
British Columbia Ferry Services Inc.

Annual Report
to the
British Columbia Ferries Commissioner

Year Ended March 31, 2014



Restated September 17, 2014

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Introduction

In accordance with Section 66 of the *Coastal Ferry Act* ("Act"), British Columbia Ferry Services Inc. ("BC Ferries" or the "Company") is pleased to submit its annual report for the year ended March 31, 2014 (the "fiscal year" or "fiscal 2014"), to the British Columbia Ferries Commissioner (the "Commissioner").

This report is a compilation of information on the services BC Ferries has provided during the fiscal year on designated ferry routes and includes information on the costs and quality of services provided to deliver services on these designated routes. This report responds to the specific information requirements conveyed to BC Ferries by the Commissioner and as identified in the Act.

Part 1: Services on Designated Routes

In fiscal 2014, BC Ferries delivered coastal ferry services on 25 designated ferry routes under the Coastal Ferry Services Contract (the "Contract") between BC Ferries and the Province of British Columbia (the "Province") as represented by the Ministry of Transportation and Infrastructure.¹ These ferry routes are regulated under the Act. In accordance with the Contract, BC Ferries also manages ferry transportation services on other unregulated routes through contracts with alternative service providers ("ASPs").

BC Ferries is required by Section 69 of the Act to seek ASPs on designated ferry routes when so ordered by the Commissioner. During the fiscal year, no such Orders were issued by the Commissioner, and no actions were required or taken by the Company in respect of this matter.

Part 1 of this report contains financial statistics as well as information on traffic levels and operating and performance statistics for the fiscal year for each of the 25 designated ferry routes.

In fiscal 2014, BC Ferries carried 7.6 million vehicles² and 19.7 million passengers and delivered 83,971.5 round trips on the designated ferry routes. During the fiscal year, the Company continued to maintain a high standard of service reliability, delivering 99.7% of the scheduled round trip sailings³. On a system-wide basis, BC Ferries' on-time performance was 91.5% in the fiscal year.

Traffic levels in the fiscal year were moderately stable. BC Ferries experienced a 1.3% decline in vehicle traffic and a 1.1% decline in passenger traffic in fiscal 2014 compared to the prior fiscal year. However, the Company believes

¹ Effective April 1, 2014, BC Ferries delivers coastal ferry services on 24 designated ferry routes, as Route 40 (Discovery Coast Passage) was discontinued as part of service adjustments outlined by the Province.

² Equivalent to 8.7 million automobile equivalents (see the Operations Report for more information).

³ Excludes weather, medical or rescue related cancellations.

that fiscal 2014 traffic was negatively impacted by the timing of the Easter holiday. Fiscal 2014 included one day of the Easter holiday weekends (April 1, 2013), while fiscal 2013 included seven days of Easter holiday weekends (April 6 through 9, 2012 and March 29 through 31, 2013). BC Ferries believes that, adjusting for the timing of the Easter holiday, traffic levels in fiscal 2014 were generally flat compared to fiscal 2013.

The Company continues to focus on employee and passenger safety. BC Ferries' SailSafe program, a joint initiative with the BC Ferry & Marine Workers' Union, is designed to achieve world class safety performance and is now in the sustainment phase. The program transitioned at the beginning of fiscal 2013 from the implementation of a safety program to embodying safety as a normal part of all business activities and an integral part of our culture.

The Company's approach to safety is reflected in the recognition it has received. In fiscal 2014, BC Ferries received the Certificate of Recognition (COR) from WorkSafeBC. A COR recognizes companies that go beyond the legal requirements of the *Workers' Compensation Act* and the Occupational Health & Safety Regulations by taking a best practices approach to implementing health, safety and return to work programs. During the fiscal year, BC Ferries also received other awards including the International Award for Inspiring Safety from Latitude Productions in the United Kingdom and a Lloyd's List Safety Training award for our training programs. In addition, the Company was a finalist in the Lloyd's List Safety and Technical Innovation award categories.

While ensuring safety remains the first priority, BC Ferries has maintained a strong focus on containing costs and operating as efficiently as possible. The Company's operating expenses, excluding fuel costs, were \$13.3 million below previously planned levels as published in our annual Business Plan for fiscal 2014.

To better align service levels to demand, the Contract was amended in fiscal 2014 to reduce the number of annual round trips required on the Major Routes which, over Performance Term 3 ("PT3"), is expected to result in \$4 million in operating cost reductions from fuel savings and reduced requirements for casual employees during the off-season. Further amendments to sailing schedules on the Northern and Minor Routes have been implemented in fiscal 2015 and additional amendments on the Major Routes are planned for fiscal 2016. In total, service level changes are expected to result in \$22.9 million in cost reductions over PT3.

In addition to these service level adjustments, the established price caps incorporate efficiency targets set by the Commissioner in Order 12-02 of \$54.2 million over PT3. BC Ferries is currently on pace to meet these targets.

BC Ferries has a multi-year major fleet and asset renewal program which has involved upgrading and replacing a large share of our major vessels and terminal assets. During the fiscal year, the Company invested over \$40 million in its terminal marine structures. This included work at Westview terminal, Little River terminal, McLoughlin Bay terminal, and Alert Bay terminal.

On July 19, 2013, the Commissioner approved our application to construct three new intermediate class vessels to replace the 49-year old *Queen of Burnaby* and the 50-year old *Queen of Nanaimo*, both of which are scheduled for retirement in 2016. The new vessels will be designed to operate as dual-fuel capable, so they can run on liquefied natural gas ("LNG") or marine diesel fuel. LNG is currently cheaper than marine diesel, and better for the environment. On July 3, 2014, following the completion of an extensive competitive bidding process, BC Ferries announced that it awarded Remontowa Shipbuilding S.A. of Gdansk, Poland contracts totaling \$165 million to build the three vessels.

As well, on February 20, 2014, in response to the Company's December 20, 2013 application, the Commissioner confirmed that the proposed expenditures to implement the cable ferry system on the route connecting Buckley Bay and Denman Island are reasonable and prudent. On February 26, 2014, the Company awarded Vancouver Shipyards Co. Ltd. of North Vancouver a \$15 million contract for the construction of the new cable ferry and on March 19, 2014, BC Ferries announced the award of contracts totalling \$15 million for construction of the Buckley Bay and Denman West cable ferry berths.

BC Ferries continues to look for innovative ways to serve its customers and actively pursue opportunities for growth. BC Ferries' drop trailer service is the fastest growing segment of our market with increases in revenue over the past three years of 15%, 34%, and 54%, respectively. Meanwhile, through the use of the BC Ferries travel centre and an integrated marketing approach, BC Ferries is able to leverage our core business to drive incremental ferry traffic as well as generate commissions from the related services. In fiscal 2014, the number of vacation packages sold generated over \$3.3 million in revenue, an increase of 12.6% over the prior year. The Company also has opportunities for continued growth with its onboard retail gift shops. Sales of quality clothing have grown over the past three years with increases of 14.6%, 13.8%, and 14.8%, respectively.

During fiscal 2014, the Company continued to invest in its human resources. In fiscal 2014, 15,500 personal training days (PTDs) were conducted, inclusive of operational training, Bridge Team Simulation training, and Standardized Education and Assessment (SEA) training. This is significantly higher than the 11,477 PTDs conducted in fiscal 2013, mainly due to the rollout of several new SEA programs. A portion of the increase in PTDs is also a result of the transition from on-the-job training to our formalized training programs.

Part 2: Service Quality

As in past years, BC Ferries commissioned an independent professional consulting organization to conduct and document a comprehensive customer satisfaction survey. In addition to meeting BC Ferries' obligations under the Contract, the survey is an important part of the Company's ongoing market research program that supports various operational and marketing initiatives. For comparative purposes, each year's survey since 2003 has included an identical set of questions, with minor modifications in 2004, 2009 and 2010.

In 2013, 87% of customers surveyed reported being satisfied with their overall experience travelling on BC Ferries. Part 2 of this report contains a copy of the 2013 customer satisfaction tracking annual report.

Part 2 of this report also includes BC Ferries' complaints resolution report for the fiscal year. BC Ferries' current customer complaints process has been in place since 2005. Hearing from customers helps BC Ferries to understand if it is meeting or exceeding their expectations, or conversely, what areas need to be focussed on to improve service quality and support the Company in continuing to realize its vision and mission. The complaints resolution report contains a summary of the feedback BC Ferries has received during the fiscal year, the lessons learned and the actions taken in response.

Part 1

Services on Designated Routes



Part 1: Services on Designated Routes

Overview

This section contains financial statistics as well as information on traffic levels, and operating and performance statistics for fiscal 2014 for each of the designated ferry routes.⁴

The following three reports are included:

Operations Report

This report provides the following information for the designated ferry routes, presented in numeric format for each route:

➤ **Round Trips**

The total number of round trips BC Ferries delivered on each of the designated ferry routes is presented.

Overall, BC Ferries delivered a total of 83,971.5 round trips during the fiscal year, which exceeded by 705.5 the core service level requirements specified in the Contract, as amended for PT3.

➤ **Vessel Capacity**

For each designated ferry route, the vessel capacity BC Ferries provided in the fiscal year is presented along with the calculation of capacity utilization. Capacity is calculated on the basis of automobile equivalents ("AEQ"). An AEQ represents the amount of vessel capacity occupied by a particular vehicle type expressed as the number of under height vehicles it displaces (e.g. a bus which displaces three under height vehicles – or cars – would have an AEQ of 3). In fiscal 2014, BC Ferries provided capacity sufficient to carry the traffic, with capacity utilization on the designated ferry routes ranging from 23.1% to 72.4%.

➤ **Traffic and Revenue**

Vehicle traffic (AEQs) and passenger traffic carried on each of the designated ferry routes during fiscal 2014 is presented and compared to the traffic carried in the previous fiscal year. The associated tariff revenue generated from each route is also shown.

⁴ On March 31, 2013, BC Ferries reached agreement with the Province, amending the Contract, to consolidate all designated routes into a single route group effective April 1, 2013. This revised grouping will be in effect until March 31, 2016. In the absence of any further amendments, on April 1, 2016, the route group structure in the Contract will revert back to the structure at March 31, 2013.

In fiscal 2014, vehicle and passenger traffic levels declined by 1.3% and 1.1%, respectively. As noted above, a contributing factor to this decline was the timing of the Easter holiday.

Revenue from vehicle and passenger traffic on the designated ferry routes in fiscal 2014 totalled \$489.3 million, an increase of \$20.5 million from the prior fiscal year.

By Order 12-02, dated September 30, 2012, price cap increases for fiscal 2014 through fiscal 2016 were set by the Commissioner as follows: 4.1% at April 1, 2013; 4.0% at April 1, 2014; and 3.9% at April 1, 2015. BC Ferries implemented tariff increases effective April 1, 2013 to the levels authorized.

On January 17, 2014, due to the rising cost of fuel, BC Ferries implemented a fuel surcharge of 3.5% on average on the Major and Minor Routes. No surcharges were put in place on the Northern Routes.

➤ **On-Time Performance**

The percentage of sailings departing or arriving, as applicable, within 10 minutes of the scheduled time is provided for each of the designated ferry routes.⁵

Meeting customer service expectations is an important factor in BC Ferries' focus on on-time performance. In fiscal 2014, BC Ferries' on-time performance system-wide was 91.5%.

Temporary Service Disruptions Report

This report describes how the services provided by BC Ferries during the fiscal year compared to the core service levels set out in the Contract, as amended for PT3. There are four sections of this report:

1. Cancelled Round Trips by Route and route grouping,
2. Cancelled and Extra Round Trips by Route and route grouping,
3. Cancelled Round Trips by Days For Route and route grouping, and
4. Round Trip Service Delivery and On-Time Performance.

For each designated ferry route, the cumulative and consecutive number of days for which round trips were missed and the causes of the missed round trips are noted. In fiscal 2014, BC Ferries exceeded its annual core service level commitments under the Contract by 705.5 round trips. Most of these additional round trips were delivered in the summer on route 21 (Buckley Bay to Denman Island) and route 22 (Denman Island to Hornby Island) to accommodate peak period traffic demand. Additional trips were also provided on route 18 as a result of alternate service provision during berth upgrades.

⁵ On-time performance on the Major and Other Routes is defined as the percentage of sailings departing within 10 minutes of the scheduled time. On-time performance on the Northern Routes is defined as the percentage of our sailings arriving within 10 minutes of the scheduled time.

In the “Round Trip Service Delivery and On-Time Performance” section of the report, certain elements of reporting are graphically presented including the scheduled and actual round trips and on-time performance. The percentage of sailings departing or arriving, as applicable, within 10 minutes of the scheduled time is provided for each of the designated ferry routes, as well as the reasons for the delays.

This report also provides information on “overload sailings” which is defined as a sailing for which one or more vehicles waiting to travel could not be accommodated. Overall, 7.2% of the sailings on the designated ferry routes were overloaded in fiscal 2014, which is a slight decrease from 7.5% in fiscal 2013.

Route Financial Report

This report provides financial information for the fiscal year with comparative figures for the previous fiscal year for each of the designated ferry routes.

The information is provided by individual route and is also summarized by route grouping. Revenues and expenses are assigned directly to a route where possible or allocated to routes where direct assignment is not possible. Allocation to routes is based on various factors which reflect the activity that gave rise to the revenue or expense.

As of fiscal 2013, all of BC Ferries’ financial reporting is prepared in accordance with International Financial Reporting Standards (IFRS).

Operations Report

Year Ended March 31, 2014





Operations Summary Report for the Year Ended March 31, 2014

Routes	A	B	C	D	E	F	G	H	I
	Actual Round Trips	Capacity Provided (AEQ's)	AEQ's Carried Fiscal 2014	Capacity Utilization (C / B)	AEQ's Carried Fiscal 2013	AEQ Growth (C - E)	AEQ Tariff Revenue Fiscal 2014 Note 2	AEQ Tariff Revenue Fiscal 2013 Note 2	AEQ Tariff Revenue Growth (G - H)
1	3,778.0	2,861,150	2,072,208	72.4%	2,090,878	(18,670)	\$ 110,247,009	\$ 106,069,958	\$ 4,177,051
2	3,029.0	2,199,012	1,280,398	58.2%	1,289,221	(8,823)	64,817,132	62,385,432	2,431,700
3	3,043.0	2,202,408	1,192,143	54.1%	1,205,738	(13,595)	24,609,337	24,187,908	421,429
30	2,693.0	1,736,710	835,959	48.1%	825,623	10,336	53,414,201	50,786,226	2,627,975
Major Routes	12,543.0	8,999,280	5,380,708	59.8 %	5,411,460	(30,752)	253,087,679	243,429,524	9,658,155
10	121.0	33,546	13,047	38.9%	13,516	(469)	4,136,686	4,054,804	81,882
11	188.0	40,934	18,580	45.4%	17,464	1,116	3,202,209	2,974,177	228,032
40	39.0	8,970	2,611	29.1%	2,643	(32)	767,425	755,794	11,631
Northern Routes	348.0	83,450	34,238	41.0 %	33,623	615	8,106,320	7,784,775	321,545
4	2,884.0	561,200	302,115	53.8%	307,636	(5,521)	3,181,644	3,187,926	(6,282)
5	3,499.0	691,464	257,145	37.2%	255,146	1,999	3,039,115	2,995,893	43,222
6	5,037.0	705,110	240,870	34.2%	250,470	(9,600)	2,796,897	2,789,438	7,459
7	2,873.0	686,790	184,035	26.8%	187,465	(3,430)	3,984,341	3,890,432	93,909
8	5,567.5	972,060	475,937	49.0%	484,240	(8,303)	5,155,315	5,044,033	111,282
9	803.0	347,696	146,614	42.2%	152,514	(5,900)	6,225,644	6,270,088	(44,444)
12	3,215.0	141,460	83,322	58.9%	78,279	5,043	943,171	853,476	89,695
13	4,096.0	Pass. Only	Pass. Only	Pass. Only	Pass. Only	Pass. Only	(137)	287	(424)
17	1,372.0	460,596	152,161	33.0%	161,845	(9,684)	5,378,225	5,439,448	(61,223)
18	3,842.0	307,929	79,790	25.9%	90,815	(11,025)	590,696	630,283	(39,587)
19	5,730.0	802,060	356,368	44.4%	364,313	(7,945)	2,895,948	2,874,201	21,747
20	4,369.0	279,616	81,829	29.3%	81,281	548	634,709	616,033	18,676
21	6,284.0	628,400	238,535	38.0%	244,560	(6,025)	1,628,188	1,644,513	(16,325)
22	4,643.0	278,580	105,523	37.9%	108,608	(3,085)	717,683	700,040	17,643
23	6,284.0	874,440	366,181	41.9%	366,607	(426)	2,842,462	2,796,109	46,353
24	2,135.0	128,100	56,855	44.4%	55,628	1,227	509,729	483,857	25,872
25	4,029.0	231,594	83,871	36.2%	88,085	(4,214)	818,029	820,120	(2,091)
26	4,418.0	214,412	49,452	23.1%	46,642	2,810	435,536	382,309	53,227
Minor Routes	71,080.5	8,311,507	3,260,603	39.2 %	3,324,134	(63,531)	41,777,195	41,418,486	358,709
Total	83,971.5	17,394,237	8,675,549	49.9 %	8,769,217	(93,668)	302,971,194	292,632,785	10,338,409

Note 1) Revenue arises from bike traffic and freight.

