

Program  
Invitational Seminar on

**New Opportunities and Challenges for Ferry Operators in British Columbia**

A one-day session will be held in Vancouver on June 15, 2005, sponsored by the BC Ferry Commission, and organized and facilitated by the Western Transportation Advisory Council (WESTAC).

**Purpose**

To exchange information and views on the potential opportunities and challenges in coastal BC for ferry service providers as subcontractors, franchisees or competitors to BC Ferries.

**Background**

The Coastal Ferry Act, effective April 1, 2003, created BC Ferry Services Inc (BC Ferries) from the crown-owned BC Ferry Corporation. The new company is independent from government, is self-financing, holds a monopoly on most of the travel markets it serves, and has a mandate to operate commercially. One of the principles of ferry regulation is that BC Ferries is to “be encouraged to seek additional or alternative service providers on designated ferry routes through fair and open competitive processes” (section 38(1)(c) of the Act). Section 69 of the Act requires BC Ferries to seek out additional or alternate service providers to serve BC Ferries designated routes under franchise or subcontract, where there is a business case to do so.

In recent developments:

- BC Ferries has identified three clusters of routes (Brentwood-Mill Bay, Northern Services and Comox-Powell River-Texada) as candidates for alternative service provision;
- BC Ferries has already subcontracted service to an alternate provider for one of its designated (core service) routes—Gambier-Keats-Langdale, and continues to manage ferry service contracts for the Province for some eight unregulated, subsidized ferry routes;
- several parties have made informal expressions of interest in providing alternative ferry services;
- discussions have advanced between BC Ferries and the Province on a Northern Strategy with implications for service offerings and business arrangements on the northern routes; and
- certain labour-management rulings were made in 2004 with implications for union succession rights and the future of contracting out.

*Shortly in advance of the meeting, BC Ferries will distribute a draft copy of its updated “Section 69” plan for seeking alternative providers and for the bidding process the company intends to use.*

**Program**

BCIT Downtown Campus (555 Seymour Street), Vancouver  
June 15, 2005

- 8:30 am **Welcome and introductions**
- Ruth Sol, President, WESTAC
- Sponsor's Remarks**
- Martin Crilly, British Columbia Ferry Commissioner
- 9:00 am **International Trends**
- Len Roueche, CEO, Interferry
    - *what are the international trends in ferry operations?*
    - *how do markets for ferry service function elsewhere?*
- 9:15 am **Current Status and Outlook from BC Ferries**
- Mark Liedemann, Director, Business Development, BC Ferries
    - *what are the criteria and requirements for alternate service providers on BC Ferries routes?*
    - *what is the proposed bidding process for alternate service providers?*
  - David Hahn, President & CEO, BC Ferries
    - *what major transformations has BC Ferries undergone in the last two years?*
    - *what is the company's overall posture on alternate service delivery?*
- Questions of Clarification & Answers
- 10:15 am Break
- 10:45 am **Perspective from a Former Ferry Operator**
- Bill New, Coast Group
- Labour Perspectives**
- Capt. Arnold Vingsnes, Secretary-Treasurer, Canadian Merchant Service Guild
  - David Gray, President, Local 18 – Ships Officer Component, BC Ferry and Marine Workers Union
- 11:45 am Lunch

- 12:30 pm      **Perspectives Panel – Ferry Operators**
- Capt. Bruce Kerr, Kona Winds
  - Stephen Frasher, CEO, Washington Marine Group
  - Darrell Bryan, Executive Vice President & General Manager, Clipper Navigation
  - Graham Clarke, President, Western Pacific Marine Ltd.
  - Capt. Bill McKay, Operations Manager, HarbourLynx
- *what new opportunities and challenges arise from the new framework for ferries in BC?*
  - *how fair and open are the proposed competitive processes?*
  - *can they be improved and if so, how?*
- 1:45 pm      **Roundtable discussion**
- Discussion coordinator – Ruth Sol, President, WESTAC
- 3:30 pm      **Wrap Up and Thanks**
- Martin Crilly, British Columbia Ferry Commissioner

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Len Roueche  
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# International Trends in the Ferry Industry

**Len Roueche,  
Interferry**

**June 15, 2005**



## Level of Competition: Europe, Japan and North America

1. Number of operators (private and state-owned)
2. Availability of ships and ports
3. Competition from other modes
4. Route licensing and subsidies
5. Market and technology trends

# Number of Operators

## Europe

- Many operators, mostly private
- Remaining state-owned operators: Tirrenia (Italy), Sea France and SNCM (France), Caledonian MacBrayne (Scotland), Norwegian domestic operators, Swedish highway ferries.

# Number of Operators



## Japan

- Largest ferry fleet in the world
- Many operators, mostly small and private

# Number of Operators

## North America

- Big operators tend to be state-owned: BC, Washington, Alaska, Quebec, Newfoundland
- Small operators tend to be private and passenger-only, e.g. Clipper, Blue & Gold, Catalina Express, New York Waterway, New York Water Taxi, Seastreak.

# Availability of Ships and Ports

## Europe

- Competitive shipyards, no cabotage, well developed 2nd hand market for ships
- Ports generally state-owned with access regulated by competition law, e.g. Scandlines forced to permit access to its Helsingor terminal to a competitor.
- Greece is a special case which is characterized by under investment in port infrastructure despite having the world's 2nd largest ferry fleet.
- Greece also has a 30 year age limit on ferries (safety related).

# Availability of Ships and Ports

## Japan

- Competitive shipyards and good secondhand market.
- Cabotage – or at least no foreign ships operating in Japan
- Ferries are generally sold to foreign operators after 15 years of use (tax policy to encourage shipbuilding)

# Availability of Ships and Ports

## **North America**

- Not very many competitive shipyards
- Cabotage in both Canada and US
- Ships tend to be designed for specific routes limiting 2nd hand value
- Ports are generally state-owned and exclusively used by the state-owned operators



# Competition from Other Modes

## Europe

- Fixed links: Channel Tunnel, Great Belt, Oresund
- Proposed fixed links: Sicily, Germany-Denmark
- Many domestic Swedish and Norwegian routes have been replaced by fixed links
- Low-cost airlines particularly with respect to the English Channel and Irish Sea

# Competition from Other Modes

## Japan

- All of the major islands are connected by fixed links.
- High-speed rail service
- Many of Japan's ferry routes are long-distance, paralleling the coast, the road and rail links.

# Competition from Other Modes

## North America

- Fixed links: PEI, New York, San Francisco
- Mass transit: New York, San Francisco

# Route Licensing and Subsidies

## Europe

- Norway (outside EU) has a system of tendering routes for 5-10 year contracts.
- Only 2 Norwegian domestic routes are not subsidized.
- Within the EU route licensing and subsidies are only permitted for service to small islands that are deemed non-commercial.

# Route Licensing and Subsidies

## Japan

- Route licensing is practiced with continuing contracts and generally no subsidies.
- Since most of the routes are profitable this amounts to the granting of monopoly power – which leads to inefficient services.

