

March 31, 2025

# The case for five New Major Vessels

What the BC Ferry Commission's decision means for our passengers, BC's economy, and the future of ferry service.



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BC Ferries, Vice President, Strategy & Planning



# Land acknowledgement

BC Ferries acknowledges the land on which we gather today as the territory of the Coast Salish Peoples, including the territories of Lekwungen Speaking Peoples.

We are grateful for the opportunity to live, work, play, and learn on these lands, and recognize BC Ferries' commitment to furthering long-lasting respectful relationships with coastal First Nations communities based on good faith, trust, effective working partnerships, and mutual respect.

# The BC Ferry Commission's decision

The Commission has approved the construction of four New Major Vessels (NMVs), rejecting the case for a fifth.

Commission's key reasons	BC Ferries' position
<ul style="list-style-type: none"><li>▪ Affordability concerns</li><li>▪ Provincial funding uncertainty</li><li>▪ Different perception of projected demand</li><li>▪ Recommendation that BC Ferries explore demand management strategies</li></ul>	<ul style="list-style-type: none"><li>▪ The case for five vessels is clear and necessary</li><li>▪ Negative impacts will be felt in future affordability, longer wait times, and delays for customers, economies, tourism, and supply chains.</li></ul>



# What customers can expect from four new vessels



## More capacity

Increased capacity on major routes



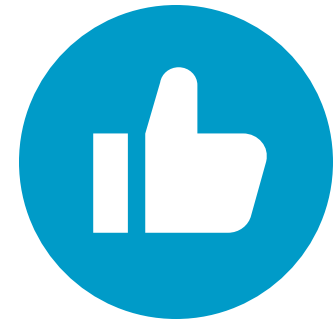
## Improved reliability

Replacing vessels that are over 50-year-old



## Cleaner technology

Hybrid diesel-battery, future electric-ready













## Better experience

Enhanced onboard amenities



**BUT** building four vessels does not allow for the needed capacity increases and improved system resiliency.

# The impact of four vs. five new vessels

Feature	4 Vessels	5 Vessels
Replacement of aging fleet	 Yes	 Yes
Added capacity vs forecasted demand (Route 1)	 12% vs 16%	 40% vs 16%
Improved reliability	 Yes, but no dedicated relief vessel	 Provides backup for maintenance & disruptions
Peak season congestion relief	 Limited	 Supports summer demand & supply chains
Future proofing the fleet	 Will need another vessel sooner	 Avoids future cost escalation

# The case for five vessels

## Reasons to build five:

### Current demand is at record levels

Customers are experiencing longer wait times

### BC's population is growing

**44%** population increase by 2046 (BC Stats)

### Shipbuilding costs are rising

Delays will increase the cost to build exponentially. It's **more affordable** to build five now.

## The economic impact of building five:

### Tourism

**130K** more visitors  
**\$45M** economic impact

### Trucking & supply chain

**\$240M** additional cargo transported in 2035

### Job creation

**1,350** jobs  
**\$140M** for BC's economy



# Demand: Why we know it's growing

**92%**  
capacity  
on route 1

Route 1 hit 92% capacity  
in 2024 peak season

**90%+**  
average capacity  
utilization

Average capacity utilization  
on major routes 1, 2, and 30  
in 2024 peak season

**15%**  
minimum  
traffic growth

Projected minimum traffic  
growth continues (BC Stats)