Note 2) Obligations deferred or settled reflect the following:

Fiscal 2013 - the settlement of tariff in excess of the price cap reflects the differences between the balances at March 31, 2012 (\$1.5 million and \$0.9 million for vehicle and passenger tariff, respectively), and the zero balances at March 31, 2013.

Fiscal 2014 - the deferral of tariff in excess of the price cap reflects the differences between the balances at March 31, 2013 (\$0.9 million and \$0.5 million for vehicle and passenger tariff, respectively), and the zero balances at March 31, 2014. The obligation was transferred to the fuel deferral account in accordance with British Columbia Commission Memorandum 45 dated March 20, 2014.

Note 3) Indicates percentage of sailings departing within 10 minutes of scheduled departure for the Major and Minor Routes, and arriving within 10 minutes of scheduled arrival for the Northern Routes.

Note 4) The Fiscal 2013 on-time performance % for route 18 has been restated.

Obligation deferred (settled)	741,907	(1,536,710)
	303,713,101	291,096,075

Note 1



Operations Summary Report for the Year Ended March 31, 2014

Routes	J	K	L	M	N	O	% Sailings Within 10 Min. (Note 3)		
	Passengers Fiscal 2014	Passengers Fiscal 2013	Passenger Growth (J - K)	Passenger Tariff Revenue Fiscal 2014 Note 2	Passenger Tariff Revenue Fiscal 2013 Note 2	Passenger Tariff Revenue Growth (M - N)	Fiscal 2012	Fiscal 2013	Fiscal 2014
1	5,566,130	5,589,971	(23,841)	\$ 74,726,955	\$ 71,285,026	\$ 3,441,929	84.1%	87.2%	88.7%
2	3,315,156	3,310,473	4,683	44,117,572	41,754,677	2,362,895	85.5%	76.2%	72.5%
3	2,469,646	2,501,900	(32,254)	13,394,241	13,193,508	200,733	87.5%	81.9%	76.6%
30	1,357,799	1,374,878	(17,079)	17,744,446	17,053,913	690,533	90.1%	92.8%	92.6%
Major Routes	12,708,731	12,777,222	(68,491)	149,983,214	143,287,124	6,696,090	86.5%	84.5%	82.7%
10	36,082	38,108	(2,026)	4,714,968	4,927,807	(212,839)	89.1%	89.8%	87.5%
11	38,340	35,791	2,549	1,352,509	1,221,945	130,564	95.9%	97.0%	96.0%
40	6,678	6,949	(271)	774,537	767,658	6,879	86.2%	90.1%	96.8%
Northern Routes	81,100	80,848	252	6,842,014	6,917,410	(75,396)	90.6%	91.9%	91.6%
4	605,300	619,939	(14,639)	2,704,051	2,639,135	64,916	93.8%	95.9%	96.2%
5	456,697	459,393	(2,696)	1,892,634	1,855,653	36,981	82.2%	88.9%	88.2%
6	450,043	478,733	(28,690)	1,632,092	1,669,174	(37,082)	88.9%	91.1%	87.8%
7	329,276	331,679	(2,403)	1,764,668	1,754,524	10,144	94.7%	95.6%	88.7%
8	1,117,329	1,132,383	(15,054)	3,360,182	3,328,933	31,249	91.5%	90.3%	92.5%
9	416,257	434,839	(18,582)	4,503,249	4,619,207	(115,958)	87.5%	89.2%	89.1%
12	161,439	154,384	7,055	726,013	682,081	43,932	89.5%	91.9%	94.6%
13	43,640	46,964	(3,324)	165,253	170,519	(5,266)	99.7%	99.4%	99.8%
17	329,058	352,820	(23,762)	3,586,084	3,765,608	(179,524)	83.0%	94.4%	88.8%
18	156,188	170,604	(14,416)	447,872	477,477	(29,605)	82.9%	91.2%	86.9%
19	757,454	771,783	(14,329)	2,012,557	1,995,172	17,385	93.5%	96.1%	95.8%
20	241,110	247,556	(6,446)	569,820	556,810	13,010	86.0%	83.8%	82.3%
21	457,856	463,752	(5,896)	1,142,066	1,153,854	(11,788)	99.2%	99.1%	99.2%
22	206,039	208,253	(2,214)	519,832	493,914	25,918	96.8%	97.1%	98.5%
23	775,546	785,170	(9,624)	1,959,344	1,948,245	11,099	98.1%	98.6%	98.2%
24	98,415	96,918	1,497	329,558	321,658	7,900	92.0%	94.5%	92.8%
25	215,006	218,417	(3,411)	727,512	717,970	9,542	93.8%	88.0%	87.3%
26	90,226	87,441	2,785	270,077	254,151	15,926	99.5%	99.4%	99.0%
Minor Routes	6,906,879	7,061,028	(154,149)	28,312,864	28,404,085	(91,221)	92.4%	93.6%	92.9%
Total	19,696,710	19,919,098	(222,388)	185,138,092	178,608,619	6,529,473	91.6%	92.3%	91.5%
Obligation deferred (settled)				453,364	(924,282)				
Total passenger revenue				185,591,456	177,684,337				
Total vehicle and passenger revenue				489,304,557	468,780,412				

Note 4

Temporary Service Disruptions Report

Year Ended March 31, 2014



CANCELLED ROUND TRIPS BY ROUTES

Performance Against CFSC Requirements - Annual Core Service Levels

Fiscal 2013/14 Year Ended March 31, 2014				Cancellations of Required Round Trips for Reasons Specified in Schedule A, 2(a) of the Coastal Ferry Services Contract											Cancellations of Required Round Trips for Other Reasons					
Routes		Terminal 1	Terminal 2	Major Incident	Weather	Emerg. Response	Medical Emerg.	Regulatory Issue	Terminal / Dock Maint.	Terminal / Dock Mech. Failure	Vessel Maint.	Vessel Mech. Failure	Fire	Labour Dispute	Allowed Cancels	Traffic	Other Cancels	Total Cancels	% of Required Round Trips Cancelled	
	Route 01	Swartz Bay	Tsawwassen		1							2			3.0		0.0	3.0	0.12%	
	Route 02	Horseshoe Bay	Departure Bay		2		2					5			9.0		0.0			
	Route 03	Langdale	Horseshoe Bay									1			1.0		0.0			
	Route 30	Duke Point	Tsawwassen		2										2.0		0.0			
Major Routes				0	5	0	2	0	0	0	0	8	0	0	15.0	0	0.0	15.0	0.12%	
	Route 10	Port Hardy	Prince Rupert		2										2.0		0.0	2.0	1.63%	
	Route 11	Skidegate	Prince Rupert		2										2.0		0.0	2.0	1.05%	
	Route 40	Port Hardy	Mid-coast												0.0		0.0	0.0	0.00%	
Northern Routes				0	4	0	0	0	0	0	0	0	0	0	4.0	0	0.0	4.0	1.14%	
	Route 04	Fulford Harbour	Swartz Bay												0.0		0.0	0.0	0.00%	
	Route 05	Swartz Bay	Four SGIs					1			1				2.0		0.0		2.0	0.06%
	Route 06	Crofton	Vesuvius Bay								1	5			6.0	3	3.0		9.0	0.18%
	Route 07	Earls Cove	Saltery Bay					1				2			3.0		0.0		3.0	0.10%
	Route 08	Horseshoe Bay	Bowen Island		2						1	0.5			3.5		0.0		3.5	0.06%
	Route 09	Tsawwassen	Long Harbour	1	1						25				27.0		0.0		27.0	3.25%
	Route 12	Mill Bay	Brentwood Bay												0.0		0.0		0.0	0.00%
	Route 13 ⁽¹⁾	Langdale	Gambier/Keats												0.0		0.0		0.0	0.00%
	Route 17	Little River	Powell River		30			2			4	1			37.0		0.0		37.0	2.54%
	Route 18	Texada	Powell River		3				2						5.0		0.0		5.0	0.14%
	Route 19	Nanaimo Harbour	Gabriola Island									2			2.0		0.0		2.0	0.03%
	Route 20	Chemainus	Thetis Island					1				5			6.0	3	3.0		9.0	0.21%
	Route 21	Buckley Bay	Denman West												0.0		0.0		0.0	0.00%
	Route 22	Denman East	Hornby Island		4			1	1						6.0		0.0		6.0	0.13%
	Route 23	Campbell River	Quadra Island		3										3.0		0.0		3.0	0.05%
	Route 24	Quadra Island	Cortes Island		8										8.0		0.0		8.0	0.37%
	Route 25	Port McNeill	Alert Bay												0.0		0.0		0.0	0.00%
	Route 26 ⁽²⁾	Skidegate	Alliford Bay		22							7	8		37.0	6	6.0		43.0	0.96%
Minor Routes				1	73	0	0	6	3	0	39	23.5	0	0	145.5	12	12.0	157.5	0.22%	
TOTAL				1.0	82.0	0.0	2.0	6.0	3.0	0.0	39.0	31.5	0.0	0.0	164.5	12.0	12.0	176.5	0.21%	

% of Required Round Trips Cancelled0.00%0.10%0.00%0.00%0.01%0.00%0.00%0.05%0.04%0.00%0.00%0.20%0.01%0.01%0.21%

Note 1) Route 13 - core service levels include some round trips that are deliverable only 'on demand.'
Note 2) Route 26 - traffic cancellations were dangerous goods sailings for which there was no demand

CANCELLED & EXTRA ROUND TRIPS BY ROUTES

Fiscal 2013/14 Year Ended March 31, 2014			
Routes		Terminal 1	Terminal 2
	Route 01	Swartz Bay	Tsawwassen
	Route 02	Horseshoe Bay	Departure Bay
	Route 03	Langdale	Horseshoe Bay
	Route 30	Duke Point	Tsawwassen
Major Routes			
	Route 10	Port Hardy	Prince Rupert
	Route 11	Skidegate	Prince Rupert
	Route 40	Port Hardy	Mid-coast
Northern Routes			
	Route 04	Fulford Harbour	Swartz Bay
	Route 05	Swartz Bay	Four SGIs
	Route 06	Crofton	Vesuvius Bay
	Route 07	Earls Cove	Saltery Bay
	Route 08	Horseshoe Bay	Bowen Island
	Route 09	Tsawwassen	Long Harbour
	Route 12	Mill Bay	Brentwood Bay
	Route 13	Langdale	Gambier/Keats
	Route 17 ⁽³⁾	Little River	Powell River
	Route 18	Texada	Powell River
	Route 19	Nanaimo Harbour	Gabriola Island
	Route 20	Chemainus	Thetis Island
	Route 21	Buckley Bay	Denman West
	Route 22	Denman East	Hornby Island
	Route 23	Campbell River	Quadra Island
	Route 24	Quadra Island	Cortes Island
	Route 25	Port McNeill	Alert Bay
	Route 26 ⁽⁴⁾	Skidegate	Alliford Bay
Minor Routes			
TOTAL			

Performance Against CFSC Requirements Annual Core Service Levels Year Ended March 31, 2014				
Actual Round Trips ⁽¹⁾	Round Trips Required ⁽²⁾	Variance - Net Extra / Short Round Trips	Required Round Trips Cancelled	Total Extra / Short Round Trips
3,778.0	12,254.0	289.0	15.0	304.0
3,029.0				
3,043.0				
2,693.0				
12,543.0	12,254.0	289.0	15.0	304.0
121.0	123.0	-2.0	2.0	0.0
188.0	190.0	-2.0	2.0	0.0
39.0	39.0	0.0	0.0	0.0
348.0	352.0	-4.0	4.0	0.0
2,884.0	2,880.0	4.0	0.0	4.0
3,499.0	3,497.0	2.0	2.0	4.0
5,037.0	5,046.0	-9.0	9.0	0.0
2,873.0	2,876.0	-3.0	3.0	0.0
5,567.5	5,571.0	-3.5	3.5	0.0
803.0	830.0	-27.0	27.0	0.0
3,215.0	3,215.0	0.0	0.0	0.0
4,096.0	4,066.0	30.0	0.0	30.0
1,372.0	1,458.0	-86.0	37.0	-49.0
3,842.0	3,648.0	194.0	5.0	199.0
5,730.0	5,732.0	-2.0	2.0	0.0
4,369.0	4,378.0	-9.0	9.0	0.0
6,284.0	6,149.0	135.0	0.0	135.0
4,643.0	4,482.0	161.0	6.0	167.0
6,284.0	6,253.0	31.0	3.0	34.0
2,135.0	2,136.0	-1.0	8.0	7.0
4,029.0	3,961.0	68.0	0.0	68.0
4,418.0	4,482.0	-64.0	43.0	-21.0
71,080.5	70,660.0	420.5	157.5	578.0
83,971.5	83,266.0	705.5	176.5	882.0

Note 1) In certain circumstances (e.g. vessel or dock breakdown, mechanical failure or maintenance) round trips may be provided by contracted service providers (e.g. water taxi, tug & barge, flights).

Note 2) For the Major Routes, the annual number of round trips required under the Coastal Ferry Services Contract is an aggregate total for the four routes (Routes 1, 2, 3 and 30).

Note 3) Route 17 - 50 round trips were exempted during berth upgrades.

Note 4) Route 26 - 26 round trips were exempted while the regular vessel was in refit and 6 round trips for dangerous goods were cancelled due to there being no demand.

CANCELLED ROUND TRIPS BY ROUTES

(For Cancellations of Required Round Trips for Reasons Specified in Schedule A. 2(a) of the Coastal Ferry Services Contract)

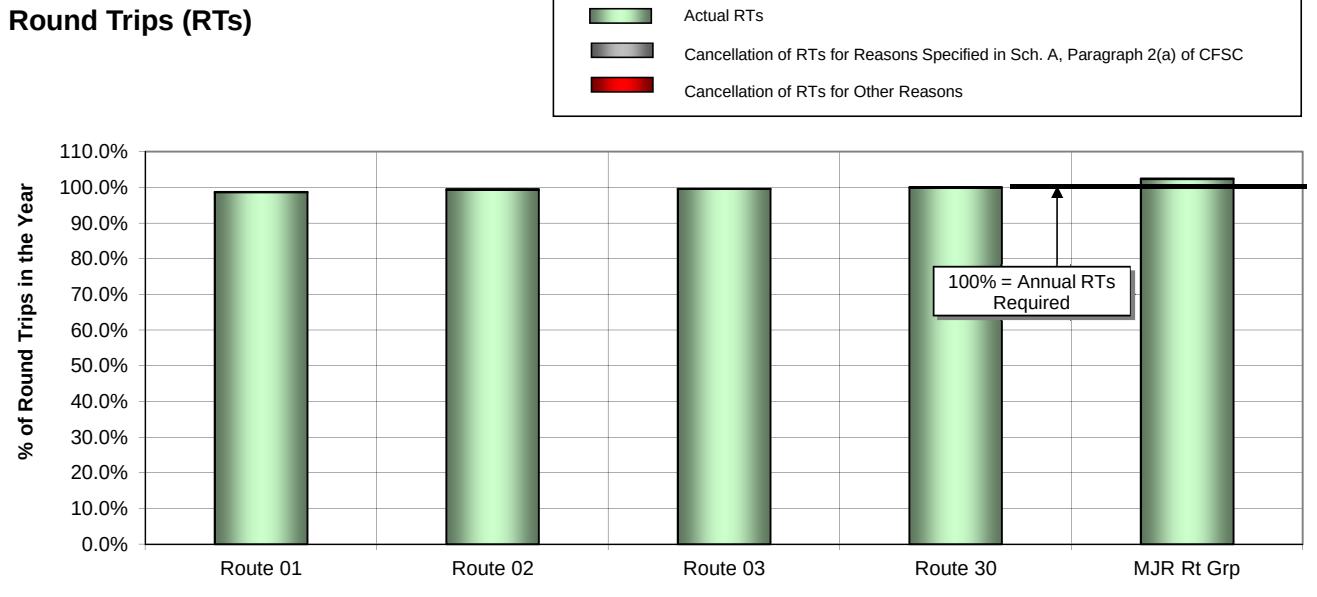
Fiscal 2013/14 Year Ended March 31, 2014				Performance Against CFSC Requirements Annual Core Service Level	
Routes				Cumulative Days When Round Trips Missed <i>Allowed 30 Days / Route</i>	Highest Consecutive Days when Round Trips Missed <i>Allowed 20 Days / Route</i>
Major Routes	Route 01	Swartz Bay	Tsawwassen	2.0	1.0
	Route 02	Horseshoe Bay	Departure Bay	6.0	1.0
	Route 03	Langdale	Horseshoe Bay	1.0	1.0
	Route 30	Duke Point	Tsawwassen	2.0	1.0
Northern Routes	Route 10	Port Hardy	Prince Rupert	4.0	2.0
	Route 11	Skidegate	Prince Rupert	4.0	2.0
	Route 40	Port Hardy	Mid-coast	0.0	0.0
Minor Routes	Route 04	Fulford Harbour	Swartz Bay	0.0	0.0
	Route 05	Swartz Bay	Four SGIs	2.0	1.0
	Route 06	Crofton	Vesuvius Bay	5.0	2.0
	Route 07	Earls Cove	Saltery Bay	2.0	1.0
	Route 08	Horseshoe Bay	Bowen Island	3.0	1.0
	Route 09	Tsawwassen	Long Harbour	15.0	14.0
	Route 12 ⁽¹⁾	Mill Bay	Brentwood Bay	0.0	0.0
	Route 13	Langdale	Gambier/Keats	0.0	0.0
	Route 17 ⁽²⁾	Little River	Powell River	22.0	3.0
	Route 18	Texada	Powell River	2.0	1.0
	Route 19	Nanaimo Harbour	Gabriola Island	1.0	1.0
	Route 20	Chemainus	Thetis Island	7.0	2.0
	Route 21	Buckley Bay	Denman West	0.0	0.0
	Route 22	Denman East	Hornby Island	4.0	1.0
	Route 23	Campbell River	Quadra Island	2.0	1.0
	Route 24	Quadra Island	Cortes Island	6.0	2.0
	Route 25	Port McNeill	Alert Bay	0.0	0.0
	Route 26 ⁽¹⁾	Skidegate	Alliford Bay	20.0	2.0

Note 1) Schedule A, paragraph 2(c) of the Coastal Ferry Services Contract includes an allowance for a temporary service disruption on Routes 12 and 26 of up to 65 consecutive days once every four years for the purposes of carrying out quadrennial surveys and refits. Any such service disruptions are therefore not reflected in the table above.

