



March 21, 2014

File: 380-02/BCFC

Sheila Malcolmson  
Chair, Islands Trust Council  
200-1627 Fort Street  
Victoria BC V8R 1H8

Dear Ms Malcolmson:

Thank you for your letter of March 14, 2014, and your request for a performance review of BC Ferries.

As noted in your letter, the BC Ferries Commissioner does have the authority under the Coastal Ferry Act to conduct performance reviews. We have just completed a review of the company's Automated Customer Experience Program, and will be posting the results shortly. We will be conducting several more reviews in the lead up to the determination of the price caps for the next performance term which commences April 1, 2016. The main purpose of these reviews is to identify opportunities for cost savings, service improvements or efficiencies which could reduce pressure on fares. We will be using the information from our performance reviews when setting both price caps and efficiency targets for the company.

The price cap setting process for the next performance term 4 begins in September of this year. On or before September 30th the company is required to file financial projections, a ten year capital plan, an efficiency plan, and other information prescribed in the legislation or requested by the Commissioner. The Commissioner will publish that information and invite public comments during the following 6 month period. By the end of March, 2015 the Commissioner will publish a preliminary price cap decision. The company and the government are then required to finalize any amendments to the Coastal Ferry Services Contract and provide a copy to the Commissioner by June 30, 2015. After considering any changes to service levels or service fees, the Commissioner issues a final price cap decision no later than September 30th of that same year.

The topic you have suggested is quite appropriate for a review, and I can assure you it will be included in our work schedule in the coming months.

I'm not able to confirm the timing for this particular piece at this point, as it depends on the availability of external consulting expertise. It is our practice to post the results of our performance review to our website when complete.

Thank you for your suggestion, and your on-going interest in the coastal ferry system.

Sincerely,

A handwritten signature in black ink, appearing to read "Gord Macatee".

Gord Macatee  
BC Ferries Commissioner