

REPOSITIONING BC FERRIES: FROM CROWN CORPORATION TO
ADMINISTRATIVE HYBRID
by

GAYLE LORRAINE STEWART

Bachelor of Arts, University of British Columbia, 1976

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF ARTS

in

THE FACULTY OF GRADUATE STUDIES

(Political Science)

THE UNIVERSITY OF BRITISH COLUMBIA
(Vancouver)

April 2008

© Gayle Lorraine Stewart, 2008

Abstract

In this paper, I analyze how political, economic, and administrative issues were major factors in the BC Liberal government's creation of a complex hybrid operating structure for BC Ferries. The model evolved as the result of a number of circumstances, including the former NDP government's "fast ferry" debacle and the Liberal government's decision to conduct a Core Services Review of all government services, including those provided by Crown corporations. BC Ferries' new structure has similarities to other administrative models that have been introduced as a result of New Public Management initiatives and other factors in a number of Westminster jurisdictions. The resulting operating entities are having significant impacts on the nature and scope of public accountabilities and on reporting structures.

Table of Contents

Abstract	ii
Table of Contents	iii
Acknowledgements	iv
Introduction	1
Context of the Reform	6
Two Models: Crown Corporation and Liberal Hybrid	10
The Crown corporation structure	11
Liberals' hybrid model	13
The rationale for a hybrid model	22
The bigger picture	26
The Dilemma of Accountability	28
Conclusion	31
Endnotes	33
Bibliography	35

Acknowledgements

Returning to the University of British Columbia as a full-time student 30 years after receiving my undergraduate degree has been incredibly rewarding. I am grateful for the support and encouragement I have received from professors, fellow students, and administrative staff members in UBC's Department of Political Science.

I am particularly indebted to Allan Tupper, my thesis supervisor, for being so willing to share his knowledge, his insights, and his time with me as I researched and wrote this paper. I have learned a great deal from him. I am grateful to Ken Carty for his personal support, particularly in the early months of my studies, and for reviewing this manuscript and chairing my thesis committee. I thank each of the six people who met with me for background interviews for answering my questions and for providing their perspectives. I also thank UBC librarian Ellen George for her expertise and Laura Bird for her assistance.

I am fortunate to have had the unflinching support of my family throughout my studies, particularly from my husband Bob Philip and my daughter Sara Gray, and for that I am so thankful.

Introduction

In 2003, British Columbia's Liberal government announced a major restructuring of BC Ferries when the company, then a provincial Crown corporation, was transformed into an "independent commercial company." The decision had far-reaching legislative, regulatory, and operational changes for a significant BC enterprise. BC Ferries' transformation was a critical turning point for a company that had been state-owned and operated for 43 years. This thesis analyzes the BC government's decision to introduce a complex hybrid administrative structure. It also raises general questions about the meaning of democratic accountability in terms of the reformed company.

BC Ferries provides essential transportation services to hundreds of thousands of British Columbians and is an economic engine for the province. Changes to its structure are therefore noteworthy and likely to be contentious. This thesis contends that Premier Gordon Campbell's Liberal government chose a hybrid model as a result of several factors including ideology, economics, and partisan politics. With the new structure now in place for five years, a complicated operating environment has evolved incorporating dispersed accountabilities between government, regulatory, and market-driven entities.

BC Ferries' ownership and operating framework are important and potentially controversial for several reasons. First, BC Ferries is an integral component of the province's transportation infrastructure, providing monopoly ferry services on almost all of its routes. More than 21 million passengers and 8.5 million commercial, recreational, and personal vehicles travel on its vessels each year. Many coastal residents depend on ferries to commute to and from work or school, to get their goods and services to markets, or as a means of traveling from one part of the province to another. BC Ferries

enables them to do so by operating a fleet of 36 vessels serving 47 ports in British Columbia.¹

Second, BC Ferries is a large, high profile company with assets exceeding \$1.2 billion and total revenues of \$596.3 million for the year ended March 31, 2007.² A major employer, BC Ferries has 2,800 full-time staff and an additional 1,700 casual or on-call workers. It also plays a leading role in the tourism industry, one of the province's most important economic sectors, and in building BC's international reputation as a "super natural" destination.

These factors put BC Ferries front and centre in the province's politics and in BC's sense of identity. Current BC Ferry Commissioner Martin Crilly acknowledged this in 1973 when he wrote; "Certain themes emerge, notably the economic importance and political sensitivity of ferry services and the inhibition of private ferry investment associated with the participation of the government in the transportation market."³ Thirty five years later, BC Ferries continues to expand as BC enjoys strong economic and population growth, driven in part by activity leading up to the 2010 Olympic and Paralympic Winter Games.

BC Ferries' operating framework also matters because Crown corporations are important and controversial in BC. They are commonly used to administer public enterprises. Crown corporations became particularly popular in British Columbia in the 1960s and 1970s; witness the establishment of such major Crowns as BC Ferries, BC Hydro, BC Rail, and the Insurance Corporation of BC. In addition to providing a wide range of products and services, Crown corporations often advance public policy objectives while being accountable through the Westminster model.

Crown corporations have come under attack in many jurisdictions since the 1980s as being excessively “bureaucratic” and/or inefficient in their operations and not sufficiently responsive to markets. A large literature discusses the pros and cons of Crown corporations in economies characterized by global markets, competition, and privatization. Much of this literature reflects the thinking of New Public Management (NPM), a management philosophy that emerged in the early 1980s as part of a much broader initiative aimed at public sector reform. Tupper and Doern emphasize the challenging balancing act in all of this and the “perennial puzzle of how to structure decision-making processes to ensure political accountability and responsiveness while also allowing for commercial independence.”⁴

In BC, critics often assert that the Liberal government has plans to “privatize” BC Ferries – the opposition New Democratic Party (NDP) already describes the hybrid model in place as a “privatization.” In fact, there is nothing in the way in which BC Ferries has been restructured that would prohibit an outright sale in the future, though any government contemplating such a move would have to tread carefully. Many BC residents are strongly attached to “their” ferry company.

This thesis is presented in three parts. The first section provides a brief history of ferry services in BC and an overview of the political and economic environment in which the Liberals came to power in 2001. It addresses the question of whether Premier Campbell’s government was motivated to restructure BC Ferries through an ideology, reflecting a right-of-centre, neo-liberal approach to managing the province and its assets. Alternatively, was the government driven by financial imperatives to reform a company struggling with debt and credibility problems in the aftermath of the NDP government’s

“fast ferry” debacle? The reality is that a combination of factors was at play, which is likely one reason why the Liberals created such an elaborate administrative structure for BC Ferries. As reformed by the Campbell government, BC Ferries is now somewhere between a government enterprise and a privatized company.

The second section describes the hybrid administrative model now in place and addresses the issue of why BC Ferries was restructured in such a complex way. My argument is that the manner in which BC Ferries was formerly structured as a Crown corporation presented challenges for the Liberals in dealing with pressing governance, financial, and operating issues. This is not to say that the Crown model was fundamentally flawed, but that clarification of roles, responsibilities, and accountabilities was warranted. The nature of the traditional Crown model allows for and in fact often encourages direct political intervention into the operations of a government-owned entity. The Liberals were determined to distance BC Ferries from the control of politicians by creating what they described as a more customer-focused company driven by professional managerial values within a business-like operating environment.