Round Trip Service Delivery and On Time Performance
Fiscal 2013/14
Year Ended March 31, 2014

Major Routes

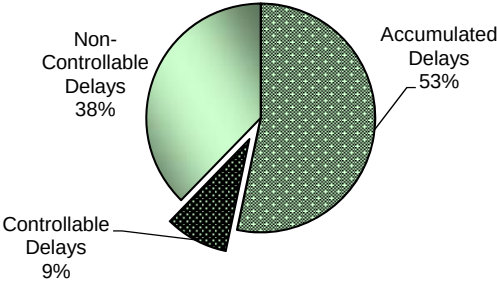
Round Trips (RTs)



Routes	Route Description	Actual RTs	Round Trips Required*	Net Extra RT (Short RT)	% Sailings Overloaded
Route 01	Swartz Bay-Tsawwassen	3,778.0	12,254.0	289.0	38.2%
Route 02	Horseshoe Bay-Nanaimo	3,029.0			26.8%
Route 03	Langdale-Horseshoe Bay	3,043.0			15.7%
Route 30	Nanaimo-Tsawwassen	2,693.0			15.2%
MAJOR Routes Total		12,543.0	12,254.0	289.0	25.0%

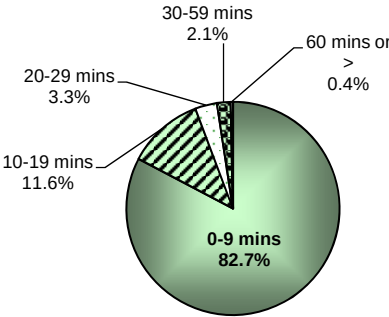
*Note: For the Major Routes, the annual number of round trips required under the Contract is an aggregate total for the four routes (Routes 1, 2, 3 and 30).

Reasons for Delays

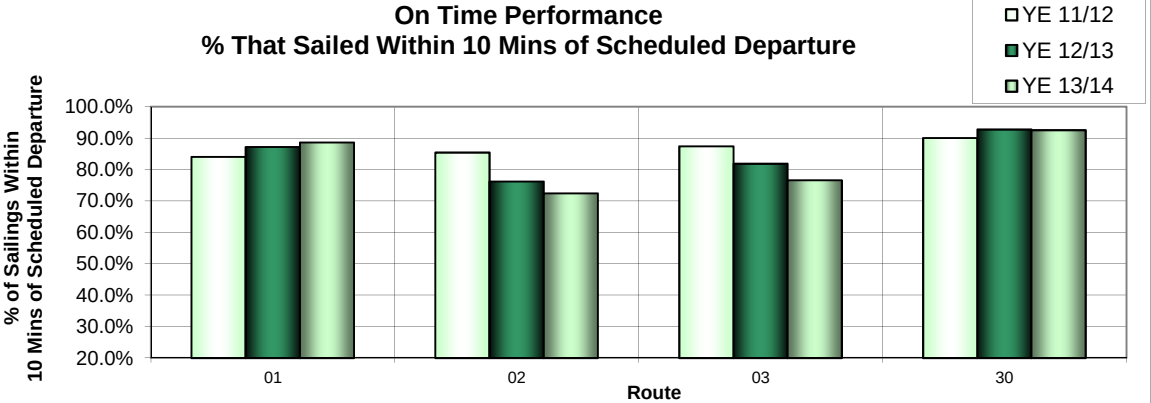


Controllable = Under the control of the company (loading procedure, fuelling, etc.)
Non-Controllable = Out of the control of the company (bad weather, medical, etc.)
Accumulated = Delays accumulated over the course of the day as a result of an earlier delay

On Time Performance
2013/14 YE

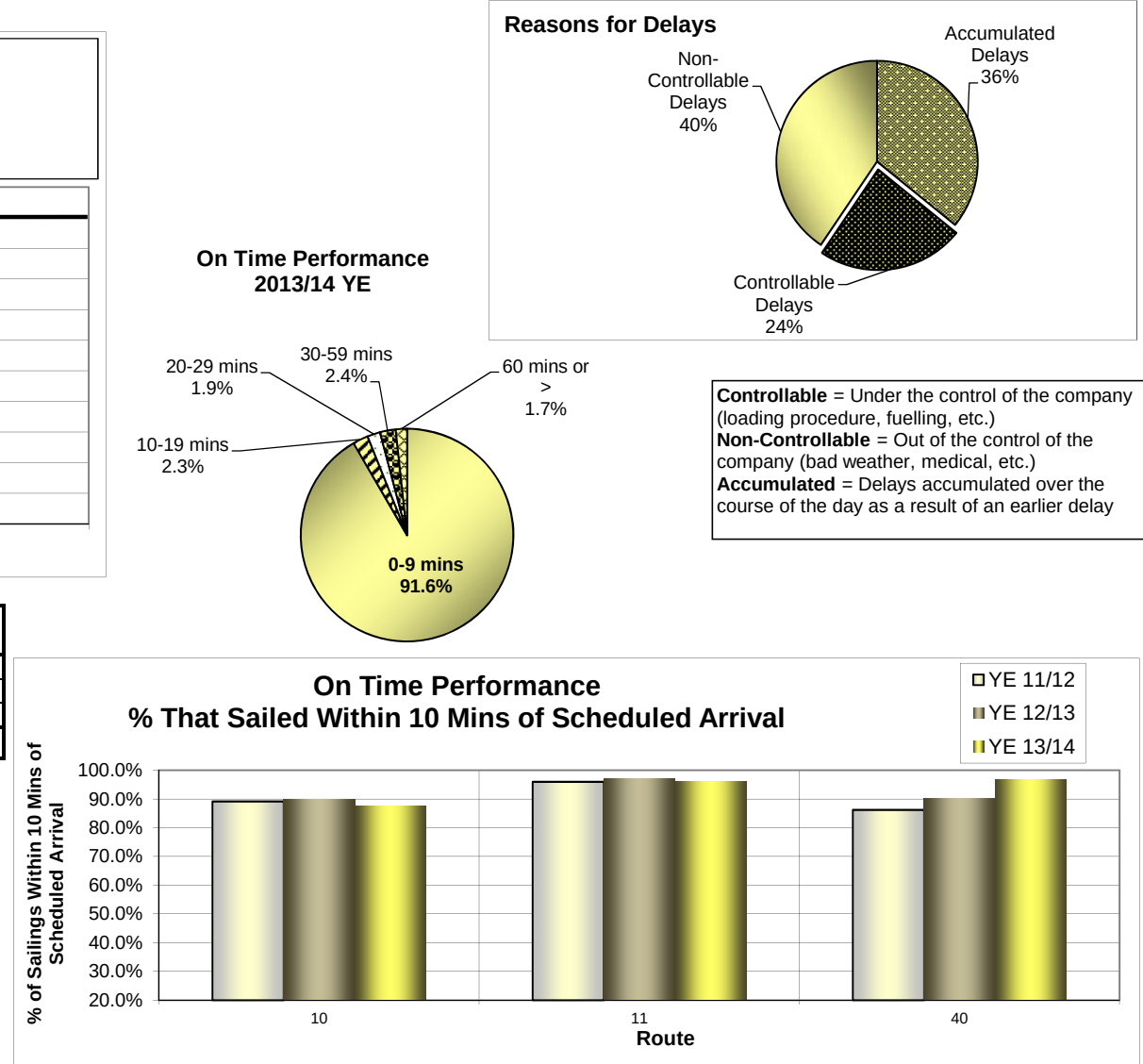
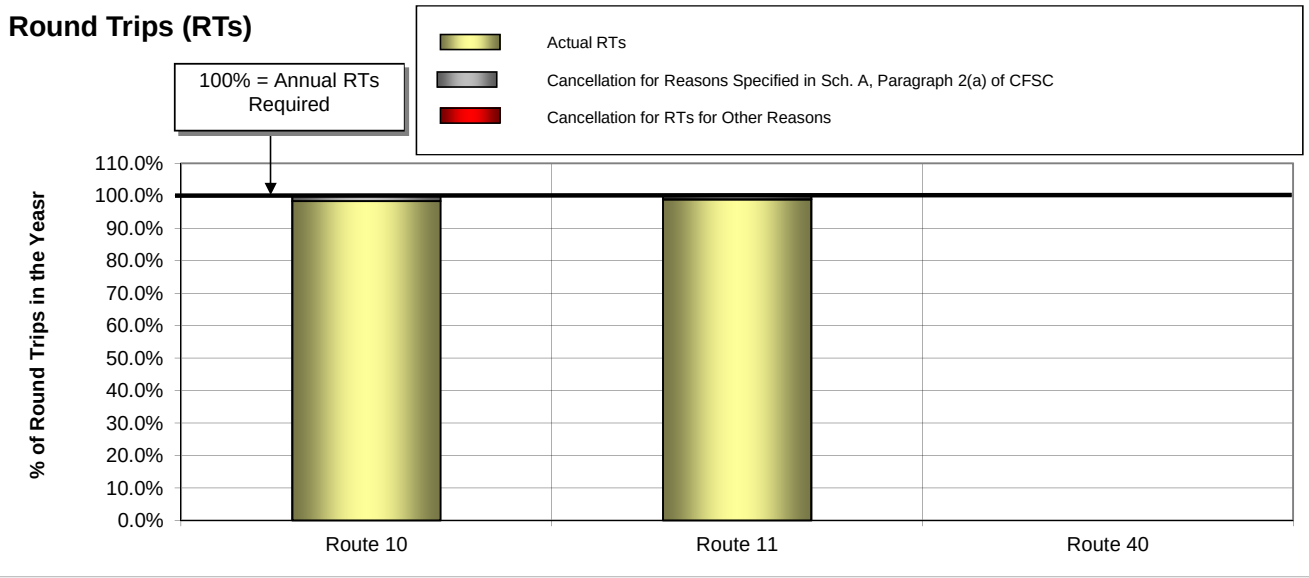


On Time Performance
% That Sailed Within 10 Mins of Scheduled Departure



Round Trip Service Delivery and On Time Performance
Fiscal 2013/14
Year Ended March 31, 2014

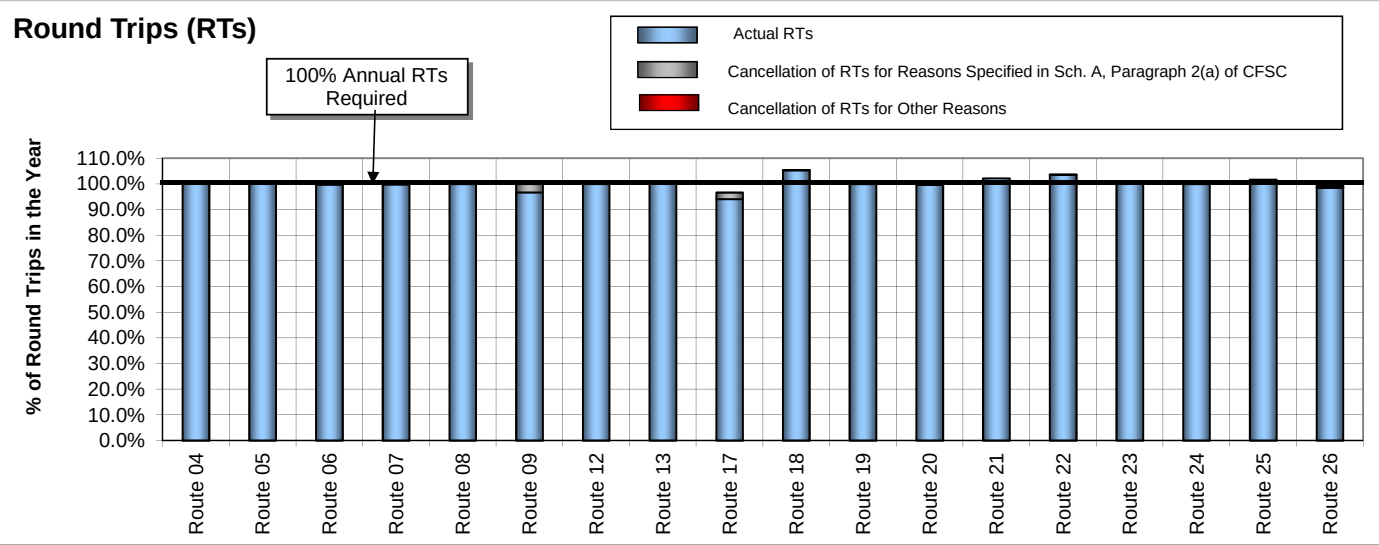
Northern Routes



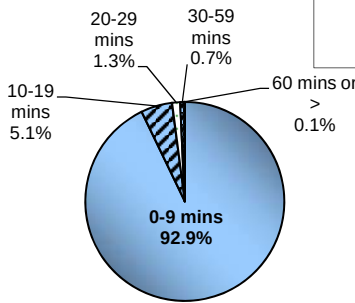
Routes	Route Description	Actual RTs	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 10	Port Hardy-Prince Rupert	121.0	123.0	-2.0	0.0%
Route 11	Skidegate-Prince Rupert	188.0	190.0	-2.0	0.3%
Route 40	Port Hardy-Mid-coast	39.0	39.0	0.0	0.0%
NORTHERN Routes Total		348.0	352.0	-4.0	0.1%

Round Trip Service Delivery and On Time Performance
Fiscal 2013/14
Year Ended March 31, 2014

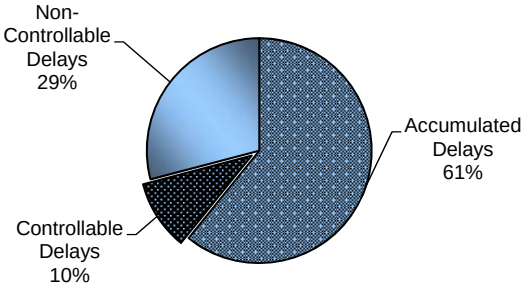
Minor Routes



On Time Performance
2013/14 YE



Reasons for Delays



Controllable = Under the control of the company (loading procedure, fuelling, etc.)
Non-Controllable = Out of the control of the company (bad weather, medical, etc.)
Accumulated = Delays accumulated over the course of the day as a result of an earlier delay

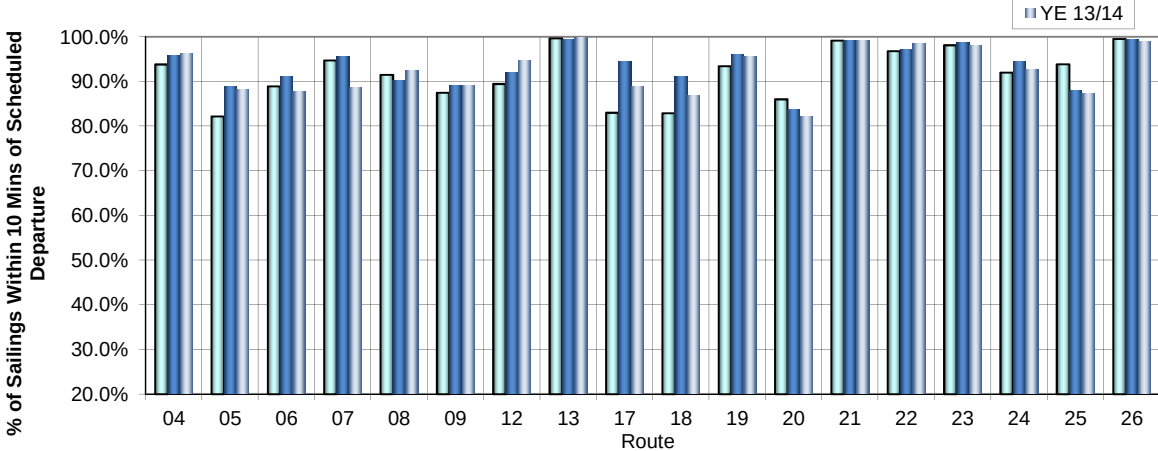
Routes	Route Description	Actual RTs	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 04	Swartz Bay-Fulford Harbour	2,884.0	2,880.0	4.0	6.8%
Route 05	Swartz Bay-Gulf Islands	3,499.0	3,497.0	2.0	3.6%
Route 06	Crofton-Vesuvius Bay	5,037.0	5,046.0	-9.0	2.4%
Route 07	Earls Cove-Salter Bay	2,873.0	2,876.0	-3.0	1.2%
Route 08	Horseshoe Bay-Bowen Island	5,567.5	5,571.0	-3.5	8.6%
Route 09	Tsawwassen-Southern Gulf Islands	803.0	830.0	-27.0	2.2%
Route 12	Mill Bay-Brentwood Bay	3,215.0	3,215.0	0.0	4.8%
Route 13 ⁽¹⁾	Langdale-Keats/Gambier	4,096.0	4,066.0	30.0	Pass only
Route 17 ⁽²⁾	Little River-Powell River	1,372.0	1,458.0	-86.0	0.5%
Route 18	Powell River-Texada	3,842.0	3,648.0	194.0	0.6%
Route 19	Nanaimo Harbour-Gabriola Island	5,730.0	5,732.0	-2.0	5.1%
Route 20	Chemainus-Thetis/Penelakut	4,369.0	4,378.0	-9.0	0.9%
Route 21	Buckley Bay-Denman West	6,284.0	6,149.0	135.0	5.3%
Route 22	Gravelly Bay-Hornby Island	4,643.0	4,482.0	161.0	7.8%
Route 23	Campbell River-Quadra Island	6,284.0	6,253.0	31.0	5.8%
Route 24	Quadra Island-Cortes Island	2,135.0	2,136.0	-1.0	11.8%
Route 25	Port McNeill-Sointula/Alert Bay	4,029.0	3,961.0	68.0	2.3%
Route 26 ⁽³⁾	Skidegate-Alliford Bay	4,418.0	4,482.0	-64.0	0.8%
MINOR Routes Total		71,080.5	70,660.0	420.5	4.2%

Note 1) Route 13 core service levels include some round trips that are deliverable only 'on demand.'

