

New Major Vessels ruling risks more waiting, less sailing for ferry customers

For Immediate Release

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VICTORIA, BC - The independent BC Ferry Commission has approved the procurement of four New Major Vessels (NMVs), marking a significant step forward in BC Ferries' long-term fleet renewal plans. With today's decision—which includes not approving a requested fifth vessel—the Commission has also highlighted significant challenges facing the ferry system, primarily the systemic funding gap, that will need to be addressed for customers and communities to benefit from the level of service they expect.

This decision identifies two main areas of uncertainty that are foundational to the health of our marine highway in British Columbia:

- There is a systemic funding gap and significant investment is needed to deliver even the same level of service as today, either by taxpayers or customers through fare increases; and,
- There is disagreement about future traffic demand pressures and what ferry customers see as acceptable levels for waits, delays, and risks of mechanical breakdowns.

"We're disappointed, and obviously at odds with this decision. We put forward the strongest possible case on behalf of our customers to increase capacity and resiliency at the most affordable price," said Nicolas Jimenez, President & CEO of BC Ferries. "Our customers have been clear—they need more sailing capacity, fewer delays, and a ferry system that keeps up with demand in the coming years. While four vessels will still provide some much-needed benefits, we believe we're missing a critical opportunity to build a more resilient transportation network for the future at a lower price now."

BC Ferries had proposed to procure five vessels now on a fixed-price basis to add capacity and resiliency on its busiest routes to meet the needs of BC's growing population, tourism industry, supply chains, and local economies. There are four key areas where the Company's position and the Commission's decision differed:

1. **Affordability:** BC Ferries believes that a fifth vessel, which will be needed in the future, will only get substantially more expensive and put even more upward pressure on fares over time. Due to unique market conditions, fixed-price bids, and economies of scale, building a series of five now will be significantly cheaper than building one or two at a time. Independent market experts agree that the favourable conditions for the current shipbuilding procurement process that BC Ferries has conducted will not be repeated, meaning costs for future ships – and fare pressures – will certainly be higher tomorrow than today. Further, [supported by business leaders in the province](#), there's a real question about whether the system can afford not to keep up with demand and what harms that could risk for taxpayers, local economies, the tourism industry, and the province's supply chain.
2. **Future demand:** BC Ferries' data shows that the major routes are already almost at capacity during peak season. Long-term planning models submitted as part of the Company's application to the Ferry Commission, based on BC Stats' data, were conservative. They identified that there is significant strain on the system today and that without procuring all five vessels now, the risk of waits and delays will be much worse within the next decade than they are today.

3. **Shifting demand:** Through offering discounted Saver Fares on off-peak sailings over the last four years, BC Ferries has successfully created significant additional space on its busiest sailings by enticing customers to choose other sailing times—17% on its busiest route, in fact. While the Company will continue to leverage Saver Fares, reservations, and scheduling changes to manage peak period demand, these tools are already showing diminishing returns.
4. **Ferry system funding:** This is an issue that's well-understood by the Company, the Commission, and the Provincial government since before the last performance term (PT) submission in 2023, and BC Ferries agrees a long-term fix is needed. However, in this case, BC Ferries can finance the five vessels with no impact on fares until at least 2028. Further, the incremental cost of procuring a fifth ship on a fixed-price basis now relative to the broader system funding gaps is fractionally very small. Government has already committed to working with BC Ferries to identify the best ways to address these systemic issues.

"This is a missed opportunity to take advantage of fixed pricing to build five ships in a very affordable way for our customers," said Jimenez. "We fully expect shipbuilding costs and demand will continue to grow, putting even more pressure on future fares and reliable service, and may hold us back from meeting the expectations of our customers and the communities we serve. We'll now reassess how we can best deliver service in the future that customers, coastal communities, and local businesses expect."

BC Ferries will continue to advocate for long-term investments in the ferry system that are designed to ensure a reliable and affordable ferry service for British Columbians. This work, including how to manage the need for additional NMVs in the future, will now happen in parallel with the Company's next performance term negotiations with the Province and related submission to the Commission, anticipated in late 2026, for the 2028-2032 performance term.

BC Ferries is currently in the middle of a transparent, competitive global procurement process to select the highest quality, most affordable bid for the shipyard that will build the New Major Vessels. This process is expected to complete by early summer.

Quotes:

Bruce Williams, CEO, Greater Victoria Chamber of Commerce: *"Families rely on the ferries to keep our supply chains resilient, especially for their food security. Businesses and industry also depend on this transportation link for materials needed to maintain operations. The uncertainty and potential cost escalation created by the threat of tariffs being imposed by the US has amplified the need for a robust and efficient transportation network. Without the fifth vessel, the Island's economy, including our region's strong tourism sector, will be impacted by less reliable ferry service. This will hurt areas outside Greater Victoria as they will see fewer visitors arriving via BC Ferries."*

Walt Judas, CEO, Tourism Industry Association of BC: *"BC's tourism industry depends on a reliable transportation network to welcome visitors from around the world. Limiting ferry capacity at a time of growing demand will restrict the ability for destinations and tourism operators to attract and accommodate more visitors, particularly in peak seasons when sailings are already at capacity."*

Learn more:

- The Commission has an important and independent role to play in decision making about BC Ferries' capital investments.
- [In its December application to the Commission](#), BC Ferries proposed building five NMVs now—four to replace ferries that are over 40 years old and increasingly prone to mechanical issues, and one additional vessel to expand fleet capacity and resiliency.
- [In February](#), BC Ferries submitted a supplemental application with new information based on fixed-price bids from its global procurement process, showing in even more detail that building five vessels is not only necessary, but more cost-effective now than in future. Building five vessels now would have leveraged fixed-price bids and economies of scale, giving BC Ferries greater certainty over long-term costs and enhancing service reliability.
- [A recent editorial](#) from 18 of the province's leading economic, tourism, and supply chain leaders emphasized that five new ships are needed to both help address today's challenges and to deliver the necessary capacity to meet the demands that will come with our growing population and economy.

For more information about BC Ferries' fleet renewal plans and what these new vessels will mean for customers, [visit the BC Ferries website](#).

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FORWARD-LOOKING STATEMENTS

This press release contains certain “forward-looking statements.” These statements relate to future events or future performance and reflect the Company's expectations regarding our growth, financial and business risks, results of operations, performance, business prospects and opportunities, and industry performance and trends. They reflect management's current internal projections, expectations and beliefs, and are based on information currently available to management. Some of the market conditions and factors that have been considered in formulating the assumptions upon which forward looking statements are based include population and demand growth estimates, shipbuilding demand and cost projections, ship reliability estimates, traffic trends, inflation, interest rates, fuel costs, construction costs and timelines, the state of the economy, tariff impacts and fluctuating financial markets. A number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. Although we believe that the forward-looking statements contained in this press release are based upon reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this press release and British Columbia Ferry Services Inc. assumes no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.