

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6731 SENATE TRANSPORTATION

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BRITISH COLUMBIA FERRY CORP.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P O Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

March 9, 1989

MEMORANDUM

TO: Representative Bette Cato

ATTN: Wendy Mulder

FROM: Karla Hart *KH*
Legislative Analyst

RE: British Columbia Ferry Corporation
Research Request 89.227

The British Columbia Ferry Corporation is a Crown (public) corporation which provides nearly all of the ferry services within British Columbia. You requested a copy of the enabling legislation (Attachment A) and an overview of the corporation's operational process. This memorandum includes a brief history of the corporation, the corporation's operating costs, revenues and subsidies, and a comparison of the British Columbia Ferries (B.C. Ferries) and Alaska Marine Highway System passenger and vehicle traffic.

B.C. Ferries History

The British Columbia provincial government first entered the ferry business following a 1958 seamen's strike which left Vancouver Island isolated from the mainland. Private industry chose not to participate in a provincial plan-- in June 1960 the British Columbia Ferry Authority began service with a two hour run between the mainland and Vancouver Island. In subsequent years, the ferry authority expanded operations by purchasing private ferry companies which served small routes and by adding new ferries and routes to the system.

In 1985, 14 ferries which had been operated by the Provincial Ministry of Transportation and Highways were transferred to B.C. Ferries. The B.C. Ferries' fleet now includes 38 vessels--ranging from one of 42 feet with a capacity of only 23 passengers, to 13 vessels over 400 feet which are capable of carrying from 157 to 376 vehicles and 750 to 1,466 passengers each.¹

¹British Columbia Ferry Corporation, Annual Report 1987-1988, p. 19.

Originally, B.C. Ferries and government toll bridges were administered jointly by a toll authority. In the late 1960s, toll bridges were eliminated and B.C. Ferries was placed under the Ministry (Department) of Transportation and Highways as a separate division.

British Columbia Ferries was reorganized as the British Columbia Ferry Corporation, a Crown corporation (similar to Alaska's public corporations), on January 1, 1977. According to Patrick Morris, corporate secretary, financing was the key factor to incorporation--as a Crown corporation, B.C. Ferries could depreciate assets and obtain financing in corporate style.² However, Crown corporations are not liable to taxation. Administratively, the corporation continues to report to the government through the Ministry of Transportation and Highways.

The B.C. Ferry Corporation objectives are to establish, administer and maintain a ferry, shipping and related service, and to engage in any other business or undertaking necessary or incidental to the operation of a ferry, shipping or related service. The corporation is overseen by a board of nine directors, appointed at the pleasure of the executive branch (Lieutenant Governor in Council).

The corporation has the power and capacity to acquire by any means except expropriation, to charter, to hold in its own name, and to use and operate ferries and terminals and such other property and assets, both real and personal, as are considered by the corporation to be necessary or required for the conduct of its operations. Subject to the approval of the executive branch, B.C. Ferries may acquire other marine transportation related services or facilities, including private ferry and shipping corporations. As a policy, B.C. Ferries has focused on the car-ferry business and stayed out of the shipping business.

²Unlike Alaska public corporations which specifically prohibit the issuance of shares, the Ferry Corporation Act authorizes the issuance of shares. Mr. Morris explained that the shares exist as a means of establishing ownership of the corporation; they are owned only by the Crown and are not available for public sale or transfer.

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Subsidies, Revenues and Expenses of B.C. Ferries

The Ferry Corporation Act anticipated the continuing need for subsidies and provided that the corporation receive an annual highway equivalent subsidy. The subsidy was based upon the sum of annual maintenance and motorized capital costs of lengths and classes of highways determined to be substantially equivalent to the ferry routes operated. This section of the Act was amended in 1982--the legislature concluded that the formula-based subsidies were too high. The corporation now submits a proposed budget request through the Ministry of Transportation and Highways and participates in the normal budget process.

Although ferry tolls are set by the corporation--with consideration given to the costs of operating and maintaining ferries, terminals and other properties and assets--tolls are subject to executive branch approval. When considering the corporation budget, the government can recommend that additional funds be generated through fare increases rather than higher government subsidies. Table 1 presents the subsidies, gross operating revenues and operating expenses from 1980 through 1989. The corporation's FY 88 financial statements, Attachment B, provide details on corporation assets, liabilities, income and deficits.

Table 1
B.C. Ferries Financial Summary
(in thousands of Canadian dollars)

FY ³	SUBSIDY	GROSS OPERATING REVENUES ⁴	OPERATING EXPENSES
1980	\$49,477	\$ 82,867	\$ 88,695
1981	53,106	99,552	104,956
1982	58,891 ⁵	112,199	133,856
1983	43,000	110,689	139,013
1984	43,000	120,514	132,553
1985	43,000	125,530	125,308
1986	40,000	134,900	146,245
1987	57,000	166,573	182,616
1988	57,000	168,488	176,083
1989	51,000	na	na

In addition to the appropriated annual subsidies, the corporation is subsidized through the rent-free use of certain lands and facilities, and the lease of three ships at an annual cost of \$1 each (the Province pays \$4,819,800 per year for these ships).

³The corporation's fiscal year ends March 31.

⁴Gross operating expenses are calculated before the costs of food and goods sold are deducted.

⁵This is the last year that the corporation received a subsidy based on an annual highway equivalent.

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Comparison of Traffic on B.C. and Alaska Ferries⁶

The British Columbia Ferry Corporation and the Alaska Marine Highway System traffic levels and patterns are very different. To provide some perspective, the Alaska Marine Highway System transported roughly two passengers and vehicles for each 100 passengers and vehicles transported by B.C. Ferries in FY 87.⁷ However, vehicles travel an average of 206 miles and passengers an average of 213 miles aboard Alaska ferries; the average B.C. Ferries journey is 19 miles for vehicles and 20 miles for passengers.

* * *

I hope this information is helpful. If you have questions, please call.

Attachments

⁶FY 1987 traffic information from the 1986-87 British Columbia Ferry Corporation Annual Report and the 1987 Alaska Marine Highway System Annual Traffic Volume Report.

⁷In FY 87 (April 1, 1986-March 31, 1987), B.C. Ferries transported over 17 million passengers and almost 6.5 million vehicles. Alaska Marine Highways transported 375,538 passengers and 100,772 vehicles in FY 87 (July 1, 1986-June 30, 1987).

B.C. Reg. 644/76

- (h) In paragraph 2.06 in the first and second lines strike the words "or approaches".
- (i) In paragraph 2.07 in the second line strike the words "or approaches" and in the last line strike the words "or approaches".
- (j) In paragraph 2.08 in the second line strike the words "or approaches".
- (k) In paragraph 3.01 in the third line strike the words "Department of" and in the fourth line strike the words "and approaches".
- (l) In paragraph 3.02 in the third line strike the words "or an approach".
- (m) In paragraph 3.03 in the second line strike the words "British Columbia Toll Authority Ferry System" and substitute the word "corporation".
- (n) In paragraph 3.04 in the first line strike the words "upon the approaches or" and in (d) in the last line strike the words "or approaches".
- (o) In paragraph 4.02 in the second and third lines strike the words and figures "Order in Council No. 1238, approved May 25th, 1960, and amendments thereto" and substitute the words "the corporation by regulations" and strike the words "this regulation" in the last line and substitute the words "these regulations".
- (p) In paragraph 4.03 in the second line strike the words "approaches or" and in the third and fourth lines strike the words and figures "Order in Council No. 1238/60 and amendments" and substitute the words "the corporation by regulations"; and
- (q) In paragraph 4.04 in the third line strike the words "and approaches".

J. DAVIS

Minister of Energy, Transport and Communications

W. R. BENNETT

Presiding Member of the Executive Council

ja4—9822

B.C. Reg. 645/76

Filed December 20, 1976

BRITISH COLUMBIA FERRY CORPORATION ACT

ORDER IN COUNCIL 3610, APPROVED AND ORDERED DECEMBER 16, 1976

Pursuant to the *British Columbia Ferry Corporation Act*, and upon the recommendation of the undersigned, the Lieutenant-Governor, by and with the advice and consent of the Executive Council, orders that with effect on January 1, 1977, which, for the purposes of the *British Columbia Ferry Corporation Act*

B.C. Reg. 645/76

(hereinafter referred to as the "Act"), be and is hereby designated as the transfer date.

1. Subject to the specific exclusions described in section 2 hereof, the ferry system is hereby transferred to and vested in the British Columbia Ferry Corporation to the extent described below:

- (a) All right, title, and interest of the Government in and to those ferries described in Part I of Schedule A attached hereto and made a part of this Order:
- (b) Those ferries described in Part II of Schedule A attached hereto and made a part of this Order which are chartered to the Government and comprise part of the ferry system are each subchartered to the corporation at a charter-hire of \$1 per annum upon the terms and conditions of the charter to the Government in so far as such terms and conditions are appropriate and applicable:
- (c) All terminals which, immediately prior to the transfer date, comprise part of the ferry system in the operation of the ferries referred to in (a) and (b) above, including the Deas maintenance facility comprised of a three-berth maintenance yard with administration and storage buildings, machine shop, and other related facilities:
- (d) All inventories of parts and equipment on hand immediately prior to the transfer date which have been purchased for the purposes of the ferry system:
- (e) All consumable stores and supplies on hand immediately prior to the transfer date which have been purchased for the purposes of the ferry system:
- (f) All right, title, and interest of the Government in and to
 - (i) all leases of or licences to use and occupy lands and premises which, immediately prior to the transfer date are used and occupied by the ferry system; and
 - (ii) all agreements, licences, franchises, and permits for the provision of goods or services to or the granting of concessions, rights, and franchises by the Government on behalf of the ferry system which, immediately prior to the transfer date, comprise part of the ferry system;
- (g) All shore-based machinery, equipment, vehicles, fixtures, furniture, and other movable property which, immediately prior to the transfer date, comprises part of the ferry system, whether or not situate at terminals or other places of operation of the ferry system:
- (h) All cash and imprest funds on hand immediately prior to the transfer date which are required for the normal operation of the ferry system:
- (i) All accounts receivable of the ferry system immediately prior to the transfer date:
- (j) All other properties and assets owned by the Government which, immediately prior to the transfer date, comprise part of the ferry system and which are necessary for and incidental to the operation of ferry, shipping, and related services.

B.C. Reg. 645/76

2. The following are excluded from the ferry system as transferred to and vested in the corporation and do not form part of the ferry system owned and operated by the corporation, namely:

- (a) The lands upon which the terminals are situate which remain in the name of the Government and are held for the use and benefit of the corporation;
- (b) The off-terminal lands and premises of the Government used or occupied by the ferry system;
- (c) Those liabilities of the Government incurred up to the transfer date in respect of the ferry system, whether accrued or contingent on the transfer date except to the extent funds are provided by the Government pursuant to the Act after the payment thereof;
- (d) The inventories of parts, equipment, and consumable stores maintained by the Ministry of Highways and Public Works at the Deas maintenance facility; and
- (e) The ferry operated on the Kelsey Bay-Beaver Cove route and the tackle, apparel, stores, equipment, furniture, and appurtenances on board, the terminal at Beaver Cove and related inventories and equipment.

Those public service employees who, immediately prior to the transfer date, comprise the crew of the ferry referred to in (e) above are not and do not become employees of the corporation but remain public service employees.

3. The value to be attributed to the properties and assets being transferred to and vested in the corporation pursuant to section 1 are hereby determined to be as follows:

- (a) For the assets described in subsections (a), (b), (c), (f), (g), and (j) of section 1, the sum of \$1.
- (b) For the assets described in subsections (d) and (e) of section 1, an amount equal to the lesser of the current replacement cost thereof and the latest invoice cost thereof as at the transfer date.
- (c) For the assets described in subsections (h) and (i) of section 1, an amount equal to the net book value thereof on the transfer date after making provision for an allowance for doubtful accounts in respect of the accounts receivable.

4. With effect on the transfer date, the corporation shall allot and issue to the Government shares in the capital of the corporation for an aggregate amount equal to the value of the assets of the ferry system as determined under section 3 hereof.

J. DAVIS

Minister of Energy, Transport and Communications

W. R. BENNETT

Presiding Member of the Executive Council

B.C. Reg. 645/76

SCHEDULE A

PART I

Official No.	Name	Official No.	Name
312273	<i>Queen of Sidney</i>	313942	<i>Sunshine Coast Queen</i>
312277	<i>Queen of Tsawwassen</i>	323841	<i>Powell River Queen</i>
314040	<i>Queen of Victoria</i>	323848	<i>Mayne Queen</i>
318636	<i>Queen of Saanich</i>	323854	<i>Bowen Queen</i>
318673	<i>Queen of Esquimalt</i>	190667	<i>Salt Spring Queen</i>
320045	<i>Queen of the Islands</i>	192296	<i>Vesuvius Queen</i>
320068	<i>Queen of Nanaimo</i>	150894	<i>Pender Queen</i>
322953	<i>Queen of New Westminster</i>	330605	<i>Dogwood Princess</i>
322978	<i>Queen of Burnaby</i>	319730	<i>Howe Sound Queen</i>
323870	<i>Queen of Prince Rupert</i>	368854	<i>Queen of Surrey</i>
195484	<i>Langdale Queen</i>	198842	<i>Mill Bay</i>

PART II

370060	<i>Queen of Coquitlam</i>
370065	<i>Queen of Cowichan</i>
370066	<i>Queen of Alberni</i>

ja4—9822

B.C. Reg. 646/76

Filed December 20, 1976

BRITISH COLUMBIA FERRY CORPORATION ACT

ORDER IN COUNCIL 3611, APPROVED AND ORDERED DECEMBER 16, 1976

Pursuant to the *British Columbia Ferry Corporation Act*, and upon the recommendation of the undersigned, the Lieutenant-Governor, by and with the advice and consent of the Executive Council, orders with effect on January 1, 1977, that the adoption, with the amendments described below, by the British Columbia Ferry Corporation of Passenger and Ferry Tariff No. 1, approved by Order in Council 1901/68, and published as B.C. Reg. 170/68, as amended to December 31, 1976, be and is hereby approved to fix the fares, tolls, and other charges for the use of the ferry, shipping, and other related services under the British Columbia Ferry Corporation's jurisdiction, subject to the following amendments:

- (a) The deletion from the title page of the reference to "Province of British Columbia, B.C. Ferries" and to "Her Majesty the Queen in right of the Province of British Columbia as represented by the Minister of Transport and Communications" and the substitution therefor in each instance of the words "British Columbia Ferry Corporation".
- (b) The deletion from page four of the reference to "Her Majesty the Queen in right of the Province of British Columbia as represented by the Minister of Transport and Communications" and the substitution therefor of the words, "British Columbia Ferry Corporation".

FERRY CORPORATION ACT**CHAPTER 128****Interpretation****1. In this Act**

"corporation" means the British Columbia Ferry Corporation established under this Act;

"board" means the board of directors of the corporation;

"ferry" means any and all methods and means of water transport including, but not limited to, ships, boats, vessels, barges, hydrofoils and hovercraft;

"ferry system" means the undertaking carried on by and the assets used and operated by the British Columbia Ferries Division of the Ministry of Energy, Transport and Communications that, immediately prior to the transfer date, were vested in the Crown in right of the Province;

"terminals" includes buildings, fixtures, structures, docks, wharves, ramps, landings, approaches, ways, offices and other improvements and facilities, other than land, necessary for or incidental to the operation of ferry, shipping and related services and incidental facilities and improvements;

"transfer date" means January 1, 1977.

1976-8-1.

Corporation established

2. (1) There is established a corporation, to be known as the British Columbia Ferry Corporation, consisting of not more than 9 persons appointed as directors under section 3, who constitute the board.

(2) The corporation may operate under the name "B.C. Ferries" or "British Columbia Ferries", or such other name as the Lieutenant Governor in Council may designate.

(3) The corporation is an agent of the Crown in right of the Province.

(4) The Minister of Finance is the fiscal agent of the corporation.

1976-8-2.

Directors

3. (1) The Lieutenant Governor in Council shall appoint the directors of the corporation, who shall hold office during pleasure.

(2) The Lieutenant Governor in Council shall appoint one of the directors as chairman.

(3) The corporation shall pay to the chairman and other directors the salaries, directors' fees or other remuneration and expenses as the Lieutenant Governor in Council may determine.

(4) A majority of the directors holding office constitute a quorum at meetings of the board, and the affirmative votes of a majority of the directors present at a meeting at which a quorum is present are sufficient to pass any resolution of the corporation.

(5) The board shall meet at least quarterly to determine the policies of the corporation and to supervise and review its affairs.