**\$100+**  
million

The annual cost of  
cancellations to the  
commercial trucking industry

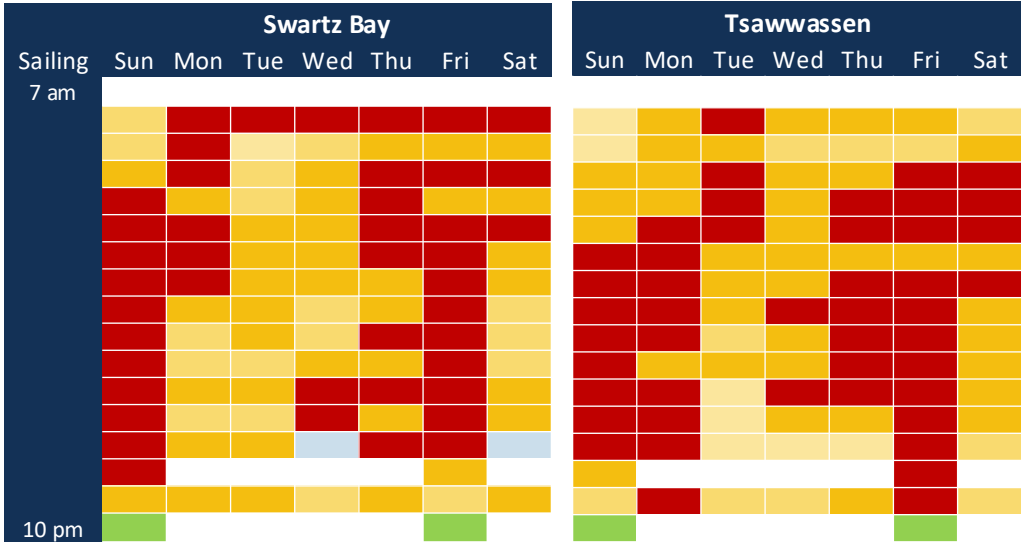
# Reliable and available

## Major routes operating near capacity

Service levels on the major routes have not materially increased since the 1990's. Demand has increased significantly; Major Routes consistently operate at full capacity during peak periods.

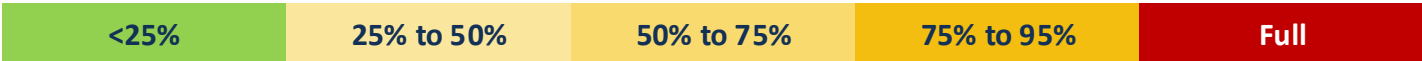
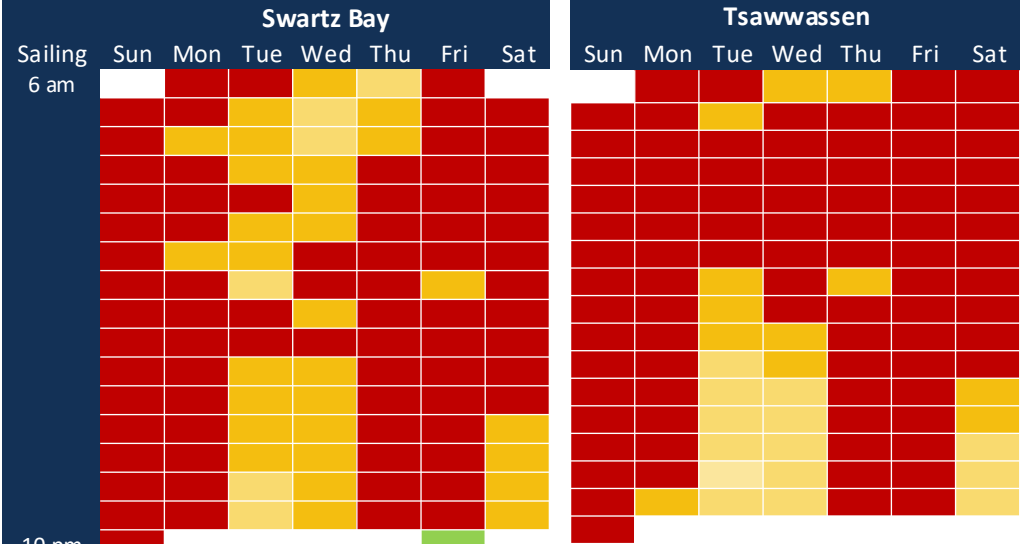
Weekly capacity utilization  
August 9 to 15, 2014