Note 2) Route 17 - 50 round trips were exempted during berth upgrades.

Note 3) Route 26 - 26 round trips were exempted while the regular vessel was in refit.

On Time Performance
% That Sailed Within 10 Mins of Scheduled Departure

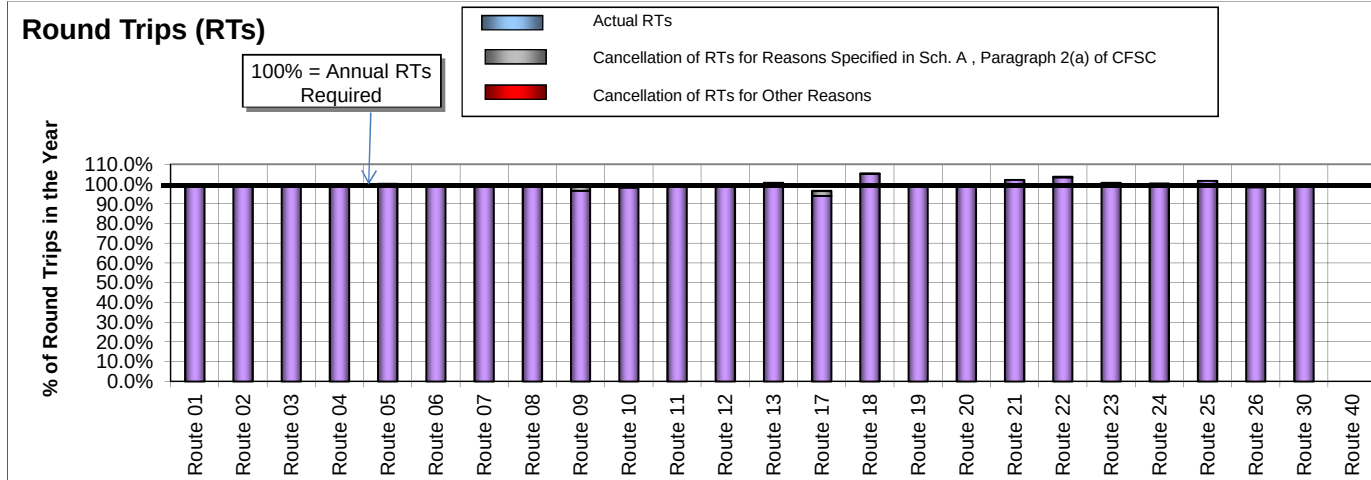


Round Trip Service Delivery and On Time Performance

Fiscal 2013/14

Year Ended March 31, 2014

All Routes



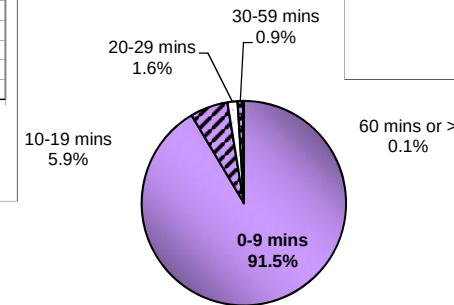
Routes	Route Description	Actual RTs	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 01	Swartz Bay-Tsawwassen	3,778.0	12,254.0	289.0	38.2%
Route 02	Horseshoe Bay-Nanaimo	3,029.0			26.8%
Route 03	Langdale-Horseshoe Bay	3,043.0			15.7%
Route 30	Nanaimo-Tsawwassen	2,693.0			15.2%
Route 04	Swartz Bay-Fulford Harbour	2,884.0	2,880.0	4.0	6.8%
Route 05	Swartz Bay-Gulf Islands	3,499.0	3,497.0	2.0	3.6%
Route 06	Crofton-Vesuvius Bay	5,037.0	5,046.0	-9.0	2.4%
Route 07	Earls Cove-Salter Bay	2,873.0	2,876.0	-3.0	1.2%
Route 08	Horseshoe Bay-Bowen Island	5,567.5	5,571.0	-3.5	8.6%
Route 09	Tsawwassen-Southern Gulf Islands	803.0	830.0	-27.0	2.2%
Route 10	Port Hardy-Prince Rupert	121.0	123.0	-2.0	0.0%
Route 11	Skidegate-Prince Rupert	188.0	190.0	-2.0	0.3%
Route 12	Mill Bay-Brentwood Bay	3,215.0	3,215.0	0.0	4.8%
Route 13 ⁽¹⁾	Langdale-Keats/Gambier	4,096.0	4,066.0	30.0	Pass only
Route 17 ⁽²⁾	Little River-Powell River	1,372.0	1,458.0	-86.0	0.5%
Route 18	Powell River-Texada	3,842.0	3,648.0	194.0	0.6%
Route 19	Nanaimo Harbour-Gabriola Island	5,730.0	5,732.0	-2.0	5.1%
Route 20	Chemainus-Thetis/Penelakut	4,369.0	4,378.0	-9.0	0.9%
Route 21	Buckley Bay-Denman West	6,284.0	6,149.0	135.0	5.3%
Route 22	Gravelly Bay-Hornby Island	4,643.0	4,482.0	161.0	7.8%
Route 23	Campbell River-Quadra Island	6,284.0	6,253.0	31.0	5.8%
Route 24	Quadra Island-Cortes Island	2,135.0	2,136.0	-1.0	11.8%
Route 25	Port McNeill-Sointula/Alert Bay	4,029.0	3,961.0	68.0	2.3%
Route 2 ⁽³⁾	Skidegate-Allford Bay	4,418.0	4,482.0	-64.0	0.8%
Route 40	Port Hardy-Mid-coast	39.0	39.0	0.0	0.0%
All Routes Total		83,971.5	83,266.0	705.5	7.2%

Note 1) Route 13 - core service levels include some round trips that are deliverable only 'on demand.'

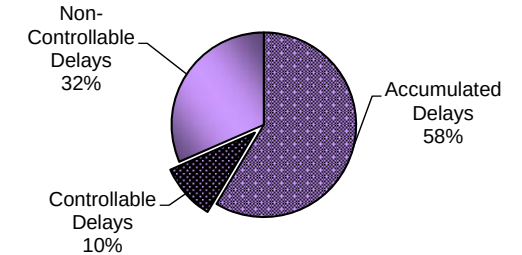
Note 2) Route 17 - 50 round trips were exempted during berth upgrades.

Note 3) Route 26 - 26 round trips were exempted while the regular vessel was in refit and 6 round trips for dangerous goods were cancelled due to there being no demand.

On Time Performance 2013/14 YE

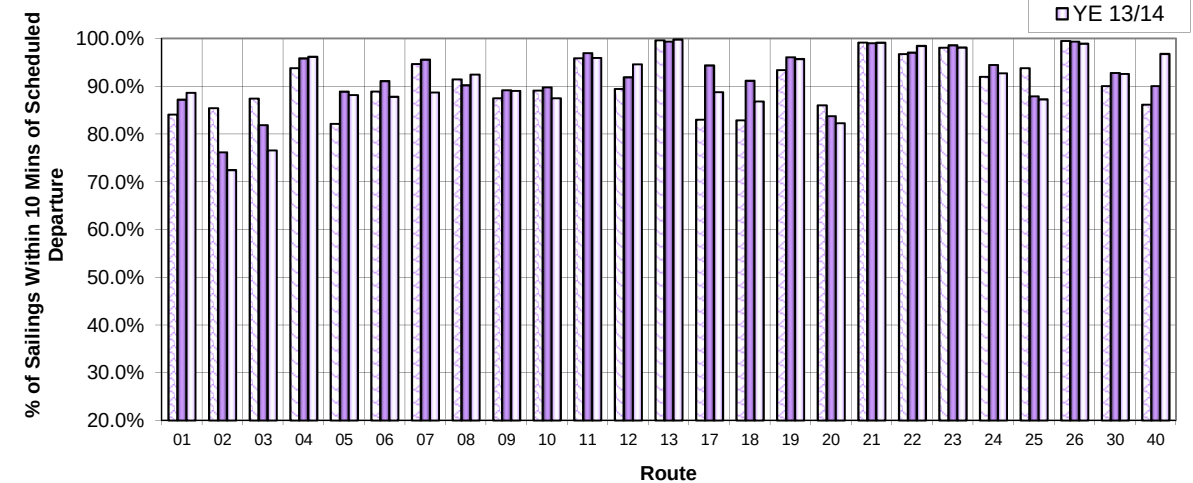


Reasons for Delays



Controllable = Under the control of the company (loading procedure, fuelling, etc.)
Non-Controllable = Out of the control of the company (bad weather, medical, etc.)
Accumulated = Delays accumulated over the course of the day as a result of an earlier delay

On Time Performance % That Sailed Within 10 Mins of Scheduled Departure



Route Financial Report

Year Ended March 31, 2014



British Columbia Ferry Services Inc.
Route Statement
For the Twelve Months Ended March 31, 2014
(in \$ 000's)

	Corporate Total		Major Routes		Northern Routes		Minor Routes		Unregulated Routes	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Tariff and Reservation Revenue	501,567	484,089	416,267	399,317	14,982	14,742	70,318	70,030	-	-
Ancillary Revenue	58,859	56,301	51,336	49,179	3,502	3,185	4,021	3,937	-	-
Social Program Fees	30,694	28,603	18,954	17,382	1,181	1,041	10,559	10,180	-	-
Contracted Routes Fee	2,460	2,451	-	-	-	-	-	-	2,460	2,451
Total Operating Revenue	593,580	571,444	486,557	465,878	19,665	18,968	84,898	84,147	2,460	2,451
Total Operating Expenses	531,763	524,897	339,446	332,401	45,588	49,104	144,269	140,941	2,460	2,451
Earnings (Loss) from Operations	61,817	46,547	147,111	133,477	(25,923)	(30,136)	(59,371)	(56,794)	-	-
Depreciation and Amortization	(136,977)	(135,757)	(84,041)	(84,260)	(16,337)	(17,655)	(36,599)	(33,842)	-	-
Financing Expense	(71,030)	(72,072)	(43,793)	(45,113)	(11,206)	(12,005)	(16,031)	(14,954)	-	-
Cost of Capital	(208,007)	(207,829)	(127,834)	(129,373)	(27,543)	(29,660)	(52,630)	(48,796)	-	-
Gain (Loss) on Disposal and Revaluation of Capital Assets	(557)	(154)	(484)	(45)	(31)	15	(42)	(124)	-	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(146,747)	(161,436)	18,793	4,059	(53,497)	(59,781)	(112,043)	(105,714)	-	-
Ferry Transportation Fees	143,851	148,573	-	2,300	56,364	57,415	87,487	88,858	-	-
Federal-Provincial Subsidy Agreement	28,373	28,078	-	-	7,280	7,204	21,093	20,874	-	-
Net Regulatory Earnings (Loss)	25,477	15,215	18,793	6,359	10,147	4,838	(3,463)	4,018	-	-
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS										
Fuel Costs Deferred	(14,522)	(11,266)	(9,478)	(7,251)	(1,889)	(1,252)	(3,155)	(2,763)	-	-
Fuel Surcharges Collected	2,690	11,469	2,268	9,480	-	-	422	1,989	-	-
Provincial Contributions to Fuel Deferral Accounts	3,071	2,473	1,045	1,091	1,675	1,023	351	359	-	-
Interest (Receivable) Payable on Fuel Deferral Accounts	-	(4)	-	(7)	-	2	-	1	-	-
Performance Term Submission Costs Deferred	-	-	-	-	-	-	-	-	-	-
Amortization of Deferred Costs	82	82	66	66	3	3	13	13	-	-
Tariffs in Excess of Price Cap	1,195	(2,461)	987	(2,461)	36	-	172	-	-	-
Net IFRS Earnings (Loss)	17,993	15,508	13,681	7,277	9,972	4,614	(5,660)	3,617	-	-

The British Columbia Ferries Commissioner has authorized the use of deferred fuel cost accounts whereby differences between actual fuel costs and approved fuel costs used to develop regulated price caps are deferred for settlement in future tariffs. Also as authorized by the Commissioner, the Company collects fuel surcharges or provides fuel rebates which are applied against deferred fuel cost account balances.

Included in the amounts disclosed in the above statement are fuel surcharges added to, or fuel rebates applied against, tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2014, the Province paid fuel surcharges of \$0.2 million (March 31, 2013: \$0.6 million).

