

## **Coastal Ferry Services Contract Term Backgrounder**

The Coastal Ferry Act (CFA) is the enabling legislation for the current structure of coastal ferry service.

Under this legislation, the Coastal Ferry Services Contract (CFSC) is the agreement between the provincial government and the company, BC Ferries Services Inc., for the delivery of ferry service.

The CFSC is a 60-year contract that is divided into Performance Terms. At the end of each term the contract is renewed or renegotiated. During this process fare caps and service levels are determined for the whole of the coming term.

The first Performance Term (PT1) was five years, from April 1, 2003 to March 31, 2008. Each subsequent Performance Terms is four years.

The process of renewing or renegotiating for a new Performance Term followed a mandated process, governed by legislation. For the first renewal, the process and dates are as follows

### **SEPTEMBER 30, 2006**

BC Ferries submits data to the BC Ferry Commissioner to support calculating fare caps for the second Performance Term (PT2).

### **MARCH 31, 2007**

The Commissioner issues preliminary fare caps to BC Ferries and the Province, and makes this information public. These caps assume “status quo core service levels and Provincial service fees.”

### **JUNE 30, 2007**

The Province decides if it wants to modify the Coastal Ferry Services Contract to reflect any changes to its contributions or to service levels for the new term.

### **SEPTEMBER 30, 2007**

The Commissioner reviews any changes to Provincial contributions and service levels, and issues final fare caps. These will be in effect April 1, 2008 to March 31, 2012.