# Route Licensing and Subsidies

## North America

- Route licensing is controlled by state law in Washington.
- Effective route licensing appears to be practiced in New York and San Francisco by control of the docking facilities.
- No route licensing in Canada; most routes subsidized

## . Market and Technology Trends

### **Cruise Ferries**

- A 1980's trend to maximize on-board sales. Ended in Europe with the abolition of duty-free sales.
- Nevertheless, Color Line of Norway has ordered its second \$US 350 m cruise ferry.

# Market and Technology Trends

## Fast Ferries

- A 1990's trend that promised to be the dominant technology for the ferry industry
- Today: niche markets; replacement of first generation craft.



# Market and Technology Trends

## High Speed Conventional Ferries

- 25-30 knot ships pioneered by the Japanese
- Became popular, particularly in southern Europe, in the mid to late 1990's.
- Fewer being built now (high fuel prices) and targeted for routes with an operational advantage

# Market and Technology Trends

## Ro-Pax

- Essentially a ro-ro freight vessel with passenger capacity.
- The idea is to maximize the truck capacity to accommodate the booming freight business and stagnant passenger business in much of Europe.

# Conclusion

- There is no regulatory regime like BC but there are lessons to be learned from other regions.
- The largest concentration of state-owned ferry operations exists in the PNW of NA.
- Section 69 is unique whereby the existing state-owned operator seeks private sub-contractors as a means of developing a competitive market.

# Conclusion

- Privatization has been a dominant trend and has attracted considerable investment.
- Privatization is compatible with non-commercial, life-line services.
- What would the ferry industry look like in BC if the EU policies on competition and state-aid applied here?

David Hahn  
President & CEO  
BC Ferries



New Opportunities & Challenges  
for Ferry Operators in B.C.  
June 15, 2005

 **BC Ferries**

This presentation and other information provided contains historical information as well as certain "forward-looking statements". These statements relate to future events or future performance and reflect management's expectations regarding BC Ferries' growth, results of operations, performance, business prospects and opportunities, and industry performance and trends. These forward-looking statements reflect management's current internal projections, expectations or beliefs and are based upon information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "intend", "continue" or the negative of these terms or other comparable terminology. A number of factors could cause actual events or results to differ materially from those expressed in the forward-looking statements.

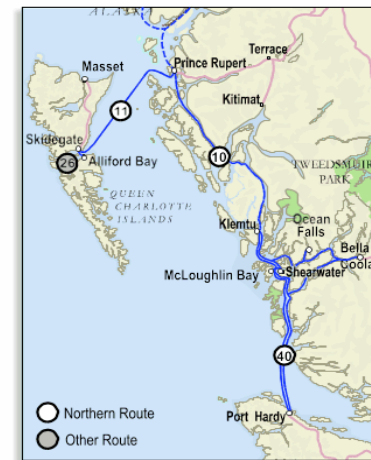
These factors include, but are not limited to, those described in various documents filed by BC Ferries with the Canadian securities regulators. These documents, as well as press releases providing news about BC Ferries, are available upon request or online at [www.sedar.com](http://www.sedar.com). These forward-looking statements are made as of today's date, and BC Ferries assumes no responsibility to update or revise them to reflect new events or circumstances, except as required by law.

- Diverse Service:
  - 25 routes, 47 terminals
  - Service extends from Victoria to Prince Rupert
- Annually:
  - 22 million passengers
  - 8 million vehicles
- Daily (average):
  - 58,000 passengers
  - 22,000 vehicles
  - More than 500 sailings

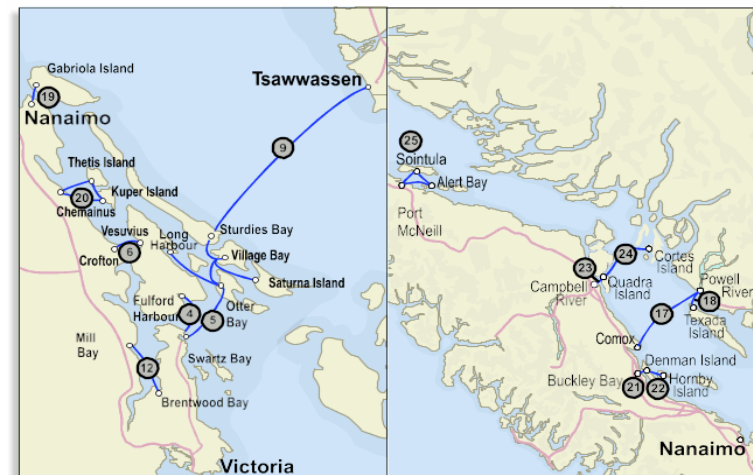
MAJOR ROUTES  
& Mainland Other Routes



NORTHERN ROUTES



OTHER ROUTES





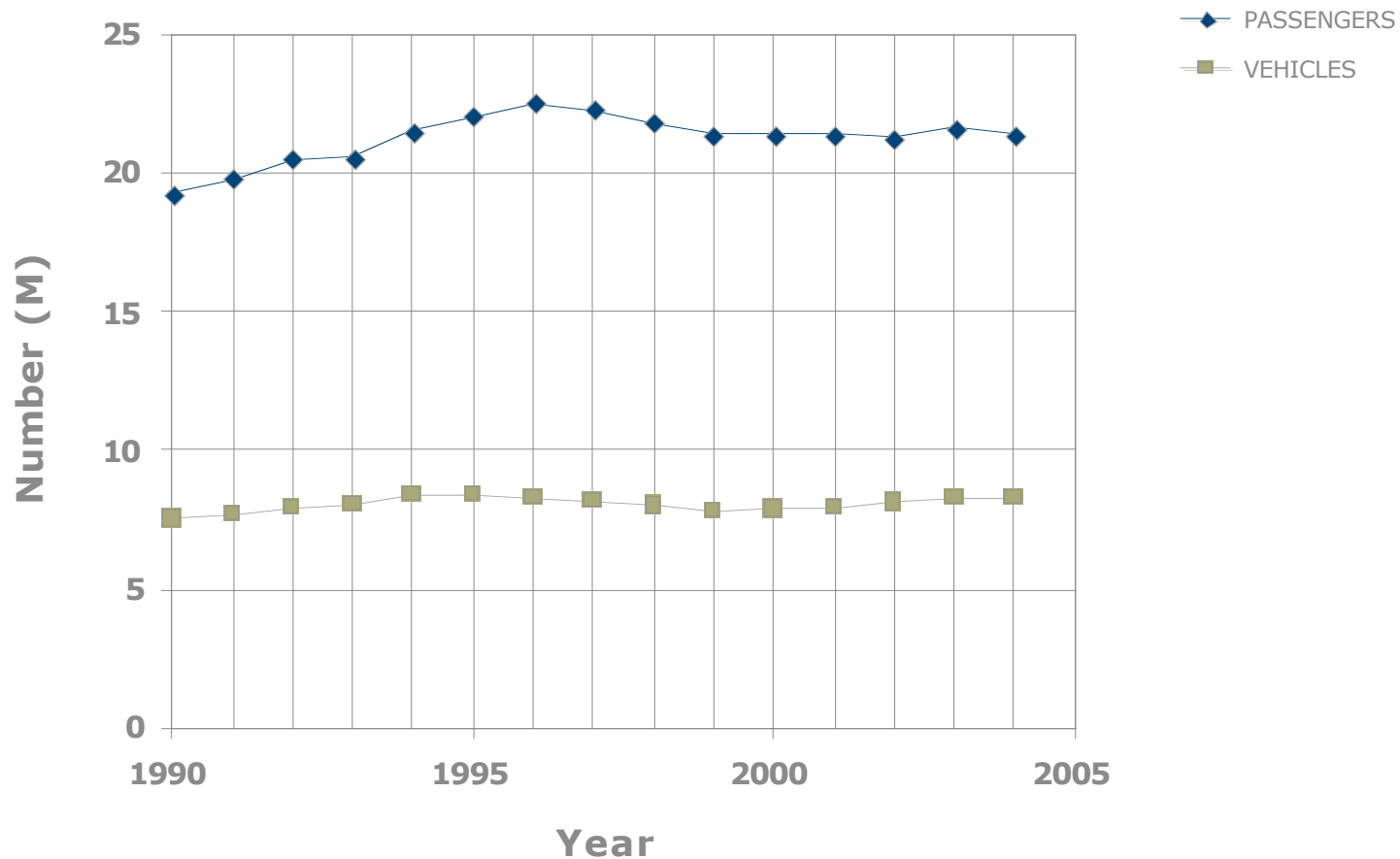
- Commercial credit ratings A- and A (low)
- Two successful public bond offerings
  - 10-year bond completed May 27, 2004 - \$250 million at 5.74%
  - 30-year bond completed Oct. 13, 2004 - \$250 million at 6.25%
  - Repaid \$428 million to Province
- Significant customer-service improvements
  - 88% customers satisfied
- Terminal upgrades & vessel renewal strategy underway
  - Capital plan over \$2 billion
  - 22 new vessels required over the next 15 years
  - Financed through Capital Markets and internal cash flow