British Columbia Ferry Services Inc.
Route Statement
Major Routes
For the Twelve Months Ended March 31, 2014
(in \$ 000's)

	01-Tsawwassen - Swartz Bay		02-Horseshoe Bay - Nanaimo		03-Horseshoe Bay - Langdale		30-Nanaimo - Tsawwassen		Major Routes	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Tariff and Reservation Revenue	190,995	183,116	113,159	108,155	39,165	38,432	72,948	69,614	416,267	399,317
Ancillary Revenue	25,374	24,335	13,591	12,960	5,117	4,928	7,254	6,956	51,336	49,179
Social Program Fees	6,582	5,926	6,029	5,599	3,833	3,552	2,510	2,305	18,954	17,382
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	222,951	213,377	132,779	126,714	48,115	46,912	82,712	78,875	486,557	465,878
Total Operating Expenses	139,196	137,006	86,681	84,739	38,646	38,086	74,923	72,570	339,446	332,401
Earnings (Loss) from Operations	83,755	76,371	46,098	41,975	9,469	8,826	7,789	6,305	147,111	133,477
Depreciation and Amortization	(35,502)	(34,626)	(20,157)	(20,668)	(9,633)	(9,592)	(18,749)	(19,374)	(84,041)	(84,260)
Financing Expense	(19,823)	(19,852)	(8,947)	(9,567)	(3,706)	(3,726)	(11,317)	(11,968)	(43,793)	(45,113)
Cost of Capital	(55,325)	(54,478)	(29,104)	(30,235)	(13,339)	(13,318)	(30,066)	(31,342)	(127,834)	(129,373)
Gain (Loss) on Disposal and Revaluation of Capital Assets	(129)	(23)	(102)	(15)	(38)	(1)	(215)	(6)	(484)	(45)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	28,301	21,870	16,892	11,725	(3,908)	(4,493)	(22,492)	(25,043)	18,793	4,059
Ferry Transportation Fees	-	-	-	-	-	2,300	-	-	0	2,300
Federal-Provincial Subsidy Agreement	-	-	-	-	-	-	-	-	-	-
Net Regulatory Earnings (Loss)	28,301	21,870	16,892	11,725	(3,908)	(2,193)	(22,492)	(25,043)	18,793	6,359
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS										
Fuel Costs Deferred	(3,487)	(2,769)	(2,498)	(1,918)	(949)	(695)	(2,544)	(1,869)	(9,478)	(7,251)
Fuel Surcharges Collected	1,034	4,480	583	2,668	238	655	413	1,677	2,268	9,480
Provincial Contributions to Fuel Deferral Accounts	398	420	272	285	99	101	276	285	1,045	1,091
Interest (Receivable) Payable on Fuel Deferral Accounts	-	(6)	-	(2)	-	-	-	1	0	(7)
Performance Term Submission Costs Deferred	-	-	-	-	-	-	-	-	-	-
Amortization of Deferred Costs	30	30	18	18	6	7	12	11	66	66
Tariffs in Excess of Price Cap	453	(1,251)	267	(735)	93	-	174	(475)	987	(2,461)
Net IFRS Earnings (Loss)	26,729	22,774	15,534	12,041	(4,421)	(2,125)	(24,161)	(25,413)	13,681	7,277

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British Columbia Ferry Services Inc.
Route Statement
Northern Routes
For the Twelve Months Ended March 31, 2014
(in \$ 000's)

	10-Bear Cove - Bella Bella - Prince Rupert		11-Prince Rupert - Skidegate		40-Bear Cove - Central Coast		Northern Routes	
	2014 Restated	2013	2014 Restated	2013	2014	2013	2014	2013
Tariff and Reservation Revenue	8,864	8,997	4,573	4,220	1,545	1,525	14,982	14,742
Ancillary Revenue	2,191	2,030	1,152	973	159	182	3,502	3,185
Social Program Fees	555	539	598	482	28	20	1,181	1,041
Contracted Routes Fee	-	-	-	-	-	-	-	-
Total Operating Revenue	11,610	11,566	6,323	5,675	1,732	1,727	19,665	18,968
Total Operating Expenses	26,211	26,971	15,521	16,163	3,856	5,970	45,588	49,104
Earnings (Loss) from Operations	(14,601)	(15,405)	(9,198)	(10,488)	(2,124)	(4,243)	(25,923)	(30,136)
Depreciation and Amortization	(9,567)	(9,101)	(5,684)	(6,096)	(1,086)	(2,458)	(16,337)	(17,655)
Financing Expense	(7,055)	(7,028)	(3,880)	(4,312)	(271)	(665)	(11,206)	(12,005)
Cost of Capital	(16,622)	(16,129)	(9,564)	(10,408)	(1,357)	(3,123)	(27,543)	(29,660)
Gain (Loss) on Disposal and Revaluation of Capital Assets	(16)	(1)	(19)	-	4	16	(31)	15
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(31,239)	(31,535)	(18,781)	(20,896)	(3,477)	(7,350)	(53,497)	(59,781)
Ferry Transportation Fees	27,917	28,485	22,952	23,588	5,495	5,342	56,364	57,415
Federal-Provincial Subsidy Agreement	1,126	1,114	5,865	5,804	289	286	7,280	7,204
Net Regulatory Earnings (Loss)	(2,196)	(1,936)	10,036	8,496	2,307	(1,722)	10,147	4,838
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS								
Fuel Costs Deferred	(1,214)	(926)	(565)	(282)	(110)	(44)	(1,889)	(1,252)
Fuel Surcharges Collected	-	-	-	-	-	-	-	-
Provincial Contributions to Fuel Deferral Accounts	1,055	766	477	196	143	61	1,675	1,023
Interest (Receivable) Payable on Fuel Deferral Accounts	-	2	-	-	-	-	0	2
Performance Term Submission Costs Deferred	-	-	-	-	-	-	-	-
Amortization of Deferred Costs	2	2	1	1	-	-	3	3
Tariffs in Excess of Price Cap	21	-	11	-	4	-	36	-
Net IFRS Earnings (Loss)	(2,332)	(2,092)	9,960	8,411	2,344	(1,705)	9,972	4,614

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British Columbia Ferry Services Inc.
Route Statement
Minor Routes
For the Twelve Months Ended March 31, 2014
(in \$ 000's)

	04-Swartz Bay - Fulford Harbour		05-Swartz Bay - Gulf Islands		06-Vesuvius Bay - Crofton		07-Salter Bay - Earls Cove		08-Horseshoe Bay - Snug Cove		09-Tsawwassen - Gulf Islands		12-Mill Bay - Brentwood	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Tariff and Reservation Revenue	5,886	5,828	4,953	4,874	4,498	4,516	5,749	5,645	8,515	8,373	10,780	10,945	1,669	1,536
Ancillary Revenue (Note 1)	278	250	344	323	34	32	430	419	385	340	1,404	1,455	17	16
Social Program Fees	713	677	1,030	930	688	662	542	535	1,246	1,133	866	828	206	171
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	6,877	6,755	6,327	6,127	5,220	5,210	6,721	6,599	10,146	9,846	13,050	13,228	1,892	1,723
Total Operating Expenses	9,609	9,136	18,668	19,569	5,163	5,448	14,383	12,551	12,452	13,216	18,722	17,917	2,261	2,253
Earnings (Loss) from Operations	(2,732)	(2,381)	(12,341)	(13,442)	57	(238)	(7,662)	(5,952)	(2,306)	(3,370)	(5,672)	(4,689)	(369)	(530)
Depreciation and Amortization	(1,997)	(1,640)	(2,820)	(2,823)	(1,639)	(1,781)	(4,161)	(3,958)	(2,226)	(2,392)	(4,245)	(4,048)	(599)	(607)
Financing Expense	(1,271)	(1,186)	(1,418)	(1,363)	(343)	(376)	(1,993)	(2,630)	(1,306)	(1,311)	(907)	(1,022)	(241)	(265)
Cost of Capital	(3,268)	(2,826)	(4,238)	(4,186)	(1,982)	(2,157)	(6,154)	(6,588)	(3,532)	(3,703)	(5,152)	(5,070)	(840)	(872)
Gain (Loss) on Disposal and Revaluation of Capital Assets	(7)	(121)	(4)	-	(3)	-	8	(1)	(11)	(1)	(8)	(2)	(1)	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(6,007)	(5,328)	(16,583)	(17,628)	(1,928)	(2,395)	(13,808)	(12,541)	(5,849)	(7,074)	(10,832)	(9,761)	(1,210)	(1,402)
Ferry Transportation Fees	3,821	2,620	16,138	16,338	2,673	2,619	10,049	10,839	5,816	5,505	8,888	9,571	1,648	1,303
Federal-Provincial Subsidy Agreement	1,250	1,237	3,936	3,895	12	12	2,611	2,584	1,326	1,313	2,306	2,282	-	-
Net Regulatory Earnings (Loss)	(936)	(1,471)	3,491	2,605	757	236	(1,148)	882	1,293	(256)	362	2,092	438	(99)
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS														
Fuel Costs Deferred	(227)	(197)	(576)	(529)	(48)	(53)	(389)	(327)	(342)	(302)	(448)	(395)	(23)	(20)
Fuel Surcharges Collected	38	157	33	141	29	128	32	156	58	216	52	312	13	49
Provincial Contributions to Fuel Deferral Accounts	25	27	65	68	6	6	47	44	39	40	49	51	3	3
Interest (Receivable) Payable on Fuel Deferral Accounts	-	-	-	1	-	-	-	-	-	-	-	-	-	-
Performance Term Submission Costs Deferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of Deferred Costs	1	1	1	1	1	1	1	1	2	2	2	2	-	-
Tariffs in Excess of Price Cap	14	-	12	-	11	-	14	-	21	-	26	-	4	-
Net IFRS Earnings (Loss)	(1,085)	(1,483)	3,026	2,287	756	318	(1,443)	756	1,071	(300)	43	2,062	435	(67)

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British Columbia Ferry Services Inc.
Route Statement
Minor Routes
For the Twelve Months Ended March 31, 2014
(in \$ 000's)

	13-Langdale - Gambier Island - Keats Island		17-Comox - Powell River		18-Texada Island - Powell River		19-Gabriola Island - Nanaimo Harbour		20-Thetis Island - Penelakut Island - Chemainus		21-Denman Island - Buckley Bay	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Tariff and Reservation Revenue	165	171	9,050	9,276	1,039	1,108	4,908	4,869	1,205	1,173	2,770	2,798
Ancillary Revenue (Note 1)	19	19	693	765	35	19	77	63	29	25	47	42
Social Program Fees	72	75	1,451	1,567	311	337	957	916	350	359	569	522
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	256	265	11,194	11,608	1,385	1,464	5,942	5,848	1,584	1,557	3,386	3,362
Total Operating Expenses	549	578	16,319	15,206	5,812	5,106	7,399	6,992	4,528	4,150	4,827	5,230
Earnings (Loss) from Operations	(293)	(313)	(5,125)	(3,598)	(4,427)	(3,642)	(1,457)	(1,144)	(2,944)	(2,593)	(1,441)	(1,868)
Depreciation and Amortization	(7)	(7)	(4,912)	(3,638)	(1,674)	(936)	(2,437)	(2,565)	(1,001)	(1,001)	(1,673)	(1,852)
Financing Expense	0	0	(1,695)	(788)	(580)	(300)	(1,071)	(656)	(542)	(582)	(818)	(895)
Cost of Capital	(7)	(7)	(6,607)	(4,426)	(2,254)	(1,236)	(3,508)	(3,221)	(1,543)	(1,583)	(2,491)	(2,747)
Gain (Loss) on Disposal and Revaluation of Capital Assets	-	-	(6)	(1)	2	-	(3)	-	(1)	-	(1)	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(300)	(320)	(11,738)	(8,025)	(6,679)	(4,878)	(4,968)	(4,365)	(4,488)	(4,176)	(3,933)	(4,615)
Ferry Transportation Fees	334	297	6,885	7,504	4,190	4,186	2,740	2,775	3,904	4,120	3,819	3,957
Federal-Provincial Subsidy Agreement	71	71	1,808	1,789	1,009	998	668	662	993	982	953	943
Net Regulatory Earnings (Loss)	105	48	(3,045)	1,268	(1,480)	306	(1,560)	(928)	409	926	839	285
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS												
Fuel Costs Deferred	(26)	(23)	(419)	(336)	(90)	(72)	(128)	(100)	(65)	(56)	(42)	(35)
Fuel Surcharges Collected	1	6	44	270	5	36	34	136	10	38	16	84
Provincial Contributions to Fuel Deferral Accounts	-	-	43	44	9	8	14	14	7	7	5	5
Interest (Receivable) Payable on Fuel Deferral Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Performance Term Submission Costs Deferred	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of Deferred Costs	-	-	2	2	-	-	1	1	-	-	1	1
Tariffs in Excess of Price Cap	-	-	22	-	3	-	12	-	3	-	7	-
Net IFRS Earnings (Loss)	80	31	(3,353)	1,248	(1,553)	278	(1,627)	(877)	364	915	826	340

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British Columbia Ferry Services Inc.
Route Statement
Minor Routes
For the Twelve Months Ended March 31, 2014
(in \$ 000's)

	22-Hornby Island - Denman Island		23-Quadra Island - Campbell River		24-Cortes Island - Quadra Island		25-Alert Bay - Sointula - Port McNeill		26-Skidegate - Alliford Bay		Minor Routes	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Tariff and Reservation Revenue	1,238	1,194	4,802	4,744	839	806	1,546	1,538	706	636	70,318	70,030
Ancillary Revenue (Note 1)	60	40	60	53	8	8	65	42	36	26	4,021	3,937
Social Program Fees	119	108	918	876	198	181	268	246	55	57	10,559	10,180
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	1,417	1,342	5,780	5,673	1,045	995	1,879	1,826	797	719	84,898	84,147
Total Operating Expenses	3,147	3,297	7,976	7,774	3,472	3,555	5,349	5,074	3,633	3,889	144,269	140,941
Earnings (Loss) from Operations	(1,730)	(1,955)	(2,196)	(2,101)	(2,427)	(2,560)	(3,470)	(3,248)	(2,836)	(3,170)	(59,371)	(56,794)
Depreciation and Amortization	(1,055)	(1,172)	(2,198)	(2,064)	(663)	(668)	(1,872)	(1,716)	(1,420)	(974)	(36,599)	(33,842)
Financing Expense	(1,050)	(998)	(823)	(863)	(109)	(155)	(1,168)	(894)	(696)	(670)	(16,031)	(14,954)
Cost of Capital	(2,105)	(2,170)	(3,021)	(2,927)	(772)	(823)	(3,040)	(2,610)	(2,116)	(1,644)	(52,630)	(48,796)
Gain (Loss) on Disposal and Revaluation of Capital Assets	(1)	2	(3)	-	(1)	-	(1)	-	(1)	-	(42)	(124)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(3,836)	(4,123)	(5,220)	(5,028)	(3,200)	(3,383)	(6,511)	(5,858)	(4,953)	(4,814)	(112,043)	(105,714)
Ferry Transportation Fees	3,219	3,310	2,857	2,948	2,528	2,608	4,003	4,237	3,975	4,121	87,487	88,858
Federal-Provincial Subsidy Agreement	798	789	710	703	628	621	1,021	1,010	993	983	21,093	20,874
Net Regulatory Earnings (Loss)	181	(24)	(1,653)	(1,377)	(44)	(154)	(1,487)	(611)	15	290	(3,463)	4,018
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS												
Fuel Costs Deferred	(17)	(29)	(118)	(107)	(57)	(54)	(117)	(100)	(23)	(28)	(3,155)	(2,763)
Fuel Surcharges Collected	6	36	31	139	5	24	11	43	4	18	422	1,989
Provincial Contributions to Fuel Deferral Accounts	3	2	14	15	7	8	13	13	2	4	351	359
Interest (Receivable) Payable on Fuel Deferral Accounts	-	-	-	-	-	-	-	-	-	-	-	1
Performance Term Submission Costs Deferred	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of Deferred Costs	-	-	1	1	-	-	-	-	-	-	13	13
Tariffs in Excess of Price Cap	3	-	12	-	2	-	4	-	2	-	172	-
Net IFRS Earnings (Loss)	176	(15)	(1,713)	(1,329)	(87)	(176)	(1,576)	(655)	0	284	(5,660)	3,617

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Part 2

Service Quality



Customer Satisfaction Tracking Annual Report

2013



Customer Satisfaction Tracking Annual Report 2013

British Columbia Ferry Services Inc.

Presented to:

British Columbia Ferry Services Inc.
Victoria, British Columbia



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Executive Overview

Background

British Columbia Ferry Services Inc. (BC Ferries), conducts a Customer Satisfaction Tracking (CST) study each year. The CST study is designed to monitor customer satisfaction with various aspects of service on BC Ferries in order to determine areas that passengers believe are performing well and areas that require improvement. This study is part of a regular program of ongoing research conducted each year by BC Ferries.

The following report provides annual customer satisfaction results for the following:

- Overall ferry service
- Service prior to arriving at the terminal
- Service at the ferry terminal
- Service onboard the ferry
- Service pertaining to loading/unloading
- Overall safety of operations, and
- Value for money of fares paid

For each of the more than sixty attributes, the scores for the last four years are shown on the graphs, to allow for easy comparison.

In addition to graphs showing the overall scores, the Appendix in this report includes detailed tables by route showing satisfaction scores for each of the service attributes for 2013. The Appendix also includes detailed satisfaction scores for each of the terminal-related attributes, shown separately for each of the main terminals.

Methodology

The research involves a two-phased approach. First a random sample of passengers are intercepted onboard to collect key data including frequency of travel on BC Ferries, purpose of trip, area of residence, origin/destination, and standard demographic questions. Immediately following this screener, passengers are given a longer follow-up survey to complete *after* they disembark and leave the terminal area.

Interviews are distributed across nine routes in total, both larger and smaller, during three different time periods: June, August and November. In 2013, a total of 11,199 screeners were completed and 4,952 questionnaires returned. A more detailed explanation of the research design is included in the *Research Methodology* section, in the Appendix of this report.

Findings

Customers were asked to rate their satisfaction with over sixty different aspects of the services they received from BC Ferries on a scale from 1 to 5 where 1 means 'very dissatisfied' and 5 means 'very satisfied'.

Satisfaction with BC Ferries Overall

- A total of 87% of passengers in 2013 reported to be satisfied overall with their experience travelling on BC Ferries. An overall score of 4.17 has been achieved (on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'). These findings are consistent with those recorded in 2012 (4.19 average score, 88% satisfied).
- Furthermore, the overall satisfaction scores have been stable by route except levels have weakened on Route 3 (3.96 average score, versus 4.11 in 2012). Ratings were lowest in the June and August measure but recovered in November on this route.
- Also note that Route 5/9 is trending upward, now at 4.15 (versus 4.02 three years ago).

Satisfaction before Arriving at Terminal

- Satisfaction with the web site and the on-line reservation system had declined in 2011 but ratings for each have recovered somewhat, particularly for on-line reservations (3.93 in '13 up from 3.78 in '11).
- Ratings are also directionally higher with respect to the usefulness of BC Ferries phone service.

Satisfaction at the Terminal

- Overall satisfaction with the experience at the terminal before boarding is consistent with a year ago, with 85% satisfied and no significant change in the average score of 4.08. Satisfaction ratings also have not changed by terminal.
- Furthermore, ratings in 2013 have remained stable with respect to all attributes and services at the terminal, but we do note an improvement in value for money ratings with food/beverages services (from 2.98 to 3.09), with ratings improving at all terminals.

