

Vaughn Palmer: Victoria, municipalities trade insults and dollar figures

UBCM: No level of government has a monopoly on the 'fun with numbers' game

BY VAUGHN PALMER, VANCOUVER SUN COLUMNIST SEPTEMBER 23, 2014



BC Ferries vessel Kuper makes the trip to Penelakut Island from Chemainus, one of the ferry corporation's money-losing routes.

VICTORIA — Not often does one level of government damn another as effectively as did local government with that recent report on the economic impact of too many increases in ferry fares.

"Ferry fare hikes cost B.C. economy \$2.3 billion in past decade," read the headline in The Vancouver Sun on the day after the Union of B.C. Municipalities released the blame-placing analysis.

Nor did the B.C. Liberals entirely reject the implications that after a dozen years of steady increases, fares had reached the upper limit of the tolerable. "We've reached a tipping point," conceded Transportation Minister Todd Stone.

But that was before his ministry had the opportunity to fully analyze the report from the Larose research and strategy firm and digest its implications.

Once that was completed, he fired off a Sept. 19 letter to UBCM president Rhona Martin, the tone of which can be grasped by a string of one-word excerpts-come-expletives including "sensational," "unproductive," "unsubstantiated," and "disappointing."

Other than that minister, what did you think of the report?

"The UBCM is using this analysis for its members to endorse a recommendation that the province restore service levels and reduce fares to 2013 levels without suggesting a source of funding and in doing so, expect the taxpayer to make up the entire financial gap that such actions would create," wrote Stone. "This would be irresponsible and would not be a sustainable approach."

As to what might constitute a responsible and sustainable approach: "Local governments play a very important role in funding transit service in B.C. I would look forward to discussing how local government can also contribute to the cost of providing ferry services to coastal communities."

The only shot missing from the four-page missive was a postscript from the minister saying "how do

you like them apples?"

The UBCM-commissioned findings were debatable. The report downplayed the flatlining in travel on the Interior ferries, where fare increases can't be a factor because travel is free. It tended to pile on, combining 10 years of reputed GDP impact into that single \$2.3-billion headline-grabbing claim.

But the Liberals have been known to do the same when it suits them, hyping the impact of the Olympics (\$10 billion on the GDP, a quarter of a million jobs) and liquefied natural gas (a trillion dollars worth of economic impact).

At the same time, the province didn't produce any analysis of the likely impact of fare increases and service reductions on the ferries. So the UBCM report necessarily filled a vacuum, as its defenders were quick to note in the wake of Stone's letter of complaint.

All this is expected to play out today on the floor of the annual convention of the UBCM in Whistler, where a vote is scheduled on a motion (anticipated in Stone's letter) calling for ferry fares to be rolled back to 2013 levels, a reduction of four per cent.

An across-the-board reduction in ferry fares works out to about \$5.5 million annually for every 1 percentage point drop. A four-percent cut would thus represent a \$22-million setback on the revenue side, if not offset by increased travel.

A question needing further study is how much would fares need to be reduced to generate a significant increase in traffic? Would 10 per cent (representing \$55 million worth of fares) do it? Or 20 per cent?

Since many ferry routes are money losers, the increase in traffic would need to be greater in percentage terms than the fare reduction in order to balance out on the revenue side. For example, a 10-per-cent decrease in fares would need a better-than-15-per-cent increase in traffic to offset it.

Alternatively, how should any additional shortfall in revenues be made up? With the subsidy from senior governments, mostly provincial, approaching \$200 million a year, Stone's call for a contribution from local government echoes a similar suggestion from the independent ferry commissioner.

Not likely would local government entertain such a notion, particularly in a civic election year. But in framing his letter to the UBCM, the transportation minister was probably mindful of the findings of another recent report, one commissioned by his government as part of the cost-containment exercise known as the core review.

"Municipal employee wages grow faster than province's," read The Sun's headline on that report after the findings were made public by the Canadian Taxpayers Federation, which had obtained a leaked copy of the provincial findings.

The report detailed how compensation for municipal workers had been increasing at up to double the rate of pay increases for provincial civil servants. The insinuation being that if local governments did a better job holding the line on wages, they wouldn't need to beg more money from the province.

The rejoinders were not long in coming from local government. The report was inaccurate, unfair, overstated and so forth. Not as rough as what Stone said about the UBCM report on the ferries, but the gist was similar.

Still, both reports provided insights that were never going to be forthcoming from the province in the case of the ferry study, or from local government, in the case of the comparable analysis of the wage scale.

All in all, it's no bad thing when one level of government digs into the doings of another. From a taxpayer viewpoint, one could wish they did it more often.

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