Objects and powers

6. The objects of the corporation are, and it has the power and capacity,
- (a) to establish, operate, administer and maintain a ferry, shipping and related service, including, subject to section 7 (1), the ferry system, and to engage in any other business or undertaking necessary or incidental to the operation of a ferry, shipping or related service;
 - (b) to acquire by any means except expropriation, to charter, to hold in its own name, and to use and operate ferries and terminals and such other property and assets, both real and personal, as are considered by the corporation to be necessary or required for the conduct of its operations, and to use and operate the ferries, terminals and other property and assets acquired for ferry, shipping and related purposes;
 - (c) subject to the approval of the Lieutenant Governor in Council, to lease, charter, mortgage, sell or otherwise dispose of ferries and terminals and other properties and assets, both real and personal, the corporation holds;
 - (d) to undertake such construction and reconstruction of ferries or terminals as in the opinion of the corporation is necessary or required for the conduct of its operations;
 - (e) subject to the approval of or on the direction of the Lieutenant Governor in Council, to add or delete routes of the ferry or shipping service carried on by the corporation;
 - (f) to enter into agreements with or accept grants or fees for services from persons, corporations, municipalities or regional districts and other governmental authorities or any of their agencies, for the purposes of this section;
 - (g) to invest or loan the funds not otherwise required for the purposes of the corporation in those investments or loans authorized by the Lieutenant Governor in Council;
 - (h) subject to the approval of the Lieutenant Governor in Council, to acquire by any means, except by expropriation, the whole or any part of the property, assets and undertaking, and to assume in whole or in part the obligations and liabilities of any person carrying on or entitled to carry on activities which the corporation is authorized to carry on or which can be carried on incidental to, or in connection with, the exercise of the objects and powers of the corporation;
 - (i) subject to the approval of the Lieutenant Governor in Council, to acquire all or any of the shares of another corporation, incorporated for the purpose of, or engaging in, the operation of ferry, shipping and related services, or in any other business necessary or incidental to the operation of ferry, shipping and related services;
 - (j) subject to this Act, to borrow such money as the corporation considers necessary or advisable and to issue notes, bonds, debentures and other securities for that purpose; and
 - (k) to do the things not inconsistent with this Act it considers necessary or advisable for carrying out any of its objects and powers.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

FERRY CORPORATION ACT**CHAPTER 128****Interpretation****1. In this Act**

"corporation" means the British Columbia Ferry Corporation established under this Act;

"board" means the board of directors of the corporation;

"ferry" means any and all methods and means of water transport including, but not limited to, ships, boats, vessels, barges, hydrofoils and hovercraft;

"ferry system" means the undertaking carried on by and the assets used and operated by the British Columbia Ferries Division of the Ministry of Energy, Transport and Communications that, immediately prior to the transfer date, were vested in the Crown in right of the Province;

"terminals" includes buildings, fixtures, structures, docks, wharves, ramps, landings, approaches, ways, offices and other improvements and facilities, other than land, necessary for or incidental to the operation of ferry, shipping and related services and incidental facilities and improvements;

"transfer date" means January 1, 1977.

1976-8-1.

Corporation established

2. (1) There is established a corporation, to be known as the British Columbia Ferry Corporation, consisting of not more than 9 persons appointed as directors under section 3, who constitute the board.

(2) The corporation may operate under the name "B.C. Ferries" or "British Columbia Ferries", or such other name as the Lieutenant Governor in Council may designate.

(3) The corporation is an agent of the Crown in right of the Province.

(4) The Minister of Finance is the fiscal agent of the corporation.

1976-8-2.

Directors

3. (1) The Lieutenant Governor in Council shall appoint the directors of the corporation, who shall hold office during pleasure.

(2) The Lieutenant Governor in Council shall appoint one of the directors as chairman.

(3) The corporation shall pay to the chairman and other directors the salaries, directors' fees or other remuneration and expenses as the Lieutenant Governor in Council may determine.

(4) A majority of the directors holding office constitute a quorum at meetings of the board, and the affirmative votes of a majority of the directors present at a meeting at which a quorum is present are sufficient to pass any resolution of the corporation.

(5) The board shall meet at least quarterly to determine the policies of the corporation and to supervise and review its affairs.

(6) The directors shall manage the affairs of the corporation or supervise the management of those affairs and may

- (a) exercise the powers conferred on them by and under this Act;
- (b) exercise the powers of the corporation on behalf of the corporation; and
- (c) delegate the exercise or performance of any power or duty conferred or imposed on them to any person employed by the corporation.

(7) The board may pass the resolutions it considers necessary or advisable for the management and conduct of the affairs of the corporation and the exercise of its powers or duties including, without limiting the generality of the foregoing, resolutions respecting the calling and holding of meetings of the board and the procedure to be followed at the meetings.

(8) A resolution in writing, signed by all the directors, is as valid and effectual as if it had been passed at a meeting of directors duly called and constituted.

1976-8-3.

Capitalization

4. The authorized capital of the corporation is one million shares without par value, but the maximum consideration for the issue of all the shares of the corporation shall not exceed \$100 million.

1976-8-4.

Officers and employees

5. (1) The directors shall appoint a general manager to hold office during the pleasure of the board and the directors shall fix the salary to be paid to the general manager.

(2) The directors shall define the duties of the general manager.

(3) The directors, or, if authorized by the directors, the general manager, may appoint the officers and employees considered necessary to carry on the business and operations of the corporation, and may define their duties, determine their remuneration and provide a system of organization to fix responsibility and promote efficiency.

(4) The *Public Service Act* and the *Public Service Labour Relations Act* do not apply to the officers and employees of the corporation.

(5) The *Pension (Public Service) Act* applies to the corporation and its employees and

- (a) the corporation and its employees shall be deemed to be an employer and its employees within the meaning of that Act;
- (b) the corporation shall make the deductions from the salaries of the employees as required under section 6 of that Act and pay the money to the Commissioner under that Act; and
- (c) the corporation shall, in addition, pay to the Commissioner employer's contributions in amounts equivalent to the amounts required under that Act.

(6) The corporation may require a bond under the *Bonding Act* from such of its officers and employees as it may designate.

1976-8-5; 1983-9-11, effective April 1, 1983.



Objects and powers

6. The objects of the corporation are, and it has the power and capacity,
- (a) to establish, operate, administer and maintain a ferry, shipping and related service, including, subject to section 7 (1), the ferry system, and to engage in any other business or undertaking necessary or incidental to the operation of a ferry, shipping or related service;
 - (b) to acquire by any means except expropriation, to charter, to hold in its own name, and to use and operate ferries and terminals and such other property and assets, both real and personal, as are considered by the corporation to be necessary or required for the conduct of its operations, and to use and operate the ferries, terminals and other property and assets acquired for ferry, shipping and related purposes;
 - (c) subject to the approval of the Lieutenant Governor in Council, to lease, charter, mortgage, sell or otherwise dispose of ferries and terminals and other properties and assets, both real and personal, the corporation holds;
 - (d) to undertake such construction and reconstruction of ferries or terminals as in the opinion of the corporation is necessary or required for the conduct of its operations;
 - (e) subject to the approval of or on the direction of the Lieutenant Governor in Council, to add or delete routes of the ferry or shipping service carried on by the corporation;
 - (f) to enter into agreements with or accept grants or fees for services from persons, corporations, municipalities or regional districts and other governmental authorities or any of their agencies, for the purposes of this section;
 - (g) to invest or loan the funds not otherwise required for the purposes of the corporation in those investments or loans authorized by the Lieutenant Governor in Council;
 - (h) subject to the approval of the Lieutenant Governor in Council, to acquire by any means, except by expropriation, the whole or any part of the property, assets and undertaking, and to assume in whole or in part the obligations and liabilities of any person carrying on or entitled to carry on activities which the corporation is authorized to carry on or which can be carried on incidental to, or in connection with, the exercise of the objects and powers of the corporation;
 - (i) subject to the approval of the Lieutenant Governor in Council, to acquire all or any of the shares of another corporation, incorporated for the purpose of, or engaging in, the operation of ferry, shipping and related services, or in any other business necessary or incidental to the operation of ferry, shipping and related services;
 - (j) subject to this Act, to borrow such money as the corporation considers necessary or advisable and to issue notes, bonds, debentures and other securities for that purpose; and
 - (k) to do the things not inconsistent with this Act it considers necessary or advisable for carrying out any of its objects and powers.

Acquisition of assets

7. (1) The ferry system, subject to the additions or exclusions as may be designated by the Lieutenant Governor in Council, shall be transferred to and vested in the corporation on the transfer date and at the value determined by the Lieutenant Governor in Council.

(2) With effect on the transfer date, the corporation shall allot and issue, to the Crown in right of the Province, shares in the capital of the corporation at a price, or for a consideration, equal to the aggregate of

- (a) the value of the ferry system as determined under subsection (1); and
- (b) the money paid to the corporation on or before the transfer date for the purchase of shares pursuant to section 19 (1) (a).

(3) The shares in the corporation shall be registered in the name of the Minister of Finance and shall be held by him on behalf of the Crown.

1976-8-7.

Financial administration

8. (1) The corporation shall establish and maintain an accounting system satisfactory to the minister, and shall, whenever required by him, render detailed accounts of its revenues and expenditures for the period or to the day as he may designate.

(2) All books or records of account and other financial records shall at all times be open for inspection by the minister or such other person as he may designate.

(3) The Minister of Finance may direct the Comptroller General of the Province to examine and report to the Treasury Board on any or all of the financial and accounting operations of the corporation.

(4) The accounts of the corporation shall, at least once in every year, be audited and reported on by an auditor appointed by the Lieutenant Governor in Council, and the costs of the audit shall be paid by the corporation.

(5) The minister shall lay before the Legislative Assembly annually

- (a) a report of the corporation of its operations for the preceding fiscal year; and
- (b) a financial statement showing the assets and liabilities of the corporation at the end of the preceding fiscal year and the operations of the corporation for that year, in the form as may be required by the minister.

(6) The report and financial statement referred to in subsection (5) shall be laid before the Legislative Assembly within 90 days next following the end of the fiscal year for which the report and statement are made if the Legislative Assembly is then sitting, otherwise within 15 days after the opening of the next following session.

(7) The financial statement referred to in subsection (5) shall be prepared in accordance with generally accepted accounting principles.

(8) The *Financial Information Act* applies to the corporation.

1976-8-8.

One fund

9. All funds, including borrowings, income and revenue that come into the hands of the corporation, whether as agent, trustee, owner or otherwise, shall form one fund out of which the corporation shall pay all expenditures necessary for its purposes.

and the corporation shall account for the fund and all payments out of it in its annual report.

1976-8-9.

Fiscal year

10. The fiscal year end of the corporation is March 31.

1976-8-10.

Operations

11. (1) The corporation, subject to the approval of the Lieutenant Governor in Council or such board, commission or other body as he may designate, shall fix the fares, tolls and other charges for the use of the ferry, shipping and other related services under its jurisdiction.

(2) The corporation, in fixing fares, tolls and other charges, shall give consideration to the costs of operating and maintaining ferries, terminals and its other properties and assets and the amount required annually to meet depreciation and interest charges.

1976-8-11.

Acquisition of land by minister

12. (1) On behalf of the corporation and subject to the approval of the Lieutenant Governor in Council, the minister charged with the administration of the *Ministry of Transportation and Highways Act* may, in accordance with that Act, acquire such land as may be necessary for the purposes of this Act.

(2) Unless otherwise directed by the Lieutenant Governor in Council, the land acquired under this section shall be vested in and held in the name of the Crown for the use and benefit of the corporation.

1976-8-12; B.C. Reg. 91/79; B.C. Reg. 537/79.

Tenders for works

13. (1) The corporation shall invite tenders by public advertisement for the construction, modification or repair of ferries or terminals involving capital expenditures unless

- (a) the corporation considers that compliance with this section would cause a delay that would be contrary to the public interest; or
- (b) the work could be more expeditiously and economically executed by the officers and employees of the corporation.

(2) The corporation shall open in public all tenders received pursuant to subsection (1), at a time and place stated in the advertisement inviting the tenders, and the amount of each tender shall then and there be publicly announced or made available for inspection by any person.

1976-8-13.

Borrowing powers

14. (1) Subject to the approval of the Lieutenant Governor in Council and within the borrowing limitations prescribed by section 16, the corporation, for the purpose of carrying out any of the objects or powers referred to in this Act or for the exercise of any power, right, function or duty conferred or imposed on it under this or

any other Act, may borrow such money as it may consider necessary or advisable and may issue notes, bonds, debentures and other securities bearing interest at the rates and payable as to principal and interest in the currencies and at the places and times and in the manner as the corporation may determine.

(1.1) The board of directors may, by resolution, delegate any of their powers or the powers of the corporation under this section to any director or officer of the corporation.

(1.2) A resolution under this section approved by the required number of directors by telex, telegraph, telephone or any other similar means of communication confirmed in writing or other graphic communication, is as valid and effectual as if it had been passed at a meeting of the directors properly called and constituted.

(2) The notes, bonds, debentures and other securities of the corporation may be made redeemable in advance of maturity at the times and at the prices as the directors of the corporation may determine at the time the securities are issued.

(3) The corporation may borrow and issue securities in such amount as will realize the net sum required by the corporation for its purposes, and a recital or a declaration in a resolution of the corporation authorizing the issue of securities to the effect that the issue of the securities so authorized is being made for the purposes of the corporation and that the amount is necessary to realize the net sum required for the purposes of the corporation is conclusive evidence of the fact.

(4) Subject to the approval of the Lieutenant Governor in Council, the corporation, on the terms and conditions considered necessary or advisable, may sell, exchange or otherwise dispose of the notes, bonds, debentures and other securities of the corporation, and either at par value or at less or more than par value, and may charge, pledge, hypothecate, deposit or otherwise deal with the securities as collateral security, and may do any of these things.

(5) Securities of the corporation, dealt with as collateral security, when

(a) redelivered to the corporation or its nominees on or after payment, satisfaction, release or discharge, in whole or in part, of any indebtedness or obligation for which the securities may have been given as collateral; or

(b) the corporation again becomes entitled to the securities.

may be treated by the corporation as unissued and, subject to the approval of the Lieutenant Governor in Council,

(c) may be issued, reissued, charged, pledged, hypothecated, deposited, dealt with as collateral security, sold or otherwise disposed of on the terms and conditions the directors of the corporation may consider necessary or advisable; or

(d) at the option of the corporation, may be cancelled, and in that case, subject to the approval of the Lieutenant Governor in Council, fresh securities in the same amount, in similar form and with similar consequences may be issued instead, and on the issue or reissue a person entitled to them has the same rights and remedies as if the securities had not been previously issued.

but the borrowing power of the corporation shall be deemed not to have been affected by the issuance, reissuance, pledging, depositing or selling of the securities under this section.

(6) The notes, bonds, debentures and other securities of the corporation shall be in the form as may be determined by the directors of the corporation, subject to the approval of the Minister of Finance.

(7) The notes, bonds, debentures and other securities shall bear the seal of the corporation and, together with any coupons attached, shall bear the signatures in writing, as defined in the *Interpretation Act*, of

- (a) the chairman and another director or officer, or
- (b) other directors or officers as the corporation may determine.

(8) The directors of the corporation may provide that the seal of the corporation may be engraved, lithographed, printed or otherwise mechanically reproduced on any security to which it is to be affixed.

(9) The seal of the corporation when so mechanically reproduced shall have the same force and effect as if manually affixed, and the mechanically reproduced signatures shall for all purposes be valid and binding on the corporation, notwithstanding that the person whose signature is so reproduced has ceased to hold office before the date of the security or before its issue.

(10) Subject to any restriction that may be placed on it by the Lieutenant Governor in Council and within the borrowing limitation prescribed by section 16, the corporation may also borrow, by way of temporary loans from any person, the sums on the terms, for the purposes and on the conditions as the directors of the corporation may determine, by way of bank overdraft or line of credit, or by the pledging as security for the temporary loans of notes, bonds, debentures or other securities of the corporation pending their sale or in lieu of selling them, or in whatever other manner the directors of the corporation may determine. Any cheques, promissory notes or other instrument that may be necessary or advisable in connection with borrowing money and obtaining advances by way of such temporary loans may be executed in whatever manner the directors of the corporation may determine.

(11) The Minister of Finance, as fiscal agent of the corporation, may arrange all details and do, transact and execute all deeds, matters and things that are requisite during the negotiation of a loan or for the purpose of placing a loan.

(12) Money raised by the corporation under this section shall be paid by the corporation into the fund established under authority of section 9.

(13) The corporation, except in the case of a temporary loan of a term not exceeding 5 years and of issues of securities repayable in instalments of principal, shall set aside in each year during the period mentioned in this subsection a sum that, together with interest compounded annually at a rate determined by the Lieutenant Governor in Council, would be sufficient, irrespective of the dates of maturity of the securities being issued, to provide a sinking fund for the repayment in full of any securities issued by the corporation within a period not exceeding 30 years after the date of issue.