**Foundation now established for a customer-focused,  
financially viable company**

- 35 operating vessels
- Vehicle capacities range from 16 to 470 cars
- Passenger capacities range from 134 to 2,100



- Need to expand the business
- Improve overall service delivery



- 88% of passengers satisfied with overall experience
- Safety & employees – areas of strength
- Washrooms & terminal experience – areas of concern
- Employee compliments up – complaints down

- Investing in vehicle and passenger areas
- Allocating terminal space for highest and best use
- Tsawwassen and Swartz Bay passenger upgrades almost complete
  - Tsawwassen Quay to be open in June
  - Swartz Bay highway approach also to be upgraded
- Horseshoe Bay pre-ticket zone reconfigured
- Highway 17 – 3<sup>rd</sup> lane at Swartz Bay
- Minor terminal improvements
  - Employee driven
  - Pride of ownership

- One of the largest and oldest fleets in the world
- Need to replace 22 vessels over the next 15 years
- Open competition tendering process
  - World-wide accepted terms and conditions
  - Best possible price

- New vessels
  - Three Super C-class vessels
  - Intermediate vessel to replace the Queen of Tsawwassen
  - Potentially three Northern route vessels
- In addition, 14 other smaller-route vessels are scheduled for replacement by the year 2020/21
- Vessel upgrades
  - C-class mid-life upgrades
  - Spirit-class upgrades
  - Minor vessel improvements



<b>Company</b>	<b>Route</b>	<b>Crossing</b>	<b>Passenger &amp; Vehicle (Cdn)</b>
Scotland - Caledonian MacBrayne	? Kennacraig - Port Ellen to Port Askaig	2 hr 20 min	\$148.61
	? Mull - Oban to Craignure	45 min	\$90.27
	? North Uist - Berneray - Leverburgh	1 hr	\$67.72
<hr/>			
New Zealand - Lynx Ferry Service	? Wellington to Picton (on Fast Cat)	2 hrs	\$186.18
SeaFrance	? Dover - Calais	1 hr 20 min	\$137.25
Steamship Authority	? Woods Hole - Martha's Vineyard Haver	45 min	\$75.36
<hr/>			
Irish Ferries	? Ireland to Britain	1 hr 49 min	\$297.60
BC Ferries	? Swartz Bay - Tsawwassen (June 28 - Sept 11 weekday)	1 hr 35 min	\$45.25
	? Horseshoe Bay - Langdale (June 28 - Sept 11 regular adult fare)	40 min	\$40.00

**All fares one-way except Horseshoe Bay - Langdale**



- Service Integrator
  - Plans and coordinates the delivery of ferry services
  - Purchaser of service rather than sole deliverer of service
  - Exploring outsourcing to private companies that meet strict criteria
  - Must compete with BC Ferries
  - We are not limited to our existing businesses and routes

- Section 69 - BC Ferries is mandated by the Coastal Ferry Act to explore all options
  - ships, terminals and other services
- First report submitted March 2004
- Revised draft plan submitted June 3
- A structured bid process will be applied for all new ship acquisitions
- Meeting or exceeding criteria is crucial to process

- Safety
- Operational Expertise
- Quality of Service - Infrastructure
- Customer Service
- Price
- Financial Strength

- Balance Sheet
- Financial Stability
- Insurance/Performance Bond
- Proper Legal Structure

- Our #1 goal and my personal pledge is to work hard to retain all our routes
- We have an obligation to be efficient and cost effective
  - Option #1 – we operate the business ourselves
  - Option #2 – we become soft and lazy and take our employees and our customers for granted – we lose
- I accept the challenge
  - I will personally lead all efforts to keep every route efficient and therefore within BC Ferries' operation
  - I also accept that if we are not diligent, efficient, caring, trusting of our fellow workers, and appreciative of our customers – we lose
  - Resources will be allocated and a fair process put in place



Mark Liedemann  
Director, Business  
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BC Ferries



# **DRAFT Additional or Alternative Service Providers (“ASP”) Plan**

June 15, 2005



**BC Ferries**



# Caution Regarding Forward Looking Statements

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- Introduction
- Section 69 and BC Ferries initial filing
- Section 69 Supplement
- Objectives
- Specific Opportunities
- Procurement Process

## Legal requirement under Coastal Ferry Act to

*“seek additional or alternative service providers to provide, under contract, franchise agreement or otherwise, ferry services on the designated ferry routes serviced by the ferry operator in an effort to reduce the costs of providing those services on those designated ferry routes.”*

- BC Ferries has to submit a plan to the BC Ferry Commissioner each performance term on how we intend to achieve the above stated legal requirement.*

## Original plan filed March 2004

- Challenges
- Opportunities
- Experience to date
- Routes that would be assessed for ASP involvement
  - 10 Port Hardy – Prince Rupert
  - 11 Prince Rupert – Queen Charlotte Islands
  - 40 Port Hardy - Mid-Coast
  - 17 Powell River - Comox
  - 18 Powell River - Texada Island
  - 12 Brentwood Bay - Mill Bay

Focuses on:

- Type of involvement with ASPs
- Timing
- Constraints
- Risk allocation
- Monitoring and payment mechanisms
- Procurement Process

- Overriding priority is to ensure that safety is not compromised and those that use the ferry system receive efficient, reliable service.
- Carry out a fair, defensible process that offers ASPs a chance to compete with BC Ferries while at the same time offers employees an equal opportunity to continue to deliver safe, reliable, cost-effective service.
- Pursue limited ASPs in a structured process. BC Ferries is currently not open to unsolicited bids from ASPs on regulated routes.

