so the evaluators could assess the value the department is getting in terms of outcomes for the monies provided. A third scenario, negotiating a new deal with the provinces, was not assessed because the Province of BC has expressed no desire to do so. The substance of a revised agreement is also unpredictable, making it difficult for DES to estimate the costs and the probable outcomes.

Under the current arrangement, as shown Scenario 1 in Table 6, the department is achieving positive outcomes with little risk and minimal administration costs. There is a further benefit to the department in having the amount limited, with no obligations to provide funding over and above the current grant.

It is clear from Table 6 that the option of providing no funding, Scenario 2, has significant drawbacks for BC Ferries, the Province of BC, and users of the ferry service. While the department would save approximately \$24 million and other minimal costs associated with administering the grant, removal of the grant would lower the financial viability of the non-profitable routes with the result of a probable combination of increased fares, lower numbers of sailings, cancelled routes, and declining service. This, of course, assumes that under the new management structure, the profitability of BC Ferries would remain more or less unchanged.

Table 6: Costs and Projected Outcomes for Current Agreement and Alternative

| | Scenario 1 – Status Quo | Scenario 2 – Provide no funding |
|-----------------------|---|--|
| Costs | | |
| Grant | \$24 million per year indexed to CPI | \$0 |
| Salaries | Small proportion of a single FTE at TC HQ | None |
| Other Operating Costs | Minimal | None |
| Other | Federal government relieved of any further subsidies over and above the grant | Legal costs associated with terminating the agreement |
| | | Resources required to manage pressure for federal involvement |
| | | Loss of federal tax if service is reduced (e.g. from food service and fuel tax) |
| Outcomes | | |
| | - Contributing to improved access to remote communities | - Decreased mobility – declining number of routes or number of sailings |
| | - Assisting to enhance the viability of less profitable routes | - Increased fares for passengers and freight transportation, which could limit access, impact tourism and trade, and increase costs of goods |
| | - Supporting economic spin-offs from a viable and dependable West Coast ferry service | - Decreased financial viability for BC Ferries |
| | - Very little federal involvement or political responsibility | - Province would have to cover the shortfall |
| | | - Pressure from the public, the Province of BC, unions, and industry associations for federal involvement |

ANNEX 1: GRANT OBJECTIVES AND EVALUATION QUESTIONS

Table 7 shows the rationale for each of the questions examined in the evaluation study. The questions were developed to align with the objectives of the grant as discussed in Section 2.2 or in accordance with lines of inquiry outlined in the *TBS Evaluation Policy*. In some cases, objectives of the grant were not addressed by the evaluation and a rationale is provided in the subsequent table.

Table 7: Rationale for Evaluation Questions

| Evaluation Question | Corresponding Objective / Question Rationale |
|--|---|
| Relevance and Demand | |
| 1. Does the grant support the strategic outcomes of TC? Is it consistent with current government objectives? | - <i>TBS Evaluation Policy</i> |
| 2. Is there a public policy justification for the grant? | - <i>TBS Evaluation Policy</i> - Provide access to remote areas (section 2.2) |
| 3. Is there an on-going need and an anticipated future demand for the service provided? | - <i>TBS Evaluation Policy</i> - Provide access to remote areas (section 2.2) |
| 4. Is there an on-going need for the grant? | - <i>TBS Evaluation Policy</i> |
| Success and Impacts | |
| 5. To what extent has the grant supported the National Highway System? | - Support the efficient movement of passenger and freight by supporting the highway network (section 2.2) |
| 6. To what extent has the grant contributed to local and regional economic development? | - Support economic and social development in BC (section 2.2) - Provide access to remote areas (section 2.2) - Aligned with TC strategic objective of contributing to social and economic development |
| 7. To what extent does the grant support TC's safety and environmental objectives? | - To see if the grant supports TC's safety and environmental strategic objectives |
| 8. Have the services been responsive to user needs – for quality, affordability, and efficiency? | - Province of BC assures reasonable and adequate service and appropriate supervision (as outlined in the grant agreement) |
| Cost-effectiveness | |
| 9. What are the probable costs and projected outcomes for alternatives to providing the grant monies? | - <i>TBS Evaluation Policy</i> - Not on the original terms of reference but added during the course of the evaluation |

Table 8 outlines the rationale for omitting not addressing some of the objectives, outlined in section 2.2, as well as one question from the original evaluation plan.