(14) The sums referred to in subsection (13) shall be paid to the Minister of Finance, who shall act as trustee for the corporation, shall establish one or more appropriate sinking fund trustee accounts, and, subject to subsection (15), shall invest the sums and the interest earnings in investments permitted for a trust fund under section 36 (2) of the *Financial Administration Act*.

(15) Notwithstanding anything in this Act, the corporation may make such other provisions as may be approved by the Lieutenant Governor in Council for the payment by the corporation to the Minister of Finance as trustee for the corporation of a sinking fund for the repayment at or before maturity of the whole or any part of securities issued by the corporation and for the application from time to time by the Minister of Finance on behalf of the corporation of the whole or any part of the sinking fund so paid and any interest earnings to the purchase, and, in the case of securities issued subject to redemption in

advance of maturity, to the redemption by call of those securities, and the Minister of Finance shall apply the sinking fund in accordance with the provisions so approved, and securities purchased or redeemed may be retained in the sinking fund, and, if retained, may be cancelled on the authorization of the Lieutenant Governor in Council.

1976-8-14; 1981-15-94, proclaimed effective November 26, 1981; 1983-25-8, effective October 26, 1983 (B.C. Reg. 397/83).

Authorization to borrow from *Canada Pension Plan*

15. (1) Notwithstanding anything in this Act, the corporation may, in the bylaw or resolution under section 14, authorize the Minister of Finance or, with the concurrence of the Minister of Finance, authorize the Minister of Finance of Canada to determine any matter required to be determined under section 14 for the purpose of

- (a) borrowing money from the Canada Pension Plan Investment Fund established under the *Canada Pension Plan*; and
- (b) issuing and selling to the Receiver General and Minister of Finance of Canada for the credit of the Canada Pension Plan Investment Fund debentures as security for the loans.

(2) Subsection (1) shall be conclusively deemed to have been the law since January 1, 1977 and is retroactive to the extent necessary to give effect to its provisions on and after that date, and every bylaw or resolution passed under section 14 since that date for the purpose of borrowing money from the Canada Pension Plan Investment Fund shall be conclusively deemed to grant the authorization referred to in subsection (1), and debentures issued and sold to the Receiver General and Minister of Finance of Canada under section 14 are validated and confirmed.

1978-21-3.

Maximum borrowing power

16. The aggregate of the sums that may be borrowed under the authority of this Act, after payment of discount, commission, brokerage and all other expenses of all loans, shall not exceed the aggregate net sum of \$250 million, and in computing that aggregate net sum the following shall be excluded:

- (a) sums borrowed by the corporation for any of the purposes of
 - (i) repayment on account of advances by the Crown to the corporation or repayment of notes, bonds, debentures or other securities of the corporation purchased by the Crown;
 - (ii) payment, refunding, exchange or renewal of the whole or any part of a loan raised or security issued by the corporation, except to the extent that a sinking fund is available for the payment of the loan or securities, and a recital or declaration in a resolution of the corporation authorizing the issue of securities as to the amount of a sinking fund so available is conclusive evidence of the fact; or
 - (iii) payment of the whole or any part of a loan, a liability or bonds, debentures or other securities, payment of which is guaranteed or assumed by the corporation;
- (b) sums borrowed by the corporation that have been repaid by the corporation otherwise than out of the proceeds of the sale of securities of the corporation issued for the purpose;

- (c) sums borrowed by the corporation to repay in whole or in part outstanding temporary loans of the corporation;
- (d) the amount of debt of any person assumed by the corporation or money borrowed to repay the debt so assumed;
- (e) securities of the corporation hypothecated or pledged by the corporation as collateral security for temporary loans of the corporation, except to the extent that the net sum realized on any subsequent sale by the corporation of such securities exceeds the amount of the temporary loan paid or to be repaid from the proceeds of the sale.

1976-8-15.

United States dollar equivalent

17. For the purpose of calculating the sum to be set aside for a sinking fund under section 14 (13) in respect of securities payable in United States dollars, \$1 in lawful money of Canada shall be deemed to be the equivalent of \$1 in lawful money of the United States of America.

1976-8-16.

Government guarantee

18. (1) The Crown may, on terms as the Lieutenant Governor in Council approves, guarantee

- (a) the payment of principal and interest; and
 - (b) the performance of any obligation for the payment of money.
- of the notes, bonds, debentures and other securities issued by the corporation.

(2) The Lieutenant Governor in Council may authorize

- (a) the Minister of Finance; or
- (b) an officer of the Ministry of Finance,

to sign the guarantee on behalf of the Crown, and the signature of that person on the guarantee is conclusive proof that this section has been complied with.

(3) The guarantee, in the form and manner the Lieutenant Governor in Council approves, may be endorsed on the notes, bonds, debentures and other securities issued by the corporation and the signature of the person authorized to sign the guarantee may be reproduced by engraving, lithographing, printing or other means.

(4) The reproduced signature of a person referred to in subsection (3) shall for all purposes be deemed to be the signature of that person and is binding on the Crown notwithstanding

- (a) that the person whose signature is reproduced did not hold office at the date of the notes, bonds, debentures or other securities or at the date of their delivery; or
- (b) that the person who holds that office at the date the signature is affixed is not the person who holds that office at the date of the notes, bonds, debentures or other securities or at the date of their delivery.

(5) Money required to be paid by the Crown in respect of a guarantee given under this section shall be paid out of the consolidated revenue fund without an appropriation other than this Act.

1976-8-17.

Guarantees respecting leases

18.1 (1) The Crown may, on terms approved by the Lieutenant Governor in Council, guarantee payments of the corporation under a lease made by or to the corporation.

(2) The Lieutenant Governor in Council may authorize

(a) the Minister of Finance, or

(b) an officer of the Ministry of Finance,

to sign the guarantee on behalf of the Crown, and the signature of that person on the guarantee is conclusive proof that this section has been complied with.

(3) Money required to be paid by the Crown in respect of a guarantee given under this section shall be paid out of the consolidated revenue fund without an appropriation other than this Act.

1982-9-1.

Subsidies from government

19. (1) During the first fiscal period of the corporation, the Minister of Finance may, for the purpose of providing financial assistance to the corporation for such fiscal period, apply a sum not exceeding \$25 million

(a) for the purchase of shares in the capital of the corporation; and

(b) for a grant to the corporation

in the proportions as he may determine, and the money required shall be paid out of the consolidated revenue fund without an appropriation other than this section.

(2) The Lieutenant Governor in Council, on recommendation of the Minister of Finance, may authorize the Minister of Finance to pay to the corporation an annual highway equivalent subsidy.

1976-8-18; 1982-9-2.

Additional funds from purchase of shares or loans

20. In addition to any other money authorized to be paid under section 19, the Lieutenant Governor in Council may, by order, authorize the Minister of Finance to

(a) purchase unissued shares of the corporation;

(b) purchase notes, bonds, debentures or other securities of the corporation; and

(c) advance money to the corporation for its temporary or long term purposes on the terms and conditions as the Lieutenant Governor in Council may determine.

and the money required shall be paid out of the consolidated revenue fund without an appropriation other than this section.

1976-8-19.

Exemption from taxation

21. The corporation, as an agent of the Crown, is not liable to taxation, including taxation on improvements, except in so far as the Crown is liable.

1976-8-20

Transfer of Ferry Authority

22. (1) On the transfer date, all rights, properties and assets remaining vested in and all liabilities of the British Columbia Ferry Authority established under the *British Columbia Ferry Authority Act*, not transferred to and vested in the Crown in right of

the Province by the *British Columbia Ferry Authority (Vesting) Act, 1968* are transferred to, vested in and assumed by the corporation, including, in particular,

- (a) all the liabilities of the British Columbia Ferry Authority in respect of the payment of the principal and interest on the outstanding bonds and debentures of the British Columbia Ferry Authority; and
- (b) all money and investments in or forming part of the sinking funds established for the repayment of those bonds and debentures of the British Columbia Ferry Authority.

(2) On the transfer date, the *British Columbia Ferry Authority Act* and the *British Columbia Authority (Vesting) Act, 1968* are repealed and the British Columbia Ferry Authority is dissolved.

(3) Notwithstanding the repeal of the *British Columbia Ferry Authority Act* and the *British Columbia Ferry Authority (Vesting) Act, 1968*,

- (a) the unconditional guarantee by the Crown of the payment of the principal of and interest on the bonds and debentures of the British Columbia Ferry Authority remains valid and binding according to its tenor;
- (b) in the event that the assets of the sinking fund described in subsection (1)(b) are insufficient to discharge the liabilities described in subsection (1)(a) at the time when payments of those liabilities are required to be made, the sums required to discharge those liabilities shall be paid out of the consolidated revenue fund without an appropriation other than this section, and
- (c) a surplus remaining in the sinking fund described in subsection (1) (b) after the discharge of the liabilities described in subsection (1) (a) shall be paid into the consolidated revenue fund.

1976-8-21; 1981-20-23, proclaimed effective February 11, 1982.

Employees of ferry system

23. (1) On the transfer date, those public service employees as defined in the *Public Service Act*, who are working for the ferry system, are, notwithstanding the *Public Service Act*, employees of the corporation and shall cease to be public service employees and shall be deemed, with effect from the transfer date, to have been appointed pursuant to and for the purposes of section 5 (3).

(2) On the transfer date, every public service employee who, prior to that date had been confirmed in his appointment under the *Public Service Act* and who is subject to appointment to the corporation under subsection (1),

- (a) shall not suffer any reduction in salary by reason only of his appointment under subsection (1);
- (b) is entitled to equivalent superannuation or pension plan benefits as he is entitled to in the public service and full credit in respect of his contributions and the contributions of the government on his behalf during his period in the public service; and
- (c) is entitled to participate in the Public Services Medical Plan and to maintain group insurance coverage by an insurance contract under the Public Service Group Insurance Plan.

(3) Any question or difference between the corporation and an employee or a trade union representing employees respecting

- (a) the interpretation or application of this section;

(b) the interpretation or application of any provision of a collective agreement in force between the government and a trade union referred to in subsection (4); and

(c) any question arising by reason of subsection (4);

may be referred by the parties or any of them to the Industrial Relations Council in accordance with the procedure set out in the *Industrial Relations Act* and the regulations under that Act, and the Industrial Relations Council may decide the question or difference

(d) in any of the ways; and

(e) by applying any of the remedies

available in respect of the settlement of a question or difference under the *Industrial Relations Act* with the necessary changes and so far as they are applicable.

(4) On the transfer date, the corporation is bound by every collective agreement in force between the government and a trade union acting on behalf of the employees of the ferry service or any of them, as if the corporation were a party to the collective agreement and if

(a) a provision of the collective agreement is not applicable or is ineffective for any reason, and

(b) the corporation and the trade union representing the employees, after negotiation, cannot agree on an amended provision,

either party may apply to the Industrial Relations Council pursuant to subsection (3) and, in addition to the powers of the Industrial Relations Council under subsection (3) and under section 53 of the *Industrial Relations Act*, the Industrial Relations Council may determine a method by which the provision may be made applicable and effective and may order the collective agreement to be amended accordingly.

1976-8-22; 1985-15-26, 27, effective March 2, 1987 (B.C. Reg. 248/86); 1987-24-71, 72, effective July 27, 1987 (B.C. Reg. 246/87).

Company Act

24. (1) Notwithstanding section 3 (1) of the *Company Act*, sections 19, 21 (1), 32, 33, 124, 125, 144 to 148 and 152 of that Act apply to the corporation.

(2) The Lieutenant Governor in Council may declare that one or more additional provisions of the *Company Act* apply to the corporation.

1976-8-23.

Ferry Act

25. The *Ferry Act* does not apply to the corporation.

1976-8-24.

Public Service Benefit Plan Act

26. The *Public Service Benefit Plan Act* applies to the officers and employees of the corporation.

1976-8-25.

Regulations

27. The Lieutenant Governor in Council may make regulations.

1976-8-29.

B.C. Reg. 150/60
O.C. 1543/60

Ferry Corporation Act

TSAWWASSEN AND SWARTZ BAY FERRY REGULATION, TERMINALS AND APPROACHES

[includes amendments up to B.C. Reg. 644/76]

DIVISION (1)

Interpretation

1.01 In this regulation, unless the context otherwise requires, all words and expressions other than those set forth in the *Ferry Corporation Act* have the meanings assigned to them by the *Motor Vehicle Act*, the *Highway Act* and the *Commercial Transport Act*, and where there is more than one meaning under those statutes, the meaning under the *Motor Vehicle Act* applies.

[am. B.C. Reg. 644/76, ss. (a), (b).]

DIVISION (2)

Traffic Rules and Regulations

2.01 The *Motor Vehicle Act*, the *Highway Act*, the *Commercial Transport Act* and other Acts relating to the operation of vehicles upon a public highway apply to the operation of vehicles on the terminals.

[am. B.C. Reg. 644/76, s. (d).]

2.02 The driver of a vehicle shall obey the instructions of an applicable traffic control device, except when otherwise directed by a peace officer or by an employee of the corporation or of the Ministry of Transportation and Highways authorized by the corporation to direct traffic.

[am. B.C. Reg. 644/76, s. (c).]

2.03 The driver of a vehicle upon the terminals shall, upon request by a peace officer or by an employee of the Corporation or of the Ministry of Transportation and Highways authorized by the Corporation to inspect licences and permits, produce any licence or permit issued under the *Motor Vehicle Act* or the *Commercial Transport Act*, or under this regulation, and shall allow the licence or permit to be taken in hand for the purpose of inspection.

[am. B.C. Reg. 644/76, ss. (c), (e).]

2.04 No person shall make a U-turn, or otherwise reverse the direction in which a vehicle is proceeding, while driving or operating a vehicle upon the terminals, unless directed to do so by a peace officer or by an employee of the corporation or of the Ministry of Transportation and Highways authorized by the corporation to direct traffic.

[am. B.C. Reg. 644/76, ss. (c), (f).]

**FERRY CORPORATION ACT
TSAWWASSEN AND SWARTZ BY FERRY,
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2.05 Where a traffic control device has been placed, painted or erected upon the terminals, indicating the direction or manner in which vehicles shall proceed, no person shall drive or operate a vehicle other than in the direction or manner indicated, unless otherwise directed by a peace officer or by an employee of the corporation or of the Ministry of Transportation and Highways authorized by the corporation to direct traffic.

[am. B.C. Reg. 644/76, ss. (c), (g).]

2.06 No person shall stop, stand or park a vehicle upon the terminals, except when it is necessary to comply with a traffic control device, or with the direction of a peace officer or employee of the Corporation or of the Ministry of Transportation and Highways authorized by the Corporation to direct traffic, or except in areas designated for public parking.

[am. B.C. Reg. 644/76, ss. (c), (h).]

2.07 In the event of a breakdown or other disablement of a vehicle on a terminal any peace officer or employee of the corporation or Ministry of Transportation of Highways authorized by the corporation to direct traffic may arrange for the necessary towing of the vehicle, or the supplying of gasoline, or such other assistance as may be necessary; and all charges in such connection shall be paid for by or for the driver or operator of the vehicle before it is removed from the terminal.

[am. B.C. Reg. 644/76, ss. (c), (i).]

2.08 In the event of a vehicle being unlawfully stopped, parked or left standing on a terminal, any peace officer or employee of the corporation or the Ministry of Transportation and Highways authorized by the corporation to direct traffic may remove or cause the vehicle to be removed from the place where it is found, and all charges or costs in connection with the removal and of the storage of the vehicle shall be paid by the owner or operator of the vehicle before it is returned to the owner or operator.

[am. B.C. Reg. 644/76, ss. (c), (j).]

2.09 The parking lot provided at each terminal for public parking may be used by ferry patrons only. No person shall park a vehicle in any such lot for a period exceeding 48 hours.

FERRY CORPORATION ACT
TSAWWASSEN AND SWARTZ BY FERRY,
TERMINALS AND APPROACHES

DIVISION (3)

Loads, Sizes and Weights

3.01 All overweight or oversize vehicles operated by virtue of a special permit issued in accordance with the provisions of the regulations made under the *Motor Vehicle Act* and the *Commercial Transport Act* may be required by the corporation to proceed upon the terminals only at specified hours and upon certain days of the week, and every person shall comply with those requirements.

[am. B.C. Reg. 644/76, ss. (c), (k).]

3.02 The prohibitions set forth in the *Canada Shipping Act* with regard to the transportation of inflammable, explosive or dangerous substances on passenger vessels apply to the transportation of such substances on a terminal, and no person shall do anything in contravention of any such prohibition.

[am. B.C. Reg. 644/76, s. (l).]

3.03 Vehicles carrying fuel or supplies for use on vessels owned and operated by the Corporation are exempt from the provisions of section 3.02.

[am. B.C. Reg. 644/76, s. (m).]