**87%**



Weekly capacity utilization  
August 11 to 17, 2024

**96%**



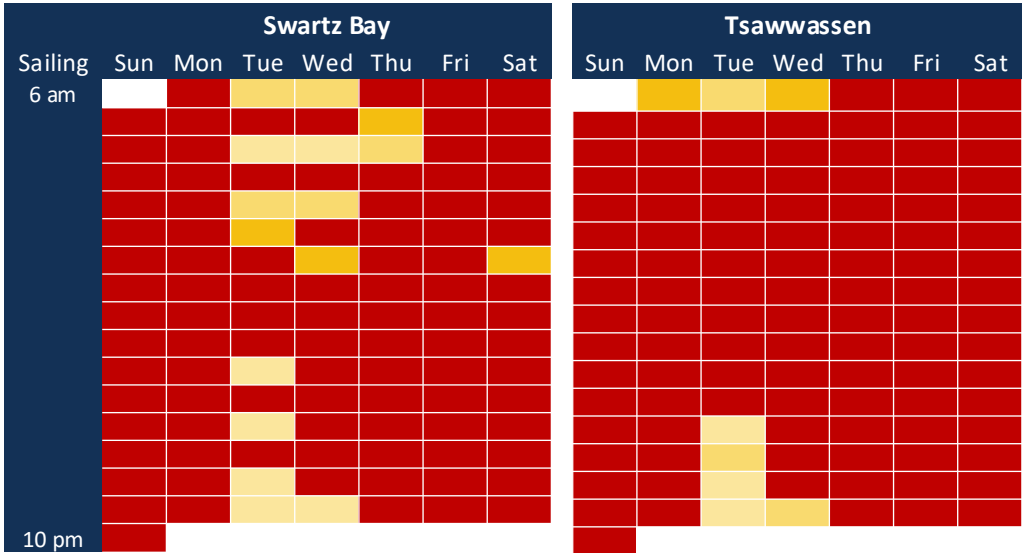


# Reliable and available

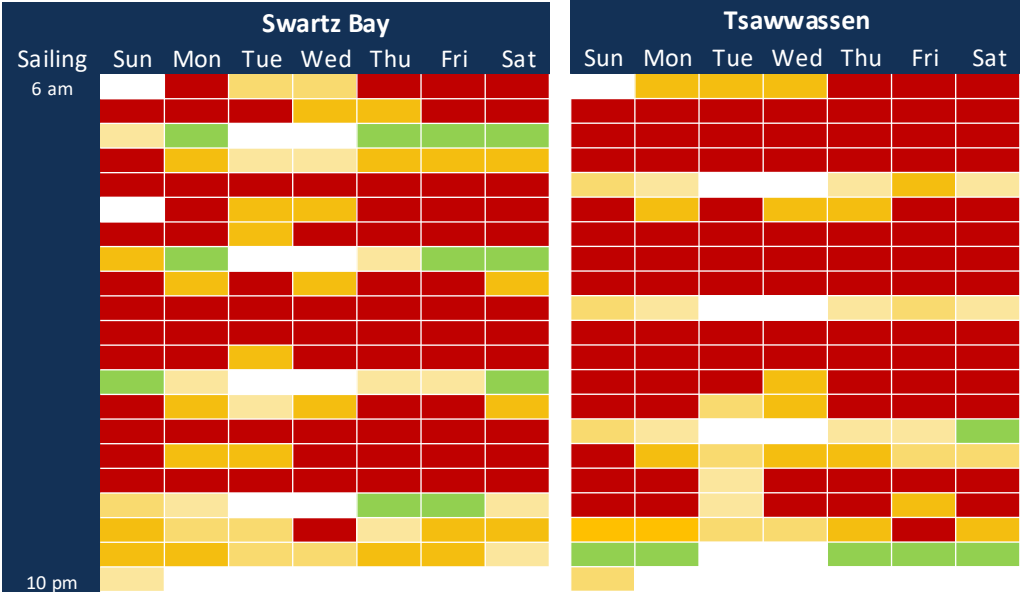
## Major routes will be choked without additional capacity

Looking ahead to Fiscal 2035 – a lack of investment will leave customers no options

**4** vessels  
Weekly capacity utilization  
August 13 to 19, 2034 *Modelled* **98%**



**5** vessels  
Weekly capacity utilization  
August 13 to 19, 2034 *Modelled* **84%**



# Demand management alone won't solve this

The Commission suggests that further demand management strategies should be explored.