Table 8: Rationale for Omitting Certain Objectives and Original Evaluation Questions

| Grant Objective / Original Question | Rationale for not addressing |
|--|--|
| To address regional equity concerns with federal ferry service subsidization. | The evaluators were of the opinion that this was outside the scope of the evaluation. |
| Provide a means of capping federal involvement in subsidizing West Coast water transport due to escalating costs. | The evaluators were of the opinion at the outset of the evaluation that federal involvement was effectively capped by the agreement. |
| To assist in solving the question of federal involvement in the Dease Lake Line as part of the greater transportation package to BC. | The evaluators were of the opinion that this was outside the scope of the evaluation. |
| Are there other modes of transportation that offer an equally good alternative to the BC Ferries? (i.e. levels of service and cost) | Included in the original evaluation plan but omitted as the responses were found to overlap with evaluation question 2. |

ANNEX 2: KEY REFERENCES REVIEWED

Annual Report to the BC Ferry Commissioner, BC Ferries, 2003-2004

BC's Submission for Federal Financial Support to Government Ferry Services in BC, Government of BC, 1974

BC Ferries website, www.bcferries.com

BC Ferries Annual Report, 2003-2004

BC Ferry Corporation Annual Reports, 1998-1999 to 2002-2003

BC Ferries' Customer Satisfaction Survey, 2003, www.bcferries.com/about/CST.html

Business Plan, BC Ferries, 2004-2005

Coastal Ferry Services Contract between BC Ferry Corporation and the Province of BC, April 1, 2003

Harbour Lynx, www.harbourlynx.com

ATIP removed

ATIP removed

National Marine Policy, TC, 1995

Strategic Plan 2003-2025, BC Ferry Services Inc., June 2003

Speech from the Throne, Government of Canada, October 5, 2004

Subsidy Agreement between The Government of Canada and the Government of the Province of BC Concerning the Provision of Water Transportation Assistance, Department of Transport, 1977, file number S3810-2

ANNEX 3: INTERVIEW QUESTIONS

TC Officials

1. Please describe your level of involvement in administering the grant?
2. To what degree does the grant contribute towards TC objectives?
3. What areas do the ferry services have the greatest impact?
4. What is the current demand for the grant?
5. If there were no contractual obligations, what options could the department pursue with regards to its involvement with BC Ferries?
6. How do ferry services support the provincial highway network?
7. How effective has BC Ferries been in meeting safety standards? Environmental standards?
8. What transportation alternatives exist and how do they compare to the services provided by BC Ferries?
9. What would be the impact of removing the grant? (It is acknowledged that the Government of Canada has a contractual obligation to provide the federal grant annually).
10. Do you have any other comments?

Province of BC

1. Please describe your role with respect to BC Ferries?
2. Please describe your level of involvement in administering the grant?
3. What areas do the ferry services have the greatest impact?
4. What is the current demand for the grant?
5. How do ferry services support the provincial highway network?
6. What transportation alternatives exist and how do they compare to the services provided by BC Ferries?
7. What is your opinion of the federal role with regards to BC Ferries? Are there other more appropriate means for federal involvement?
8. Do you have any other comments?

BC Ferries

1. Please describe the process of receiving and dispersing the grant.
2. What criteria do you use to allocate funding to each route?
3. In what areas does the grant have the greatest impact?
4. To what degree has the grant contributed towards meeting environmental standards? What initiatives have been undertaken or are in place to enhance environmental stewardship?
5. How has the grant contributed towards enhancing safety standards?
6. How does the ferry service support the provincial highway network?
7. How would you describe the economic impact of the BC ferry service on communities serviced by routes receiving grant money?
8. Do you have any other comments?

Stakeholders

1. How would you describe the demand for the services provided by BC Ferries?
2. What transportation alternatives exist and how do they compare to the services provided by BC Ferries?
3. What is the economic impact of the services provided by BC Ferries?
4. Has BC Ferries been responsive to your members/community needs?
5. What areas benefit most from the services available?
6. Do you have any other comments?