3.04 The following are prohibited from travelling upon the terminals except by virtue of a special permit issued under the regulations made under the *Motor Vehicle Act*:

- (a) vehicles with metal tires, or pneumatic tires which are flat or not inflated with air;
- (b) animals which are being led, ridden or driven;
- (c) push carts, wheelbarrows or similar devices;
- (d) vehicles or loads which, in the opinion of an employee of the corporation or the Ministry of Transportation and Highways authorized by the corporation to exercise such authority, would endanger persons or property or render the use of the terminals unsafe.

[am. B.C. Reg. 644/76, ss. (c), (n).]

DIVISION (4)

Fares

4.01 The corporation may erect and maintain at or on the terminals a ticket booth or ticket booths, and may appoint and employ all necessary ticket collectors and other officials necessary to direct and control them in the performance of their duties; all persons so appointed and employed shall be under the direction and control of the Corporation.

[am. B.C. Reg. 644/76, s. (c).]

150/60

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TSAWWASSEN AND SWARTZ BY FERRY,
TERMINALS AND APPROACHES**

4.02 It is the duty of every ticket collector appointed under this regulation to collect and enforce payment of the fares imposed by the Corporation by regulations, and to enforce due observance of the provisions of these regulations.

[am. BC. Regs. 144/62; 644/76, s. (o).]

4.03 The driver of any vehicle, and any pedestrian, entering upon or using the terminals shall comply with this regulation, and shall stop and pay the fares according to the rates as fixed by the corporation by regulations.

[am. BC. Regs. 144/62; 644/76, s. (p).]

4.04 The provisions of this regulation do not apply to persons who are actually engaged in the operation, maintenance, inspection and repair of the terminals, except as to payment of fares.

[am. B.C. Reg. 644/76, s. (q).]

DIVISION (5)

Penalties

5.01 Every person who violates any provision of this regulation, or refuses or neglects to observe or perform any duty or obligation created or imposed by the regulation, or who directly or indirectly evades or attempts to evade the payment of any fare which he is required to pay under the regulation, is liable, on summary conviction, to a fine of not more than \$300.

[Provisions of the *Ferry Corporation Act* relevant to the enactment of this regulation: section 27]

B.C. Reg. 209/77

considered as Commercial Grade, and the percentage of loss to be applied to individual samples of fruit will be:

Commercial Grade reduced to Cull 100"

J. HEWITT
Minister of Agriculture

W. R. BENNETT
Presiding Member of the Executive Council

je21—552

B.C. Reg. 210/77

Filed June 13, 1977

BRITISH COLUMBIA FERRY CORPORATION ACT

ORDER IN COUNCIL 1814, APPROVED AND ORDERED JUNE 9, 1977

Pursuant to the *British Columbia Ferry Corporation Act*, and upon the recommendation of the undersigned, the Lieutenant-Governor, by and with the advice and consent of the Executive Council, orders that Order in Council 3610/76, as approved and ordered on December 16, 1976, and designated as B.C. Reg. 645/76, be amended by repealing section 3 and substituting as section 3 the following:

"3. The values to be attributed to the properties and assets being transferred to and vested in the corporation pursuant to section 1 are hereby determined to be as follows:

- (a) For the assets described in subsections (a), (b), (c), (f), (g), and (j) of section 1, the sum of \$1.
- (b) For such of those assets described in subsections (d) and (e) of section 1 for which conventional inventory accounting and valuation practices are appropriate,
 - (i) where reasonably ascertainable, amounts equal to the lesser of the current replacement cost thereof and the latest invoice cost thereof as at the transfer date and subject to such adjustments as may be necessary to give recognition to obsolescence as at the transfer date; or
 - (ii) where not reasonably ascertainable, amounts equal to either the lesser of current replacement cost thereof and the latest invoice cost thereof are not reasonably ascertainable, at amounts equal to the estimated laid-down cost as at the transfer date and subject to such adjustments as may be necessary to give recognition to obsolescence as at the transfer date.
- (c) For such of those assets described in subsections (d) and (e) of section 1 for which conventional inventory accounting and valuation practices are not appropriate and therefore the cost of which would be treated as an expense when incurred, the sum of \$1.

B.C. Reg. 210.77

- (d) For the assets described in subsections (h) and (i) of section 1, an amount equal to the net book value thereof on the transfer date after making provision for an allowance for doubtful accounts in respect of the accounts receivable."

J. DAVIS

Minister of Energy, Transport and Communications

W. R. BENNETT

Presiding Member of the Executive Council

je21—552

B.C. Reg. 211/77

Filed June 13, 1977

DOMESTIC ANIMAL PROTECTION ACT

ORDER IN COUNCIL 1815, APPROVED AND ORDERED JUNE 9, 1977

Pursuant to the *Domestic Animal Protection Act*, and upon the recommendation of the undersigned, the Lieutenant-Governor, by and with the advice and consent of the Executive Council, orders that sections 6 and 8 of the *Domestic Animal Protection Act* shall apply within all municipalities of the Province of British Columbia.

J. HEWITT

Minister of Agriculture

W. R. BENNETT

Presiding Member of the Executive Council

je21—552

B.C. Reg. 212/77

Filed June 13, 1977

HOSPITAL INSURANCE ACT

ORDER IN COUNCIL 1822, APPROVED AND ORDERED JUNE 9, 1977

Pursuant to the *Hospital Insurance Act*, and upon the recommendation of the undersigned, the Lieutenant-Governor, by and with the advice and consent of the Executive Council, orders that effective June 28, 1977, the Pemberton and District Diagnostic and Treatment Centre, Pemberton, be designated as a "diagnostic and treatment centre":

And that the list of hospitals designated by Order in Council 1391/58, approved June 11, 1958 (B.C. Reg. 71/58), as amended, be further amended

(Council Statutes of B.C. Vol. 2 - 1979)

1979

FERRY

RS CHAP. 127

FERRY ACT

CHAPTER 127

[Act administered by the Ministry of Transportation and Highways]

Interpretation

1. In this Act "ferry" means any ferry under the control of the Legislature. *[Note: see section 25, Ferry Corporation Act.]*

RS1960-144-2.

Application

2. Nothing in this Act extends to the owner or master of any vessel plying between 2 ports in the Province, or regularly entered or cleared by the officers of Her Majesty's Customs at any of those ports, or in any way affects any privilege granted by the Parliament of Canada, or by the Legislature of the Province, to the proprietor of any bridge, railway or other company, in respect of ferries within the meaning of this Act.

RS1960-144-3.

Power to grant ferry licence

3. The Lieutenant Governor in Council may, by order, establish and grant a charter or licence for any ferry in the Province.

RS1960-144-4.

Ferry licence under Great Seal

4. No charter or licence in respect of any ferry shall be granted except under the Great Seal and by order of the Lieutenant Governor in Council and after public competition, as provided in this Act.

RS1960-144-5.

Public competition

5. (1) Whenever a ferry is established or becomes vacant, it is the duty of the Minister of Transportation and Highways to offer the charter, licence or renewal of licence for the ferry to public competition, and for that purpose to give notice in the Gazette and in one or more newspapers published or circulating in the locality in which the ferry is or is to be situate or operated, or ought to be operated, of the time and place at which tenders will be received for the charter, licence or renewal of licence, for the ferry.

(2) The Minister of Transportation and Highways shall report the result of the competition to the Lieutenant Governor in Council, and the charter, licence or its renewal may be granted accordingly.

RS1960-144-6; 1977-75-6; B.C. Reg. 91/79; B.C. Reg. 537/79

Term and assignment of licence

6. (1) Ferry licences and renewals of ferry licences under section 5 may be granted for a period not exceeding 10 years and may contain provisions for their renewal to the holder for a similar period, subject to those conditions as to satisfactory service and otherwise as the Lieutenant Governor in Council may specify.

(2) Ferry licences and renewals of ferry licences granted under this Act, with the consent of the Minister of Transportation and Highways, may be assigned to any person who undertakes in a manner satisfactory to the minister to operate the ferry in accordance with the licence.

RS1960-144-7; 1977-75-6; B.C. Reg. 91/79; B.C. Reg. 537/79; 1983-10-21, effective October 26, 1983 (B.C. Reg. 393.83).

Regulations

7. The Lieutenant Governor in Council may make regulations, including those
- (a) defining the manner in which, the conditions (including any duty or sum to be paid for the licence) under which and the period for which licences shall be granted in respect of any ferry;
 - (b) fixing tolls or rates for carrying persons and chattels on a ferry, fixing different tolls or rates for different classes of persons, and prescribing schedules of ferry departures or arrivals;
 - (c) establishing and fixing special tolls or rates for through traffic, by way of a joint tariff or otherwise, at which persons and chattels shall be carried over any ferry as part of a continuous route in connection with the traffic facilities or lines operated by any steam railway company, tramway or electric railway company, and to fix the period during which the special tolls or rates shall have effect;
 - (d) enforcing the payment of those tolls or rates by the persons carried, or for whom chattels are carried, over the ferries;
 - (e) for annulling and declaring the forfeiture of any ferry licence in consequence of its conditions, or any of them, not having been fulfilled, or in consequence of the licence having been obtained by fraud or misrepresentation, or through error;
 - (f) imposing penalties, not exceeding \$10 in any case, for the violation of these regulations.

RS1960-144-8; 1984-25-12.

Publication of regulations

8. The Minister of Transportation and Highways shall cause all regulations to be published in the Gazette at least 3 times during the 3 months following their date.

RS1960-144-9; 1977-75-6; B.C. Reg. 91/79; B.C. Reg. 537/79.

Inquiries

9. Where reasonable grounds are shown to the Minister of Transportation and Highways, he may, either himself or by any person specially appointed by him in writing for that purpose, make inquiry under oath as to any matter connected with any ferry or ferry charter or licence, and the minister or appointed person then has the same power as is vested in any court of law in civil cases, of summoning any party or witnesses, of enforcing their attendance and of requiring and compelling them to give evidence on oath, whether orally or in writing, and to produce documents and things he deems requisite to the full investigation of the matter.

RS1960-144-10; 1977-75-6; B.C. Reg. 91/79; B.C. Reg. 537/79.

Offences

10. (1) A person who interferes with the rights of a chartered or licensed ferryman, by conveying passengers or goods for hire or profit, with intention to lessen the tolls or revenue of any ferry within the limits assigned to the ferryman by any charter or licence is, on conviction, liable to a penalty not exceeding \$100.

(2) Every person who without lawful authority interferes with, obstructs or impedes the operation of, takes charge of or operates

(a) a ferry that is chartered or licensed under this Act, or a vessel, landing or appliance used or maintained for the purpose of a ferry, chartered or licensed under this Act; or

(b) a ferry that is owned or operated by the Crown, or a vessel, landing or appliance used or maintained for the purpose of a ferry that is owned or operated by the Crown.

is liable on conviction to a penalty not exceeding \$100.

RS1960-144-11.

Recovery of penalties

11. All penalties imposed by this Act, or by any regulation under the authority of this Act, are recoverable on conviction, on the oath of a credible witness other than the informer, and 1/2 of every penalty shall be paid to the informer, and the other 1/2 shall belong to the Crown.

RS1960-144-12.

Disposition of fines and fees

12. All money arising out of ferry licences, and out of penalties incurred in regard to those licences which may belong to the Crown, under this Act, shall form part of the consolidated revenue fund.

RS1960-144-13.

Ferry Act

LADNER FERRY TOLLS

[effective July 15, 1958]

1. The following is the tariff of tolls or rates at which persons and chattels shall be carried over the Ladner Ferry across the Fraser River between Ladner Ferry Landing and Woodward's Landing:

Passengers (on deck or in vehicle):

Adult-

One trip \$0.10
Commutation tickets-15 for 1.00

Child-

Under 12 years and over 6 years .05
Under 6 years Free

Vehicles (rate includes driver and load without extra charge):

Passenger car, without trailer (regardless of length)-

One trip .35
Weekly pass-16 crossings per week 1.50
With trailer, as for "combination of vehicles."

Other vehicles, such as trucks, buses, trailers, wagons, including combinations of vehicles, such as car with trailer, truck with trailer, etc.-

Basic charge on first 18 feet or portion thereof of overall length of vehicles or combination of vehicles-

Single fare .35
Commutation tickets-10 for 2.50

Unit charge on each 9 foot unit or portion thereof in excess of first 18 feet of overall length of vehicle or combination of vehicles, also on motorcycles and livestock-

One trip, per unit .20
Commutation tickets-25 units for 4.00

Motorcycle, with or without sidecar 1 unit
Bicycle (rider, according to passenger rates) Free

Livestock:

In vehicle Free

On deck-

Horse or cattle, each 1 unit
Pig, sheep, etc., per 4 animals 1 unit

Freight:

In vehicle Free

On deck-

Up to 100 lb. per person Free
In excess of 100 lb. not carried.

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FERRY ACT
LADNER TOLLS

2. to 3. Spent.

[Provisions of the *Ferry Act* relevant to the enactment of this regulation:
section 7]

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Victoria, 1985

B.C. Reg. 152/60
O.C. 1661/60

Ferry Act

FRANCOIS LAKE FERRY TOLLS

I. The following is the tariff of tolls or rates at which persons and chattels shall be carried over the Francois Lake Ferry across Francois Lake between North Bank and South Bank:

Scheduled trips:

On all trips operating regularly, daily or otherwise, at specified times as listed and publicized in the schedule of operation of Francois Lake Ferry, all categories of traffic Free

Special trip:

On a special trip, other than a scheduled trip, when operated by request from an individual or group of the public, charge to cover the initial crossing and return crossing of the vessel \$10.00

Special trips shall be available only for emergency, except when prior arrangements have been made with the approval of the Minister of Transportation and Highways.

[Provisions of the *Ferry Act* relevant to the enactment of this regulation: section 7]

Ferry Act

KELSEY BAY-BEAVER COVE FERRY TOLLS

[effective April 1, 1977]

[includes amendments up to B.C.Reg. 168/77]

1. The following is the tariff of tolls at which persons and chattels shall be carried over the North Island Princess between Kelsey Bay and Beaver Cove:

Passengers (on deck or in vehicle):

Cash rate-

Adult (over 14 years)	\$6.00
Child (6-14 years)	3.00
Child (under 6 years)	Free
Senior citizens (Monday to Thursday, except for statutory holidays)	Free
Blind and paraplegic (plus person accompanying each)	3.00

Resident Rate-

Adult (one trip)	3.00
Child (one trip)	1.50

Vehicles (including combination of vehicles such as auto and trailer, truck and trailer, etc., but excepting bicycles)

Rates for vehicles do not include driver. Vehicles are assessed by units according to overall length of the vehicle or combination of vehicles.

Auto when without trailer-

Up to 10 feet overall length	1 unit
Over 10 feet overall length	2 units

Vehicles other than autos, each 10 foot length (portion of a unit to be treated as a whole)

Cash rate—each 10 foot unit	7.50
Motorcycles, with or without sidecar	5.00
Resident Rate—one 10 foot unit	6.00

Industrial Vehicles

Cash tolls only apply to

First 20 feet, 3 × \$7.50	22.50
Each additional 5 feet or part thereof	7.50

Miscellaneous

Bicycle (rider according to passenger rate)	Free
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Freight

in vehicle	Free
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97/77

FERRY ACT
KELSEY BAY-BEAVER COVE FERRY TOLLS

on deck, not permitted except each passenger is allowed to carry, free of charge, personal baggage not exceeding 100 pounds.

[am. B.C. Reg. 168/77.]

[Provisions of the *Ferry Act* relevant to the enactment of this regulation: section 7]

ATTACHMENT A
Ferry Corporation Act, Chapter 128

FERRY CORPORATION ACT**CHAPTER 128****Interpretation****1. In this Act**

- "corporation" means the British Columbia Ferry Corporation established under this Act;
- "board" means the board of directors of the corporation;
- "ferry" means any and all methods and means of water transport including, but not limited to, ships, boats, vessels, barges, hydrofoils and hovercraft;
- "ferry system" means the undertaking carried on by and the assets used and operated by the British Columbia Ferries Division of the Ministry of Energy, Transport and Communications that, immediately prior to the transfer date, were vested in the Crown in right of the Province;
- "terminals" includes buildings, fixtures, structures, docks, wharves, ramps, landings, approaches, ways, offices and other improvements and facilities, other than land, necessary for or incidental to the operation of ferry, shipping and related services and incidental facilities and improvements;
- "transfer date" means January 1, 1977.

1976-8-1.

Corporation established

- 2. (1)** There is established a corporation, to be known as the British Columbia Ferry Corporation, consisting of not more than 9 persons appointed as directors under section 3, who constitute the board.
- (2)** The corporation may operate under the name "B.C. Ferries" or "British Columbia Ferries", or such other name as the Lieutenant Governor in Council may designate.
- (3)** The corporation is an agent of the Crown in right of the Province.
- (4)** The Minister of Finance is the fiscal agent of the corporation.

1976-8-2.