The structure that Campbell’s government introduced has challenges of its own, beginning with its complexity. Figuring out how it all fits together is not an easy task. Nor is answering the critical question of who is actually accountable for BC Ferries today, which is the focus of the third section of the paper. BC Ferries’ hybrid model is evaluated as a case study within the context of the burgeoning literature on public sector reform, New Public Management, and changing accountabilities in new administrative structures. This thesis adds to the literature by comparing two substantially different administrative models and locating them within the frameworks of three different BC

governments. It also provides insights into the manner in which Premier Gordon Campbell's Liberal government operates within, and is influenced by, the shifting terrain of New Public Management. This phenomenon of New Public Management is common to many Westminster governments in a number of ways, including developments that are redefining the scope and nature of accountability. A key, but difficult, question is whether BC Ferries is more or less accountable to the public in its new form or as a Crown corporation.

Methodology

My research is based on government, political party, and other public documents as well as a range of materials produced by BC Ferries and various audits, assessments, and media reports on the corporation and relevant literature on the topic of public administration. In order to round out the research and include first-hand observations, a small number of interviews were conducted with persons who were actively involved in and/or closely monitored the restructuring. They include a former BC deputy minister, a former member of BC Ferries' board, an advisor to the Campbell government's Core Service Review, a longtime commentator on BC politics, and two specialists in board governance and resourcing issues.

Context of the Reform

Coastal ferry services were initially provided by private operators in BC, beginning with the Hudson's Bay Company in the mid-1800s. Over the years, a number of other firms such as Union Steamship, Canadian Pacific's BC Coast Steamships, the Black Ball Line, and the Gulf Island Ferry Company also offered services. By the late 1950s, service reliability had become an issue due to ongoing management-labour relations issues and persistent financial problems. This situation led Social Credit Premier W.A.C. Bennett to announce that his government was getting into the ferry business. Operating initially as the BC Toll Authority Ferry System, BC Ferries began with just two vessels in 1960 providing service between the Tsawwassen terminal south of Vancouver and Swartz Bay on Vancouver Island near Victoria.

Over the next 25 years, BC Ferries experienced dramatic growth in its fleet and in the extent of its operations, coinciding with population increases and economic expansion. By the time the NDP was elected in 1991⁵, however, it was widely acknowledged that BC Ferries needed to upgrade or replace many of its vessels and terminals. BC Ferries' debt at the time totaled \$60 million. Three years later, in 1994, that number had climbed to \$420 million, reflecting an ambitious building program that included construction of two "super ferries".⁶

In June 1994, NDP Premier Mike Harcourt announced an even more aggressive strategy to spend in excess of \$800 million on the ferry corporation. Positioned under the lofty title – "Advancing the Fleet, Building the Province" – a ten-year capital program included plans to construct a major new terminal at Duke Point south of Nanaimo and to introduce catamaran-style vessels to the fleet. The latter decision marked the beginning

of a dark period in BC Ferries' history. The NDP government's plan to use BC Ferries to revitalize the province's shipbuilding industry became mired in politics. Championed by then Employment and Investment Minister Glen Clark, glaring lapses in governance and an absence of project management expertise led to a debacle that became known as the "fast ferries fiasco". According to current BC Ferries President David Hahn, "the consequences of this program put taxpayers on the hook for almost \$450 million and delayed BC Ferries' vessel replacement program by ten years."⁷

The fast ferries project was troubled by several factors including incomplete design plans for the vessels, cost overruns, and lengthy construction delays. As Vaughn Palmer wrote in 1994; "Brushing aside the reservations of experts and the ferry corporation itself, Mr. Clark is determined to risk public funds on the untried-in-these-waters experiment, hoping it will lead to a technology that can be marketed around the world."⁸ Three fast ferries were eventually completed, hundreds of millions of dollars over budget and years behind schedule. Originally projected to cost \$70 million each, the final price tag for the three vessels totaled \$463 million. To make matters worse, they did not live up to their promise to navigate the busy Horseshoe Bay – Departure Bay route more efficiently than vessels already in the fleet. As a result, the fast ferries were quickly taken out of service. Attempts by the NDP to sell the vessels failed. The infamous fast ferries were eventually unloaded by the Liberal government at auction. Purchased for \$19.4 million in 2003 by the BC-based Washington Marine Group, the three vessels have yet to be used by the new owner.⁹

While serving as official Opposition, Gordon Campbell's Liberals took political advantage of the "fast ferries fiasco", positioning it as the symbol of the NDP

government's ineptitude. The Liberals also made much of the fact that four NDP premiers had come and gone in less than ten years, with several forced to resign as the result of political scandals. The NDP suffered a humiliating defeat in the 2001 election. In the largest electoral victory in BC history, the Liberals won an overwhelming 77 of 79 seats in the legislature with a popular vote of 57.6% compared to 21.6% for the NDP.¹⁰

Gordon Campbell's Liberal party is a complex centre-right coalition that is united by a shared opposition to the NDP. BC Liberals embrace free enterprise, albeit with variations on that theme, and a general belief that many government services can be delivered more efficiently through public-private initiatives and/or market-based activities. Months in advance of the 2001 election Campbell was promising to reduce the size of government, to cut taxes, and to introduce reforms to make the public sector more accountable. Plans for major change were outlined in the Liberals' "New Era" document. One section focused on BC Ferries and included a commitment to review the fast ferry project and the corporation's overall management within 90 days of taking office.¹¹

While the fallout from the fast ferry project was unquestionably a major factor, the restructuring of BC Ferries must also be assessed within the ideological and policy contexts of the new government's Core Services Review. This major initiative to evaluate all provincial government activities was launched shortly after the Liberals took office. Investigations were conducted to determine which services were "core" and should be provided by the public sector and which could potentially be eliminated or delivered differently.

Managed jointly by the government and BC Ferries' new board of directors, the core review of ferry services was described as a process "to examine every aspect of the

Crown corporation in order to determine how best to remodel delivery of ferry services in the province of BC.”¹² Few would argue that action was warranted, particularly given a highly-publicized report by BC’s Auditor General that blasted the NDP for poor governance and risk management practices. In Auditor General George Morfitt’s words; “The decision to undertake the fast ferry project was not properly supported, and people were not informed when things began to go wrong.”¹³ He went on to conclude that; “The decision to proceed with fast ferries was, we believe, more a ministerial directive than a board decision.”¹⁴

When the Liberals came to power in 2001, much of BC Ferries’ infrastructure was old and the corporation’s vessel replacement program was years behind schedule. Customer service was poor in such critical areas as on-time departures and waiting times and potential problems were looming given BC Ferries’ projections of growing traffic. In addition, observers frequently commented on a “climate of poisonous management-labour relations”¹⁵ at BC Ferries.

The core review of ferry services was influenced by the findings of the Wright Report, an independent assessment of BC Ferries promised by the Liberals in their “New Era” document. Conducted by financial consultant Fred Wright on behalf of BC Ferries’ newly-appointed board of directors, the Wright Report was released in December 2001. One of its key recommendations was to amend existing legislation to “vest its power in a truly-accountable, independent board of directors with responsibilities for governing, exempt from political and bureaucratic interference.”¹⁶

The core review took many months to complete and involved a large number of participants including politicians, civil servants, board members of BC Ferries and senior

management, and other experts both from within and outside of the corporation. The government announced in late 2002 that BC Ferries would be “restructured” and shortly thereafter released the recommendations of its core review in a document titled “BC Ferries – Charting a Course to the Future.” The next step was to introduce new legislation.

