



# Office of the British Columbia Ferries Commissioner

## Service Plan and Budget

for the Fiscal Year Ending

March 31, 2022

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

September 24, 2020

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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, 2022 (“FY 2022”) describes the anticipated activities of the BCFC in order to meet its mandate of considering the public interest in regulating ferry operators, approving ferry operator’s major capital expenditures, conducting performance reviews and carrying out public outreach and administrative responsibilities.

In recognition of the pandemic and the impact it has had on BC Ferries’ finances, total budgeted expenditures for FY 2022 are reduced compared to previous year’s budget at \$796,000, which is 65% of the maximum permitted for the BCFC’s budget under s.59(2) of the Act<sup>1</sup>. Activity is budgeted for two performance reviews and two 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, 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,

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<sup>1</sup> Section 59(2) limits the budget to one-fifth of one percent of the previous year’s tariff revenue. Tariff revenue for FY 2020 was \$613.2 million setting a maximum budget of \$1,226,400.

- (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 performance term five (“PT5”) which began on 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 – routes 1 2, 3 and 30 - 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 set the price caps at 2.3% annually.

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.

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### 3. Service Plan and Summary Budget

<b>Table 1: Budget for Fiscal Year Ending March 31, 2022</b>	
Regulatory Review and Decisions	\$305,500
Inspections and Performance Reviews	174,500
Publication and Outreach	126,000
Administration and Reporting	150,000
Contingency	40,000
<b>Total Expenditures</b>	<b>\$796,000</b>

**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 2022. Two applications for major capital expenditure approvals are anticipated.

**Inspections and Performance Reviews** reflects provisions for performance reviews. Two such reviews are anticipated in FY 2022.

**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' 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 2022								
Coastal Ferry Act Section	Activity Number	Activity and Expected Level						TOTAL
			Commissioners		Consultants	Expenses		
			Days	Fees*	Fees	Travel	Other	
	<b>1.0</b>	<b>Regulation of Price Caps</b>						
38, 65	1.1	Review BCF quarterly reports on price cap compliance One review per quarter	8	\$ 6,000	\$ -	\$ 6,000	\$ -	\$ 12,000
42	1.2	Handle any BCF applications for relief One review expected	20	\$ 15,000	\$ 75,000	\$ 1,000	\$ -	\$ 91,000
45	1.3	Adjust price cap for any service cuts/abandonments No activity anticipated	0	\$ -	\$ -	\$ -	\$ -	\$ -
40, 41	1.4	Conduct price cap review for next performance term No activity anticipated	0	\$ -	\$ -	\$ -	\$ -	\$ -
		<b>SUBTOTAL - REGULATION OF PRICE CAPS</b>	<b>28</b>	<b>\$ 21,000</b>	<b>\$ 75,000</b>	<b>\$ 7,000</b>	<b>\$ -</b>	<b>\$ 103,000</b>
	<b>2.0</b>	<b>Regulation of Ferry Service Levels</b>						
38, 65, 45(2)	2.1	Review BCF quarterly reports on service levels and complaints One review per quarter	4	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
38, 65, 45(2)	2.2	Review BCF annual report on service levels and complaints One review of BCFS annual report	2	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
43	2.3	Handle any BCFS application for service reductions No activity anticipated	0	\$ -	\$ -	\$ -	\$ -	\$ -
44	2.4	Handle any BCFS application for service discontinuance No activity anticipated	0	\$ -	\$ -	\$ -	\$ -	\$ -
		<b>SUBTOTAL - REGULATION OF FERRY SERVICE LEVELS</b>	<b>6</b>	<b>\$ 4,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,500</b>
	<b>3.0</b>	<b>Special Decisions</b>						
55	3.1	Applications for approval of major capital expenditures Two are anticipated	60	\$ 45,000	\$ 150,000	\$ 3,000	\$ -	\$ 198,000
38(4)	3.2	Deregulate a ferry route if competition sufficient No activity anticipated	0	\$ -	\$ -	\$ -	\$ -	\$ -
45(1)	3.3	Review potential unfair competitive advantage No activity anticipated	0	\$ -	\$ -	\$ -	\$ -	\$ -
		<b>SUBTOTAL - SPECIAL DECISIONS</b>	<b>60</b>	<b>\$ 45,000</b>	<b>\$ 150,000</b>	<b>\$ 3,000</b>	<b>\$ -</b>	<b>\$ 198,000</b>
	<b>4.0</b>	<b>Inspection</b>						
38(5)	4.1	Monitor BCF reporting to public Four reviews	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
	4.3	Conduct performance reviews Two are anticipated	30	\$ 22,500	\$ 140,000	\$ 6,000	\$ -	\$ 168,500
		<b>SUBTOTAL - INSPECTION</b>	<b>38</b>	<b>\$ 28,500</b>	<b>\$ 140,000</b>	<b>\$ 6,000</b>	<b>\$ -</b>	<b>\$ 174,500</b>
	<b>5.0</b>	<b>Publication and Outreach</b>						
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	\$ 10,000	\$ -	\$ -	\$ 17,500
NA	5.3	Communicate with public and stakeholders Travel ferry routes and meet with FAC's (2 people) Communication and public notices	12 8	\$ 9,000 \$ 6,000	\$ - \$ 10,000	\$ 2,000 \$ 4,000	\$ - \$ 30,000	\$ 11,000 \$ 50,000
		<b>SUBTOTAL - PUBLICATION AND OUTREACH</b>	<b>80</b>	<b>\$ 60,000</b>	<b>\$ 30,000</b>	<b>\$ 6,000</b>	<b>\$ 30,000</b>	<b>\$ 126,000</b>
	<b>6.0</b>	<b>Administration and Reporting</b>						
36	6.1	Operate office and engage external support services Rent/ support services @ 2500/month - MOJ and Contracted Serv Accounting, audit, archiving, and legal advice as required	0 4	\$ - \$ 3,000	\$ - \$ 100,000	\$ - \$ -	\$ 30,000 \$ -	\$ 30,000 \$ 103,000
36	6.2	Research background to ferry operating environment Commissioners' ferry industry familiarization	0 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 Preparation of Annual Report on last year's activities	4 8	\$ 3,000 \$ 6,000	\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ 3,000 \$ 6,000
		<b>SUBTOTAL - ADMINISTRATION AND REPORTING</b>	<b>20</b>	<b>\$ 15,000</b>	<b>\$ 105,000</b>	<b>\$ -</b>	<b>\$ 30,000</b>	<b>\$ 150,000</b>
		<b>CONTINGENCY</b>						<b>\$ 40,000</b>
		<b>GRAND TOTAL - ALL ACTIVITIES</b>	<b>232</b>	<b>\$ 174,000</b>	<b>\$ 500,000</b>	<b>\$ 22,000</b>	<b>\$ 60,000</b>	<b>\$ 796,000</b>

\*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