Directors

- 3. (1)** The Lieutenant Governor in Council shall appoint the directors of the corporation, who shall hold office during pleasure.
- (2)** The Lieutenant Governor in Council shall appoint one of the directors as chairman.
- (3)** The corporation shall pay to the chairman and other directors the salaries, directors' fees or other remuneration and expenses as the Lieutenant Governor in Council may determine.
- (4)** A majority of the directors holding office constitute a quorum at meetings of the board, and the affirmative votes of a majority of the directors present at a meeting at which a quorum is present are sufficient to pass any resolution of the corporation.
- (5)** The board shall meet at least quarterly to determine the policies of the corporation and to supervise and review its affairs.

(6) The directors shall manage the affairs of the corporation or supervise the management of those affairs and may

- (a) exercise the powers conferred on them by and under this Act;
- (b) exercise the powers of the corporation on behalf of the corporation; and
- (c) delegate the exercise or performance of any power or duty conferred or imposed on them to any person employed by the corporation.

(7) The board may pass the resolutions it considers necessary or advisable for the management and conduct of the affairs of the corporation and the exercise of its powers or duties including, without limiting the generality of the foregoing, resolutions respecting the calling and holding of meetings of the board and the procedure to be followed at the meetings.

(8) A resolution in writing, signed by all the directors, is as valid and effectual as if it had been passed at a meeting of directors duly called and constituted.

1976-8-3.

Capitalization

4. The authorized capital of the corporation is one million shares without par value, but the maximum consideration for the issue of all the shares of the corporation shall not exceed \$100 million.

1976-8-4.

Officers and employees

5. (1) The directors shall appoint a general manager to hold office during the pleasure of the board and the directors shall fix the salary to be paid to the general manager.

(2) The directors shall define the duties of the general manager.

(3) The directors, or, if authorized by the directors, the general manager, may appoint the officers and employees considered necessary to carry on the business and operations of the corporation, and may define their duties, determine their remuneration and provide a system of organization to fix responsibility and promote efficiency.

(4) The *Public Service Act* and the *Public Service Labour Relations Act* do not apply to the officers and employees of the corporation.

(5) The *Pension (Public Service) Act* applies to the corporation and its employees and

- (a) the corporation and its employees shall be deemed to be an employer and its employees within the meaning of that Act;
- (b) the corporation shall make the deductions from the salaries of the employees as required under section 6 of that Act and pay the money to the Commissioner under that Act; and
- (c) the corporation shall, in addition, pay to the Commissioner employer's contributions in amounts equivalent to the employees' contributions made under sections 6 (1) and 7 (1) of that Act.

(6) The corporation may require a bond under the *Bonding Act* from such of its officers and employees as it may designate.

1976-8-5

Objects and powers

- 6. The objects of the corporation are, and it has the power and capacity,
 - (a) to establish, operate, administer and maintain a ferry, shipping and related service, including, subject to section 7 (1), the ferry system, and to engage in any other business or undertaking necessary or incidental to the operation of a ferry, shipping or related service;
 - (b) to acquire by any means except expropriation, to charter, to hold in its own name, and to use and operate ferries and terminals and such other property and assets, both real and personal, as are considered by the corporation to be necessary or required for the conduct of its operations, and to use and operate the ferries, terminals and other property and assets acquired for ferry, shipping and related purposes;
 - (c) subject to the approval of the Lieutenant Governor in Council, to lease, charter, mortgage, sell or otherwise dispose of ferries and terminals and other properties and assets, both real and personal, the corporation holds;
 - (d) to undertake such construction and reconstruction of ferries or terminals as in the opinion of the corporation is necessary or required for the conduct of its operations;
 - (e) subject to the approval of or on the direction of the Lieutenant Governor in Council, to add or delete routes of the ferry or shipping service carried on by the corporation;
 - (f) to enter into agreements with or accept grants or fees for services from persons, corporations, municipalities or regional districts and other governmental authorities or any of their agencies, for the purposes of this section;
 - (g) to invest or loan the funds not otherwise required for the purposes of the corporation in those investments or loans authorized by the Lieutenant Governor in Council;
 - (h) subject to the approval of the Lieutenant Governor in Council, to acquire by any means, except by expropriation, the whole or any part of the property, assets and undertaking, and to assume in whole or in part the obligations and liabilities of any person carrying on or entitled to carry on activities which the corporation is authorized to carry on or which can be carried on incidental to, or in connection with, the exercise of the objects and powers of the corporation;
 - (i) subject to the approval of the Lieutenant Governor in Council, to acquire all or any of the shares of another corporation, incorporated for the purpose of, or engaging in, the operation of ferry, shipping and related services, or in any other business necessary or incidental to the operation of ferry, shipping and related services;
 - (j) subject to this Act, to borrow such money as the corporation considers necessary or advisable and to issue notes, bonds, debentures and other securities for that purpose; and
 - (k) to do the things not inconsistent with this Act it considers necessary or advisable for carrying out any of its objects and powers.

1976-8-6.

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Acquisition of assets

7. (1) The ferry system, subject to the additions or exclusions as may be designated by the Lieutenant Governor in Council, shall be transferred to and vested in the corporation on the transfer date and at the value determined by the Lieutenant Governor in Council.

(2) With effect on the transfer date, the corporation shall allot and issue, to the Crown in right of the Province, shares in the capital of the corporation at a price, or for a consideration, equal to the aggregate of

- (a) the value of the ferry system as determined under subsection (1); and
- (b) the money paid to the corporation on or before the transfer date for the purchase of shares pursuant to section 19 (1) (a).

(3) The shares in the corporation shall be registered in the name of the Minister of Finance and shall be held by him on behalf of the Crown.

1976-8-7.

Financial administration

8. (1) The corporation shall establish and maintain an accounting system satisfactory to the minister, and shall, whenever required by him, render detailed accounts of its revenues and expenditures for the period or to the day as he may designate.

(2) All books or records of account and other financial records shall at all times be open for inspection by the minister or such other person as he may designate.

(3) The Minister of Finance may direct the Comptroller General of the Province to examine and report to the Treasury Board on any or all of the financial and accounting operations of the corporation.

(4) The accounts of the corporation shall, at least once in every year, be audited and reported on by an auditor appointed by the Lieutenant Governor in Council, and the costs of the audit shall be paid by the corporation.

(5) The minister shall lay before the Legislative Assembly annually

- (a) a report of the corporation of its operations for the preceding fiscal year; and
- (b) a financial statement showing the assets and liabilities of the corporation at the end of the preceding fiscal year and the operations of the corporation for that year, in the form as may be required by the minister.

(6) The report and financial statement referred to in subsection (5) shall be laid before the Legislative Assembly within 90 days next following the end of the fiscal year for which the report and statement are made if the Legislative Assembly is then sitting, otherwise within 15 days after the opening of the next following session.

(7) The financial statement referred to in subsection (5) shall be prepared in accordance with generally accepted accounting principles.

(8) The *Financial Information Act* applies to the corporation.

1976-8-8.

One fund

9. All funds, including borrowings, income and revenue that come into the hands of the corporation, whether as agent, trustee, owner or otherwise, shall form one fund out of which the corporation shall pay all expenditures necessary for its purposes.

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and the corporation shall account for the fund and all payments out of it in its annual report.

1976-8-9

Fiscal year

10. The fiscal year end of the corporation is March 31.

1976-8-10

Operations

11. (1) The corporation, subject to the approval of the Lieutenant Governor in Council or such board, commission or other body as he may designate, shall fix the fares, tolls and other charges for the use of the ferry, shipping and other related services under its jurisdiction.

(2) The corporation, in fixing fares, tolls and other charges, shall give consideration to the costs of operating and maintaining ferries, terminals and its other properties and assets and the amount required annually to meet depreciation and interest charges.

1976-8-11

Acquisition of land by minister

12. (1) On behalf of the corporation and subject to the approval of the Lieutenant Governor in Council, the minister charged with the administration of the *Ministry of Transportation and Highways Act* may, in accordance with that Act, acquire such land as may be necessary for the purposes of this Act.

(2) Unless otherwise directed by the Lieutenant Governor in Council, the land acquired under this section shall be vested in and held in the name of the Crown for the use and benefit of the corporation.

1976-8-12; B.C. Reg. 91/79; B.C. Reg. 537/79.

Tenders for works

13. (1) The corporation shall invite tenders by public advertisement for the construction, modification or repair of ferries or terminals involving capital expenditures unless

(a) the corporation considers that compliance with this section would cause a delay that would be contrary to the public interest; or

(b) the work could be more expeditiously and economically executed by the officers and employees of the corporation.

(2) The corporation shall open in public all tenders received pursuant to subsection (1), at a time and place stated in the advertisement inviting the tenders, and the amount of each tender shall then and there be publicly announced or made available for inspection by any person.

1976-8-13.

Borrowing powers

14. (1) Subject to the approval of the Lieutenant Governor in Council and within the borrowing limitations prescribed by section 16, the corporation, for the purpose of carrying out any of the objects or powers referred to in this Act or for the

exercise of any power, right, function or duty conferred or imposed on it under this or any other Act, may borrow such money as it may consider necessary or advisable and may issue notes, bonds, debentures and other securities bearing interest at the rates and payable as to principal and interest in the currencies and at the places and times and in the manner as the corporation may determine.

(2) The notes, bonds, debentures and other securities of the corporation may be made redeemable in advance of maturity at the times and at the prices as the directors of the corporation may determine at the time the securities are issued.

(3) The corporation may borrow and issue securities in such amount as will realize the net sum required by the corporation for its purposes, and a recital or a declaration in a resolution of the corporation authorizing the issue of securities to the effect that the issue of the securities so authorized is being made for the purposes of the corporation and that the amount is necessary to realize the net sum required for the purposes of the corporation is conclusive evidence of the fact.

(4) Subject to the approval of the Lieutenant Governor in Council, the corporation, on the terms and conditions considered necessary or advisable, may sell, exchange or otherwise dispose of the notes, bonds, debentures and other securities of the corporation, and either at par value or at less or more than par value, and may charge, pledge, hypothecate, deposit or otherwise deal with the securities as collateral security, and may do any of these things.

(5) Securities of the corporation, dealt with as collateral security, when

(a) redelivered to the corporation or its nominees on or after payment, satisfaction, release or discharge, in whole or in part, of any indebtedness or obligation for which the securities may have been given as collateral; or

(b) the corporation again becomes entitled to the securities,

may be treated by the corporation as unissued and, subject to the approval of the Lieutenant Governor in Council,

(c) may be issued, reissued, charged, pledged, hypothecated, deposited, dealt with as collateral security, sold or otherwise disposed of on the terms and conditions the directors of the corporation may consider necessary or advisable; or

(d) at the option of the corporation, may be cancelled, and in that case, subject to the approval of the Lieutenant Governor in Council, fresh securities in the same amount, in similar form and with similar consequences may be issued instead, and on the issue or reissue a person entitled to them has the same rights and remedies as if the securities had not been previously issued,

but the borrowing power of the corporation shall be deemed not to have been affected by the issuance, reissuance, pledging, depositing or selling of the securities under this section.

(6) The notes, bonds, debentures and other securities of the corporation shall be in the form as may be determined by the directors of the corporation, subject to the approval of the Minister of Finance.

(7) The bonds, debentures and other securities shall bear the seal of the corporation and, together with the coupons, if any, attached, shall bear the manual, engraved, lithographed or printed signatures of the chairman and secretary of the corporation or such other directors or officers of the corporation as it may determine.

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(8) The directors of the corporation may provide that the seal of the corporation may be engraved, lithographed, printed or otherwise mechanically reproduced on any security to which it is to be affixed.

(9) The seal of the corporation when so mechanically reproduced shall have the same force and effect as if manually affixed, and the mechanically reproduced signatures shall for all purposes be valid and binding on the corporation, notwithstanding that the person whose signature is so reproduced has ceased to hold office before the date of the security or before its issue.

(10) Subject to any restriction that may be placed on it by the Lieutenant Governor in Council and within the borrowing limitation prescribed by section 16, the corporation may also borrow, by way of temporary loans from any person, the sums on the terms, for the purposes and on the conditions as the directors of the corporation may determine, by way of bank overdraft or line of credit, or by the pledging as security for the temporary loans of notes, bonds, debentures or other securities of the corporation pending their sale or in lieu of selling them, or in whatever other manner the directors of the corporation may determine. Any cheques, promissory notes or other instrument that may be necessary or advisable in connection with borrowing money and obtaining advances by way of such temporary loans may be executed in whatever manner the directors of the corporation may determine.

(11) The Minister of Finance, as fiscal agent of the corporation, may arrange all details and do, transact and execute all deeds, matters and things that are requisite during the negotiation of a loan or for the purpose of placing a loan.

(12) Money raised by the corporation under this section shall be paid by the corporation into the fund established under authority of section 9.

(13) The corporation, except in the case of a temporary loan of a term not exceeding 5 years and of issues of securities repayable in instalments of principal, shall set aside in each year during the period mentioned in this subsection a sum that, together with interest compounded annually at a rate determined by the Lieutenant Governor in Council, would be sufficient, irrespective of the dates of maturity of the securities being issued, to provide a sinking fund for the repayment in full of any securities issued by the corporation within a period not exceeding 30 years after the date of issue.

(14) The sums referred to in subsection (13) shall be paid to the Minister of Finance, who shall act as trustee for the corporation, shall establish one or more appropriate sinking fund trustee accounts, and, subject to subsection (15), shall invest the sums and the interest earnings in securities of Canada or any province, or in securities the principal and interest of which are guaranteed by Canada or any province.

(15) Notwithstanding anything in this Act, the corporation may make such other provisions as may be approved by the Lieutenant Governor in Council for the payment by the corporation to the Minister of Finance as trustee for the corporation of a sinking fund for the repayment at or before maturity of the whole or any part of securities issued by the corporation and for the application from time to time by the Minister of Finance on behalf of the corporation of the whole or any part of the sinking fund so paid and any interest earnings to the purchase, and, in the case of securities issued subject to redemption in advance of maturity, to the redemption by call of those securities, and the Minister of Finance shall apply the sinking fund in accordance with the provisions so approved, and securities purchased or redeemed may be retained in the sinking fund, and, if retained, may be cancelled on the authorization of the Lieutenant Governor in Council.

Authorization to borrow from *Canada Pension Plan*

15. (1) Notwithstanding anything in this Act, the corporation may, in the bylaw or resolution under section 14, authorize the Minister of Finance or, with the concurrence of the Minister of Finance, authorize the Minister of Finance of Canada to determine any matter required to be determined under section 14 for the purpose of

- (a) borrowing money from the Canada Pension Plan Investment Fund established under the *Canada Pension Plan*; and
- (b) issuing and selling to the Receiver General and Minister of Finance of Canada for the credit of the Canada Pension Plan Investment Fund debentures as security for the loans.

(2) Subsection (1) shall be conclusively deemed to have been the law since January 1, 1977 and is retroactive to the extent necessary to give effect to its provisions on and after that date, and every bylaw or resolution passed under section 14 since that date for the purpose of borrowing money from the Canada Pension Plan Investment Fund shall be conclusively deemed to grant the authorization referred to in subsection (1), and debentures issued and sold to the Receiver General and Minister of Finance of Canada under section 14 are validated and confirmed.

1978-21-3.

Maximum borrowing power

16. The aggregate of the sums that may be borrowed under the authority of this Act, after payment of discount, commission, brokerage and all other expenses of all loans, shall not exceed the aggregate net sum of \$250 million, and in computing that aggregate net sum the following shall be excluded:

- (a) sums borrowed by the corporation for any of the purposes of
 - (i) repayment on account of advances by the Crown to the corporation or repayment of notes, bonds, debentures or other securities of the corporation purchased by the Crown;
 - (ii) payment, refunding, exchange or renewal of the whole or any part of a loan raised or security issued by the corporation, except to the extent that a sinking fund is available for the payment of the loan or securities, and a recital or declaration in a resolution of the corporation authorizing the issue of securities as to the amount of a sinking fund so available is conclusive evidence of the fact; or
 - (iii) payment of the whole or any part of a loan, a liability or bonds, debentures or other securities, payment of which is guaranteed or assumed by the corporation;
- (b) sums borrowed by the corporation that have been repaid by the corporation otherwise than out of the proceeds of the sale of securities of the corporation issued for the purpose;
- (c) sums borrowed by the corporation to repay in whole or in part outstanding temporary loans of the corporation;
- (d) the amount of debt of any person assumed by the corporation or money borrowed to repay the debt so assumed;
- (e) securities of the corporation hypothecated or pledged by the corporation as collateral security for temporary loans of the corporation, except to the extent that the net sum realized on any subsequent sale by the corporation

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of such securities exceeds the amount of the temporary loan paid or to be repaid from the proceeds of the sale.

1976-8-15.