- Structure transactions in a way that allows BC Ferries to:
  - Meet its obligations under the Coastal Ferry Services Contract.
  - Not violate its Master Trust Indenture related to the bond issue.
  - Achieve a realistic allocation of risk.
  - Reinforce a pay for performance system.

## The Northern Routes

- Routes
  - Route 10 – Port Hardy To Prince Rupert
  - Route 11 – Queen Charlotte Islands To Prince Rupert
  - Route 40 – Discovery Coast Passage (Port Hardy To Mid-Coast)
  - Route 26 – Skidegate to Alliford Bay.
- Timing
  - Request for Expression of Interest (“RFEOI”) scheduled to be issued August 1, 2005.
- Transaction structure
  - Operator provides vessels and crew. Operator would also operate and maintain terminals. Length of term is still to be determined. If of insufficient length to allow financing, then some form of transfer of asset clause would be required.



## Route Group 5

- Route
  - Route 12 - Mill Bay to Brentwood Bay
- Timing
  - RFEOI to be issued September 1, 2005.
- Transaction Structure
  - Operator provides vessel and crew. Operator would also operate and maintain terminals. Length of term would be finalized based on RFEOI. At this time upper limit is deemed to be 10 years.

## Route Group 6

- Routes
  - Route 17 – Comox (Little River) to Powell River (Westview)
  - Route 18 – Powell River (Westview) to Texada Island (Blubber Bay)
- Timing
  - TBD
  - Vessel and Service Strategy to be submitted to the Province Sept. 30, 2005.
  - When Province responds then BC Ferries can decide what appropriate course of action is.
- Transaction Structure
  - TBD

## Three stage process

- Request for Expression of Interest (RFEOI)
- Request for Qualification (RFQ)
- Request for Proposal (RFP)

## Request for Expression of Interest

- Mandatory for those who want to respond to RFQ
- BC Ferries does not have to respond
- Three components:
  - Organizational overview
  - Capabilities overview
  - Project understanding
- Short questionnaire about key issues
- To be evaluated by BC Ferries (no firewall)

## Request for Qualification

- Mandatory for those who want to respond to RFP
- BC Ferries does not have to respond
- Three components:
  - Qualifications and Experience
  - Financial Characteristics (insurance & bonding)
  - Vessel Characteristics
- To be evaluated by independent evaluation team (firewall)

## Request for Proposal

- All parties including BC Ferries have to respond
- Confirmation of information in RFQ
- Operational Management Plan
- Financial Plan
- Maintenance Plan plus several other components such as:
  - Monitoring Plan
  - Community Plan
  - Environmental Plan
  - Risk Plan
- To be evaluated by independent evaluation team (firewall)

- Organizational structure and procedures in place at BC Ferries to ensure equality
  - Separation of BC Ferries' bid team from evaluation team
  - Fairness Auditor





# Bill New Coast Group

## New Opportunities and Challenges for Ferry Operators in British Columbia

### Perspective from a Former Ferry Operator

Being here today reminds me of a TV series that ran from 1966 to 1973 called “Mission: Impossible” in which the unseen secretary assigned the “impossible mission” through a self destructing tape. The message always pointed out that if you accepted the mission and were captured, the secretary would disavow any knowledge of your existence.

The “Wright Report” was produced in December 2001 and included the statement “greater private sector involvement would offer consumers a cost competitive choice with efficient service and be customer focused”. The government then produced BILL 18-2003, the COASTAL FERRY ACT, their political attempt to stop the financial hemorrhaging of B.C. Ferries and we are here to discuss Section 69 ADDITIONAL or ALTERNATIVE SERVICE PROVIDERS and the SUPPLEMENT.

In reflecting on my experience as a private ferry operator, one needs to consider the B.C. Government’s decisions to enter the ferry business through the Department of Highways and B.C. Ferries. These decisions held us down and inflated Government’s cost of doing business. Collectively they pushed us out of six coastal routes by the time we ceased operations in 1997.

My late father Sparkie and I guided our marine activity through Coastal Towing and Coast Ferries for sixty years, a period of dramatic change from our corporate beginning when free market rules and private ferry operators led the marine activity in British Columbia. Coastal Towing operated from 1937 to 1959, when Dad recommended we sell the last three of a dozen tugs and the log sorting division at Andys Bay on the west side of Gambier Island. He reasoned that real marine growth would come through Coast Ferries. That plan started in 1945 with the purchase of Cascade Freighting and Trading Co. Ltd. and their vessel, renamed BRENTWOOD. She was refitted and commenced service in 1946 as a 16 car ferry with a Provincial Government contract. The Government built new ramps by 1950 and the company built the MILL BAY, another 16 car ferry by 1956. The two vessels operated until the Malahat Highway improvements advanced to where more drivers preferred the highway by 1959.

Our company launched its freight service in 1954 and within 12 years we had three ships providing scheduled service from Howe Sound to Rivers Inlet. We now served 162 stops that were regular calls or by arrangement. In those days the major logging was done at the heads of the inlets where river valleys made the forests easier to access. These customers provided the incentive to enter the inlet and it just made sense to steam up one side and down the other, providing a scheduled freight service to everyone in the inlet. No one account justified the service, a reality that exists today on many of the B.C. Ferries routes.

The C.P.R. approached Dad in the early 50’s to take over their Gulf Island run and we began in 1954 by chartering the LADY ROSE, a 100 passenger vessel, with space for two cars. Her run began from Steveston to Galiano, Mayne, North Pender, Saturna and Saltspring Island. The run grew beyond the vessel and we built the ISLAND PRINCESS, a 300 passenger-20 car ferry, which was in service within 4 years, equipped with cargo gear and a lower hold. By this time the Provincial Government subsidized company, Gulf Island Ferries, running between Salt Spring and Swartz Bay, had extended its service to the outer Gulf Islands. They charged a passenger one dollar from the islands to Swartz Bay while our rate was two dollars to Sidney. Our market continued slipping - even many of the ISLAND PRINCESS investors switched to the subsidized carrier!

The last straw came when the Government announced the building of two vessels for the Mainland-Vancouver Island service between Tsawwassen and Swartz Bay with service beginning June, 1960. A political storm had been brewing since the B.C. Government announced the building of two vessels, a decision that followed a simultaneous strike by the C.P.R. and Black Ball Ferries. The Premier was not prepared to have voters cut off from getting to the Legislature. Dad challenged him in the press for previously stating the Government had no intention of getting into the ferry business! The press quoted him in July 1960: “the Government should get out of the ferry business. Otherwise, in due time private enterprise will not be able to pay the deficits on Government operations”. At that point the Premier sent his executive assistant to offer Dad a major role in the new ferry operation, an offer he refused! Gulf Islanders continued to lobby the Government to take over the Gulf Island Ferries operation which they did by 1961. Sadly, the owner Gavin Mouat was suffering from a terminal illness when the Government bought his company. He had a friend invite Dad to the hospital, where he apologized for selling his company, because he knew the negative impact it would have on the ISLAND PRINCESS earnings. The Government took over Black Ball Ferries at the same time.