BC Ferries demand management tools have **already moved 17%** of traffic to off-peak times on Route 1:

- Increased dynamic pricing and Saver fares encourage off-peak travel
- Expanded reservation space helps to smooth demand
- Customer incentives work to shift traffic to alternative routes

**70% of customers are travelling for essential reasons:**

- Families can't choose to miss school or work to take advantage of cheaper fares
- Customers travelling for business can't miss a meeting
- People travelling for medical reasons can't change their schedule

**Demand is still exceeding available service** – meaning longer waits and lost economic opportunities

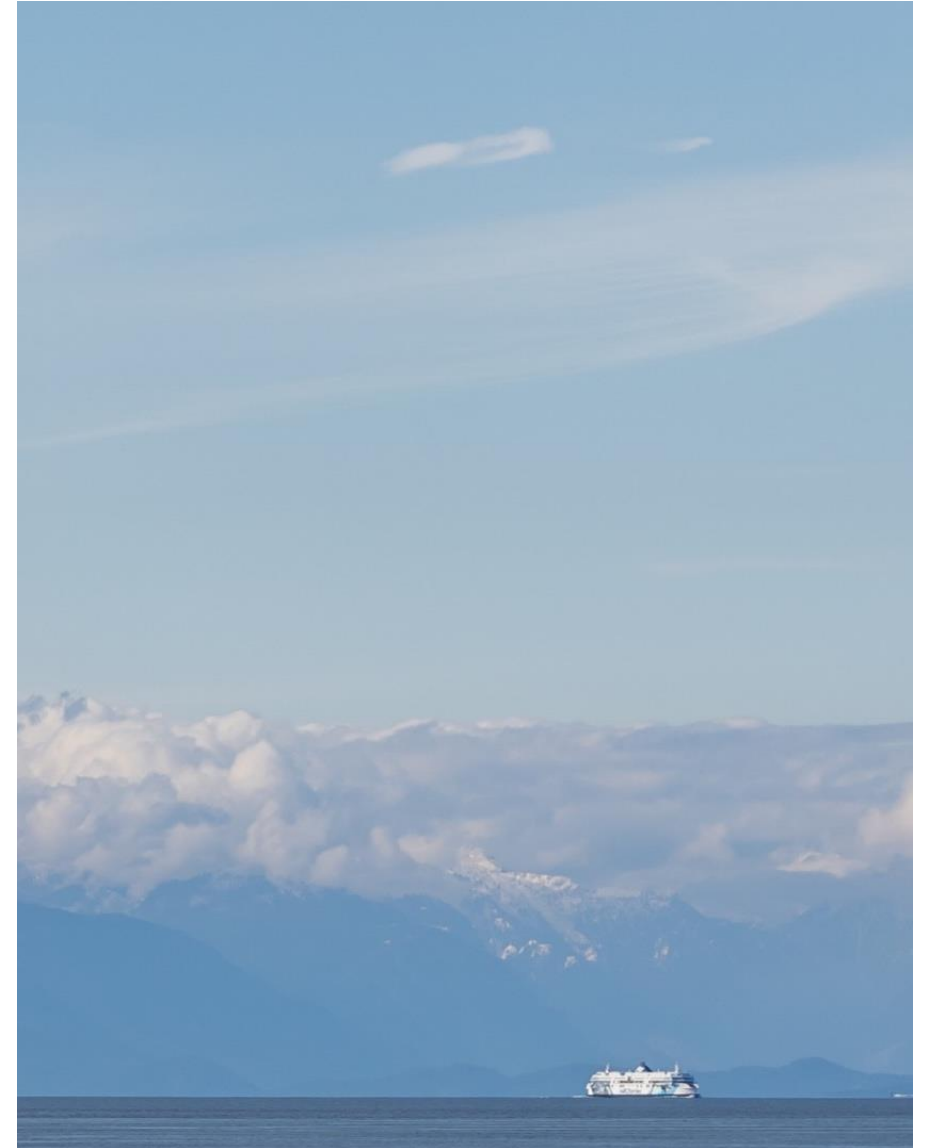


# The cost of delaying building a fifth vessel

The Commission did not disagree that a fifth vessel may be needed.