United States dollar equivalent

17. For the purpose of calculating the sum to be set aside for a sinking fund under section 14 (13) in respect of securities payable in United States dollars, \$1 in lawful money of Canada shall be deemed to be the equivalent of \$1 in lawful money of the United States of America.

1976-8-16.

Government guarantee

18. (1) The Crown may, on terms as the Lieutenant Governor in Council approves, guarantee

- (a) the payment of principal and interest; and
- (b) the performance of any obligation for the payment of money, of the notes, bonds, debentures and other securities issued by the corporation.

(2) The Lieutenant Governor in Council may authorize

- (a) the Minister of Finance; or
 - (b) an officer of the Ministry of Finance,
- to sign the guarantee on behalf of the Crown, and the signature of that person on the guarantee is conclusive proof that this section has been complied with.

(3) The guarantee, in the form and manner the Lieutenant Governor in Council approves, may be endorsed on the notes, bonds, debentures and other securities issued by the corporation and the signature of the person authorized to sign the guarantee may be reproduced by engraving, lithographing, printing or other means.

(4) The reproduced signature of a person referred to in subsection (3) shall for all purposes be deemed to be the signature of that person and is binding on the Crown notwithstanding

- (a) that the person whose signature is reproduced did not hold office at the date of the notes, bonds, debentures or other securities or at the date of their delivery; or
- (b) that the person who holds that office at the date the signature is affixed is not the person who holds that office at the date of the notes, bonds, debentures or other securities or at the date of their delivery.

(5) Money required to be paid by the Crown in respect of a guarantee given under this section shall be paid out of the consolidated revenue fund without an appropriation other than this Act.

1976-8-17.

Subsidies from government

19. (1) During the first fiscal period of the corporation, the Minister of Finance may, for the purpose of providing financial assistance to the corporation for such fiscal period, apply a sum not exceeding \$25 million

- (a) for the purchase of shares in the capital of the corporation; and
 - (b) for a grant to the corporation
- in the proportions as he may determine, and the money required shall be paid out of the consolidated revenue fund without an appropriation other than this section.

(2) The Lieutenant Governor in Council, on the recommendation of the Minister of Finance, may authorize the Minister of Finance to pay to the corporation ~~in its 1977 fiscal year and in each subsequent fiscal year~~ a sum of money, to be known as the annual highway equivalent subsidy, ~~that is, in the opinion of the Lieutenant Governor in Council, substantially equivalent to the aggregate of the annual cost of maintaining, and the annual amortization of the capital cost, of lengths and classes of highways in the Province which, in the opinion of the Lieutenant Governor in Council, are substantially equivalent to the ferry routes operated by the corporation, the sum to be calculated in accordance with a formula to be approved by the Lieutenant Governor in Council.~~

B.C. Legislature
appropriates subsidy
annually through
budget process
deleted

1976-8-18.

Additional funds from purchase of shares or loans

20. In addition to any other money authorized to be paid under section 19, the Lieutenant Governor in Council may, by order, authorize the Minister of Finance to

- (a) purchase unissued shares of the corporation;
- (b) purchase notes, bonds, debentures or other securities of the corporation; and
- (c) advance money to the corporation for its temporary or long term purposes on the terms and conditions as the Lieutenant Governor in Council may determine,

and the money required shall be paid out of the consolidated revenue fund without an appropriation other than this section.

1976-8-19.

Exemption from taxation

21. The corporation, as an agent of the Crown, is not liable to taxation, including taxation on improvements, except in so far as the Crown is liable.

1976-8-20.

Transfer of Ferry Authority

22. (1) On the transfer date, all rights, properties and assets remaining vested in and all liabilities of the British Columbia Ferry Authority established under the *British Columbia Ferry Authority Act*, not transferred to and vested in the Crown in right of the Province by the *British Columbia Ferry Authority (Vesting) Act, 1968* are transferred to, vested in and assumed by the corporation, including, in particular,

- (a) all the liabilities of the British Columbia Ferry Authority in respect of the payment of the principal and interest on the outstanding bonds and debentures of the British Columbia Ferry Authority; and
- (b) all money and investments in or forming part of the sinking funds established for the repayment of those bonds and debentures of the British Columbia Ferry Authority.

(2) On the transfer date, the *British Columbia Ferry Authority Act* and the *British Columbia Authority (Vesting) Act, 1968* are repealed and the British Columbia Ferry Authority is dissolved.

(3) Notwithstanding the repeal of the *British Columbia Ferry Authority Act* and the *British Columbia Ferry Authority (Vesting) Act, 1968*,

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- (a) the unconditional guarantee by the Crown of the payment of the principal of and interest on the bonds and debentures of the British Columbia Ferry Authority remains valid and binding according to its tenor; and
- (b) in the event that the assets of the sinking fund described in subsection (1) (b) are insufficient to discharge the liabilities described in subsection (1) (a) at the time when payments of those liabilities are required to be made, the sums required to discharge those liabilities shall be paid out of the consolidated revenue fund without an appropriation other than this section.

1976-8-21

Employees of ferry system

23. (1) On the transfer date, those public service employees as defined in the *Public Service Act*, who are working for the ferry system, are, notwithstanding the *Public Service Act*, employees of the corporation and shall cease to be public service employees and shall be deemed, with effect from the transfer date, to have been appointed pursuant to and for the purposes of section 5 (3).

(2) On the transfer date, every public service employee who, prior to that date had been confirmed in his appointment under the *Public Service Act* and who is subject to appointment to the corporation under subsection (1).

(a) shall not suffer any reduction in salary by reason only of his appointment under subsection (1);

(b) is entitled to equivalent superannuation or pension plan benefits as he is entitled to in the public service and full credit in respect of his contributions and the contributions of the government on his behalf during his period in the public service; and

(c) is entitled to participate in the Public Services Medical Plan and to maintain group insurance coverage by an insurance contract under the Public Service Group Insurance Plan.

(3) Any question or difference between the corporation and an employee or a trade union representing employees respecting

(a) the interpretation or application of this section;

(b) the interpretation or application of any provision of a collective agreement in force between the Public Service Commission and a trade union referred to in subsection (4); and

(c) any question arising by reason of subsection (4);

may be referred by the parties or any of them to the Labour Relations Board in accordance with the procedure set out in the *Labour Code* and the regulations under that Act, and the Labour Relations Board may decide the question or difference

(d) in any of the ways; and

(e) by applying any of the remedies

available in respect of the settlement of a question or difference under the *Labour Code* with the necessary changes and so far as they are applicable.

(4) On the transfer date, the corporation is bound by every collective agreement in force between the Public Service Commission acting on behalf of the Treasury Board and a trade union acting on behalf of the employees of the ferry service or any of them, as if the corporation were a party to the collective agreement and if

- (a) any provision of the collective agreement is not applicable or is ineffective by reason of references to the Public Service Commission, Public Service Grievance Board, Treasury Board, *Public Service Act* or *Public Service Labour Relations Act*, or for any other reason; and
- (b) the corporation and the trade union representing the employees, after negotiation, cannot agree on an amended provision,

either party may apply to the Labour Relations Board pursuant to subsection (3) and, in addition to the powers of the Labour Relations Board under subsection (3) and under section 53 of the *Labour Code*, the Labour Relations Board may determine a method by which the provision may be made applicable and effective and may order the collective agreement to be amended accordingly.

1976-8-22.

Company Act

24. (1) Notwithstanding section 3 (1) of the *Company Act*, sections 19, 21 (1), 32, 33, 124, 125, 144 to 148 and 152 of that Act apply to the corporation.

(2) The Lieutenant Governor in Council may declare that one or more additional provisions of the *Company Act* apply to the corporation.

1976-8-23.

Ferry Act

25. The *Ferry Act* does not apply to the corporation.

1976-8-24.

Public Service Benefit Plan Act

26. The *Public Service Benefit Plan Act* applies to the officers and employees of the corporation.

1976-8-25

Regulations

27. The Lieutenant Governor in Council may make regulations.

1976-8-29.

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ATTACHMENT B
B.C. Ferry Corporation FY '88 Financial Statements

F I N A N C I A L S T A T E M E N T S

As at March 31, 1988

Assets (expressed in thousands)	March 31, 1988	March 31, 1987
Current assets		
Cash (Note 1)	\$22,129	\$10,974
Accounts receivable	2,826	1,668
Inventories (Note 2)	11,022	10,565
Prepayments and deposits	2,668	1,461
Current portion of reserved funds (Note 3)	5,700	5,700
Current portion of debenture (Note 4)	835	770
	45,180	31,138
Reserved funds (Note 3)	12,297	11,090
Debenture (Note 4)	40,130	40,966
Fixed assets (Note 5)		
Ships, berths, buildings, equipment and land	557,641	548,349
Less accumulated depreciation	293,377	263,713
	264,264	284,636
Deferred charges (Note 6)	3,359	4,693
	\$365,230	\$372,523

Approved by the Board

 Director
 Director

Liabilities (expressed in thousands)	March 31, 1988	March 31, 1987
Current liabilities		
Accounts payable and accrued liabilities	523,966	526,902
Deferred revenue	2,032	2,580
Current portion of long-term debt (Note 7)	5,700	5,700
Current portion of obligations under capital leases (Note 8)	1,280	1,128
	32,978	36,310
Long term debt (Note 7)	31,858	37,558
Obligations under capital leases (Note 8)	87,791	88,591
Accrued sick leave liability (Note 9)	5,705	4,728
	158,332	167,187
 Shareholder's equity		
Share capital		
Authorized		
1,000,000 shares without par value with a maximum consideration of \$100,000,000		
Issued		
68,512 shares	6,851	6,851
Contributed surplus (Note 10)	250,401	250,401
Deficit	(50,354)	(51,916)
	206,898	205,336
	\$365,230	\$372,523

F I N A N C I A L S T A T E M E N T S

(expressed in thousands)

Year ended March 31, 1988	1988	1987
Operating revenues		
Tolls	\$138,591	\$131,938
Catering	28,201	30,585
Parking & other income (Note 11)	1,696	1,431
	168,488	163,954
Less cost of food and goods sold	11,550	12,619
	156,938	151,335
Operating expenses		
Salaries, wages and benefits	111,080	113,144
Fuel and lubricants	25,418	26,922
Operating supplies and services	16,542	16,437
Repairs, maintenance and replacements	16,233	18,647
Marketing, general and administrative	4,795	5,580
Contracted services	2,015	1,886
	176,083	182,616
Operating income (loss) before subsidy	(19,145)	(31,281)
Province of British Columbia subsidy (Note 12)	57,000	57,000
Income from operations	37,855	25,719
Investment income (Note 11)	5,593	2,619
Interest expense (Note 13)	12,223	10,387
Net interest expense	6,630	7,768
Income before depreciation	31,225	17,951
Depreciation	29,663	29,552
Income (loss) before extraordinary item	1,562	(11,601)
Extraordinary item (Note 14)	—	1,951
Income (loss) for the year	\$ 1,562	\$ (9,650)

Statement of Cash Flows

(expressed in thousands)

Year ended March 31, 1988	1988	1987
Deficit at beginning of year	\$ 51,916	\$ 32,400
Income (loss) for the year	1,562	(9,650)
	50,354	42,050
Dividend paid February 12, 1987 (Note 16)	—	9,866
Deficit at end of year	\$ 50,354	\$ 51,916

Statement of Cash Flows - Continued

(expressed in thousands)

Year ended March 31, 1988	1988	1987
Sources (Uses) of cash		
Cash from operations		
Operations (Note 15)	\$ 27,231	\$ 20,309
Extraordinary item (Note 14)	—	1,951
	27,231	22,260
Financial activities		
Payments from reserved funds	5,700	—
Long term debt payment	(5,700)	—
Payments received on debenture	771	—
Capital lease	102	41,756
Capital lease payments	(750)	(1,025)
Payments to reserved funds	(5,327)	(322)
Appreciation of reserved funds	(1,580)	(4,208)
Dividend paid (Note 16)	—	(9,866)
Purchase of debenture	—	(41,736)
	(6,784)	(15,401)
Investment activities		
Fixed asset additions	(9,292)	(10,519)
Disposal of fixed assets	—	8,702
	(9,292)	(1,817)
Increase in cash	11,155	5,042
Cash at beginning of year	10,974	5,932
Cash at end of year	\$ 22,129	\$ 10,974

Note: In this statement cash includes only cash available for day-to-day operations and does not include Reserved Funds cash.

FINANCIAL STATEMENTS

Year Ended March 31, 1988

In accordance with Section 8(7) of the Ferry Corporation Act the financial statements of the Corporation are prepared in accordance with generally accepted accounting principles. Significant accounting policies adopted in the preparation of these financial statements are as follows:

Inventories

Inventories are valued at the lower of cost and current replacement cost.

Long-Term Disability Plan

The Corporation records as a current year expense the estimated present value of payments, until retirement, to employees eligible under the Long-Term Disability Plan. The plan is administered by the Superannuation Branch of the Public Service Commission, which receives and invests premiums from the Corporation. The excess of premiums paid under the Plan over the reserves required for future payments is included in prepaid expense. In 1987 there was a deficiency of funds which was included in accrued liabilities.

Fixed Assets:

Acquired from the Province of British Columbia:

Effective January 1, 1977

(a) Ships

Ships, which comprise part of the total assets acquired from the Province effective January 1, 1977 by Order-In-Council dated December 16, 1976 and transferred at an assigned value of \$1, have been revalued by the Corporation and are reflected in the accompanying financial statements at their estimated depreciated replacement value as at January 1, 1977.

Three ships presently under charter by the Province until 1994 are subchartered to the Corporation for the same period at an annual cost of \$1 each. Under the terms of the sub-charter agreement with the Province, the Corporation may in 1994 request that the Province exercise its option to purchase these ships at its own expense in which case clear title to the ships will be transferred to the Corporation. Accordingly, these ships are reflected as capital assets of the Corporation in the accompanying financial statements and are stated at their estimated depreciated replacement value as at January 1, 1977.

(b) Berths, buildings and equipment

Berths, buildings and equipment transferred at an assigned value of \$1 are reflected in the accompanying financial statements at their estimated depreciated replacement value as at January 1, 1977.

Effective October 1, 1983

On October 1, 1983 the remaining buildings and equipment at Deas Dock facility, not acquired from the Province on January 1, 1977 were transferred at an assigned value of \$1. These assets are reflected in the accompanying financial statements at their estimated depreciated replacement value as at October 1, 1983 based upon an appraisal made by Universal Appraisal Company Limited as at that date.

Additions and disposals subsequent to January 1, 1977

The costs of major replacements, additions, extensions and improvements are capitalized in the fixed asset accounts. The costs of maintenance, repairs, minor renewals or replacements are charged against income. On retirement or disposal of fixed assets, the costs thereof and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the statement of income.

Depreciation

Fixed assets are depreciated on the straight line method based upon the following useful lives:

Ships	25 years
Berths	5 - 10 years
Buildings and equipment	4 - 25 years

Leases

All leases which transfers substantially all of the benefits and risks incidental to the ownership of property are accounted for as if they were acquisition of assets and incurrence of obligations at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. Assets recorded under capital leases are amortized on a straight-line basis over their useful lives.

Amortization of Long-Term Debt Discount and Issue Costs

Promissory note discount is amortized on a compound interest method over the term of the debt. Issue costs for promissory notes and capital leases are amortized on a straight-line basis over the term of the debt.

Provision for Annual Refit Costs

The Corporation provides for ship refit expense by charging against income the anticipated costs over the period between refits.

Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted for the current year.

Notes to Financial Statements

ended March 31, 1988

Funds, other than those required for immediate settlement of liabilities, are invested in short-term securities authorized pursuant to the terms and provisions of the Financial Administration Act of British Columbia. The investments are arranged through the Ministry of Finance of the Province.

	1988	1987
	(expressed in thousands)	
Drive components, parts and supplies	\$ 9,278	\$ 8,893
Fuel and lubricants	1,083	1,089
Grunds for meals and catering supplies	661	583
	\$ 11,022	\$ 10,565

3. Reserved Funds

	1988	1987
	(expressed in thousands)	
The Corporation has segregated investments that are required for specific purposes or as required by long term debt and capital lease obligations.		
Sinking funds for long-term debt (Note 7)		
Administered by the Corporation	\$ 9,497	\$ 10,930
Less amount included in current assets to satisfy currently due debt repayment	3,700	3,700
	3,797	5,230
Administered by the Province	1,582	1,132
	3,379	6,362
Sinking fund for capital lease (Note 8)		
Administered by the Province	1,213	—
Fund for accrued sick leave liability (Note 9)		
Administered by the Corporation	3,705	4,728
	\$ 12,297	\$ 11,090

The current portion of \$5,700,000 included in the Reserved Fund balance of \$16,790,000 at March 31, 1987, has been reclassified to current assets to conform with the presentation adopted for the current year.