By the spring of 1961, we had reduced the Gulf Island service for the summer and launched an overnight one from Steveston to Powell River, Texada and Comox twice a week. This was an immediate success, even with limited ro-ro loading ability. We designed a new vessel better suited for the run and requested a letter confirming that the Government would pay us market value for the ship and ramps if they ever decided to expand into the area. They refused and issued an immediate press release that the Department of Highways would commence the process to provide the service. Our last round trip to the Gulf Islands was November 15, 1961 and following a minor refit the ISLAND PRINCESS departed Steveston for her new life. She was to connect the northern end of the island highway at Kelsey Bay to Beaver Cove, Alert Bay, Port McNeil and the home port of Sointula. We grew this service by installing ramps at Kelsey Bay and Beaver Cove. A second vessel for the route was being considered in 1968, when the MLA for the area advised that he would not get re-elected if our user pay rates remained. Cabinet had decided that we would be pushed out or bought out. We agreed to leave the ro-ro ferry business and sold both the Kelsey Bay-North Island and Brentwood-Mill Bay operations to B.C. Ferries by June of 1969.

In the 1970's we were still in the shipping business, carrying freight to mainland communities as far north as Port Simpson at one time. We continued to have challenges – forest fires and I.W.A. strikes in the summers and reduced revenue in the winters – but we worked with other private companies and received some federal and provincial subsidies to ensure continuous regularly scheduled service to many smaller communities along the coast. We also looked for other markets including carrying processed fish for B.C. Packers, operating as a fish processor and using a 12 passenger stern loading ro-ro and freight vessel with cargo gear.

By the late 1980's we were down to one vessel, the TYEE PRINCESS, which kept operating through out 1987, when the company's receivership process began in June. Our proposal to creditors - a 6 year plan-was accepted and our old bank - now restructured - provided new financing. A plan for a Freighter Travel Venture had never left my desk and by 1990 the refit costs had been revisited. With a funding plan in place, the Provincial Transport Minister was advised of the opportunity and asked to encourage B.C. Ferries to be one of the participants in a long term improvement of service to the central coast. A 25% five year investment proposal, with interest, was turned down by the Board and by 1991 B.C. Ferries called for public tendering for the central coast service and awarded the contract to a company operating three landing barges. TYEE PRINCESS carried the equivalent dry storage of ten 40 foot highway trailers, something all three landing barges couldn't do. The minister would not revisit the decision or request management visit central coast residents to explain the service change in which shipments would be consolidated in Richmond trucked to Campbell River and landed on some beaches of the communities!

We applied to the Office of the Ombudsman who replied that they did not question political decisions and advised “the problem stems from the language of the Request for Proposal and expectations it created... your concerns were entirely understandable and are best summed by your statement “that what appeared to be asked for in the RFP and what was contracted were two entirely different things”. The new contractor was paid for five years and never serviced the contracted area because we kept operating thanks to customer loyalty and dramatic cost cutting.

We launched our vision for the Central Coast service changes in 1995 to the new NDP Government’s MLA for the area, who was by this time a Cabinet Minister. He expressed some interest and we started a public communication process. Our Business Plan drew attention to a B.C. Ferries proposal to install a ramp at Bella Bella with private carriers doing the distribution for a hub and spoke concept. We promoted a 40 car ferry to link Port McNeill to the Central Coast and Bella Coola in the summer as tourist traffic between Prince Rupert and Port Hardy would be bumped in direct proportion to the Central Coast demand on the hub and spoke plan. The Mayors of Port McNeill, Port Hardy, Williams Lake, Prince George and Prince Rupert agreed. B.C. Ferries then launched a process of public input and published a list of transportation choices with the private sector option appearing at the bottom. In the final chapter of a long process, the MLA for the area decided that the residents’ first choice for a private sector plan was unacceptable and advised one Mayor that B.C. Ferries would either be implementing the Coast Ferries plan or there would be no change from the present service. He also told the Mayor that the special funding request was in jeopardy without his support.

We had located a very suitable closed shelter deck ro-ro vessel in the Faro Islands and completed all the approvals on paper to meet Canadian Coast Guard requirements. This effort ceased when we received B.C. Ferries draft RFP for Rivers Inlet which stated that “it was the intent of the Corporation to meet the marine freight requirements of Klemtu, Ocean Falls, Bella Bella and Shearwater year round with B.C. Ferries vessels”

The Premier was informed days before the May 1996 election that our predictable demise needed a review for Fairness and the Job Commissioner was appointed. He recommended the use of an Arbitration Process to consider the question of “What is fair compensation which British Columbia Ferry Corporation should pay to Coastal Towing Co. Ltd. as a result of the Corporation implementing its mid-coast service?” The award was fair and reportedly the first Arbitration case in Canada on the question of “Fairness”.

Our last sailing left Vancouver February 19, 1997; we had survived 60 years, but the Mission had become Impossible! As a result of these experiences, let me cast my thoughts to the future.

Forty-seven years ago Sparkie challenged the B.C. Government that going into the ferry business would eventually cost the taxpayers more than they could justify. He was right. The COASTAL FERRY ACT was put in place two years ago and I remind you the last directive of consequence from another Government forced three fast cats to be built. I believe the management team at that time preferred more double-ended vessels but failed to stop the construction. Today, B.C. Ferries is seeking thoughts on tendering various routes and tendering themselves on some. Management apparently believes the new corporate structure will be much healthier to retain that work but due to the COASTAL FERRY ACT it must tender for ALTERNATIVE SERVICE PROVIDERS. The delay on tendering for Powell River – Comox and Powell River – Texada routes is a good example, where timing is now apparently controlled by the Government. Could that be because they lost the riding to the opposition?

In addition, according to the SUPPLEMENT TO ALTERNATIVE SERVICE PROVIDERS PLAN, B.C. Ferries runs the risk of having to acquire vessels from defaulted contractors. This will risk inheriting increased costs by having to operate non standard vessels to that of the ferry fleet. B.C. Ferries is finally in the best position, having absorbed virtually all the established ro-ro ferry routes, to prove efficiencies can be had with a ferry monopoly considered to be an extension of our Provincial Highway system.

I believe that a Public-Private opportunity in the movement of commercial truck traffic has existed for years and should be seriously explored under the ALTERNATIVE SERVICE PROVIDERS PLAN. David Hahn has shown incredible determination and skill along with his team in moving the enterprise towards a world-class service and cost conscious business. He should not be bogged down with an ALTERNATIVE SERVICE PROVIDERS PLAN for private sector public use ferries at this time. The office of the commissioner is duly empowered to receive and rule on any management proposal. Public reaction indicates that regular users have an emotional attachment to B.C. Ferries and support a one ownership, one management model.