Satisfaction Onboard

- A total of 89% of passengers in 2013 were satisfied with their overall experience onboard, for an overall rating of 4.13 on the 5-point scale, consistent with the average score achieved in 2012 (4.14). Ratings are stable on most routes.
- Satisfaction levels have also been stable on most aspects of onboard services; however, ratings have improved with perceptions of the value for money of food/beverage services (from 3.14 rating a year ago to 3.24). We also note a directional increase in ratings for selection of food/beverages.

Satisfaction with Sailing Schedules

- Satisfaction levels with many aspects of sailing schedules improved in 2012. However, ratings overall have slipped back with respect to on-time departures, and ability to get on desired sailing.

Satisfaction with Safety

- Perceptions of safety of ferry operations have strengthened (4.20 compared to 4.17 in previous two years).

Satisfaction with Overall Value

- Satisfaction levels with value for money of fares have been stable.

Key Conclusions

In summary, customer satisfaction levels have been very stable in 2013 with some improvements noted in opinions of on-line reservations and the value perception of terminal and onboard food and beverages. The key areas of success in 2013 have continued to be in the following areas:

- Staff at the terminal and onboard
- All aspects of the ticket purchase
- Availability and cleanliness of terminal and onboard washrooms
- Cleanliness of pre-boarding and onboard lounge seating
- Appearance of terminals
- Variety/selection in onboard gift shop/ news stand
- Availability and cleanliness of seating area of onboard food/beverage services
- Availability of tourist and travel info
- Outside decks and overall appearance of vessels
- Procedures for loading and unloading
- Safety of ferry operations and loading/unloading

Areas of opportunity to enhance the customer experience continue to include:

- Ease of using automated phone system
- Value for money of fares, parking, food/beverages, and retail merchandise both at the terminal and onboard
- Variety/selection at outdoor market
- Ability to connect
- Problem resolution

Detailed Findings

The following section shows the detailed findings from the study. It graphically displays the satisfaction scores for each of the 69 service attributes, showing both the average satisfaction score out of 5 as well as the percentage for each level of satisfaction, that is, 'Very Dissatisfied', 'Dissatisfied', 'Neither Satisfied/Dissatisfied', 'Satisfied' and 'Very Satisfied'. The ratings are shown for all surveyed BC Ferry routes combined and, where appropriate, the route-by-route scores are shown as well.

NOTE: When route numbers are shown in the graphs, please refer to the following table that explains each route number.

Ferry Routes Included in Customer Satisfaction Survey - 2013	
Route No.	Description of Route
Route 1	Tsawwassen-Swartz Bay
Route 2	Horseshoe Bay-Departure Bay
Route 3	Horseshoe Bay-Langdale
Route 30	Tsawwassen-Duke Point
Route 4	Swartz Bay-Fulford Harbour, Salt Spring Island
Route 19	Departure Bay-Descanso Bay, Gabriola Island
Route 5/9	Southern Gulf Islands (from Swartz Bay/from Tsawwassen)

Overall Satisfaction with BC Ferries

A total of 87% of passengers in 2013 reported to be satisfied overall with their experience travelling on BC Ferries. An overall score of 4.17 has been achieved (on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'). These findings are consistent with those recorded in 2012 (4.19 average score, 88% satisfied).

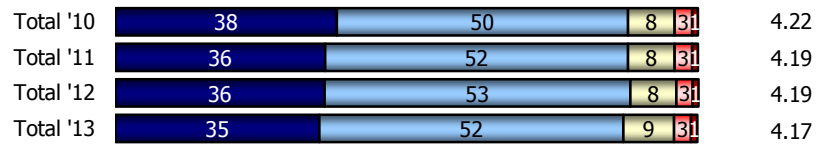
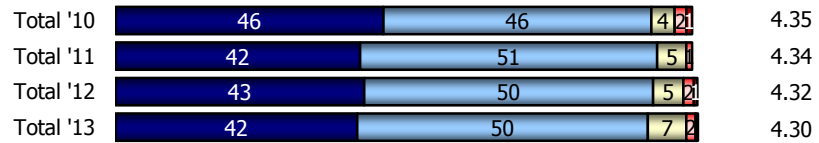
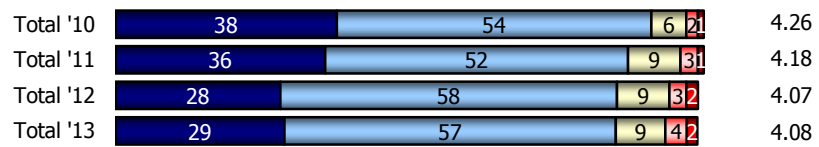
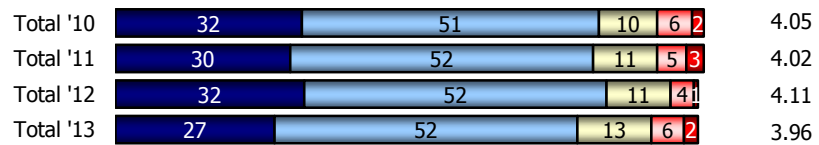
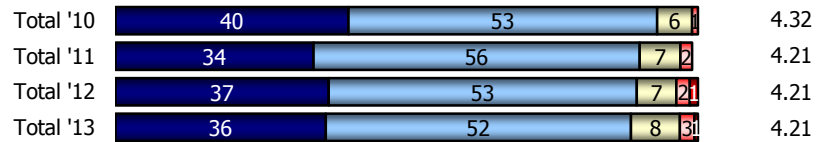
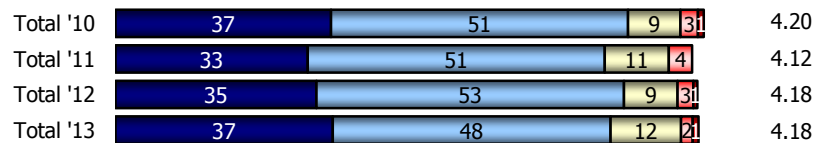
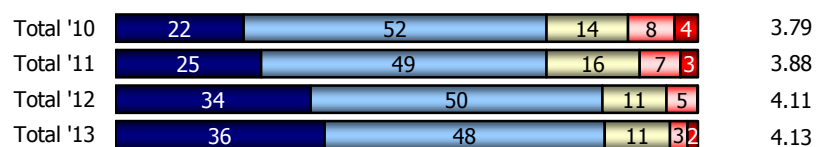
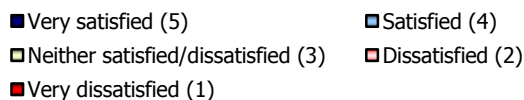
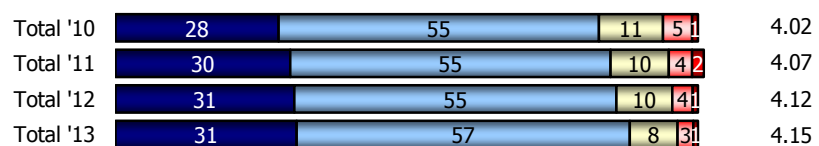
Furthermore, the overall satisfaction scores have been stable by route except levels have weakened on Route 3 (3.96 average score, versus 4.11 in 2012). Ratings were lowest in the June and August measure but recovered in November on this route.

Also note that Route 5/9 is trending upward, now at 4.15 (versus 4.02 three years ago).

[NOTE: Refer to page 5 for route number codes]

**Overall Satisfaction Level with Recent Experience
Travelling with BC Ferries
(%)**

Average

All BC Ferries Routes**Route 1****Route 2****Route 3****Route 30****Route 4****Route 19****Route 5/9**

Q.1) How satisfied or dissatisfied were you, overall, with your recent experience travelling with BC Ferries?

The following chart summarizes the results from overall measures of each main point of contact and specifically with BC Ferries staff. Performance ratings have been stable on these key measures.



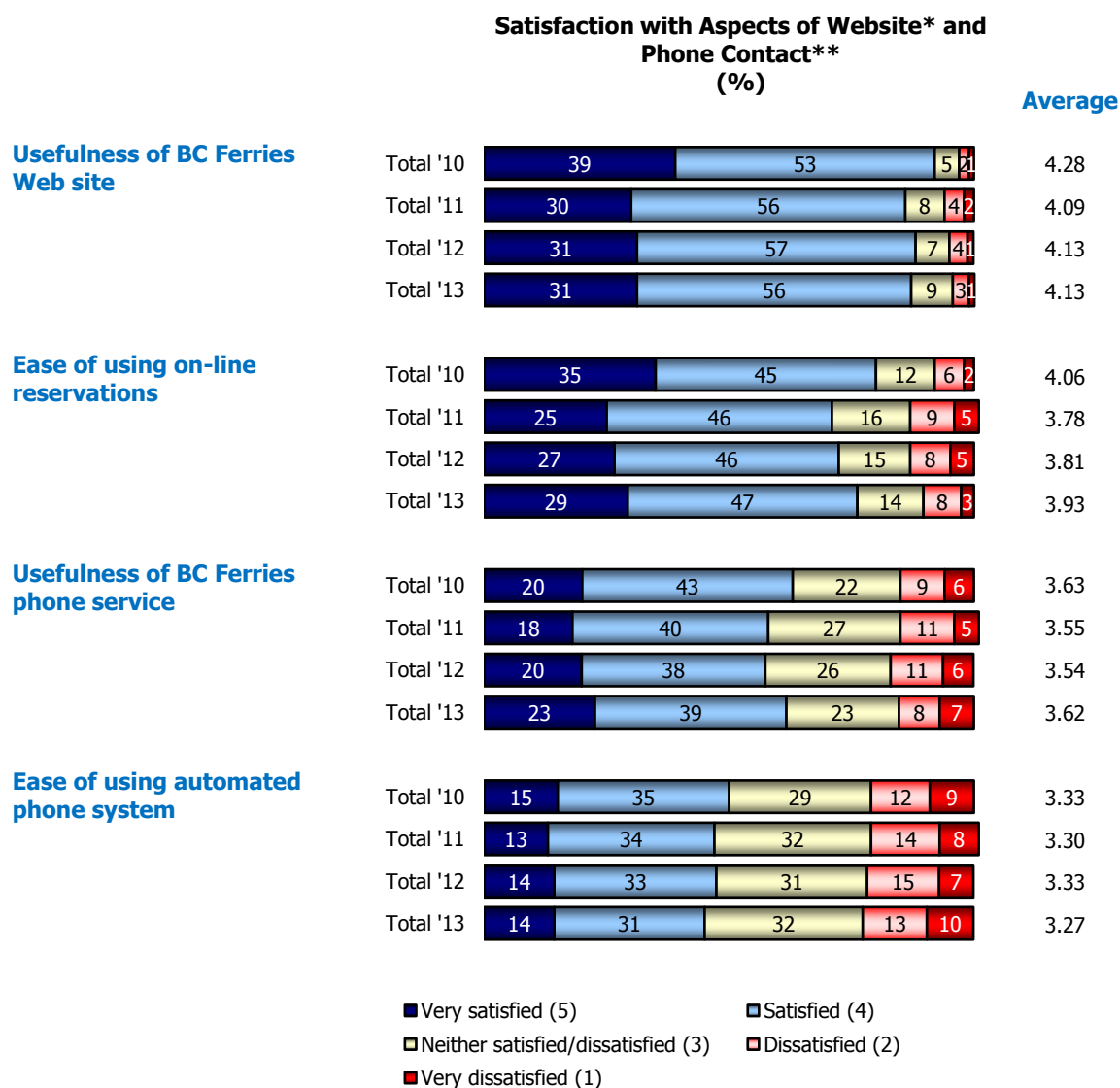
Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

Before Arriving at Terminal

Web site and Phone Contact

Satisfaction with the web site and the on-line reservation system had declined in 2011 but ratings for each of have recovered, particularly for on-line reservations (3.93 in '13 up from 3.78 in '11).

Ratings are also directionally higher with respect to the usefulness of BC Ferries phone service.



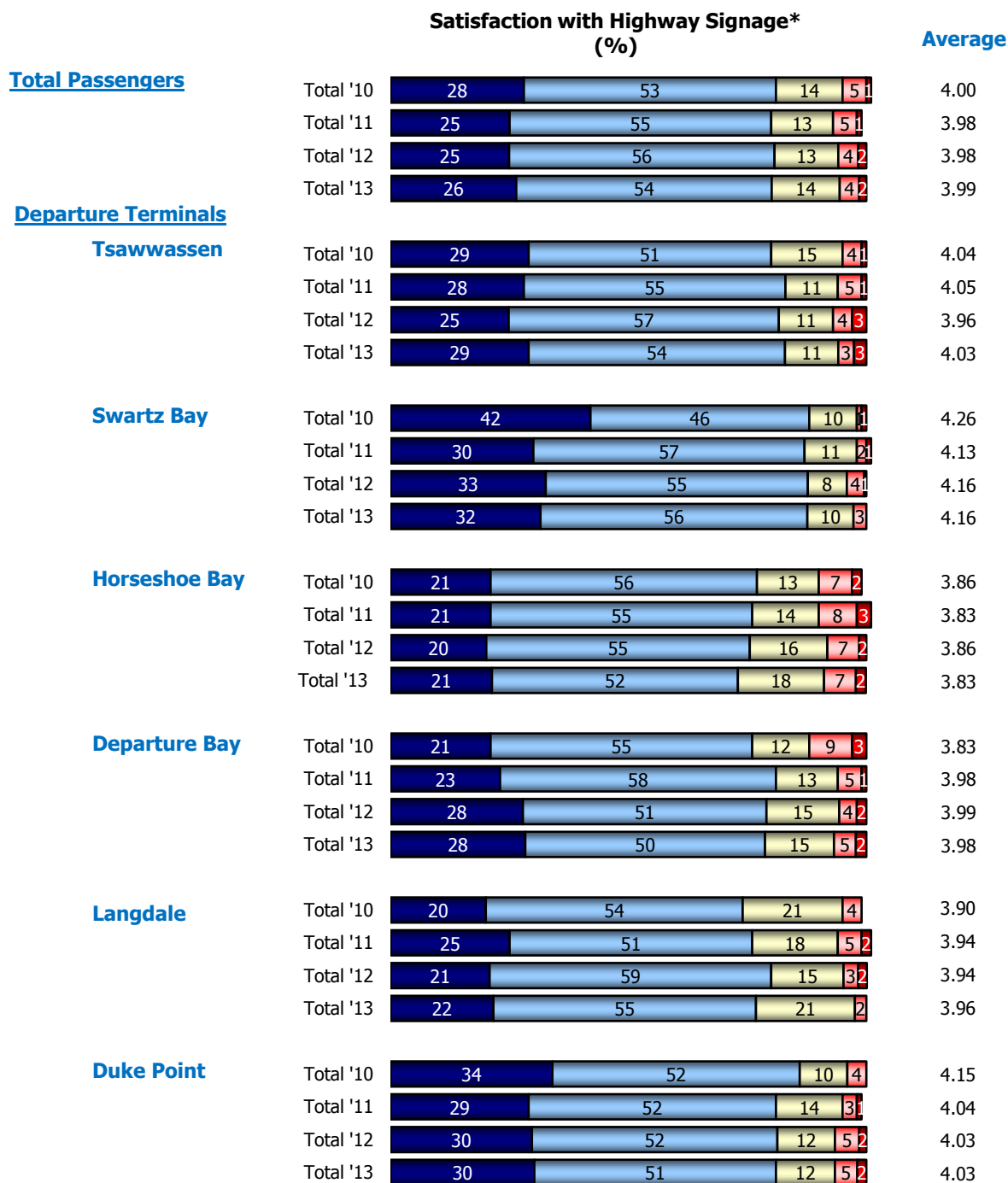
Q.2) Please rate how satisfied or dissatisfied you were with each of the following.

* 69% usage web site, 32% for on-line reservations

** 18% usage phone service, 14% for automated system

Highway Signage

Ratings have been stable for highway signage.



Q.2) Please rate how satisfied or dissatisfied you were with each of the following.