4. Debenture

	1988	1987
	(expressed in thousands)	
8.18% Debenture with the Province of British Columbia due December 10, 2006	\$ 40,965	\$ 41,736
Less: Principal due within one year	835	770
	\$ 40,130	\$ 40,966

By agreement with the Province, semi-annual payments to the Corporation equal the amount required under the lease obligation for the Queen of Oak Bay (Note 8). Excess funds are placed in a sinking fund to cover increased payments on the lease (Note 3).

5. Fixed Assets

	1988				1987			
	(expressed in thousands)							
	Cost or Appraised Value	Accumulated Depreciation	Net Book Value	Net Book Value	Cost or Appraised Value	Accumulated Depreciation	Net Book Value	Net Book Value
Ships owned	\$262,213	\$142,914	\$119,299	\$133,420				
Ships under capital lease	127,828	45,787	82,041	87,615				
Berths, buildings and equipment	155,632	104,676	50,956	55,322				
Land	5,095	—	5,095	5,494				
Construction in progress	5,273	—	5,273	10,890				
	\$557,041	\$293,377	\$264,261	\$284,000				

6. Deferred Charges

	1988	1987
	(expressed in thousands)	
Long term debt discount and expenses	\$3,021	\$4,337
Lease executory costs	338	356
	\$3,359	\$4,693

7. Long-term Debt

	1988	1987
	(expressed in thousands)	
8.95% Promissory notes (effective rate of 15.75%), are repayable in five equal annual instalments of \$5.7 million	\$22,800	\$28,500
Less current portion	5,700	5,700
	17,100	22,800
12.08% Promissory note (effective rate of 12.44%) due September 9, 2003 is repayable by annual sinking fund payments of \$322,492	14,758	14,758
	\$31,858	\$37,558

Principal and sinking fund payments due in each of the next five years:

	1989	1990	1991	1992	1993
	\$6,022,492	\$6,022,492	\$6,022,492	\$6,022,492	\$322,492

The Province of British Columbia unconditionally guarantees the payment of principal and interest on the promissory notes.

8. Obligations Under Capital Leases

	1988	1987
	(expressed in thousands)	
The Corporation has obligations under capital leases for the M.V. "Queen of Oak Bay", M.V. "Queen of Surrey", M.V. "Quinsam" and other equipment.		
Total minimum lease payments are:		
M.V. "Queen of Oak Bay"		
Implicit interest rate 8.14%	\$ 95,524	\$ 98,564
M.V. "Queen of Surrey"		
Implicit interest rate 8.685%	86,406	90,578
M.V. "Quinsam"		
Implicit interest rate 10.64%	8,089	10,034
Other equipment — Tractor		
Implicit interest rate 10.0%	49	108
Other equipment — Forklift		
Implicit interest rate 10.44%	138	—
	\$190,206	\$199,285

Payable in fiscal year ending in:

	1988	1987
1988	\$ —	\$ 8,532
1989	8,434	8,522
1990	8,379	8,471
1991	8,379	8,471
1992	9,216	9,310
1993	9,216	9,194
1994 and subsequent	146,582	146,776
	190,206	199,285
Less interest	101,135	109,506

Present value of net minimum capital lease payments

	1988	1987
Present value of net minimum capital lease payments	89,071	89,719
Less current portion	1,280	1,128
	\$ 87,791	\$ 88,591

Legislators tout ferry authority

By BELINDA CHASE
Daily News Staff Writer

Touting the independence of the B.C. Ferry System, an official with the system told the Senate Transportation Committee Wednesday that changing to a corporation has benefitted the operation.

Patrick Morris, corporate secretary of the British Columbia Ferry Corp., made his presentation as part of the committee's meeting on a bill that would separate the Alaska Marine Highway System from the state Department of Transportation. An authority, composed of a board of directors, would oversee the operations of the system.

The committee, chaired by Sen. Lloyd Jones, R-Ketchikan, met before a crowd of about 30 at the local Legis-

lative Information Office.

The B.C. Ferry System operates on a much larger scale than Alaska's, with an annual budget of about \$216 million compared to Alaska's \$65-67 million. Its system does require a subsidy, which is set at \$51 million annually for the next 16 years. Revenue generated from fares makes up the remainder, said Morris. The system split from the government in 1977, at a time when it had a reputation for strikes and poor service, along with bad employee morale and decreased revenues, said Morris.

Plagued with problems

The Alaska ferry system has been plagued with many of the same problems and Jones is pushing for an authority to help upgrade it.

"The authority stems from a lot of

chronic problems the marine system has," he said.

An Inland Boatmen's Union of the Pacific representative told the committee that workers were neutral on supporting an authority, but it did have some concerns under the proposed bill.

The biggest concern is funding, said Mike Wilson, business agent for the union. The union favors the system being able to keep the \$32-\$35 million in revenues annually. The authority also must be able to work with the three unions, he added.

He also questioned how the board of directors is compiled. It wouldn't be feasible to appoint a new board every time a new governor is elected, he said.

Jones noted Wilson's concern. One

of the goals of the authority is to put some continuity into the system, said Jones.

Unlike the proposed authority, the B.C. Ferry System board has unlimited terms and is represented by citizens in various regions. Morris questioned having a union representative on Alaska's board, stating that in British Columbia that could be perceived as someone "with strings attached."

Jones stressed the importance of the union representative on the board.

"They are part of what makes that whole operation run," he said.

The board would be set up to bring expertise to the system, he added. Those members would include a union representative, maritime industry representatives and members of the public.

See 'Ferry authority,' page A-3

KDN / 12/6/89

Ferry authority

Continued from page A-1

New ferry system director Jim Ayers outlined a seven-goal plan to improve management of the system Wednesday. It includes a mission statement, ship maintenance and replacement system, cost accounting and revenue system, marketing plan, a ferry system fund, capital replacement fund and career development and employment opportunities.

Jones said that these goals are compatible with the proposed authority but could change from year to year with the change in legislators and governors.

Ayers also believes his outline is not incompatible with an authority. But before an authority can be formed a mission statement needs to be completed, he added.

Dedicating funds for Alaska's ferries has been supported by many wanting to keep the system up and running, however, it would require voter approval.

The system's revenues are now put into the state's general fund for general budgeting. Dedicating funds would provide a set amount for the system each year.

Those legislators in attendance Wednesday included Jones, Sen. Jack Coghill, R-Nenana; Sen. Paul Fischer, R-Soldotna; Rep. Richard Foster, D-Nome, chairman of the House Transportation Committee.

FERRY ACT

CHAPTER 127

[Act administered by the Ministry of Transportation and Highways]

Interpretation

1. In this Act "ferry" means any ferry under the control of the Legislature. *[Note: see section 25, Ferry Corporation Act.]*

RS1960-144-2.

Application

2. Nothing in this Act extends to the owner or master of any vessel plying between 2 ports in the Province, or regularly entered or cleared by the officers of Her Majesty's Customs at any of those ports, or in any way affects any privilege granted by the Parliament of Canada, or by the Legislature of the Province, to the proprietor of any bridge, railway or other company, in respect of ferries within the meaning of this Act.

RS1960-144-3.

Power to grant ferry licence

3. The Lieutenant Governor in Council may, by order, establish and grant a charter or licence for any ferry in the Province.

RS1960-144-4.

Ferry licence under Great Seal

4. No charter or licence in respect of any ferry shall be granted except under the Great Seal and by order of the Lieutenant Governor in Council and after public competition, as provided in this Act.

RS1960-144-5.

Public competition

5. (1) Whenever a ferry is established or becomes vacant, it is the duty of the Minister of Transportation and Highways to offer the charter, licence or renewal of licence for the ferry to public competition, and for that purpose to give notice in the Gazette and in one or more newspapers published or circulating in the locality in which the ferry is or is to be situate or operated, or ought to be operated, of the time and place at which tenders will be received for the charter, licence or renewal of licence, for the ferry.

(2) The Minister of Transportation and Highways shall report the result of the competition to the Lieutenant Governor in Council, and the charter, licence or its renewal may be granted accordingly.

RS1960-144-6; 1977-75-6; B.C. Reg. 91/79; B.C. Reg. 537/79.

Term and assignment of licence

6. (1) Ferry licences and renewals of ferry licences under section 5 may be granted for a period not exceeding 10 years and may contain provisions for their renewal to the holder for a similar period, subject to those conditions as to satisfactory service and otherwise as the Lieutenant Governor in Council may specify.

Offences

10. (1) A person who interferes with the rights of a chartered or licensed ferryman, by conveying passengers or goods for hire or profit, with intention to lessen the tolls or revenue of any ferry within the limits assigned to the ferryman by any charter or licence is, on conviction, liable to a penalty not exceeding \$100.

(2) Every person who without lawful authority interferes with, obstructs or impedes the operation of, takes charge of or operates

(a) a ferry that is chartered or licensed under this Act, or a vessel, landing or appliance used or maintained for the purpose of a ferry, chartered or licensed under this Act; or

(b) a ferry that is owned or operated by the Crown, or a vessel, landing or appliance used or maintained for the purpose of a ferry that is owned or operated by the Crown.

is liable on conviction to a penalty not exceeding \$100.

RS1960-144-11.

Recovery of penalties

11. All penalties imposed by this Act, or by any regulation under the authority of this Act, are recoverable on conviction, on the oath of a credible witness other than the informer, and 1/2 of every penalty shall be paid to the informer, and the other 1/2 shall belong to the Crown.

RS1960-144-12.

Disposition of fines and fees

12. All money arising out of ferry licences, and out of penalties incurred in regard to those licences which may belong to the Crown, under this Act, shall form part of the consolidated revenue fund.

RS1960-144-13.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

FERRY ACT

CHAPTER 127

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RS1960-144-3.

Power to grant ferry licence

3. The Lieutenant Governor in Council may, by order, establish and grant a charter or licence for any ferry in the Province.

RS1960-144-4.

Ferry licence under Great Seal

4. No charter or licence in respect of any ferry shall be granted except under the Great Seal and by order of the Lieutenant Governor in Council and after public competition, as provided in this Act.

RS1960-144-5.

Public competition

5. (1) Whenever a ferry is established or becomes vacant, it is the duty of the Minister of Transportation and Highways to offer the charter, licence or renewal of licence for the ferry to public competition, and for that purpose to give notice in the Gazette and in one or more newspapers published or circulating in the locality in which the ferry is or is to be situate or operated, or ought to be operated, of the time and place at which tenders will be received for the charter, licence or renewal of licence, for the ferry.

(2) The Minister of Transportation and Highways shall report the result of the competition to the Lieutenant Governor in Council, and the charter, licence or its renewal may be granted accordingly.

RS1960-144-6; 1977-75-6; B.C. Reg. 91/79; B.C. Reg. 537/79.

Term and assignment of licence

6. (1) Ferry licences and renewals of ferry licences under section 5 may be granted for a period not exceeding 10 years and may contain provisions for their renewal to the holder for a similar period, subject to those conditions as to satisfactory service and otherwise as the Lieutenant Governor in Council may specify.

(2) Ferry licences and renewals of ferry licences granted under this Act, with the consent of the Minister of Transportation and Highways, may be assigned to any person who undertakes in a manner satisfactory to the minister to operate the ferry in accordance with the licence.

RS1960-144-7; 1977-75-6; B.C. Reg. 91/79; B.C. Reg. 537/79; 1983-10-21, effective October 26, 1983 (B.C. Reg. 393/83).

Regulations

7. The Lieutenant Governor in Council may make regulations, including those
- (a) defining the manner in which, the conditions (including any duty or sum to be paid for the licence) under which and the period for which licences shall be granted in respect of any ferry;
 - (b) fixing tolls or rates for carrying persons and chattels on a ferry, fixing different tolls or rates for different classes of persons, and prescribing schedules of ferry departures or arrivals;
 - (c) establishing and fixing special tolls or rates for through traffic, by way of a joint tariff or otherwise, at which persons and chattels shall be carried over any ferry as part of a continuous route in connection with the traffic facilities or lines operated by any steam railway company, tramway or electric railway company, and to fix the period during which the special tolls or rates shall have effect;
 - (d) enforcing the payment of those tolls or rates by the persons carried, or for whom chattels are carried, over the ferries;
 - (e) for annulling and declaring the forfeiture of any ferry licence in consequence of its conditions, or any of them, not having been fulfilled, or in consequence of the licence having been obtained by fraud or misrepresentation, or through error;
 - (f) imposing penalties, not exceeding \$10 in any case, for the violation of these regulations.

RS1960-144-8; 1984-25-12.

Publication of regulations

8. The Minister of Transportation and Highways shall cause all regulations to be published in the Gazette at least 3 times during the 3 months following their date.

RS1960-144-9; 1977-75-6; B.C. Reg. 91/79; B.C. Reg. 537/79.

Inquiries

9. Where reasonable grounds are shown to the Minister of Transportation and Highways, he may, either himself or by any person specially appointed by him in writing for that purpose, make inquiry under oath as to any matter connected with any ferry or ferry charter or licence, and the minister or appointed person then has the same power as is vested in any court of law in civil cases, of summoning any party or witnesses, of enforcing their attendance and of requiring and compelling them to give evidence on oath, whether orally or in writing, and to produce documents and things he deems requisite to the full investigation of the matter.

RS1960-144-10; 1977-75-6; B.C. Reg. 91/79; B.C. Reg. 537/79.

Offences

10. (1) A person who interferes with the rights of a chartered or licensed ferryman, by conveying passengers or goods for hire or profit, with intention to lessen the tolls or revenue of any ferry within the limits assigned to the ferryman by any charter or licence is, on conviction, liable to a penalty not exceeding \$100.

(2) Every person who without lawful authority interferes with, obstructs or impedes the operation of, takes charge of or operates

(a) a ferry that is chartered or licensed under this Act, or a vessel, landing or appliance used or maintained for the purpose of a ferry, chartered or licensed under this Act; or

(b) a ferry that is owned or operated by the Crown, or a vessel, landing or appliance used or maintained for the purpose of a ferry that is owned or operated by the Crown,

is liable on conviction to a penalty not exceeding \$100.

RS1960-144-11.

Recovery of penalties

11. All penalties imposed by this Act, or by any regulation under the authority of this Act, are recoverable on conviction, on the oath of a credible witness other than the informer, and 1/2 of every penalty shall be paid to the informer, and the other 1/2 shall belong to the Crown.

RS1960-144-12.

Disposition of fines and fees

12. All money arising out of ferry licences, and out of penalties incurred in regard to those licences which may belong to the Crown, under this Act, shall form part of the consolidated revenue fund.

RS1960-144-13.

Ferry Act

LADNER FERRY TOLLS

[effective July 15, 1958]

1. The following is the tariff of tolls or rates at which persons and chattels shall be carried over the Ladner Ferry across the Fraser River between Ladner Ferry Landing and Woodwards Landing:

Passengers (on deck or in vehicle):

Adult-

One trip \$0.10
Commutation tickets-15 for 1.00

Child-

Under 12 years and over 6 years .05
Under 6 years Free

Vehicles (rate includes driver and load without extra charge):

Passenger car, without trailer (regardless of length)-

One trip .35
Week'y pass-16 crossings per week 1.50
With trailer, as for "combination of vehicles."

Other vehicles, such as trucks, buses, trailers, wagons, including combinations of vehicles, such as car with trailer, truck with trailer, etc.-

Basic charge on first 18 feet or portion thereof of overall length of vehicles or combination of vehicles-

Single fare .35
Commutation tickets-10 for 2.50

Unit charge on each 9 foot unit or portion thereof in excess of first 18 feet of overall length of vehicle or combination of vehicles, also on motorcycles and livestock-

One trip, per unit .20
Commutation tickets-25 units for 4.00

Motorcycle, with or without sidecar 1 unit

Bicycle (rider, according to passenger rates) Free

Livestock:

In vehicle Free

On deck-

Horse or cattle, each 1 unit

Pig, sheep, etc., per 4 animals 1 unit

Freight:

In vehicle Free

On deck-

Up to 100 lb. per person Free

In excess of 100 lb. not carried.

B.C. Reg. 152/60
O.C. 1661/60

Ferry Act

FRANCOIS LAKE FERRY TOLLS

1. The following is the tariff of tolls or rates at which persons and chattels shall be carried over the Francois Lake Ferry across Francois Lake between North Bank and South Bank:

Scheduled trips:

On all trips operating regularly, daily or otherwise, at specified times as listed and publicized in the schedule of operation of Francois Lake Ferry, all categories of traffic Free

Special trip:

On a special trip, other than a scheduled trip, when operated by request from an individual or group of the public, charge to cover the initial crossing and return crossing of the vessel \$10.00

Special trips shall be available only for emergency, except when prior arrangements have been made with the approval of the Minister of Transportation and Highways.