My thanks to Martin Crilly and all of you here today for your time.

Bill New

June 15, 2005.

David Gray  
President, Local 18-  
Ships Officer  
Component  
BC Ferry and Marine  
Workers' Union

**Presentation to Section 69 Conference      June  
15, 2005**

**Introduction: I would like to thank the Commissioner Crilly for the opportunity to be a part of these discussions on behalf of the BCFMWU.**

**My name is David Gray, and I am a labour advocate and representative for Ships Officers of the BC Ferry and Marine Workers Union. I am also a fierce defender of what I believe to be the most appropriate course and remedy for the challenges that face the public service that is BC Ferries.**

**Some of you may question the appropriateness of the inclusion of labour representatives in this discussion, but I would suggest that our participation is vital. The successful conclusion to any agreement, must involve discussion and the inclusion of all stakeholders involved: business, labour, and public interest. Organized labour is a reality in the Marine Industry and in that respect, the BCFMWU will continue to represent and organize any groups engaged in our trade now, and in the future.**

**We will also continue to advocate on behalf of the public. It is with the public in mind that I question the motive in keeping the content of these discussions private. I will not belabor the obvious reasons, or betray the confidence of this discussion group. I will instead, pose a question: If indeed this process is for the public's benefit, why not afford them the privilege of judgment? Is the intent of our group so sinister, and contrary to Social values that we need to conceal the process? The public must be engaged and encouraged as partners in this re-configuration, to enable some ownership of the direction. The key to success in this regard, is joint ownership of the issues and process.**

### **What is success?**

**From the BCFMWU's perspective, success in our industry is clearly defined by our ability to deliver our service both effectively, and safely. Over many years our members have demonstrated their professionalism and ability in their role as a key component in ensuring that BC Ferries is able to maintain the highest possible standards of safety for our passengers, as well as our crews. The years to come present significant challenges to those standards, as the public transportation service that is BC Ferries continues to be transformed by the Coastal Ferry Act Legislation. The Coastal Ferry Act directs the service to become a more self sustaining, user pay system relying increasingly on its own revenue streams to support itself. This is further complicated by the introduction of**



**competition. It is these new realities and operating principles that must be seamlessly integrated into our operation to allow it to become the type of success that is consistent with our governments approach to Public Service delivery and ensure our continued success in maintaining an integrated public service..**

**Competition:**

**The purpose of this seminar is obviously to generate competition for the right to provide service. Consider these two statements**

**\*\*\*There is a price to be paid to maintain flawless service and reliability\*\*\***

**\*\*\*The provision of profit must never be permitted to impact safety in any way.\*\*\***

**I am sure that superficially these seem like simple and logical choices for cornerstones of a public transportation system. There is however an impending conflict between these two simple tenants, created by the competitive process: At some point, pressure will come to bear on both maintenance budgets and safety processes and practices, to enable an interested party to secure the contract to provide service. It is inevitable, and in my opinion, contrary to public interest. The tendency towards this, will increase as the reliance on government subsidy decreases, as is their stated intention.**

**We at BC Ferries have learned some hard lessons regarding the impact of losing focus on safety when other factors such as on time performance intrude. Aspects of the Coastal Ferry Act legislation encourage prospective operators to re-invent this wheel. In Engineering, we are moving from a best practice methodology, to one based on cost effectiveness. While this is the lesser evil of the two examples outlined, it too will result in an increased opportunity for component failure resulting in hazard, and or compromise of the other prime objective, reliability.**

**While the BCFMWU disagrees with any attempts to dismantle the stable, flexible and integrated nature of the ferry system we operate, we accept the challenge presented to us to demonstrate our ability to embrace change, and work with the company to refine our operating procedures and processes to become more cost effective and efficient. Our combative relationship with BC Ferries management has thankfully, been replaced by a more productive approach and a management team that will assist in enabling our members to be part of the positive changes that will ensure we maximize our competitive advantage in the marketplace now, and in the future as it continues to change. We will do this while ensuring that public and employee safety is the paramount consideration.**

**Should other operators succeed in gaining rights of provision for any of BC Ferries routes, the Union will be exercising its successorship rights in regards to the representation of the affected workforce. Any**

**opportunities for organizing new groups, will be considered as they arise.**

**There is no need to consider the BCFMWU as an adversary in the process that you are engaging in. Our position is obvious: we will continue to represent all workers to ensure their wellbeing is protected. We will continue to encourage and culture conditions favourable to sustain the industry. Our goals for our members will only run contrary to those of an operator should they underestimate the value of a committed and professional work force. The BCFMWU remains as it always will, attentive to the concerns of its members, the business that sustains our families and communities, and the public interest.**

**Thank You**

**David V Gray**

Bruce Kerr  
Captain  
Kona Winds Charters

Kona Winds perspective is unique as the only ASP for a regulated route to date (meaning we were the only successful bidder in the January 2003 RFP process).

To compare and/or contrast that RFP to BCF's proposed new process I will outline my experience with the 2003 process.

### 1. TIMING

December 07/03	RFP Issued
December 20/03	Info bulletin Issued
January 13/04	First and last info meeting
January 29/04	Close of RFP
April 01/04	Scheduled start date of service
May 01/04	Actual start date.

#### **Compare/Contrast**

This process was a little rushed (due mostly to the condition of the existing vessel "Dogwood Princess") and can be contrasted to the more timely proposed schedule for RFEIs, RFQs, RFPs etc.

### 2. INFO MEETING

This Meeting was chaired by the FAC and got derailed early by union representatives and "special interest groups". It was difficult for proponents to get the info needed to complete proposals.

On positive side....about 8 potential proponents showed up adding a competitive nature to the process.

On the negative side.... Some proponents and others voiced concern that the process was flawed or doomed from the outset and could only fail. Concerns were the timing of the process and that any successful bidder would need an "inside track" and/or would inherit the union's collective agreement through successorship. There was a general lack of trust in evidence.

Only 2 proponents submitted bids.

#### **Compare/Contrast**

I believe that the proposed ASP plan will help address the concerns voiced at this meeting. The access to information has not yet been addressed.

### 3. LABOUR ISSUES

Kona Winds had concerns with possible successorship claims from the union and the legal costs of defending against it. Please consider 4300 BCFMU members putting \$20 into the hat for a total of \$86,000.00 against my legal budget....Intimidating.

The LRB denied the unions application in an exhaustive, well defined, well considerer decision and reconsideration based on established case law.

### **Compare/Contrast**

The proposed ASP plan better defines a process for all parties including the BCFMU to compete.

The Vince Ready Award establishes new rules with more room for contracting out.

Proponents to any new RFPs should be aware and prepared for section 35 and section 18 action by BCFMWU and larger companies with unionized workforces may face different challenges.

## 4. NEGOTIATIONS

Kona Winds was found to be the preferred proponent and contract negotiations ensued. I found that BCF was not entertaining any form of reduction in service.....real or perceived. My proposal resonated with the following:

More safety features.

More reliability.

More service and service options.

More passenger capacity.