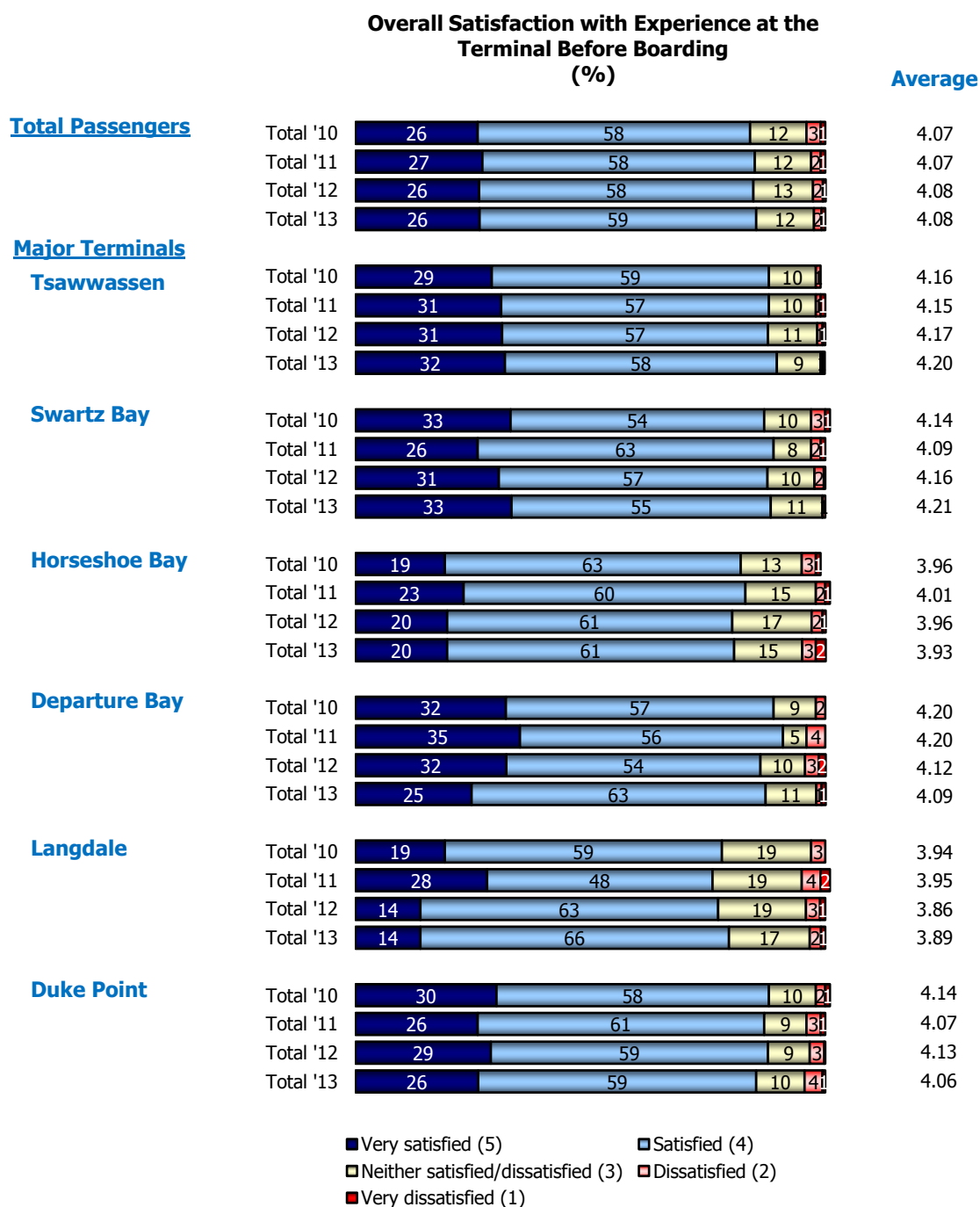
* Usage: 76%

■ Very satisfied (5) ■ Satisfied (4)
 ■ Neither satisfied/dissatisfied (3) ■ Dissatisfied (2)
 ■ Very dissatisfied (1)

At the Terminal

Overall Experience at the Terminal

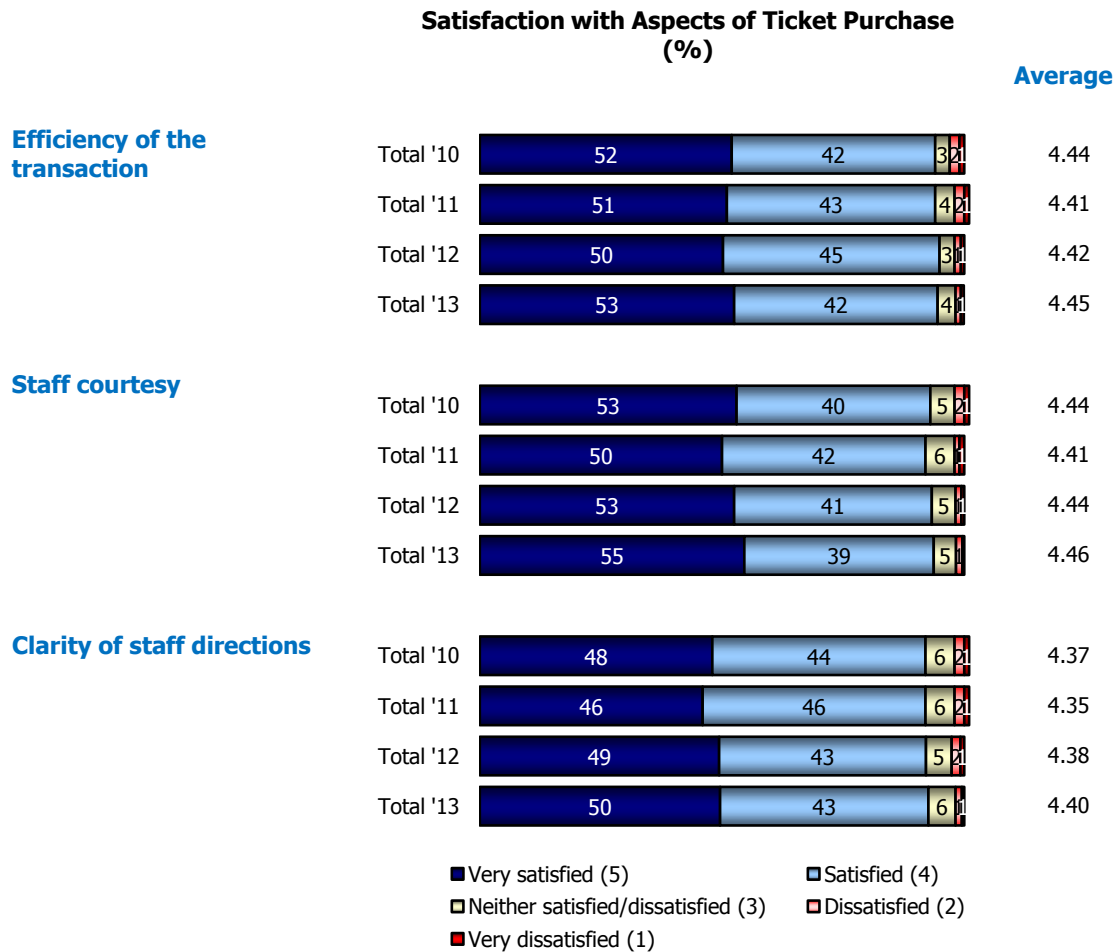
Overall satisfaction with the experience at the terminal before boarding is consistent with a year ago, with 85% satisfied and no change in the average score (4.08). Satisfaction ratings also have not changed significantly by terminal.



Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

Ticket Purchase

Satisfaction levels continue to be high with all aspects of the ticket purchase process with average ratings similar to a year ago.

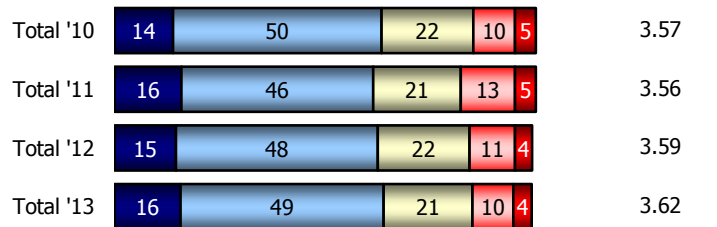
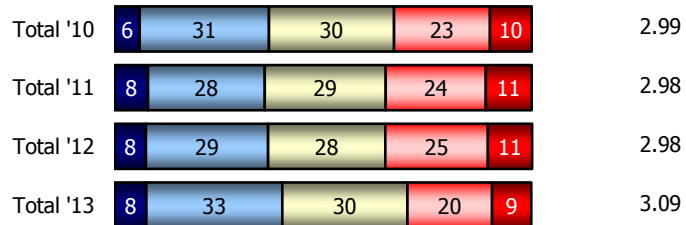


Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

Food/Beverage Services at Terminal

Satisfaction levels with food and beverage services offered at terminals also are relatively unchanged, but we do note an improvement in value for money ratings (from 2.98 to 3.09), with ratings improving at all terminals.

**Satisfaction with Aspects of Food and Beverage
Services at Terminal*
(%)**

Food/beverages offered**Value of money**

■ Very satisfied (5) ■ Satisfied (4)
 ■ Neither satisfied/dissatisfied (3) ■ Dissatisfied (2)
 ■ Very dissatisfied (1)

Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

* 44% usage overall; excluding Route 19.

Retail Services at Terminal

Satisfaction ratings are not statistically different from 2012 with respect to the gift shop/news stand services and outdoor market area at the terminals in terms of both variety/selection and value for money.

Satisfaction with Aspects of Retail Services at Terminal* (%)

Average

Gift Shop/News Stand at the Terminal - variety/selection of merchandise

Total '10	20	53	21	42	3.85
Total '11	21	51	21	52	3.83
Total '12	23	50	21	42	3.87
Total '13	22	49	22	51	3.86

Value for money

Total '10	10	40	31	14	5	3.34
Total '11	12	37	32	14	5	3.35
Total '12	13	38	31	13	5	3.40
Total '13	11	40	32	12	5	3.39

Outdoor Market Area at the Terminal - variety/selection of merchandise

Total '10	11	43	33	9	4	3.47
Total '11	14	42	32	9	3	3.54
Total '12	16	42	29	10	4	3.57
Total '13	16	42	32	8	3	3.59

Value for money

Total '10	8	31	43	15	4	3.23
Total '11	9	33	39	12	6	3.28
Total '12	11	34	37	13	6	3.30
Total '13	10	33	40	12	4	3.33

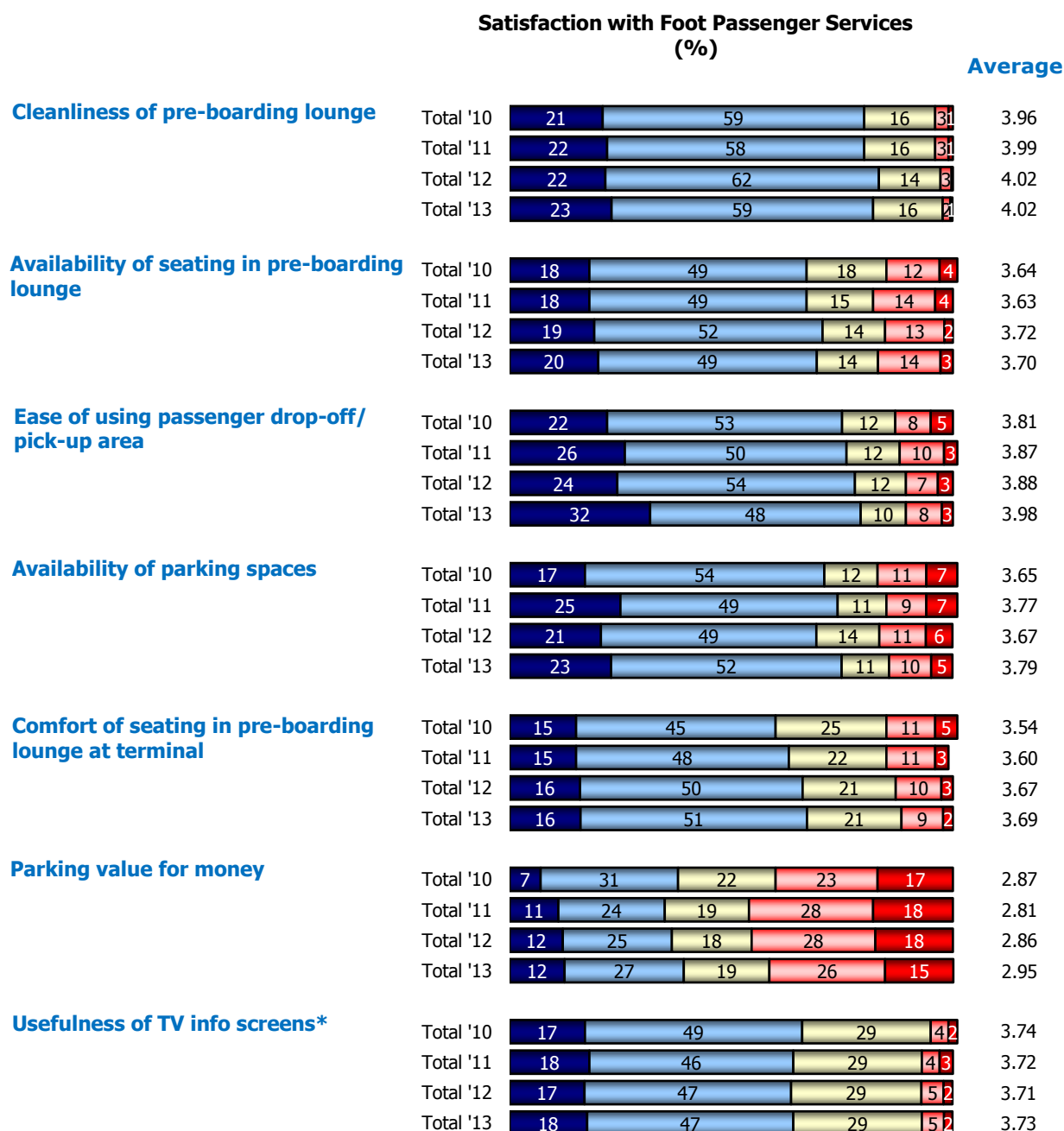
- Very satisfied (5)
- Satisfied (4)
- Neither satisfied/dissatisfied (3)
- Dissatisfied (2)
- Very dissatisfied (1)

Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

* Usage: 38% gift shop, 23% outdoor market; excluding Route 19.

Foot Passenger Services

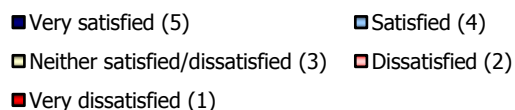
Furthermore there are no significant changes in satisfaction levels with foot passenger services from a year ago.



Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

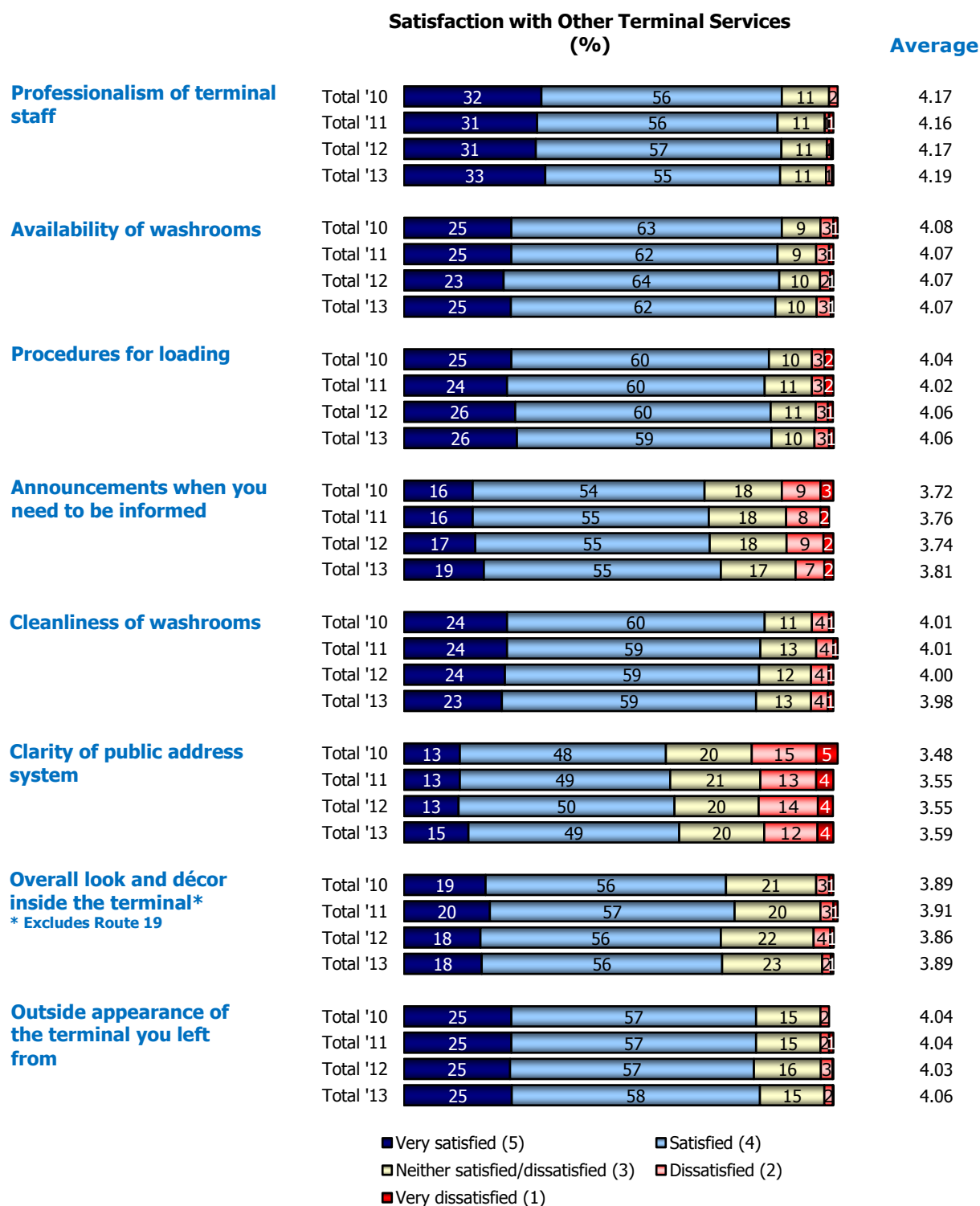
Usage: 35% are foot passengers (including bus).