Two Models: Crown corporation and Liberal hybrid

When BC Ferries was established in 1960 the government managed ferry operations directly through the Ministry of Transportation and Highways. Ferry services were regarded primarily as an extension of the highway system and were treated as one component of a much larger government department. That perspective changed in 1977 when Social Credit Premier Bill Bennett’s government made BC Ferries a Crown corporation through the introduction of the Ferry Corporation Act.

Crown corporations are wholly-owned government organizations with greater operating flexibility and independence than ministerial departments. Conceptually, Crown corporations operate at “arm’s length” from government on a day-to-day basis and have boards of directors that are accountable for making strategic decisions and evaluating senior management. A commonly-used model in parliamentary governments, Crown corporations are often highly political – operating as centralized government entities under a system of ministerial responsibility. They also tend to be rules-based and risk adverse, providing products and services through traditional and bureaucratically-focused delivery mechanisms. Frequently used as instruments of public policy, Crown corporations are vehicles that governments can and often do directly control.

As a Crown corporation, BC Ferries operated within this highly-structured model. Since it was not driven by competitive market forces, BC Ferries was not expected to be a leader in innovative customer services. BC Ferries was, however, expected to provide safe, reliable, and affordable transportation. A complicating factor was that the provincial government could determine everything from ferry rates and sailing frequencies to the selection of senior management and board members. A second complication was that BC Ferries was required by law to get formal government approval for many operational decisions.

The Crown corporation structure:

When the NDP was elected in 1991, BC Ferries reported to the Minister of Transportation and Highways. Under this structure, a corporate entity – the British Columbia Ferry Corporation – operated as an agent of the government and reported financially through the Minister of Finance and Corporate Relations, which acted as fiscal agent for the corporation.

As outlined in the Ferry Corporation Act, BC Ferries' board was allowed a maximum of eleven directors, all of whom were appointed by the government to open-ended positions regarding the length and number of terms that could be served. The actual wording in the Ferry Corporation Act stated that directors “hold office during pleasure”¹⁷ meaning they could be dismissed at any time without cause or recourse to any formal review of the decision. Such government appointments have long been criticized as being overtly political or partisan. Proponents of the corporate model argue that priority is put on competency-based appointments by identifying potential directors with specific expertise in such areas as corporate finance, law, operations, and marketing.

Under the Ferry Corporation Act, the government also selected one of BC Ferries' directors as chair, again in an open-ended appointment regarding the length and number of terms that could be served. The Act was silent on how the President and Chief Executive Officer was chosen, leaving the door open for the government to shape or even dictate that appointment. As one former BC deputy minister observed; "There is a strong tendency to put your own people into senior positions in Crown corporations, regardless of what party you are."¹⁸ Such a situation can encourage political decision-making. It can also seriously muddy the waters regarding the mandates of elected officials, civil servants, boards of directors, and senior management teams.

Operating under the Ferry Corporation Act, BC Ferries required Cabinet approval to borrow money or to issue notes, bonds, or debentures and to sell or exchange any of these assets. BC Ferries could not lease, mortgage, or sell any ferries, terminals, or other assets without government approval.¹⁹ Such legislative requirements likely made it more difficult for a fast-growing, capital intensive business like BC Ferries to be nimble in the marketplace and to implement long term plans. The government was also directly involved in decisions regarding ferry rates and sailing routes, and Cabinet had the power to order BC Ferries' management to make changes in these areas, often with little or no notice. No independent regulator existed to review such directives.

BC Ferries' governance was a topic of debate long before the "fast ferries" episode. For example, the Select Standing Committee on Crown Corporations observed in 1981 that the "present division of responsibilities between the Lieutenant-Governor in Council and the board created a situation in which the clarity of the board's mandate to plan, develop, and operate the ferry system is clouded."²⁰ The main weakness was that

politicians intervened directly into the affairs of BC Ferries, overriding board and management operating decisions. While there may have been circumstances when such action was warranted, this structure also created the potential for excessive partisanship and political abuse. Despite the standing committee's findings, the NDP's Crown corporation model was essentially the same as the Social Credit's.

Operating within this structure, the senior management of BC Ferries competed for the time and attention of busy politicians and for funding with other government ministries, departments, and Crown corporations. David Emerson, the first Liberal-appointed Chair of BC Ferries, stated that; "Capital investments were approved within the short-term rotation of government fiscal priorities rather than adhering to a long-term business model that is required for a service of this magnitude. In addition, each decision was directly influenced by the politics of the day."²¹

Liberals' hybrid model:

The Liberals' objective was to transform BC Ferries into a market and customer-driven entity from a government-driven organization. One should not conclude, however, that they wanted to privatize it. Premier Campbell's government did seek more rigour, innovation, and best practices from the private sector. It also wanted BC Ferries to have the capacity to develop new commercial opportunities. The expectation was that BC Ferries' newly-appointed board would collaborate with senior management, civil servants, and experts to address critical debt issues and the need to invest in new vessels. Such an approach, the thinking went, would create an environment driven by rational operating criteria as opposed to one that was politically-motivated. The resulting structure was also expected to reflect the priorities of ferry users and marketplace "realities." One longtime observer of BC politics maintains the Liberals were motivated

by an ideology of accountability and the belief that Cabinet was not the place to make operating and financial decisions about ferry services.²²

The Liberals planned sweeping changes. From their perspective, a reformed Crown corporation was not adequate – nor would it be seen by their supporters as a substantial enough change. A former BC deputy minister maintains Crown corporations were a divisive issue in almost every Canadian jurisdiction when the Liberals came to power in 2001 because “ministers tend to think that Crowns belong to them and deputy ministers think they have to help and this leads to a situation that doesn’t work at all. Decisions on when and how to act become far too political.”²³

The fact that so many stakeholders were involved in BC Ferries’ restructuring process helps explain the complex administrative model that resulted. A number of interests jockeyed for influence through various consultative processes, seeking to add value and furthering the momentum for change. The new administrative structure has four key elements, including:

- an independent ferry authority,
- a commercial operating company,
- an independent regulator, and
- a long-term services contract.

These elements linked together established a ferry authority that is separate from government and responsible, as a holding company, for governing the commercial operating entity. It, in turn, is regulated by an independent ferry commission that is responsible for setting and monitoring fares, routes, and service levels that are detailed in a 60-year-contract between the Province and BC Ferries.

This administrative configuration also introduced a series of major consequential changes in accountability, moving BC Ferries away from direct government control and legislative oversight to a much more complex amalgam of market, regulatory, and public accountabilities. Similar developments have taken place in many other jurisdictions in recent years through the introduction of a variety of new quasi-governmental, hybrid administrative, and/or privatized entities. In analyzing such mechanisms, Bruce Stone articulated a conceptual framework with five dimensions of administrative accountability in an environment of increasingly complex operating structures (Stone, 1995). Stone maintains that multiple approaches to accountability have emerged as a direct result of reforms that “have included new modes of public sector management and various forms of privatization or ‘marketization’”.²⁴ BC Ferries’ reformed administrative structure reflects this new mode of public management.