More speed.

More comfort.

Less wake/wash.

Less fuel burn

Less pollution

Less noise

Less maintenance problems

Less Cost.

### **Compare/Contrast**

Negotiations were conducted in a professional, respectful and fair manner, I believed I was competing against multiple bidders and against the established cost of the BCF “in house” operation. I would expect that all contract negotiations would and should be conducted in a similar manner.

## 5. SERVICE ISSUES

During our first 2 years of service Kona Winds Charters and the Stormaway III crew has been under the microscope. The FAC (Ferry Advisory Committee), The union (especially Local 5), TC (Transport Canada Ship Safety Department), and several levels of BCF management have all showed “Special Interest” in our operations.

Proponents to any BCF RFP should be prepared for a more intense working environment, the traveling public, and I mean the “public transit traveler” who depends on the service, has extremely high expectation levels.

### **Compare/Contrast**

Kona Winds has been able to surpass expectations and enjoys very positive feedback from RT. 13 users but this requires going the extra (nautical) mile.

Service ratings for Rt.13 have not been formalized, Kona Winds Charters would welcome a more formal rating system.

So to address the specific questions:

**Question 1** *what new opportunities and challenges arise from the new framework for ferries in BC?*

Independent Companies now have the ability to compete for specific parts of the work previously done by BCF. These companies can use their own equipment, labor force, and expertise to expand respective operations. Challenges will arise as stated above. Profit margins may well be tight but advertising costs will be relatively low and the income is secure.

**Question 2.** *how fair and open are the proposed competitive processes?*

The process in 2003 was fair and closed. After securing the Rt. 13 contract and during the LRB hearing I became aware of how far BCF had gone to ensure that the process was fair. The proposed “new” processes go a long way toward making the process more open and formalize a means to ensure it is fair.

**Question 3.** *can they be improved and if so, how?*

Yes; timing and access to information.

**Timing**...Prospective proponents may wish to have input into the timing of the processes IE the time period from contract signing to service start-up.

**Access to information**... is key to a fair process and the creation of a good proposals.

It may be worthy of discussion to establish a methodology for information access and the level of information available to

- An interested proponent
- A qualified proponent

Stephen Frasher  
CEO  
Washington Marine  
Group



WESTAC REMARKS  
June 15, 2005

## INTRODUCTION

Thank WESTAC and the Ferry Commissioner for the opportunity to participate on the "Perspectives Panel" of this program.

Basing my remarks on the draft "Supplement to Alternative Service Providers Plan" and our extensive experience in dealing with the "New"- "Privatized" BCFS over the past two years as a service provider (shipyards), a ferry operator (SCIC) and an entity that has gone through an extensive RFQ process.

Since the WMG is composed of an affiliation of privately held companies doing business in Canada, my remarks reflect on how that status may impact the ASP evaluation process.

So let me begin my discussion around "**How fair and open are the proposed competitive processes and How can they be improved upon?**"

The first obstacle an ASP will have in this process is in the development of the "value for money" attribute that will be competitive with a bid from BCFS on a route by route basis. .

Why do I say that?

**First, because BCFS pays no income taxes.** This has significant ramifications in the development of a competing business model. Aside from the obvious "burden" of passing profits back to society not paying taxes has a significant bearing on investment decisions.

As an example, we have evaluated the benefits of SFF (Structure Facility Financing 15% Grant) versus Accelerated Depreciation. The after-tax financial results when applying both methods to planned capital spending are identical.

However to an entity that pays no income tax, virtually the entire SFF grant goes toward the funding of that capital project. That's almost a 40% improvement to the bottom line as compared to a tax paying business making the same investment.

So, in short, the cost of operation and the cost of capital are significantly lower for BCFS than a private, for profit, ASP just on the treatment of income taxes alone.

**Second, BCFS can, if they wish, price their bid at variable cost while an ASP, because they are bidding on only a select "route" must fully cost their proposal.**

Simple issues like allocating General and Administrative overhead, booking and allocating fuel price variations by route, and decisions on how to deal with employee severance costs have the potential of "validating" that a given route should continue to be serviced by BCFS on a "value for money" basis.

Let's use "severance" as an example; if a lower labor cost proposal has to bear all the burden of the severance costs associated with displacing BCFS employees then a NPV calculation might conclude that the best decision would be to stay with the higher cost BCFS operation.

On the other hand, severance costs could be mitigated if BCFS agreed to assign natural attrition to the ASP proposal something they would no doubt do in their internal evaluation.

So at least in the area of G&A and employee benefits, the NPV approach could have the potential of locking in higher BCFS costs depending on the algorithm used to calculate the NPV delta among competing ASP bids.

Because of these significant financial issues, I believe it will be quite difficult for any "value for money" candidate to emerge from the RFQ process.

The next big obstacle facing an ASP, in my view, surrounds the vetting process associated with determining the qualification of candidates and "ideas" to compete with BCFS in the RFP stage. BCFS is, in effect, "pre-qualified" for all routes and only needs to prepare a bid if THEY qualify an ASP for the RFP stage. That in itself is fraught with peril and leads me to believe even further that no ASP might ever make it to the RFP stage.

Frankly the "Chinese wall" is problematic. At a very minimum since the "wall" doesn't get constructed until the RFQ process starts, all of BCFS management will have access to ASP financials and "ideas" during the IRC (Initial Review Committee) phase. Then it just seems that the same skill sets required to prepare a BCFS bid will also be required to evaluate an ASP proposal but there will be these walls between them. Does BCFS have the depth in their organization to put those "bidding" skill sets into "isolation" in anticipation of evaluating competing alternatives and still run a business?

The over all risk here, regardless of the level of review and the "walls" around those reviews, is that eventually BCFS will have identified and "catalogued" every potential competitor for its routes. I find this "problematic".

In reality, the "competition" should be among ASPs and the BCFS internal delivered price as it now stands, not among ASPs and BC Ferry delivered price as they would like to be in the face of competition.

Capt. Bill McKay  
Operations Manager  
HarbourLynx

## SECTION 69 – The Coastal Ferry Act

Presented by Capt. Bill McKay, Operations Manager,  
HarbourLynx

With much fanfare in December 2002, the Minister of Transportation and Highways announced a New Era in ferry service delivery in British Columbia. The model would look very much like YVR, modern, streamlined and with a good relationship between the public and private partners. New opportunities would arise for private operators wishing to provide ferry services in BC. The system would be leaner. The Ferry company might at the end of the day be a planning and funding agency, not unlike the TransLink model. In fact, it may be only a terminal operator, with multiple, strong, efficient, independent operators sailing in and out of their terminals. A whole litany of new services would be available, bigger, and better than is offered today. Fleet renewal would take place with private investment, not public, and the company would be required to be accountable and responsible to ensure a number of new initiatives will enhance the customers experience when traveling on a ferry in British Columbia.

In absolute shock, I wrote the Minister and explained that alternatives were already available. However, with the announcement of the creation of the Ferry Services Contract, and the subsequent awarding of an untendered contract to a single entity made it hard to believe that much was going to change.

