



Office of the British Columbia Ferries Commissioner

Service Plan and Budget

for the Fiscal Year Ending

March 31, 2021

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

September 16, 2019

British Columbia Ferries Commissioner
PO Box 9279
Victoria, BC V8W 9J7
Telephone (250) 952-0112

<http://www.bcferrycommission.ca>
info@bcferrycommission.ca

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1. Executive Summary

The Office of the British Columbia Ferries Commissioner (“commissioner” or “BCFC”) was created in April 2003 by the *Coastal Ferry Act* (the “Act”). The commissioner, Sheldon T. Stoilen, was appointed on March 1, 2018 with his term due to expire on March 1, 2024. The deputy commissioner, Eva Hage, was appointed on May 21, 2019 with her term due to expire on May 21, 2025.

This Service Plan and Budget for the next fiscal year ending on March 31, 2021 (“FY 2021”) describes the anticipated activities of the BCFC in order to meet its mandate of considering the public interest in regulating ferry operators, making special decisions involving capital expenditures, conducting performance reviews and carrying out public outreach and administrative responsibilities.

Total expenditures for FY 2021 are budgeted at \$852,750 which is 69% of the maximum permitted for the BCFC's budget under s.59(2) of the Act¹. Activity is budgeted for three performance reviews and three applications for approval of major capital expenditures.

2. Role of the Commissioner

The Office of the British Columbia Ferries Commissioner is a quasi-judicial regulatory agency operating under the *Coastal Ferry Act* of the Province of British Columbia. The role of the commissioner is set out in Section 38 of the Act as follows:

“Without limiting any other power of the commissioner under this Act, the commissioner must, after considering public feedback obtained under this Act,

¹ Section 59(2) limits the budget to one-fifth of one percent of the previous year’s tariff revenue. Tariff revenue for FY 2019 was \$618.2 million setting a maximum budget of \$1,236,400.

regulate each ferry operator in relation to the core ferry services that are to be provided by that ferry operator and the tariffs, including, without limitation, reservation fees, that may be charged for those core ferry services, and must undertake that regulation in the public interest and in accordance with the following principles:

- (a) the primary role of the commissioner is to balance, in the manner the commissioner considers appropriate,
 - (i) the interests of ferry users,
 - (ii) the interests of taxpayers, and
 - (iii) the financial sustainability of ferry operators;
- (a.1) ferry operators are to be encouraged to meet provincial greenhouse gas emission targets in their operations and when developing capital plans;
- (b) and (c)[Repealed 2019-9-5.]
- (d) ferry operators are to be encouraged to be innovative and to minimize expenses without adversely affecting their safe compliance with core ferry services.
- (e) and (f)[Repealed 2012-28-2.]”

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 (“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 2021). Under CFSC, as amended for the next performance term (“PT5”) which begins April 1, 2020, 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.

A major responsibility of the commissioner 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. For PT5 the commissioner has, on a preliminary basis, set the price caps at 2.3% annually. The final decision on price caps for PT5 must be made by September 30, 2019.

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.

3. Service Plan and Summary Budget

Table 1: Budget for Fiscal Year Ending March 31, 2021	
Regulatory Review and Decisions	\$317,000
Inspections and Performance Reviews	196,000
Publication and Outreach	176,000
Administration and Reporting	163,750
Total Expenditures	\$852,750

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 2021. Three applications for major capital expenditure approvals are anticipated.

Inspections and Performance Reviews reflects provisions for performance reviews. Three such reviews are anticipated in FY 2021.

Publication and Outreach reflects the activity associated with correspondence with the public and the effort required to maintain the commissioner's website as the main vehicle of publication and the responsibility of considering the public interest and conducting public consultation. Public notices inviting comments on BC Ferries' three applications for approval of major capital expenditures and results of performance reviews are provided for in the budget.

Administration and Reporting includes a provision for office and support services provided by the Ministry of Attorney General, records management services and the preparation of the Annual Report and the Annual Service Plan and Budget for the Office of the British Columbia Ferries Commissioner. 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 Act.