1) Independent ferry authority

The separation of BC Ferries from the provincial government was achieved by repealing the Ferry Corporation Act and replacing it with the Coastal Ferry Act in 2003. The legislation created the B.C. Ferry Authority, a corporation with no share capital that was designed to be independent of the government. The authority holds the one voting share of the BC Ferry Corporation, which was converted into a commercial company under the Act and renamed BC Ferry Services Inc. or BC Ferries for short. As legal owner of BC Ferries, the authority functions as a holding company that oversees ferry services and ensures the commercial entity operates separately from government.

The B.C. Ferry Authority’s independence is assured through a restructured Board of Directors with expanded powers. Only two of the nine directors are now appointed by

the Province. No board member can be removed without a formal resolution and vote by the rest of the directors. Four members are selected from nominees living in 13 coastal regional districts served by BC Ferries and designated under four appointment areas. These directors are chosen in part to represent the experiences of communities that are highly-dependent upon ferry services. Two other directors are appointed by the rest of the board to at-large positions that are advertised and then selections are made from nominees received from the general public. The final board member is chosen, as a long-standing practice since 1983, from nominees put forward by the BC Ferry and Marine Workers Union, which represents BC Ferries' unionized employees.

Under the Coastal Ferry Act, directors are limited to two consecutive three year terms. The board is also responsible for appointing the directors who serve on the board of BC Ferries, which is allowed up to 20 directors. There are currently 12 board members, including all nine of the Authority's directors, though they are not legally required to serve on both boards. One of the other three directors on BC Ferries' board is its President and Chief Executive Officer, David Hahn.

The Chair of the B.C. Ferry Authority is a board member selected by the rest of the directors. However, the Act prohibits the President and Chief Executive Officer of BC Ferries from being appointed Chair of either the authority or the operating company.²⁵ This incorporates a fundamental principle of best practices in corporate governance of formally separating the role of Chair from that of the Chief Executive Officer and of preventing one individual from wearing multiple hats.

The absence of a clear separation of roles was identified as a critical factor in the breakdown of governance analyzed by Auditor General George Morfitt in 1999. Two

examples are worth noting. Tom Ward was President of BC Ferries and its wholly-owned subsidiary, Catamaran Ferries International Inc., at the same time in the late 1990s. Yet Catamaran was the company building the fast ferries under contract to BC Ferries, allowing Ward to negotiate with himself. Complicating matters further, Ward was also a member of Catamaran's board of directors. At the political level, Glen Clark served concurrently as the NDP's Employment and Investment Minister, the Minister Responsible for BC Ferries, and Minister Responsible for the Crown Corporations Secretariat from 1993 to 1996. At Clark's direction, the secretariat took over responsibility for developing BC Ferries' 10-year capital plan; a situation the Auditor General would later conclude put the secretariat "in a position of conflict."²⁶

Under the Liberal's hybrid model, the Authority's board of directors is responsible for managing the process of appointing the President and Chief Executive Officer of BC Ferries. The board is also accountable for ensuring the CEO operates within a formally-agreed upon set of performance objectives that are evaluated annually, and for removing the CEO should circumstances warrant.

The lack of role clarity between elected officials and BC Ferries' board and senior management clearly drove the Liberal government to establish an independent ferry authority. In announcing the new structure, the government emphasized its intention to "fix" what it called the "dysfunctional governance"²⁷. An authority was the mechanism selected to protect BC Ferries from potential political interference by installing a more independent board of directors.

In announcing the restructuring, the Liberals repeatedly referenced an authority model in place at the Vancouver airport since 1992. Formerly a federal government

department, the airport had a number of operating similarities to BC Ferries. Widely regarded as “customer-focused” and a success story, the Vancouver Airport Authority was both a familiar and credible model for many British Columbians. This no doubt helped Campbell’s Liberals in positioning the ferry authority as a viable option for BC Ferries.

2) Commercial operating company

As the successor company to the BC Ferry Corporation, BC Ferry Services was converted into a “commercial entity” subject to the Business Corporations Act. This meant it was no longer an agent of the government and no longer required the Minister of Finance to act as its fiscal agent. Repositioned as a self-financing company with the ability to access capital markets directly, BC Ferries became fully accountable for managing its operations and strategic business planning. Significantly, as part of the restructuring, the Province off-loaded several hundreds of millions of dollars of debt from its balance sheet to BC Ferries, lessening the direct debt burden of BC taxpayers.

The Province continues to hold interests in BC Ferries, including 75,000 non-voting preferred shares and interest bearing debt for which it receives an annual dividend of approximately \$6 million.²⁸ In addition, ownership of the ferry terminals was transferred from BC Ferries to the Province as part of the restructuring, with those assets now held by the BC Transportation Financing Authority, a Crown corporation. Under a long-term lease with the government, BC Ferries pays the costs of maintaining and upgrading terminals. It is also responsible, under a separate 60-year Coastal Ferry Services Contract with the Province, for providing ferry services on 25 designated routes. As part of that contract, the Province pays BC Ferries annual service fees of approximately \$103 million

to subsidize the costs of providing service on 22 of the routes. The other three routes are self-financing.

In announcing the new model, the government positioned BC Ferries as a “publicly accountable” entity that submits quarterly financial statements to the BC Ferry Commission, publishes an annual report and audited financial statements, and holds an annual general meeting that is open to the public. The Liberals also stated that BC Ferries’ new capital projects would be delivered on time and on budget.²⁹

The rationale for establishing a “commercial entity” under the authority was to enable BC Ferries to manage its own financial affairs and to improve customer service. The government was projecting in 2002 that BC Ferries would need to invest \$2 billion over the next 15 years to replace aging vessels and upgrade terminals. It maintained that giving BC Ferries the ability to access capital markets directly was “the only way to reduce the risk to taxpayers of higher government debt.”³⁰ The government also wanted to improve customer service, provide more consumer choice, and encourage competition. Given its ideological bias to market forces, a commercial operating company was the “logical” mechanism to introduce fundamental change at BC Ferries.

3) Independent regulator

The BC Ferry Commission was created through the Coastal Ferry Act to regulate ferry services outlined in the Coastal Ferry Services Contract. An independent ferry commissioner is now responsible for establishing price caps limiting the total average fare that may be charged for any designated route group and for monitoring service quality. Appointed as an independent statutory officer, the commissioner serves a term of at least six years but no more than eight – though the term is renewable an unlimited

number of times. Current Ferry Commissioner Martin Crilly is serving a seven-year term that ends in June 2010.

The commissioner can be supported by up to two deputy commissioners, also appointed as statutory officers. Their independence is guaranteed in a number of ways. Their decisions cannot be appealed except in the case of a question of law; their remuneration and terms of appointment cannot be changed without their approval; and they cannot be fired unless found mentally incompetent, convicted of an indictable offense, or as the result of a judicial finding of conflict of interest.³¹

The establishment of an independent ferry commission was a critical component of the restructuring because it created, for the first time in BC Ferries' history, an external authority to regulate the company's operations. Under the Crown corporation model, the government of the day likely saw itself fulfilling this role. Yet, there were no recognized processes or systems in place to enable the government to carry out this oversight function in a manner that would engender public confidence and support.