**Delaying the procurement of a fifth vessel will only make it more expensive:**

- Shipbuilding costs have already increased significantly and will continue to rise
- Fixed-price bids and economies of scale make it far more cost-effective to build five vessels now than to add one later
- We must make decisions based on future needs, not just today's challenges



# A fifth vessel improves reliability

## The benefits of a relief vessel:

- Reduces service disruptions
- Allows for better maintenance scheduling
- Provides backup during mechanical failures

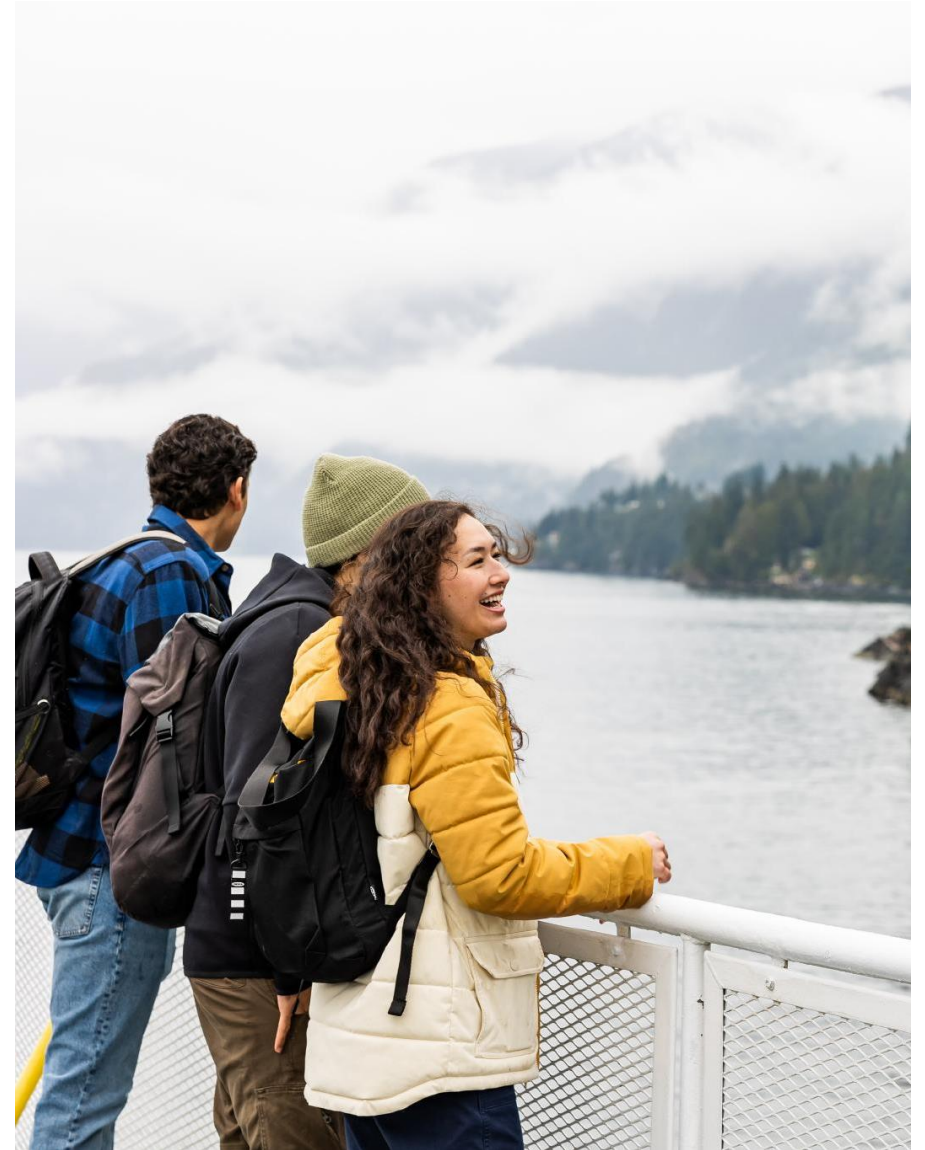
It's more prudent to build the vessels we know are needed now, when it costs less, than in the future when capacity will already be exceeded, and the price will be higher.

# Future fare pressures and cost deferral

Fifth vessel rejection is based partially on fare impact concerns.

