



British Columbia Ferries Commissioner

Service Plan and Budget

for the Fiscal Year Ending

March 31, 2020

*Prepared and submitted in accordance with
Section 59 of the Coastal Ferry Act
of the Province of British Columbia*

September 26, 2018

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1. Executive Summary

The office of the **British Columbia Ferries Commissioner** (“BCFC”) was created in April 2003 by the **Coastal Ferry Act** (the “Act”). The current commissioner, Sheldon T. Stoilen, was appointed on March 1, 2018 with his term due to expire on March 1, 2024.

*Service Plan and
Budget for FY 2020*

This Service Plan and Budget for the next fiscal year ending on March 31, 2020 (“FY 2020”) describes the anticipated activities of the BCFC in order to meet its current mandate of regulating ferry operators, making certain special decisions, conducting performance reviews and carrying out public outreach and administrative responsibilities.

Total expenditures for FY 2020 are budgeted at \$892,250 which is 70% of the maximum permitted for the BCFC's budget under s.59(2) of *Coastal Ferry Act*¹.

Activity is budgeted for three performance reviews and two applications for approval of major capital expenditures. Activity is also budgeted for price cap setting for the next performance term (“PT5”) which starts on April 1, 2020.

¹ Section 59(2) limits the budget to one-fifth of one percent of the previous year's tariff revenue. Tariff revenue for FY 2018 was \$640.2 million setting a maximum budget of \$1,280,400.

2. Role of the BC Ferries Commissioner

Regulatory Principles for the BC Ferries Commissioner

under s. 38 of the
Coastal Ferry Act

- (a) the primary role of the commissioner is to balance, in the manner the commissioner considers appropriate, the interests of ferry users, taxpayers and the financial sustainability of ferry operators;
- (b) ferry operators are to be encouraged to adopt a commercial approach to ferry service delivery;
- (c) ferry operators are to be encouraged to seek additional or alternative service providers on designated ferry routes through fair and open competitive processes;
- (d) ferry operators are to be encouraged to be innovative and to minimize expenses without adversely affecting their safe compliance with core ferry services.

The BCFC is a quasi-judicial regulatory agency operating under the *Coastal Ferry Act* of the Province of British Columbia. While discharging its responsibilities, BCFC is required to bear in mind a set of four principles (see box to the left).

British Columbia Ferry Services Inc (“BC Ferries”) was created in April 2003 as an independent company from the former BC Ferry Corporation, which was a Crown corporation. The sole shareholder of BC Ferries is the B.C. Ferry Authority.

Under a long-term contract (the “Coastal Ferry Services Contract” or “CFSC”) with the Province of British Columbia, BC Ferries must provide ferry services with defined minimum “core” service levels on each of the regulated saltwater routes (25 such routes in FY 2020). Under the current CFSC, BC Ferries receives a “ferry transportation fee” per round-trip sailing on 21 designated northern and minor routes. Ferry transportation fees do not apply to the four remaining routes, referred to as the major routes. Starting in FY 2019 the Province is contributing to certain fare initiatives and the restoration of the full discount for BC seniors. As a result of showing these contributions with ferry transportation fees, the major routes now include service fees.

A major role of the BCFC is to set a ceiling or “price cap” on the weighted average level of fares which BC Ferries can charge. The goal in setting the price cap is to balance the interests of ferry users with the interests of taxpayers while protecting the financial sustainability of the ferry operator. Price cap increases are determined every four years for the next four year performance term.

Other key tasks of the commissioner include monitoring BC Ferries’ adherence to the terms of the CFSC, approving major capital expenditures, regulating unfair competitive advantage, conducting performance reviews and monitoring of BC Ferries’ customer complaints process. It is worth noting that the commissioner serves as neither ombudsman nor a complaints bureau. Further, the commissioner is not responsible for regulating safety or environmental aspects of ferry operations.

3. Service Plan and Budget

Table 1: Budget for Fiscal Year Ending March 31, 2020	
Regulatory Review and Decisions	\$407,500
Inspections and Performance Reviews	194,500
Publication and Outreach	126,500
Administration and Reporting	163,750
Total Expenditures	\$892,250

Regulatory Reviews and Decisions reflects the ongoing quarterly monitoring and enforcement of price cap compliance as well as Special Decisions involving approval of major capital expenditures during FY 2020. Two applications for major capital expenditure approvals are anticipated. For FY 2020 the budget includes activity associated with the price cap review process leading to the final determination of the price caps by September 30, 2019 for the fifth performance term ("PT5") which runs from April 1, 2020 to March 31, 2024.

Inspections and Performance Reviews reflects provisions for performance reviews. Three such reviews are anticipated in FY 2020.

Publication and Outreach reflects the activity associated with correspondence with the public and the effort required to maintain the BCFC's website as the main vehicle of publication and the responsibility of considering the interests of ferry users and conducting public consultation. Public notices inviting comments on the commissioner's preliminary price cap decision for PT5 to be made by March 31, 2019 and also

BC Ferries' two applications for approval of major capital expenditures are provided for in the budget.

Administration and Reporting includes a provision for office and support services provided by the Ministry of Attorney General (formerly Ministry of Justice), records management services and the preparation of the BCFC's Annual Report and the Annual Service Plan and Budget. This category also includes an amount for general legal services and opinions provided to the commissioner as required in carrying out his responsibilities under the *Coastal Ferry Act*.