4. APPENDIX A - Detailed Budget

British Columbia Ferries Commissioner Budget for FY 2021								
Coastal Ferry Act Section	Activity Number	Activity and Expected Level	Commissioners		Consultants	Expenses		TOTAL
			Days	Fees*	Fees	Travel	Other	
38, 40	1.0	Regulation of Price Caps						
38, 65	1.2	Review BCF quarterly reports on price cap compliance						
		One review per quarter	8	\$ 6,000	\$ -	\$ 6,000	\$ -	\$ 12,000
42	1.3	Handle any BCF applications for extraordinary price increases						
		None are expected						
45	1.4	Adjust price cap for any service cuts/abandonments						
		None are expected	0	\$ -	\$ -	\$ -	\$ -	\$ -
40,41	1.5	Conduct price cap review for next performance term						
		No activity anticipated						
		SUBTOTAL - REGULATION OF PRICE CAPS	8	\$ 6,000	\$ -	\$ 6,000	\$ -	\$ 12,000
								RRD
	2.0	Regulation of Ferry Service Levels						
38,65,	2.1	Review BCF quarterly reports on service levels and complaints						
45(2)		One review per quarter	8	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000
38, 66	2.2	Review BCF annual report on service levels and complaints						
45(2)		One review of BCFS annual report	2	\$ 1,500		\$ -	\$ -	\$ 1,500
43	2.3	Handle any BCFS application for service reductions						
		None are expected				\$ -	\$ -	\$ -
44	2.4	Handle any BCFS application for service discontinuance						
		None are expected	0	\$ -	\$ -	\$ -	\$ -	\$ -
		SUBTOTAL - REGULATION OF FERRY SERVICE LEVELS	10	\$ 7,500	\$ -	\$ -	\$ -	\$ 7,500
								RRD
	3.0	Special Decisions						
55	3.1	Applications for approval of major capital expenditures						
		Three are anticipated	90	\$ 67,500	\$ 225,000	\$ 5,000	\$ -	\$ 297,500
38(4)	3.2	Deregulate a ferry route if competition sufficient						
		None are expected	0	\$ -		\$ -	\$ -	\$ -
69	3.3	Alternate Service Providers						
		No activity anticipated	0					
45(1)		Review potential unfair competitive advantage						
		No activity anticipated	0					
		SUBTOTAL - SPECIAL DECISIONS	90	\$ 67,500	\$ 225,000	\$ 5,000		\$ 297,500
								RRD
	4.0	Inspection						
38(2)	4.1	Monitor BCF reporting to public						
		Quarterly observation	4	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
46,53	4.2	Inspect records of BCF and BCF Authority as required						
		Review annual report of BC Ferry Authority	4	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
		Conduct performance reviews						
		Three are anticipated	40	\$ 30,000	\$ 150,000	\$ 10,000	\$ -	\$ 190,000
		SUBTOTAL - INSPECTION	48	\$ 36,000	\$ 150,000	\$ 10,000	\$ -	\$ 196,000
								IPR
	5.0	Publication and Outreach						
52	5.1	Maintain Commission records, provide public access						
		Recording, monitoring, & replying to public enquiries/feedback	50	\$ 37,500	\$ 10,000	\$ -	\$ -	\$ 47,500
52	5.2	Publish decisions/determinations/orders/proceedings						
		Website refresh and maintenance	10	\$ 7,500	\$ 15,000	\$ -	\$ -	\$ 22,500
								(Assumes review and refresh of website)
NA	5.3	Communicate with public and stakeholders						
		Commissioner attendance at one industry conference	4	\$ 3,000	\$ -	\$ 2,000	\$ 1,000	\$ 6,000
		Travel ferry routes and meet with FAC's	48	\$ 36,000	\$ -	\$ 4,000	\$ -	\$ 40,000
								(Assumes both commissioner and deputy commissioner travel)
		Public Notices - 6 expected					\$ 60,000	\$ 60,000
		SUBTOTAL - PUBLICATION AND OUTREACH	112	\$ 84,000	\$ 25,000	\$ 6,000	\$ 61,000	\$ 176,000
								P&O
	6.0	Administration and Reporting						
36	6.1	Operate office and engage external support services						
		Rent/ support services @ 2500/month - MOJ and Contracted Services					\$ 30,000	\$ 30,000
		Accounting, audit, archiving, and legal advice as required	4	\$ 3,000	\$ 100,000			\$ 103,000
36	6.2	Research background to ferry operating environment						
		Commissioners' ferry industry familiarization	5	\$ 3,750	\$ -	\$ 10,000	\$ -	\$ 13,750
		Research and investigations initiated by Commission	4	\$ 3,000	\$ 5,000	\$ -	\$ -	\$ 8,000
59	6.3	Prepare Annual Report and Service Plan and Budget						
		Preparation time for next year's annual service plan and budget	4	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
		One annual report on last year's activities	8	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000
		SUBTOTAL - ADMINISTRATION AND REPORTING	25	\$ 18,750	\$ 105,000	\$ 10,000	\$ 30,000	\$ 163,750
								A&P
		GRAND TOTAL - ALL ACTIVITIES	293	\$ 219,750	\$ 505,000	\$ 37,000	\$ 91,000	\$ 852,750

*Commissioner's daily fee is set by Order In Council at \$825

*Deputy Commissioner's daily fee is set by Order in Council at \$600

*Average per diem \$750