## Reality:

- Fare pressures remain regardless, but delaying fleet renewal makes it worse
- The incremental cost of building a fifth vessel now is vastly reduced because of economies of scale
- Deferring the vessel does not reduce fare pressures, it only creates future financial strain
- The BC government has publicly committed to supporting BC Ferries in keeping fares affordable

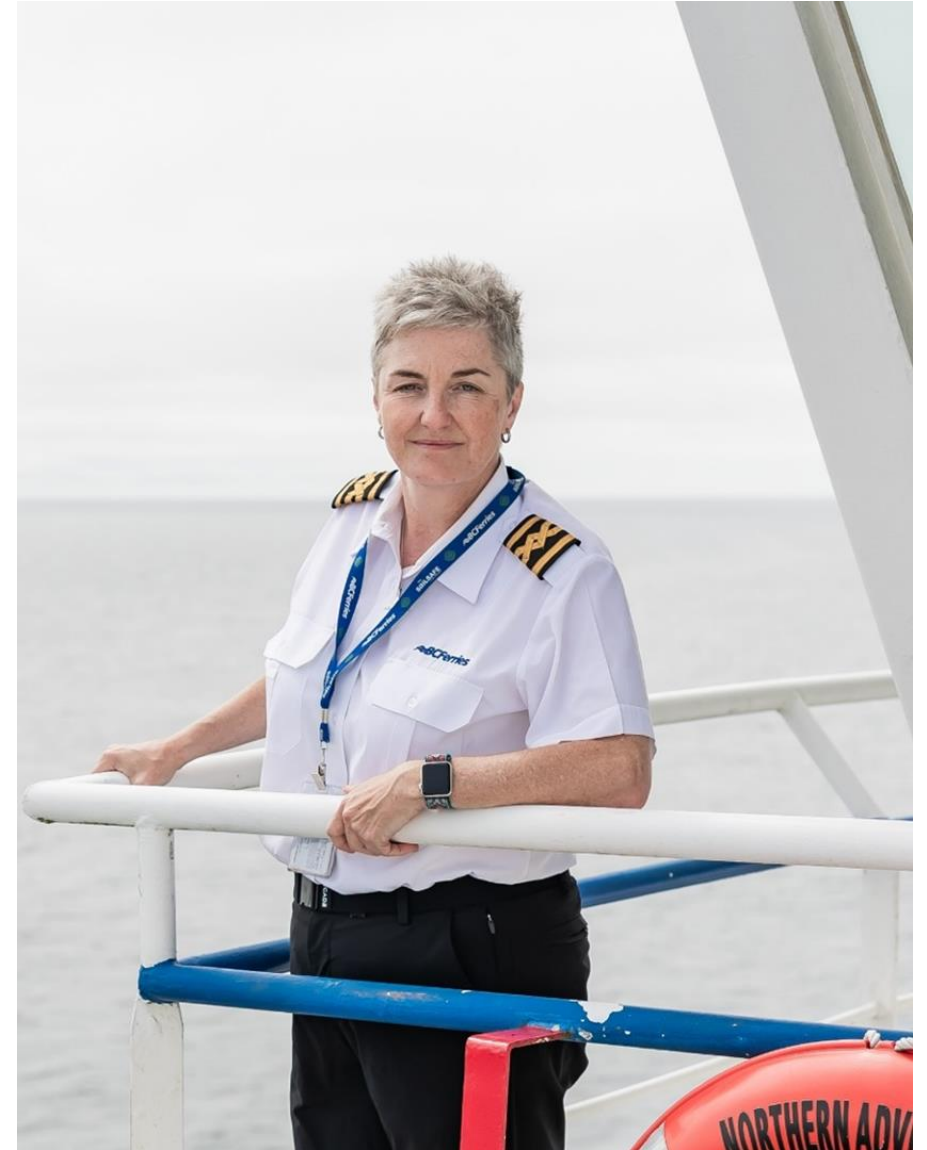


# BC Ferries' commitment moving forward

We respect the regulatory process and the role of the Commission. We disagree with this decision and stand by our case for five vessels.

## What we will do next:

- Continue to monitor demand growth closely
- Continue to explore ways to improve affordability and efficiency
- Work towards Performance Term 7 and as part of that process, plan for our approach to return to the Commissioner to ask for the remaining vessels that we agree with our customers are necessary
- Work with our board and the BC government to ensure the long-term sustainability of ferry service



# The bottom line – this decision hurts BC

- BC Ferries fought for what's best for our passengers and for BC's economy
- The Commission agrees we will need a fifth vessel — denying it now will only increase costs later
- This is not a cost-saving decision, it is a cost-deferral decision
  - A fifth vessel will be needed eventually
  - Costs are only going to continue rising, making it more unaffordable in the long run
- As a result, more congestion, longer waits, and limited capacity will impact everyone in BC

Thank you.



 **BC Ferries**