By introducing an independent regulator, the Liberal government distanced itself from direct managerial responsibilities for BC Ferries while at the same time putting an infrastructure in place to protect public interests. In converting BC Ferries to a "commercial entity" operating within the bounds of a services contract, the government introduced measures aimed at protecting consumers from the vagaries of the marketplace.

Section 38 of the Coastal Ferry Act spells out six principles for ferry service regulation, each of which has public policy implications. The six principles are:

- priority is put on the financial sustainability of the ferry operator,
- operators are encouraged to adopt a commercial approach,

- operators are encouraged to seek additional or alternate service providers on designated routes,
- emphasis is put on minimizing expenses without jeopardizing safety,
- emphasis is put on eliminating cross-subsidization between designated routes, and greater reliance on user pay models over time on specific routes.³²

4) *Long-term services contract*

The Coastal Ferry Services Contract between the Province and BC Ferries details the core service levels and service fees for each of the 25 ferry routes, based on seven rate groups. A public document, the contract is accessible on BC Ferries' website and is designed to eliminate government intervention into the operations of the ferry company. The first performance term was for five years ending March 31, 2008. Service levels and service fees have been negotiated for the next performance term, which is four years in length as are all subsequent terms under the 60-year contract.

It is through this contract that the government and BC Ferries are addressing many customer service issues, largely by focusing on priority areas identified by ferry users. These include everything from ease of use of the reservation system through to on-time departures and arrivals and the onboard experience, covering such items as the quality of food, cleanliness of facilities, and friendliness of staff.

Under the contract, BC Ferries must conduct customer satisfaction surveys through a third-party firm. The results must be posted on BC Ferries' website within three months of the fiscal year-end and submitted to the regulator and the government. The 2006 survey involved interviews with more than 14,000 customers covering 69 aspects of service. The results showed that 89% of respondents were satisfied overall compared

with 86% in 2005, 87% in 2004, and 82% in 2003.³³ Interestingly, while improving customer service is stated as a government priority, neither the Coastal Ferry Act nor the Coastal Ferry Services Contract defines “success” in this area.

The rationale for a hybrid model

Premier Campbell’s government had no interest in tinkering with the existing Crown corporation model nor did it see privatization as an option. It did, however, have a strong electoral mandate to introduce significant changes. It also had urgent financial and operating reasons for doing so with BC Ferries. The Liberals were looking for tangible ways to be seen as decisive, to demonstrate leadership, and to be agents of change. In addition, they were also eager to distance themselves politically from the NDP and from operating practices they had criticized severely while in opposition.

The restructuring, therefore, is best explained within the larger context of the ambitions of a newly-elected government with a reformist mindset. The Premier was frank about his plans to reduce the size and scope of government, maintaining the Province was overextended. He readily admitted to being influenced by public management reforms in other jurisdictions and by initiatives underway in the private sector. Many organizations were now obliged to determine what their “core businesses” were and to shed activities that did not contribute. The Liberals’ motivation was not simply to do less, but to find ways to deliver a wide range of services more efficiently and cost-effectively. The government was also driven by economic realities. BC’s finances were not strong, and an independent financial audit conducted shortly after the Liberals were elected revealed things were much worse than expected with the government facing a deficit of more than \$4 billion. The situation deteriorated further

when BC was designated a “have not” province in 2002 and received a federal equalization transfer, a symbolic humiliation to provincial elites.

BC Ferries warranted particular attention given its high profile and the widespread public concern about it. Having capitalized politically on the “fast ferries fiasco” in advance of the election, “fixing” BC Ferries was a priority for Campbell’s government. Given its penchant for doing things differently and the fact that BC Ferries had become such a lightning rod with voters, the stage was set to introduce far-reaching measures.

Positioning BC Ferries under an oversight authority was an effective way to distance it from government. This was also a framework that David Emerson, BC Ferries’ newly-appointed Chair, was familiar with having been CEO of the Vancouver Airport Authority from 1992 to 1997. Widely regarded as an accomplished business executive, Emerson was leading a board search for a new CEO for BC Ferries by the fall of 2002. This was several months before the government restructuring was announced. No doubt influenced by the transformation at the Vancouver airport, the objective was to find an entrepreneurial executive in the transportation sector with strong people skills and expertise managing revenue-generating concession operations.³⁴ Skepticism was widespread at the time as to how much change BC Ferries could realistically implement. Many people were therefore surprised to learn that David Hahn, an American overseeing airport operations in 30 countries for Ogden Aviation in New York, would be joining BC Ferries as CEO in May 2003.³⁵ Hahn’s appointment underlined the government’s commitment to fundamental operating changes given his credentials in business restructuring, strategic planning, marketing, and revenue growth.³⁶ Formerly, BC Ferries had generally been led by a civil servant.

Liberal priority was to reduce the financial exposure of taxpayers. This was a significant concern given that the NDP government had forgiven \$1.1 billion of BC Ferries' debt. Such money was lost to British Columbians, as half of the total was a direct result of the fast ferry program.³⁷ When the Liberals took office, BC Ferries was still deeply in debt and in need of major capital for a new fleet. Such financing was not easily available from the government given its financial situation. Since being restructured as a commercial company, BC Ferries has completed four bond issues of \$250 million each for a total of \$1 billion, allowing for the repayment of hundreds of millions of dollars in debt to the Province. This in turn has provided the Liberals with the financial ability to redirect sizable funding to other areas of government.

Critics argue that it costs BC Ferries significantly more today to borrow directly in capital markets than it did as a Crown corporation because the government commands the most favourable borrowing rates. In addition, BC Ferries must now pay GST as a commercial entity, something it was not required to do as a Crown corporation. These two items are costly to BC Ferries. But in the government's eyes, they are reasonable costs of the new model.

The rationale behind the restructuring also stressed greater protections for ferry users in terms of rates, service levels, and sailing routes by establishing an independent regulator and a long-term services contract between the Province and BC Ferries. This enabled the Liberals to position the new architecture as customer-focused and consumer-friendly as the reforms included an independent regulator. For example, sailing schedules must now be finalized and posted two years in advance and the price caps on rates must be factored within the context of each four-year performance term. In

introducing the concept of setting a price cap on the average fare of a particular route, the Liberals acknowledged that this was an “approach used for monopolies in the United States, the United Kingdom, Australia, and New Zealand.”³⁸

These initiatives have introduced more transparency and predictability to the system. Historically, no formal process was established for setting rates. Fare increases thus appeared ad hoc and ill planned. By establishing an independent ferry commission that operates in a similar manner to the BC Utilities Commission, the Liberals introduced a regulatory framework and discipline to BC Ferries that did not previously exist. In fact, despite all the positioning of BC Ferries as a “commercial company,” the Liberals have put a reformed public sector organization in place.

BC Ferries’ new-found independence is made clear by the decision to award a large contract to German shipbuilder Flensburger to construct three “Super C” vessels for the fleet. A landmark development, this 2004 decision was the first time in BC Ferries’ history that new vessels would be contracted to be built outside BC. Through an open competition tendering process that was reviewed and approved by the BC Ferry Commission, BC Ferries stipulated that all bidders had to adhere to fixed price and fixed schedule contracts.