[Provisions of the *Ferry Act* relevant to the enactment of this regulation: section 7]

Ferry Act

KELSEY BAY-BEAVER COVE FERRY TOLLS

[effective April 1, 1977]

[includes amendments up to B.C.Reg. 168/77]

1. The following is the tariff of tolls at which persons and chattels shall be carried over the North Island Princess between Kelsey Bay and Beaver Cove:

Passengers (on deck or in vehicle):

Cash rate-

Adult (over 14 years)	\$6.00
Child (6-14 years)	3.00
Child (under 6 years)	Free
Senior citizens (Monday to Thursday, except for statutory holidays)	Free
Blind and paraplegic (plus person accompanying each)	3.00

Resident Rate-

Adult (one trip)	3.00
Child (one trip)	1.50

Vehicles (including combination of vehicles such as auto and trailer, truck and trailer, etc., but excepting bicycles)

Rates for vehicles do not include driver. Vehicles are assessed by units according to overall length of the vehicle or combination of vehicles.

Auto when without trailer-

Up to 10 feet overall length	1 unit
Over 10 feet overall length	2 units

Vehicles other than autos, each 10 foot length (portion of a unit to be treated as a whole)

Cash rate-each 10 foot unit	7.50
Motorcycles, with or without sidecar	5.00
Resident Rate-one 10 foot unit	6.00

Industrial Vehicles

Cash tolls only apply to

First 20 feet, 3 × \$7.50	22.50
Each additional 5 feet or part thereof	7.50

Miscellaneous

Bicycle (rider according to passenger rate)

Free

Freight

in vehicle

Free

97177

FERRY ACT
KELSEY BAY-BEAVER COVE FERRY TOLLS

on deck, not permitted except each passenger is allowed to carry, free of charge, personal baggage not exceeding 100 pounds.

[am. B.C. Reg. 168/77.]

[Provisions of the *Ferry Act* relevant to the enactment of this regulation: section 7]

**Lloyd's Speech
Southeast Conference
September 21, 1989**

Last session the Senate Transportation Committee, which I chair, introduced Senate Bill 310. It establishes a Marine Highway Authority, a public corporation of the state within the Department of Transportation and Public Facilities along the same lines as the Alaska Railroad Authority. In essence, this bill would transfer policy decision making from the Department of Transportation to an autonomous seven member board, specifically designed to watchdog the Alaska Marine Highway Authority.

As you are aware, the State of Alaska has been wrestling with declining revenues for several years now. Each year the legislature is asked to cut the budget in order to balance the funds available. And each year services such as the Marine Highway System are in jeopardy. In the three years I've been in Juneau, I've seen the Marine Highway System used as a political football in this budgetary squirmish. It's time to take the offensive to ensure its security. I see the creation of a Marine Highway Authority as an insular move, away from the cold political winds of the future. Already those winds have chipped away at the system. The Department of Transportation, Commissioner Mark Hickey in particular, has had a tremendous job at keeping the ferries afloat.

I've had numerous meetings with Commissioner Hickey on this bill. He and I disagree on the necessity of an authority, but never-

the-less, we've had a good dialogue on the pros and cons of the bill.

We both agree that something has to be done to ensure solid funding of the System. One idea, which Commissioner Hickey and I have discussed, is setting up a funding formula which would return a portion of the Marine Highway revenues back to the system. Currently the revenues are deposited directly to the general fund. Here's how the formula would work: The Marine Highway System would receive a base commitment from the legislature. On top of that, a portion of its revenue would be allocated back to the system. The percentage of the program receipts would depend on the system's performance in the prior year. And because a portion of the increased program receipts would be returned to the System, managers would have a greater incentive to increase ridership and revenues. Already ridership has grown, in the past few years, vehicle usage is up and the amount of revenues generated by the system has increased. With a greater incentive, we may be able to see the System grow to its maximum potential. And based on this funding mechanism, the System's overall budget would be sustained and possible increased.

Another point on which the Commissioner and I agree is the fact that the Department of Transportation, which currently manages the Alaska Marine Highway System, is constantly changing. There has been no continuity in management style and direction since the inception of the Alaska Marine Highway System in

1963. This has hurt the system over the years. On numerous occasions the legislature has asked for detailed accounting to formulate the System's budget. The department could not provide this information. This has given legislators the impression the Department and the Marine Highway System is inefficient. In defense of Commissioner Hickey, this situation has improved over the last two years, but again, there's no guarantee that his policies will be carried through when future commissioners are appointed. Also, the Commissioner has other major duties to perform. He or she cannot, and should not, concentrate solely on the Marine Highway System, whereas sole job of a Marine Highway Authority would be to manage and advocate for the system.

Recently the Marine Highway System celebrated its silver anniversary. For twenty-five years the ferries have been connecting remote Alaskan towns with each other and the lower 48. Alaskans have come to depend on the ferry system for transportation, commerce and pleasure. The ferry system employs 850 people at the peak of the season. The System not only serves Southeast Alaska, but also Southcentral and the Aleutian Chain, a fact many of my colleagues in the legislature often forget. Because the system is so important to the citizens of this state, it is inconceivable to me to allow it to be managed on a crisis by crisis basis.

There have been, and continues to be, controversies surrounding the Marine Highway System--the labor disputes, the scheduling, the move of the southern terminus from Seattle to

Bellingham. These controversies are based, for the most part, on money, or the lack of it. It takes money to operating all nine ferries efficiently. Money is the contributing factor regarding the amount of runs a ferry can make to a particular community. We need at least \$30 million a year to support the system, and this does not include upgrading an aging fleet. Each year we continue this valuable service, we face the issues of competitive pay, rising fuel costs, and greater community demand. It would be irresponsible for me to claim that this bill solves all the money problems. What it does do, however, is puts into place a system and management plan that will be beneficial in the long run at securing the funds to keep the Marine Highway System stable for the future. This does not necessarily depoliticize the process, but gives the process more integrity, especially with hostile legislators who would like to see more money pumped into their own districts.

Whether or not you're sold on the idea of a Marine Highway Authority, I would like to hear from you. I've already initiated extensive discussions with Mike Wilson of the IBU-P, since a major portion of the budget involves labor. I've also talked to numerous individuals who work on the ferry system as well, and they've come up with several good suggestions. Commissioner Hickey and I will continue to talk as this bill evolves, and the Senate Transportation Committee will be holding a hearing on the bill in Ketchikan sometime in October. It's the first of many hearings to be held in my district as well as in Juneau. I encourage you, as city leaders, to

openly discuss the bill, its potential and its drawbacks, and let me know your opinions. I think we all agree the Alaska Marine Highway System is viable and important to all our communities. I need your local expertise and input. We must work together to avoid further deterioration of a system which is vital to our communities. Thank you.

Marine highway commission proposed

By KIRK McALLISTER

THE JUNEAU EMPIRE

Two Southeast senators have combined forces in an effort to improve management of the Alaska Marine Highway system.

Sen. Jim Duncan, D-Juneau, has introduced a bill (SB473) setting up a ferry commission that would be responsible for general policy and the appointment of the marine highway system director.

Sen. Lloyd Jones, R-Ketchikan, meanwhile, has been working since last year on a bill (SB310) that would set up a Marine Highway Authority that would be an independent entity within state government much like the Alaska Permanent Fund Corp. or the Alaska Railroad Corp.

Duncan and Jones have now apparently joined together behind the commission concept as an initial step towards a separate marine highway authority.

Gov. Steve Cowper has balked at the authority concept because, among other things, it would remove the ferry system from the Department of Transportation and Public Facilities and would negotiate labor contracts separately from other

ALASKA NEWS

state unions that currently must go through the Division of Labor Relations.

But the commission, as envisioned by Duncan and Jones, is a less radical idea than the separate authority concept since the marine highway would remain part of DOT. So far now, Jones has dropped the authority idea and opted to go with Duncan's commission concept.

The commission would be made up of seven members appointed by the governor to five-year, staggered terms. Membership would include the commissioner of the Department of Transportation and Public Facilities, a representative of the tourism industry, the maritime industry, Southeast and Gulf of Alaska residents and a person who represents the interests of the public.

Commissioners would serve without compensation other than per-

dium and travel expenses. Major duties of the panel would include appointing the director of the system, working on schedules and fees, construction of facilities, replacement and overhaul of vessels, produce an annual report on the system for the governor and legislature, establish policy for the system and hold public meetings on the system's operation.

"I think this is a mid-range step designed to bring continuity to the system and more long-range planning," Duncan said. "It should bring stability in the management of the system."

Jones agreed with that assessment saying the appointment of the marine highway system director by the commission would make the position less of a political appointment that would change with changes in administrations.

"Continuity in the management of the system has always been our goal," Jones said. "I see this (the commission bill) as a first step. Establishing an authority is the only way the system will be able to survive in the long term but this is a step in the right direction."

Jim Ayers, current director of the ferry system, said that Gov. Cowper in his State of the State message last month, said a marine highway authority wasn't necessary at this time. The ferry system is facing much tougher and immediate questions than whether the director should be appointed by a commission or an authority established, he said.

"There are major management and financial decisions that need to be addressed," Ayers said. "The system is at a crossroads. We need to make the decisions necessary to keep the system going for the next 20 years."

One of the ships (the Chilkat) in the nine-vessel fleet is currently laid up and may never come back into service because of prohibitive costs, Ayers said. The rest of the fleet is also getting older plus a decision needs to be made about whether small "feeder" vessels should be added to the fleet.

A new master plan study of the system is scheduled to be released next week. Currently, the system generates about \$35 million annually of the \$65 million needed to operate the system.

Juneau Empire Article

- c. Definitively state in statutes that non-profit agencies providing services not directly related to their main purpose and which are identified as being in direct competition with an existing business or hindering the establishment of a new profit-making business, must either cease providing that particular service to the public or must pay taxes on those services as "unrelated profit-making ventures."
6. The state should stop competing and contract to private labs with the state being more aware of private services that are available and not duplicate.

9. PROBLEM: EDUCATION/TRAINING

There is a lack of networking between the education sector and the small business sector as to what programs are needed, the ability of businesses to train employees or have apprentice programs.

RECOMMENDATIONS

1. Provide funding and/or tax credits for an apprentice training program to assist small business to develop an effective and more productive work force.
2. The State Board of Education and State Vocational Education Board should be separated into two boards to better service Alaskan students.
3. The state funded SB191 program similar to the "Job Training Partnership Act" (JTPA) should be expanded with an emphasis on the private sector designing and delivering the training through the RFPO process.

10. PROBLEM: TRANSPORTATION/MARKETING

The state does not have a transportation policy.

RECOMMENDATIONS

1.
 - a. Develop a transportation policy that includes highways, ports, airports, barge service and the railroad; and
 - b. Establish one commission each for DOT, Alaska Marine Highway System, and airports similar to the Alaska Railroad to set policy and long range goals. Each should have their own budget with income generated remaining in the department directly related - i.e. gas tax to DOT, airport feed to airports, etc.
2. The Alaska Marine Highway System serves as a vital link to the continental surface transportation network:
 - a. Provide year-round marine highway service to Kodiak, Prince William Sound, Dutch Harbor and all other coastal communities presently served in Southwest Alaska, without lapse.
 - b. The Alaska Marine Highway System should request proposals for emergency replacement vessels immediately upon scheduling of refurbishment.
 - c. Extend the AMHS to include service to Western Alaska.

Hired by Ak. Marine Hwy —

AKERS REPORT

Summer, 1989
AKERS Marine Consulting Co

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CONTRACTOR: _____

ESTIMATED DOLLAR AMOUNT OF THIS PROCUREMENT (INCLUDE ALL RENEWAL OPTIONS): \$ _____

REQUEST FOR ALTERNATE PROCUREMENT (RAP) NUMBER: _____

THE PROCUREMENT:

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b. <input type="checkbox"/>	COMPETITIVE SEALED PROPOSAL	d. <input type="checkbox"/>	SOLE SOURCE
		f. <input type="checkbox"/>	EMERGENCY

RESULTING IN AN:

f. <input type="checkbox"/>	INITIAL CONTRACT
g. <input type="checkbox"/>	AMENDMENT NO. _____
h. <input type="checkbox"/>	OPTION RENEWAL NO. _____

DATE OF AWARD: _____
(MUST BE COMPLETED)

PERIOD OF PERFORMANCE: FROM: _____ TO: _____
(INCLUDE ALL RENEWAL OPTIONS) (MONTH/YEAR) (MONTH/YEAR)

PROCUREMENT AWARDED IN-STATE: YES NO

ITEM OR SERVICE PROVIDED BY PROCUREMENT (What and Where):

PROCUREMENT OFFICER: _____ TELEPHONE: _____

1 - INTRODUCTION

As one aspect of assessing cost control within the Alaska Marine Highway System (AMHS) Acres is undertaking a feasibility study into a maintenance management system (MMS).

The second report in this study is a Component Review of the AMHS that discusses current systems and practices and identifies changes that may be needed in order to enable an MMS to be introduced.

2 - EXECUTIVE SUMMARY

The AMHS is a system in dire need of redirection. Unless prompt action is taken to address its overall problems, no amount of maintenance management will prevent the demise of one of Alaska's major assets - the Marine Highway.

The system cannot be run as an adjunct to the bureaucratic process, dependent for 100% of its funding from the General Fund and not being permitted to manage its cash flow and operate in a business like manner. Unless separation can be achieved from DOTPF the condition of the fleet both physically and in terms of morale will continue to deteriorate.

2.1 - AMHS Management

Management of the AMHS must be established to manage a ferry fleet - not a Federal Highways program. It is essential that adequate expertise, effort and direction be available to run the vessels, which are after all the backbone of the system. A comparison of current management and an outline of an appropriate management structure and justification is provided in section 3.1.

2.2 - Accounting System

Efforts are being made, in which Acres has been involved, to redirect the capture and reporting of financial data within an appropriate chart of accounts. Without the ability to record and analyze cost and revenue data within logical areas, management cannot function.

An overview of an outline chart of accounts, and a discussion of the need for such an organization of cost and revenue capture is provided in section 3.2.

2.3 - Procurement

Unlike roads and terminals, a shipping operation is dynamic and as such requires its managers to respond promptly to operational needs. The procurement system under which the AMHS operates creates both time delays and needless increased costs. There are mechanisms by which the AMHS can meet the prerogatives of state purchasing policy, and at the same time operate the fleet efficiently. Section 3.3 addresses this issue.

2.4 - Current Maintenance Practices

2.4.1 - Ship

Essentially the chief engineers along with the senior heads of departments have had ultimate responsibility for keeping the ships operating. Shore operational staff have been and are unable, because of limited resources, to do other than respond to emergencies and provide temporary band aids to shipboard problems.

Thus each ship has had to develop maintenance procedures that are responsive to the unique needs of the vessel, and the chief engineer's perception of its maintenance requirements. This has been possible only because of the very low turnover of AMH crews. However it has resulted in individually effective policies that are non-portable between vessels, and are only incidentally responsive to the needs of the system as a whole.

2.4.2.- Shore

Shore maintenance requirements are presently limited because of the replacement of existing facilities has only recently been completed. However needs of the newer sophisticated systems will begin to grow in the next 2-3 years and the current organization is unlikely to be able to cope.

Section 3.4 addresses current maintenance practices.

2.5 - Management/Staff Relationships

There is an extraordinary degree of mistrust between ship and shore that has its root in the overall relationship between management and staff.

Ship systems and operations cannot function in isolation from the shore, both are interdependent. There must therefore be an effective dialogue between the two, outside of contract negotiations. Planning forums for the ship to understand managements prerogatives, and the shore to respond to ongoing needs of each vessel are essential.

The division of the two into employer and employee camps must cease and ship personnel be made fully aware that their input to both the short and long term planning process is both understood and appreciated. Section 3.5 expands on the topic.

2.6 - Maintenance Management

A corporate maintenance management system, that is integrated with effective management of the fleet, can materially assist in cost containment and vessel life extension programs.

However, as some other fleet operators have discovered, introduction of maintenance management is just one aspect of a thorough overhaul of the total management system. See Section 3.6.

2.7 - Risk Management

Under normal circumstance Risk Management and maintenance management are only peripherally connected. However in a ferry fleet, because of the human element and the number and complexity of fire and safety systems that must be maintained. The two cannot be separated.

At the present time, the AMHS is piggybacked onto the state Risk Management activity which becomes a part of overhead. As a result of this separation little thought appears to be given within the AMH to the implication to the State of even a minor incident on one of the vessels. Safety and safety systems must be a day to day concern of both deck, stewards engine room and shore management. It should not be considered only when USCG inspection comes around or after an incident, see Section 3.7.

2.8 - Stores

Ship stores are one of the few areas that can reasonably be handled by a bid process. However, as in other areas there must be a counter balance achieved between price and quality. This is particularly important with, for example, food items which are the point of contact with the passenger and an important element in the well being of the crew. If quality is reduced to minimize costs, then complaints will escalate disproportionately to the saving.

Just as in other areas, procurement must be done by qualified people who are able to make, and justify, decisions not to use a low bidder.