ANNEX 4: EVALUATION MATRIX

| Evaluation Question | Indicators | Methodology / Data Sources |
|--|--|--|
| Relevance and Demand | | |
| 1. Does the grant support the strategic outcomes of TC? Is it consistent with current government objectives? | <ul style="list-style-type: none"> - Comparison of grant objectives to departmental and governmental objectives | <p>Document review</p> <ul style="list-style-type: none"> - Grant Agreement (1977) - Speech from the Throne - BC Ferries Strategic Plan 2003-2025 <p>Interviews</p> <ul style="list-style-type: none"> - TC Officials - Stakeholders |
| 2. Is there a public policy justification for the grant? | <ul style="list-style-type: none"> - Comparison of grant objectives to departmental and governmental objectives | <p>Document review</p> <ul style="list-style-type: none"> - BC Ferries Annual Report to the BC Ferry Commissioner Strategic Plan 2003-2025 - BC Ferries Annual Reports 2003/2004 - Review of stakeholder websites - Grant Agreement (1977) - National Marine Policy (1995) - Water Transport Assistance Policy (1975) <p>Interviews</p> <ul style="list-style-type: none"> - TC Officials - Stakeholders |
| 3. Is there an on-going need and an anticipated future demand for the service provided? | <ul style="list-style-type: none"> - Comparison between alternative transportation modes for routes receiving funding (cost, levels of service, timeliness) - Opinion of users, the general public, and stakeholders | <p>Document review</p> <ul style="list-style-type: none"> - Strategic Plan 2003-2025 - Review of stakeholder websites <p>Interviews</p> <ul style="list-style-type: none"> - TC Officials - Stakeholders |
| 4. Is there an on-going need for the grant? | <ul style="list-style-type: none"> - Anticipated impact on the financial viability of routes receiving funding if the grant were withdrawn | <p>Financial analysis</p> <ul style="list-style-type: none"> - BC Ferries Annual Reports - BC Ferries Annual Report to the BC Ferry Commissioner 2003-2004 <p>Interviews</p> <ul style="list-style-type: none"> - TC Officials - Province of BC officials - BC Ferries officials - Stakeholders |
| Success and Impacts | | |
| 5. To what extent has the grant supported the | <ul style="list-style-type: none"> - Trends in user traffic - Stakeholder opinion | <p>Document review</p> <ul style="list-style-type: none"> - BC Ferries' Annual Reports |

Evaluation of Transport Canada's Grant to the Province of British Columbia for the Provision of Ferry Services

| Evaluation Question | Indicators | Methodology / Data Sources |
|---|--|---|
| National Highway System? | | <ul style="list-style-type: none"> - Coastal Ferry Services Contract <p>Interviews</p> <ul style="list-style-type: none"> - TC officials - Province of BC officials - BC Ferries officials - Stakeholders |
| 6. To what extent has the grant contributed to local and regional economic development? | <ul style="list-style-type: none"> - Opinions of stakeholders - Tourism trends - # of people employed (directly or indirectly) in communities receiving grant funding | <p>Document review</p> <ul style="list-style-type: none"> - Stakeholder websites and policy papers <p>Statistical analysis</p> <ul style="list-style-type: none"> - Available statistics - BC Ferries website |
| 7. To what extent does the grant support TC's safety and environmental objectives? | <ul style="list-style-type: none"> - Description of funding directed towards environmental and safety improvements - Anecdotal description of BC Ferries safety record | <p>Document review</p> <p>Interviews</p> <ul style="list-style-type: none"> - BC Ferries officials - TC Regional inspectors |
| 8. Have the services been responsive to user needs – for quality, affordability, and efficiency? | <ul style="list-style-type: none"> - Levels of user satisfaction | <p>Document review</p> <ul style="list-style-type: none"> - Customer Satisfaction Tracking Annual Report 2003 <p>Interviews</p> <ul style="list-style-type: none"> - TC Officials - Province of BC officials - BC Ferries officials - Stakeholders |
| <i>Cost-effectiveness</i> | | |
| 9. What are the probable costs and projected outcomes for alternatives to providing the grant monies? | <ul style="list-style-type: none"> - Comparison between costs and probable outcomes for different funding scenarios | <p>Interviews</p> <ul style="list-style-type: none"> - TC officials <p>Results of success and impact questions</p> <p>Document review</p> |