Under BC Ferries’ former operating model, political pressure ensured that vessels were constructed in BC by local shipbuilders. Indeed, the letting of the \$542 million contract to Flensburger was strongly criticized by the opposition NDP, organized labour, and BC’s shipbuilding industry. According to one former BC Ferries’ director, “there was a lot of political noise about building the new Super C vessels in British Columbia but the reality is there was no shipyard in the province capable of doing so.”³⁹

For many British Columbians, the loss of hundreds of millions of taxpayer dollars through the fast ferry project and the fact that no BC shipbuilder would agree to fixed fee and firm delivery requirements, were ample reasons to support the Super C vessels being built in Germany.

The bigger picture

The administrative changes introduced at BC Ferries are part of a much larger pattern of administrative reform that has swept the democratic world over the past two decades. Governments facing challenging economic, technological, and financial issues have sought new policy approaches and different ways of delivering services; in some cases since the early 1980s. Under the umbrella of New Public Management, a variety of structures and ownership models have been introduced. In Canada and abroad, many remarkably complex new administrative entities have been created (Stone 1995, Bradford 2003, Christensen 2005, Hodge and Coghill 2007). A large number of Crown corporations have also been replaced by new entities like BC Ferries and its attendant policy instruments.

Privatization of ferry services is a major trend internationally, notably in Europe where there are many providers and in Japan, which has the world's largest fleet of ferries comprising many small private firms.⁴⁰ Privatization is described as “the denationalization of an industry, transferring it from public to private ownership.”⁴¹ A recent example is Scandlines, one of the world's largest ferry passenger and freight operators providing services in Denmark, Germany, Sweden, and other Baltic countries. Scandlines was created through the merger of two of the biggest nationally-owned providers in Denmark and Germany in 1998. It was owned jointly by the Danish

Ministry of Transportation and Deutsche Bahn AG until regulatory officials approved its sale to a private consortium in 2007.⁴² In a press release announcing its plans, the consortium stated that “the group shares a common vision for Scandlines based upon a set of entrepreneurial guidelines.”⁴³

The Liberals’ hybrid model for BC Ferries is not a privatization per se. As already stated, the Province holds preferred shares and debt in BC Ferries and also owns the ferry terminals. The optics of putting such a large and vital part of BC’s transportation infrastructure into private hands would have been a hard sell at best. Recent history suggests that voter appetite for such a move simply does not exist. Premier Campbell’s government faced a public uproar in mid 2003 in announcing plans to seek a public-private partnership (PPP) involving the maintenance and operations of the Coquihalla highway. This major transportation artery links BC’s southern interior to the lower mainland and is the only toll-operated highway in the province. Responding to the backlash, the Premier stated: “Clearly this is not something that met any public test ... It’s time to put that plan behind us and move on – and that’s what we’re going to do.”⁴⁴

Given the response to this proposed PPP, one can speculate that the idea of an outright privatization of BC Ferries would have created a firestorm of opposition. In addition, BC Ferries was hundreds of millions of dollars in debt in 2001. The Liberals likely would have had to accept a fire sale price from any private sector entity willing to make a serious offer. That would have created further public relations challenges in attempting to position a privatization as a positive development for British Columbians. One former BC Ferries’ Board member appointed after the 2001 election doubts that “a privatization was even seriously considered.”⁴⁵

While there is nothing in the Coastal Ferry Act preventing BC Ferries from moving further along a privatization continuum, the company does not appear to have plans to do so. In its 2007 Annual Report, BC Ferries states: “We do not currently view common share equity as a potential source of capital and have no present intention of offering common shares to the public or other investors.”⁴⁶

Given that BC Ferries continues to receive in excess of \$100 million annually from the Province through a service subsidy, a component of which is federal funding⁴⁷, the restructured entity is certainly a “quango”. This term is used to describe “a quasi non-governmental organization created and funded by government, and, therefore, held to account for its expenditure, but given operational independence.”⁴⁸ BC Ferries’ hybrid administrative makeup is also reflected in the BC Ferry Commission’s description of the company as “publicly owned but private-functioning.”⁴⁹

The Dilemma of Accountability

A complex set of questions arises. To whom, for what, and by what means is BC Ferries accountable in its revised form? One thing is certain. BC Ferries’ accountabilities are now dramatically different and much more complex and dispersed than they were in the Crown corporation format.

Under that model, the provincial government was responsible for BC Ferries through a longstanding system of ministerial accountability. The minister was obliged to table such documents as the Crown corporation’s annual report and business plans in the legislature. Accordingly, he or she was subject to questioning by the Opposition during Question Period and budget estimates debates and to inquiries of the Select Standing Committee on Crown corporations. This legislative accountability process drew public

attention to BC Ferries in a way that no longer occurs. Operating as a Crown, BC Ferries was also open to scrutiny involving general issues of public policy such as environmental and sustainability practices and aboriginal and community relations.

A number of other legislative checks and balances were in place under the Crown structure. For example, BC Ferries was subject to audits and special examinations by the Auditor General as well as to investigations under the Freedom of Information and Protection of Privacy Act and the Ombudsman Act. Operating independently from the government, these legislative oversight mechanisms provide avenues for politicians, the public, the media, and interest groups to make inquiries, voice concerns, and register complaints. Seen together, they formed a defined accountability framework.

Under the Liberals' hybrid administrative model, accountability has shifted from political institutions and established processes to newly-created regulatory, market, and managerial accountabilities. The government now holds BC Ferries accountable through the regulatory and monitoring activities of the BC Ferry Commission and through operating requirements in the Coastal Ferry Act and the Coastal Ferry Services Contract. While no longer having the authority to conduct a financial audit of BC Ferries, the Auditor General can still launch special investigations. For example, the Office of the Auditor General issued a major report on BC Ferries in December 2006 called "Changing Course – A New Direction for British Columbia's Coastal Ferry System." The rationale for conducting this review was that BC Ferries continues to make up a large and essential component of BC's transportation infrastructure.

Under Section 75 of the Coastal Ferry Act, the Ombudsman lost jurisdiction over BC Ferries. Moreover, the BC Ferry Commission's position is that it is not an

ombudsman, an advocate, or a complaints department.⁵⁰ Customers are encouraged to contact the company directly with any complaints or concerns. The Freedom of Information and Protection of Privacy Act no longer applies to BC Ferries although it is covered by the Personal Information Protection Act. The latter act applies to commercial businesses. BC Ferries is also subject to the Business Corporations Act and to the increasing scrutiny of financial rating agencies and institutional investors as it accesses capital markets. In addition, under the Liberals' administrative model, BC Ferries' board of directors and senior management are now accountable for strategic and day-to-day operations.

In terms of public accountability more broadly, an argument can certainly be made that customers benefit from the existence of the BC Ferry Commission. This regulatory body has introduced a new level of accountability and stability to BC Ferries' operations given, for example, that all rates and sailing routes must now be posted two years in advance. Furthermore, ferry services cannot be discontinued on designated routes unless BC Ferries first goes through a public process of obtaining an order from the BC Ferry Commission authorizing an end to the service. The regulator can hold public hearings as part of the review.

Under the former Crown corporation model, rates and route structures could be changed by government directive, often with little advance notice and no public input. Operational transparency has further been improved by the fact that customer surveys must now be conducted annually and the results posted on the company's website and filed with the government and the regulator. Such activity is subject to potential scrutiny by media, interest groups, and a more informed and empowered public.

