



MEMORANDUM

To: David Hahn
British Columbia Ferry Services Inc.

From: Martin Crilly
BC Ferry Commission

Copy: Executive Members
Gabriola Island Medivac Society

Date: September 18, 2004

Re: Petition from Gabriola Island Medivac Society

I recently received a petition from a majority of Gabriolans *"to increase the ferry fare for motor vehicles from Nanaimo to Gabriola by \$0.20 per round trip in order to fund the "after hours" medical evacuation, by ambulance, on the ferry. This authorization to last for a period of 3 years. During this 3 year period the fare may be increased to a maximum of \$0.30 depending on the ferry traffic and costs."*

The service sought by the petitioners is not core service, i.e. night time medical evacuation by ferry is ancillary in the meaning of the Coastal Ferry Act and is therefore not regulated by the Commission. I understand that BC Ferries does not currently provide the service and make no assumption that the company is either willing or able to provide it in future.

Should BC Ferries offer the service and levy a surcharge of this type and size, the Commission would agree to exclude the surcharge in the calculation of weighted average fares for comparison with the price cap. The company could then retain the revenue from the surcharge. Without this exclusion, under the regulatory system, the company would likely have to reduce fares elsewhere in order to maintain the weighted average fare level, and would thereby lose much or all of the revenue from the surcharge.

Background to the Petition

I understand that a surcharge of \$0.20 per vehicle should produce sufficient revenue, some \$66,000 per year, for BC Ferries to pay the "pager premium" that would compensate ferry workers for being on call overnight to respond to an evacuation. The other operating costs for calling out the ferry at night are, as I understand it, covered by the medical system. The Commission has made no independent check of this information.

The petition was organized by the Gabriola Island Medivac Society (GIMS). In a meeting with me in Nanaimo on July 28, 2004, two executive members of the society explained that the petition was taken in a 10 day period July 1 through 10, and all Gabriola property owners and residents were canvassed. Having met executive members of GIMS on a number of occasions over the past year, I find their representations to be straightforward and credible.

Reported Results of the Petition

GIMS have secured 1629 unique signatures of individuals who have declared that they are Canadian citizens, aged 18 or older, resident in BC for 6 months or more, and have been owner or resident in Electoral Area "B" (Gabriola) for 30 days.

GIMS has offered an estimate of the number of registered voters on Gabriola, from the elections BC web site, at 2248. A personal communication from election BC based on the 2001 election offers a different figure, being a total of 1735 registered voters (of whom 1170 actually voted in the election), though this includes populations from nearby small islands.

Taking the higher (conservative) figure as the denominator and the petition signatures as the numerator gives $1629/2248 = 72\%$. Using the other figure of 1735 gives 94%.

Comments on the Results

A premium on ferry fares would be paid by all fare-paying vehicles, which belong to wider group than just Gabriolans. BC Ferries route overview based on 2001 data gives estimates of the place of residence of ferry users:

Summer route 19 passenger place of residence:

- 54% Gabriola Island
- 13% Nanaimo
- 4% S. Vancouver. Island
- 5% Lower mainland
- 24% Other BC and Canada

Winter¹ route 19 passenger place of residence:

- 74% Gabriola Island
- 11% Nanaimo
- 4% S. Vancouver. Island.
- 5% Lower mainland
- 11% Other BC and Canada.

BC Ferries' route description states that *"Route 19 connects Gabriola (2001 population approximately 3500) with Nanaimo.... Route 19 is used by Gabriola residents to access employment and services in Nanaimo, including students who commute to high school. Approximately 16% of passengers are foot passengers who travel by foot or by bus to Nanaimo."*

Accordingly, it seems that a sizable minority of vehicle owners using route 19 are non-Gabriolans. These people have not had an opportunity to express an opinion through the petition. However, it is worth noting that:

- to the extent that non-Gabriolans stay overnight on the island, they would benefit from the availability of night time medical evacuation by ferry.
- the annual dollar cost of the fare premium to a Gabriolan, likely a more frequent user than a non-Gabriolan, is likely to be much higher than for a non-Gabriolan - so one might argue that their opinion should be weighed more heavily.
- to the extent that non-Gabriolan ferry users are suppliers of goods and services to Gabriolans, the cost of the surcharge would likely be passed on to Gabriolans.
- a \$0.30 surcharge (the upper limit advocated by the petitioners) represents about a 2% increase on the regular vehicle fare.

Overall, in my view the petition is satisfactory evidence of assent—indeed, a public will—to be surcharged.

A further consideration is the precedent that a ferry fare surcharge of his type might set. Should BC Ferries proceed with a night time evacuation service on Gabriola, it might be wise to make it clear that this is a case judged on its own merits and that the surcharge mechanism is not intended as a precedent for funding other services (medical-related or not), on Gabriola or other island communities.

¹ Ferry traffic has a peak season to low season ratio of about 1.3.