

Route 30: Tsawwassen-Duke Point, The profligate route

Prepared by the Ferry Advisory Committee Chairs
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REVISED: See bold in first table.

prof-li-gate adj. wasteful, extravagant

1. **A disproportionate part of the service cut burden is being placed on the small routes** compared to the major routes: \$14M on the small routes and \$4.9M on the major routes. There has been no rationale provided for why **three-quarters** of the savings are expected from routes with **less than half** of the operating costs.

	<i>Operating costs</i>	<i>Percentage of total operating costs</i>	<i>Cuts target</i>	<i>Cuts as a percentage of operating costs</i>
<i>System</i>	* \$ 522 million	100 %	\$ 18.9 million	3.6 %
<i>3 Major routes</i>	\$ 294 million	56 %	\$ 4.9 million	1.7 %
<i>22 Smaller routes</i>	\$ 228 million	44 %	\$ 14.0 million	6.1 %

Operating costs: BCF report to the BC Ferry Commission

* This figure is for BC Ferries' 25 regulated routes

The smaller routes include the minor routes, Langdale, and the northern routes. The major routes are Lower Mainland to Swartz Bay, Departure Bay and Duke Point.

2. **Route 30, Tsawwassen-Duke Point, has lost money every year for at least ten years.** The smaller loss in FY 2013 was the result of BCF cutting some non-productive weekend sailings. The route's traffic has dropped 6% in the last five years, and 9% in the last two years.

Fiscal year	Loss (\$ million)	Traffic (AEQ = automobile equivalents)
2004	10.6	798,746
2005	9.7	813,109
2006	6.6	815,014
2007	12.3	819,984
2008	13.0	871,610
2009	23.9	876,841
2010	24.0	876,057
2011	23.8	894,627
2012	29.9	828,180
2013	25.0	825,623

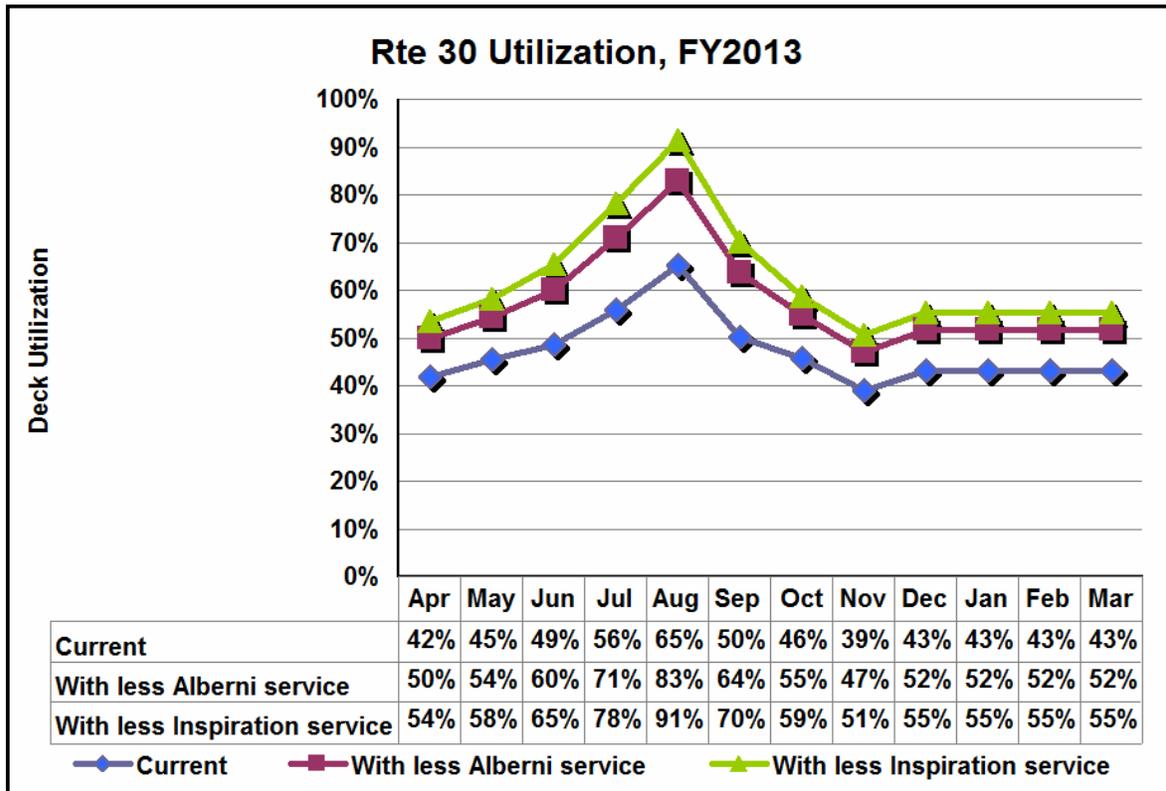
Data: BC Ferries' report to the BC Ferry Commission

3. **The four daily shifts operating on the route could be reduced to three on weekdays, for ten months of the year.** This is according to the latest available traffic data, FY 2013. All indications are that doing so would result in an annual saving of \$4.8M, or \$9.6 million of the two year span of the current target plan, with virtually no loss of traffic or revenue.

Utilization

The graph below shows current utilization (blue line), which is produced by two shifts of the two vessels on the route: Queen of Alberni and Coastal Inspiration. The raw data indicates that there are almost never any overloads on the route.

The graph also shows utilization improvement that could come from cutting one shift of the Alberni (red line), or from cutting one shift of the Inspiration (green line).



Data: BC Ferries

Assumptions

- Capacities: Queen of Alberni of 275 AEQ, Coastal Inspiration of 370 AEQ.
- Based on one-month averages for each sailing each day with up to 4 or 5 points per average.
- Variable cost per round trip: approximately \$10,000 based on previous information from BCF.
- Fairly homogeneous route users relative to other routes, weighted to commercial/freight traffic.

Recommendation

- Institute a system of 95% reservable capacity, similar to the Tsawwassen-Gulf Islands route, with a no-show/late cancellation fee, to provide sailing certainty.
- Consult with freight and commercial carriers to determine optimal schedule.
- Sailing reductions to apply Mon-Fri, for ten months, leaving July and August on four shifts

4. FAQs

• **What about the money they make on the Duke Point route? Why jeopardize that?**

With consultation and guaranteed boarding, it's expected there will be little if any traffic loss. At any time, additional service can be added with the available vessel, as is done on the Tsawwassen-Swartz Bay route.

• **The major routes already have had a \$4 million cut. Why cut more?**

Unlike the current cuts targets, which are to be spread over two years, the previous major route cuts were spread over four, and are about half-way done. The larger the service the more potential there is for finding and trimming fat. On that basis, the major routes are likely a greater source of legitimate, minimal hardship savings than the leaner small routes. The current major route cuts are a miniscule part of the overall major route costs.