This expanded, multi-faceted framework is well captured in Bruce Stone's conceptual framework for understanding modern governments' accountability. In fact, Stone and many other academics now argue that the traditional model of ministerial accountability is too simplistic, rigid, and outdated to deal with dispersed accountabilities in complex administrative systems.⁵¹ Significantly, in reviewing the five conceptions of accountability that Stone outlined, components of at least four of the dimensions apply to BC Ferries under its hybrid administrative structure. These include (1) managerialism, (2) judicial/quasi-judicial review (in terms of the independent regulator), (3) constituency relations (through representation on the board and various advisory committees), and (4) market accountability.⁵²

Conclusion

In undertaking a major restructuring of BC Ferries, Premier Campbell's government has contributed an important case study to the literature on public sector reform and on changing accountabilities in new administrative structures. Academic inquiry was not of course the government's motivation. Yet by assessing the transformation of BC Ferries through the lens of administrative accountability, the government's rationale becomes clearer.

The Liberals were not driven by an overtly ideological position. They were motivated by managerialism to make fundamental changes that would lower the costs of providing ferry services to BC taxpayers while improving customer service. The Liberals also wanted to remove BC Ferries from the control of politicians and to introduce a private sector mentality to the board and senior management ranks. At the same time, the government was committed to protecting the rights of the travelling public and to greater

transparency. This added up to an ambitious agenda for reform that was influenced by government review processes, the input and interests of many stakeholders, and political compromises that combined to create the complex hybrid structure that resulted.

Is BC Ferries more or less accountable in its new form? No clear answer presents itself. BC Ferries now has a series of accountabilities that can change depending on the interests of the stakeholders involved and/or the issues at play. While it is too early to make a definitive assessment, it may well be that ferry users are the winners. They are the ones who are benefiting from the complexity and diversity of a structure that has market-driven attributes in combination with regulatory controls. Ultimately, the main focus of where accountabilities lie may be with ferry users because, to be successful, BC Ferries must satisfy the needs of its customer base.

Endnotes:

- ¹ BC Ferries. Retrieved March 28, 2008, from BC Ferries Web site: www.bcferries.com/about/
- ² BC Ferries 2006-07 Annual Report. p. 35. Retrieved Jan. 23, 2008, from BC Ferries Web site: www.bcferries.com/files/PDFs/BCFS_AR_0607.pdf
- ³ Crilly, Martin. "Analysis of BC Ferries and its Commercial Vehicle Policy" an MBA thesis at the Faculty of Commerce & Business Administration at the University of British Columbia, Vancouver: Sept. 1973. p. iii.
- ⁴ Tupper, Allan and G. Bruce Doern. "Canadian Public Enterprise and Privatization" in Tupper, Allan and G. Bruce Doern, eds. *Privatization, Public Policy and Public Corporations in Canada*. Halifax: The Institute for Research and Public Policy, 1988. p. 33.
- ⁵ This was the second time the New Democrats would form the government in BC having first been elected in 1972 for one term until 1975.
- ⁶ Palmer, Vaughn. "NDP is a big spender on a bender." *The Sun* (Vancouver). June 30, 1994. p. A18.
- ⁷ Open letter from David Hahn, BC Ferries' President and Chief Executive Officer, published July 30, 2004. Retrieved March 30, 2007, from BC Ferries Web site: <http://bcferries.com/news/files/040730davidhahnopenletter.pdf>
- ⁸ Palmer, Vaughn. "Clark's the daddy of billion-dollar babies." *The Sun* (Vancouver) Nov. 15, 1994. p. A12.
- ⁹ CTV.ca website article. "BC Ferries' aging fleet a safety risk: critics". Retrieved Dec. 12, 2007, from www.ctv.ca/Servlet/ArticleNews/story/CTVNews/20060322/accident_list_060322/20060322/.
- ¹⁰ Barman, Jean. *The West beyond the West: A History of British Columbia*. Third Edition. Toronto: University of Toronto Press, 2007. p. 428.
- ¹¹ Government of BC news release. "Inquiry launched into Fast Ferries and BC Ferry Corp." Retrieved Jan. 24, 2008, from: www2.news.gov.bc.ca/archive/2001-005/2002TRAN0024-000691.htm
- ¹² BC Ferry Commission: About BC Ferries – 2003: Status Change. Retrieved June 24, 2007, from BC Ferry Commission Web site: www.bcferrycommission.com/2003_status_change.html
- ¹³ Morfitt, George L. "A Review of the Fast Ferry Project: Governance and Risk Management." Office of the Attorney General of British Columbia, Oct. 1999. p. 2. Retrieved Sept. 17, 2007, from www.bcauditor.com/AuditorGeneral.htm
- ¹⁴ Ibid., p. 7.
- ¹⁵ Background interview with a former BC deputy minister, Dec 3, 2007.
- ¹⁶ Wright, Fred. "Review of BC Ferry Corporation and Alternate Uses for the Fast Ferries." Dec. 2001. p. 10. Retrieved Jan. 23, 2008, from, Government of BC Web site: www.th.gov.bc.ca/publications/reports_and_studies/BCFerriesWrightReport/wrightreport.PDF
- ¹⁷ Ferry Corporation Act. 1996. RS Chap. 137. Section 3, p. 2.
- ¹⁸ Background interview with a former BC deputy minister, Dec. 3, 2007.
- ¹⁹ Ferry Corporation Act. 1996 RS Chap.137 Section 11, p. 6.
- ²⁰ BC Government's Committee on Crown Corporations. Inquiry into the British Columbia Ferry Corporation. Interim Report. Jan. 1981. pp 8-9.
- ²¹ BC Ferry Commission: About BC Ferries – 2003: Status Change. p. 1. Retrieved Jan. 25, 2008, from BC Ferry Commission Web site: www.bcferrycommission.com/2003_status_changes.html P.1
- ²² Background interview with commentator on BC politics, Dec. 6, 2007.
- ²³ Background interview with a former BC deputy minister, Dec. 3, 2007.
- ²⁴ Stone, Bruce. "Administrative Accountability in the 'Westminster' Democracies: Towards a New Conceptual Framework" in *Governance: An International Journal of Policy and Administration*. Vol.8, No. 4, Oct. 1995. p. 506.
- ²⁵ www.qp.gov.bc.ca/strategy/stat/C/03014_01.htm#part1. (Accessed December //, 2007)
- ²⁶ Morfitt, George. Auditor General of British Columbia. "A Review of the Fast Ferry Project: Governance and Risk Management." 1999/2000, Report 5.
- ²⁷ Highlights from the BC Government's core review of BC Ferries. "BC Ferries, Charting a Course to the Future. British Columbia's Coastal Ferry System." Jan 2003, p. 3. Retrieved Jan. 24, 2008, from, BC Ferries Web site: www.bcferries.bc.ca/about/public_consult/bcf_pubs/docs/publications/03-01_Core_Services_Review_Presentation.pdf