I went on to explain to the Minister that the only way any changes have been made by Air Canada in how they conduct their business has been by open unfettered competition not only nipping at their heels, but actually biting them in the butt. Air Canada, like BC Ferries is a living entity with a certain culture that goes from the top to the bottom. If the government wanted a change in service delivery, the only way that would happen is with open competition. That would include new companies with new operating models.

I also pointed out that YVR operate a single airport only and do not operate any planes, nor, do they bring any direct customers into the airport. They do not operate airlines. Of note, I was recently told by another ferry operator that internationally, while airlines are trying to operate on a four percent return on investment, worldwide airports operate on a twenty two percent return on investment.

The Minister very graciously thanked me for my thoughts and advised that she was sending my letter to two senior vice presidents of BC Ferries and I would be free to contact them directly.

The current model with the Ferry Services contract is akin to the government giving Air Canada the right to operate every airport in BC and the rights to operate all the planes that fly in and out of the airports.

## SIGNIFICANT PROBLEMS WITH THE FERRY SERVICES CONTRACT.

### Controlled Tariffs

While the government, through the Ferry Commissioner, controls closely the ferry tolls, neither the Commissioner, or the Ferry Company can control the costs of providing the service. While the notion to control tolls is admirable, we need look no further than California as to what this model looks like. During the energy crisis not too many years ago Pacific Gas and Electric were selling their product at regulated prices, while the input costs went out of control. While we in BC were so anxious to sell power to PG & E, other operators in California and Nevada kept their power generation units shut down. They knew that they probably wouldn't get paid. As it was so.

The same types of examples exist in British Columbia. If we examine route 30 (Langdale), there is currently a lot of speculation that high speed passenger service to downtown Vancouver would certainly be feasible. After spending somewhere in order of \$10M in capital costs for a 40 metre 300 pax ship, you would then be looking at competing with a combined one way ferry, bus fare of \$5.13\*. While the determination of price elasticity is somewhat difficult, if you proposed two round trips per day at a competitive fare and were fully subscribed, your daily revenue would be just over \$6,000. At current prices, fuel alone could amount to just under \$5,000 per day. If a small ship can't make a 'go of it', it is hard to believe that a ship of the size currently employed on the run can make economic sense. Due to the price fixing set by the government, it is highly unlikely any interest can be generated on behalf of the private sector to provide additional services competing with the state owned and subsidized ferry provider.

### The HarbourLynx experience.....

#### 1) Terminal and Port Fees

Private operators appear to be looked at in a different light than are public entities. When a private operator knocks on the door of a terminal operator you are looked on as a cash cow. It has been our experience that we pay rents and leases between three

\* Based on monthly 2 zone bus faresaver and prepaid book of 10 ferry tickets.

and twenty times the retail value of the products received. The Port of Nanaimo passenger fee is a further example of this anomaly. You can't imagine the shock when we learned that the state owned ferry operator was charged a passenger fee to enter the port which represents between 13 and 20% of all the other operators. When we seek the details of this arrangement we

find that the parties, both public entities, have signed a confidentiality agreement and the document is unavailable for scrutiny.

## 2) Interference in the business activities of sub-contractors.

One of the sub contracted business activities aboard BC Ferries is the procurement and display of rack cards and brochures. Upon start up, HarbourLynx applied for a bundled display package with the subcontractor who provides these services to hotels, tourist attractions and aboard BC Ferries. After inquiring repeatedly as to why none of our brochures were visible on any ferries the contractor finally came clean with the fact that our brochures were not being included in ferry brochure racks because they not permitted aboard. It should be noted that according to the contractor who provided brochure services, they have never been prohibited from displaying any brochures up until the time HarbourLynx came along. I thought our BC Ferries were public property, but apparently I am wrong. I find it hard to believe that a company that carries over 20 million passengers a year would prohibit the display of brochures of a small passenger ferry company who currently carries less 1% of that volume, at a price point two and one half times higher than they.

## 3) Social Services Subsidies

It is currently estimated that the state owned ferry service receives approximately \$11.9M in provincial subsidies to assist students, seniors, and people traveling for medical appointments. The ONLY ferry operator provided with this subsidy is BC Ferry Services. When HarbourLynx applied to the government for Seniors Subsidy funding, it was pointed out to the Minister of Transportation and Highways by the Ferry Commissioner that giving this subsidy exclusively to BC Ferries “appears to be contrary to the principles laid out in Section 38 (of the Coastal Ferry Act) which speak of fair and open competitive processes, and against the Act’s underlying intent of widening consumer choice”. The Minister’s response was “while he thanks us for our views on the subject, there is no other parties other than the Ferry Services Contract holder would be permitted to participate in this program.

The same principle appears to apply to the Travel Assistance Program. Since January, 2004, HarbourLynx has voluntarily, like all other transportation participants, offer to persons and their escorts, discounts on travel for the purpose of attending medical appointments. We have so far carried 217 persons for medical transport. We have received no compensation from the government, while if those same 217 persons traveled BC Ferries, they would have been reimbursed almost \$13,000 for transporting the same passengers. While we all want the government to receive good value, if they were to fund a passenger traveling to an appointment in Vancouver from Nanaimo taking HarbourLynx, the subsidy would be \$63.15. By paying for the same customer to travel to Vancouver via BC Ferries the government currently pays \$82.80, some 31% more!

#### 4) Labour Relations Issues

It should be noted that by providing subcontracted services to BC Ferries, the successorship issue has not been adequately tested. The closer the private contractor is to BC Ferries the more likely the union will be granted successorship rights as the bargaining agent for their employees. If true competition were held where private enterprise competed openly and fairly for currently regulated runs, they would do so with their own labour relations plan in place. Due to the fact that route 13 was declared not to be a core service of BCFS, that is not a good test of the issue. If at the end of the day that BC Ferries dictates vessel design, possibly holds a mortgage on the ship, and the contractor ends up dealing with the Ferry Workers Union, it is difficult to say how a private operator can ever compete with the mother company. While we have no issue with Unions, operators could find themselves significantly underestimating labour costs if they inherit an existing collective agreement.

In closing...

HarbourLynx believe there is a place for public and private entities to not only co-exist, but work together to provide safe, efficient and multi-modal transportation options for the traveling public in British Columbia. This is done with all the entities working together, taking shared risk, and using imagination and innovation to produce products only previously dreamt about by the forward thinking.

We remain open to any discussions with any operator on the provision of new and exciting transportation options which we believe has the potential to be unparalleled anywhere in the world.



So my recommendation for improvement in this process is to exclude BCFS as both a bidder and an evaluator and commission an independent third party to award these routes purely on the basis of proposed performance against the BCFS record of performance. If the BCFS record is best then no change in service provider would occur.

In closing I'd like to acknowledge that the search for and evaluation of alternative service providers is a monumental undertaking, but one we believe worthy of pursuit. Indeed, in a post election survey we commissioned, 68% of all respondents believed it to be a good idea to have an alternative to BCFerries. Perhaps that's a clear enough indication that the time has come to remove BCFS from the process and give others a chance to bring their ideas to the marketplace.

Questions?