-
- ²⁸ BC Ferries 2007-08 Business Plan. Retrieved Feb. 17, 2008, from BC Ferries Web site: www.bcferrys.com/files/PDFs/BCFerries_Business_Plan_0708.pdf
- ²⁹ Government of BC backgrounder. "BC Ferries Restructuring". Dec. 9, 2002. p. 2. Retrieved Jan. 24, 2008 from www2.news.gov.bc.ca/nrm_news_releases/2002TRAN0054-001076-Attachment1.htm
- ³⁰ Ibid.
- ³¹ BC Ferry Commission: Independence of Commission. Retrieved Feb. 4, 2008, from BC Ferry Commission Web site: www.bcferrycommission.com/independence.html
- ³² Coastal Ferry Act. Division 2 – Regulation of Ferry Operators by Commissioner: Role of commissioner. Retrieved Oct. 1, 2007 from www.qp.gov.bc.ca/statreg/stat/C/03014_01.htm#part1
- ³³ Mustel Group report. "Customer Satisfaction Tracking Annual Report 2006." p. 8. Retrieved Jan. 26, 2008 from BC Ferries Web site: www.bcferrys.com/files/AboutBCF/cst/PUBLIC_REPORT_-FINAL-CST_2006.pdf
- ³⁴ Background interviews with former member of BC Ferries' Board of Directors, Dec. 4, 2007 and executive search consultant, Feb 21, 2008.
- ³⁵ "BC Ferries' Executive Team". Retrieved June 27, 2007, from BC Ferries Web site: www.bcferrys.com/about/executive_team.html
- ³⁶ Ibid.
- ³⁷ Wright, Fred. "Review of BC Ferry Corporation and Alternative Uses for the Fast Ferries." Dec. 2001. p. 35. Retrieved Jan. 23, 2008, from Government of BC Web site: www.th.gov.bc.ca/publications/reports_and_studies/BCFerriesWrightReport/wrightreport.PDF
- ³⁸ Government of BC backgrounder. "BC Ferries Restructuring". Dec. 9, 2002. p. 4. Retrieved Dec. 9, 2002 from http://www2.news.gov.bc.ca/nrm_news_releases/2002TRAN0054-001076-Attachment1.htm.
- ³⁹ Background interview with former member of BC Ferries' Board of Directors, Dec. 4, 2007.
- ⁴⁰ Roveche, Len, Chief Executive Officer of Interferry, Victoria, B.C. "International Trends in the Ferry Industry". June 15, 2005. Retrieved July 7, 2007, from BC Ferry Commission Web site: www.bcferrycommission.com/s69SeminarProceedings.pdf
- ⁴¹ Pass, Christopher, Bryan Lowes, and Leslie Davies. *Collins Dictionary of Economics*. Second edition. Glasgow: HarperCollins, 1993.
- ⁴² The three entities in the consortium are 3i Group (40%), Allianz Capital Partners (40%), and shipping company Deutsche Seereederei (20%).
- ⁴³ Press release. "Baltic Ferry Development Group to bid for Scandlines." Aug. 5, 2006. Retrieved Feb. 6, 2008 from www.deutsche-seereederei.de/cmsdata/cache/cms_12879.htm
- ⁴⁴ Press Release. National Union of Public and General Employees. "BC backs down on Coquihalla Highway privatization." July 24, 2003. Retrieved Feb. 18, 2008 from National Union of Public and General Employees Web site: www.nupge.ca/news_2003/n24jy03a.htm
- ⁴⁵ Background interview with former member of BC Ferries' Board of Directors, Dec. 4, 2007.
- ⁴⁶ BC Ferries 2006-2007 Annual Report. p. 44. Retrieved Jan 23, 2008, from BC Ferries Web site: www.bcferrys.com/files/PDFs_AR_0607.pdf
- ⁴⁷ A federal subsidy continues based upon the Canada/British Columbia Coastal Ferry Subsidy Agreement, dated April 18, 1977.
- ⁴⁸ The Concise Oxford Dictionary of Politics. Accessed through Oxford Reference Online on Jan. 24 2008. www.oxfordreference.com/views/ENTRY.html?entry=t86.e1122&srn=1&ssid=1018
- ⁴⁹ BC Ferry Commission: About BC Ferries. Retrieved Feb. 16, 2008, from BC Ferry Commission Web site: www.bcferrycommission.com/about_bc_ferries
- ⁵⁰ BC Ferry Commission home page. Retrieved Feb. 4, 2008, from BC Ferry Commission Web site: www.bcferrycommission.com
- ⁵¹ Stone, Bruce. "Administrative Accountability in the "Westminster" Democracies: Towards a New Conceptual Framework. p. 505.
- ⁵² Ibid., p. 511.

Bibliography

- Barman, Jean. *The West beyond the West: A History of British Columbia*. Third Edition. Toronto: University of Toronto Press, 2007.
- Bradford, Neil. "Public-Private Partnership? Shifting Paradigms of Economic Governance in Ontario" in *Canadian Journal of Political Science*. December 2003: 1005-1033.
- British Columbia. "Advancing the Fleet, Building the Province. A Ten-Year Development Plan for B.C. Ferries." Queen's Printer #12767. 1995.
- British Columbia. "BC Ferries: Charting a Course to the Future. British Columbia's Coastal Ferry System." January 2003.
- British Columbia. Coastal Ferry Act, SBC 2003, c.14, 2.19(3).
- British Columbia. Ferry Corporation Act. RSBC 1996. Chapter 137.
- British Columbia. Office of the Auditor General of British Columbia. "A Review of the Fast Ferry Project: Governance and Risk Management." 1999/2000 Report 5.
- Brooks, Stephen. *Who's in Charge? The Mixed Ownership Corporation in Canada*. Halifax: The Institute for Research on Public Policy. 1987.
- Bruce, Harvey. *The Pig That Flew – The Battle to Privatize Canadian National*. Toronto: Douglas & McIntyre, 1997.
- Crilly, Martin. "Analysis of BC Ferries and its Commercial Vehicle Policy" an MBA thesis at the Faculty of Commerce & Business Administration at the University of British Columbia, Vancouver. September 1973.
- Christensen, Tom. "The Norwegian State Transformed?" in *West European Politics*, Vol. 28, No. 4, September 2005: 721-739.
- Hodge, Graeme A. and Ken Coghill. "Accountability in the Privatized State" in *Governance: An International Journal of Policy, Administration, and Institutions*, Vol. 20, No.4, October 2007: 675-702.
- Langford, John W. and Neil W. Swainson. "Public and Quasi-Public Corporations in British Columbia" in Dwivedi, O.P. ed., *The Administrative State in Canada: Essays in Honour of J.E. Hodgetts*. Toronto: University of Toronto Press, 1982. 64-87.
- Milke, Mark. *Barbarians in the Garden City: The BC NDP in Power*. Victoria: Thomas & Black Publishers, 2001.
- Morfitt, George L. "A Review of Operational Safety at British Columbia Ferry Services Inc." January 2007.
- Stone, Bruce. "Administrative Accountability in the 'Westminster' Democracies: Towards a New Conceptual Framework" in *Governance: An International Journal of Policy and Administration*. Vol. 8, No.4, October 1995: 505-526.
- Tupper, Allan and G. Bruce Doern. "Canadian Public Enterprise and Privatization" in Tupper, Allan, and G. Bruce Doern eds., *Privatization, Public Policy and Public Corporations in Canada*. Halifax: The Institute for Research on Public Policy. 1988. 1-44.
- Wright, Fred. "Review of BC Ferry Corporation and Alternative Uses for the Fast Ferries." December 2001.