* Excludes Routes 19 & 5/9.



Other Terminal Services

Satisfaction levels have been stable on all other terminal services as well.



Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

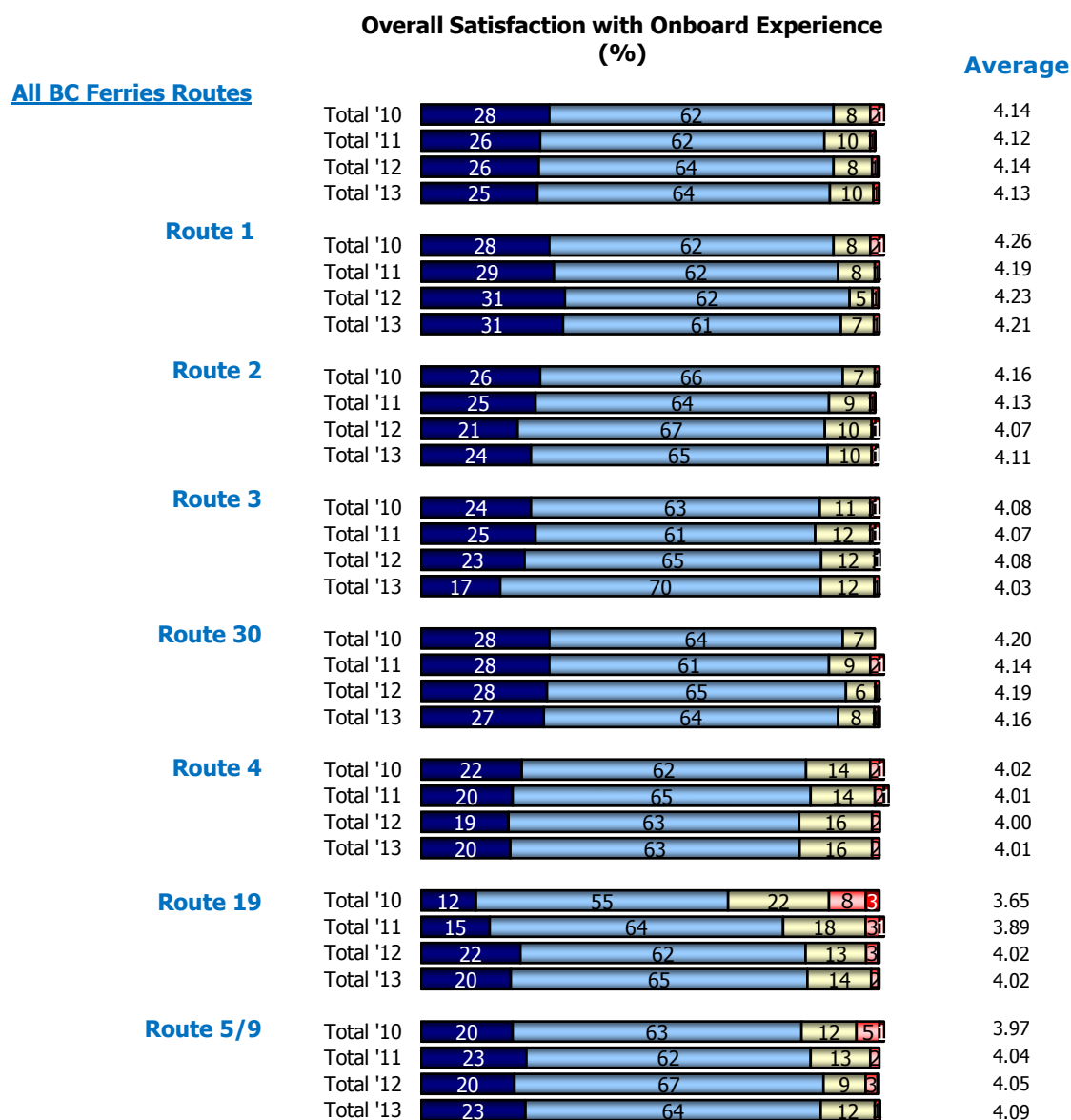
Onboard Experience

Overall Onboard Experience

A total of 89% of passengers in 2013 were satisfied with their overall experience onboard, for an overall rating of 4.13 on the 5-point scale, consistent with the average score achieved in 2012 (4.14).

Ratings are stable on all routes.

[NOTE: Refer to page 5 or page 34 for Route number codes]

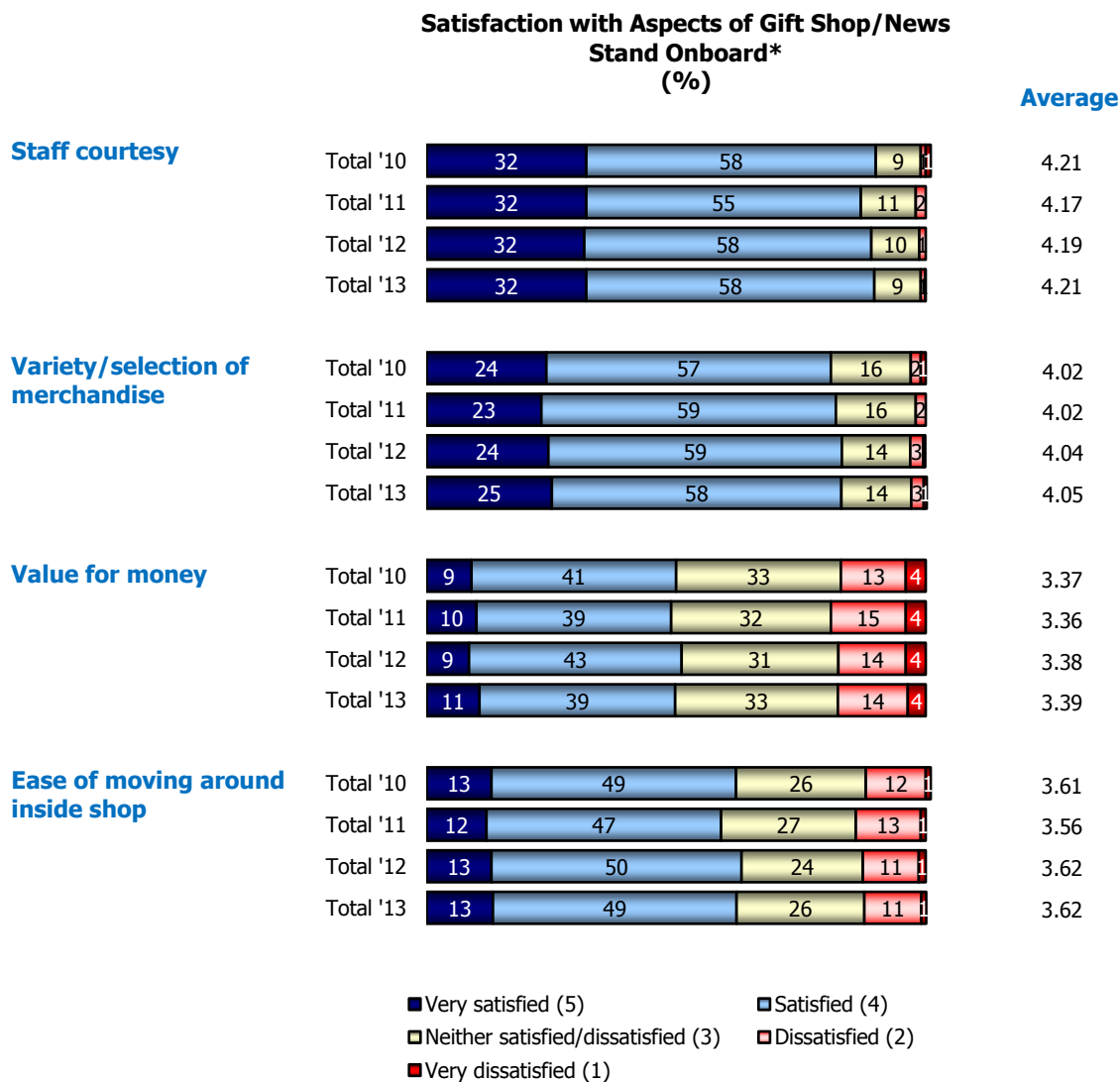


Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

■ Very satisfied (5) ■ Satisfied (4)
 ■ Neither satisfied/dissatisfied (3) ■ Dissatisfied (2)
 ■ Very dissatisfied (1)

Onboard Gift Shop/News Stand

Satisfaction ratings have not varied from a year ago on different aspects of the onboard gift shop/news stand.



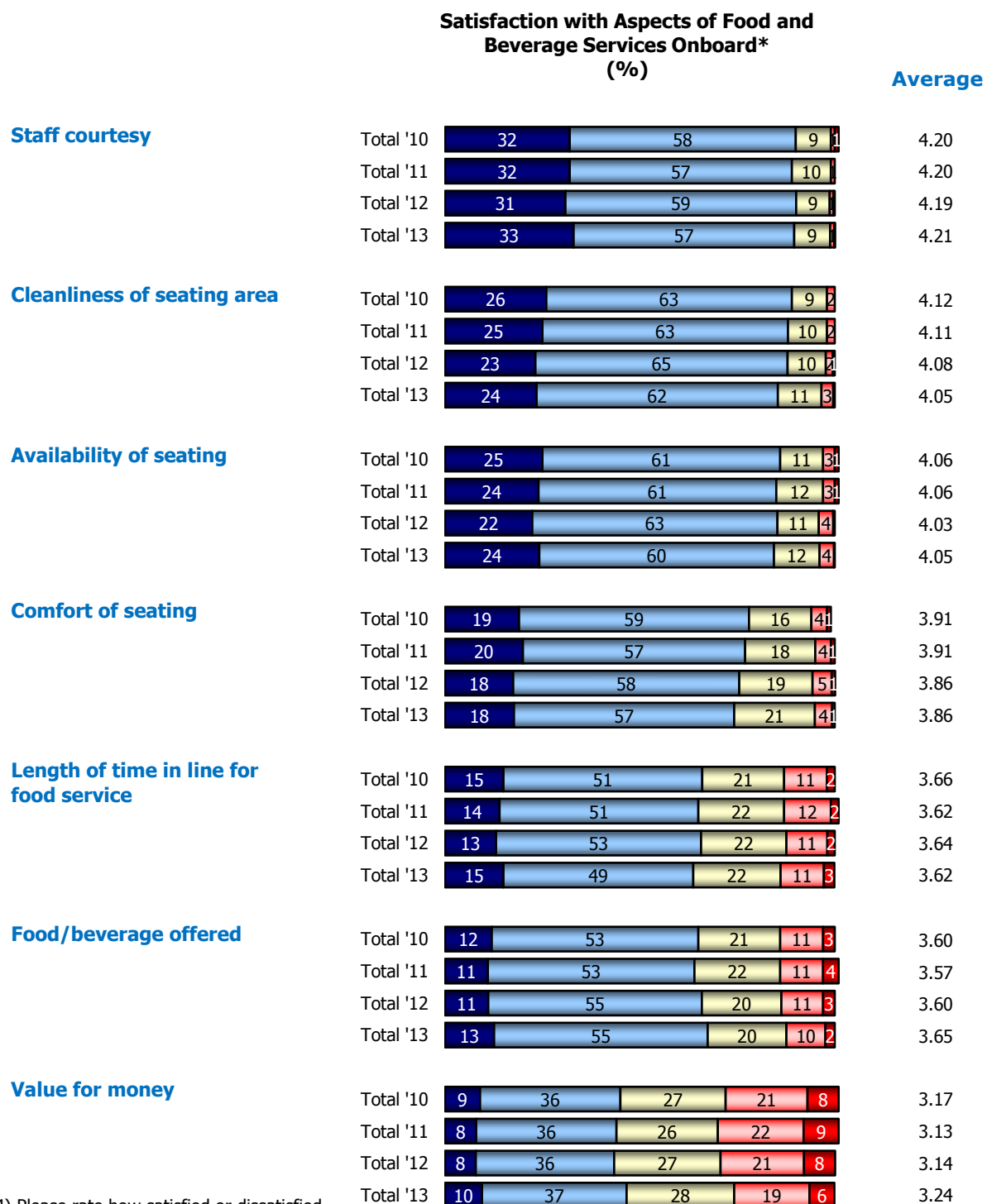
Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

* Excludes Routes 4 & 19.

Usage: 57% gift shop/news stand.

Onboard Food Services

Satisfaction levels with the value for money of onboard food/beverage services have improved (from 3.14 rating a year ago to 3.24). We also note a directional increase in ratings for food/beverages offered.



Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

* Excludes Routes 4 & 19.

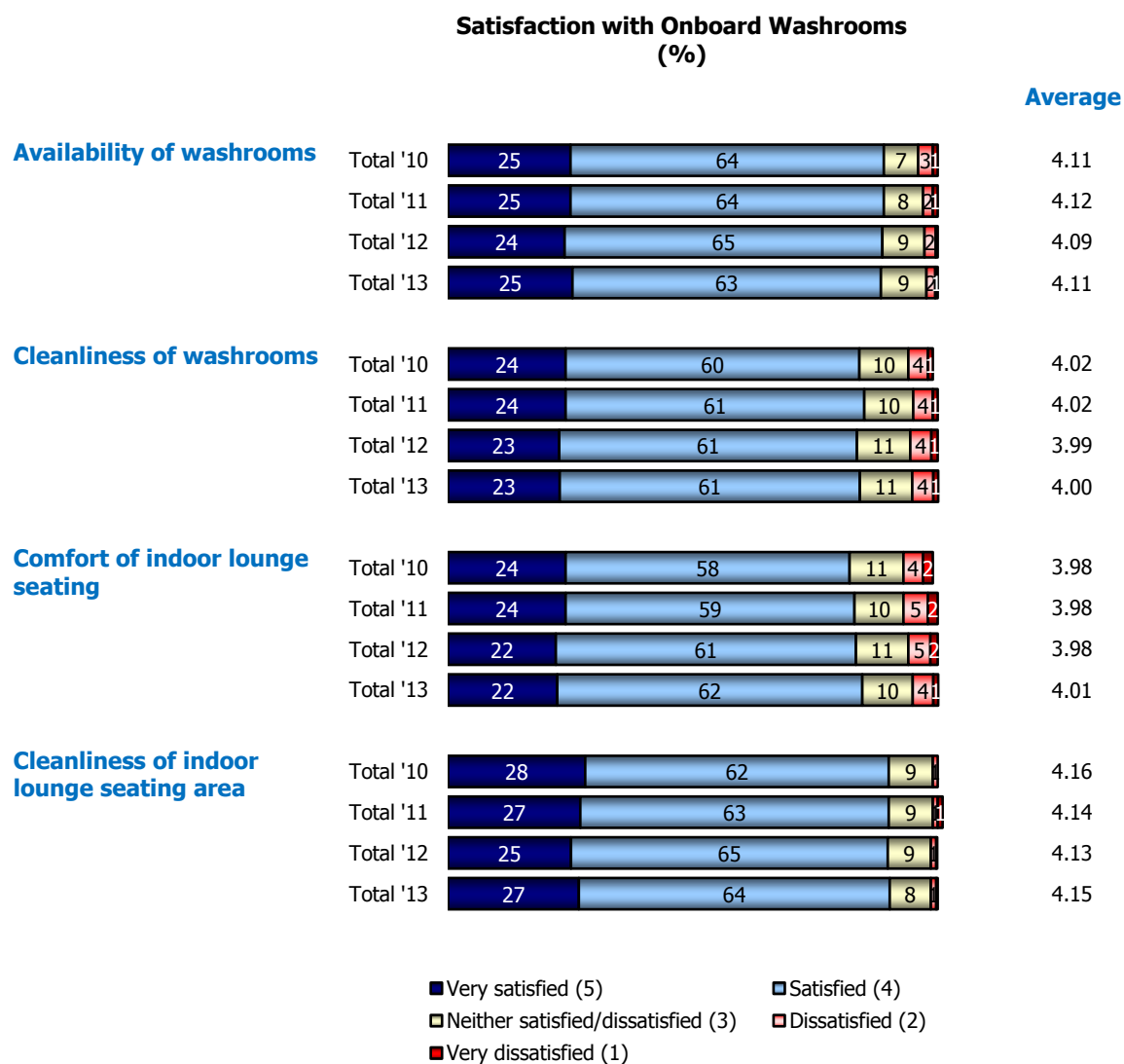
Usage: 72% food & beverage services.

■ Very satisfied (5) ■ Satisfied (4)
 ■ Neither satisfied/dissatisfied (3) ■ Dissatisfied (2)
 ■ Very dissatisfied (1)

Onboard Washrooms and Onboard Seating

Ratings for availability and cleanliness of washrooms have been stable.

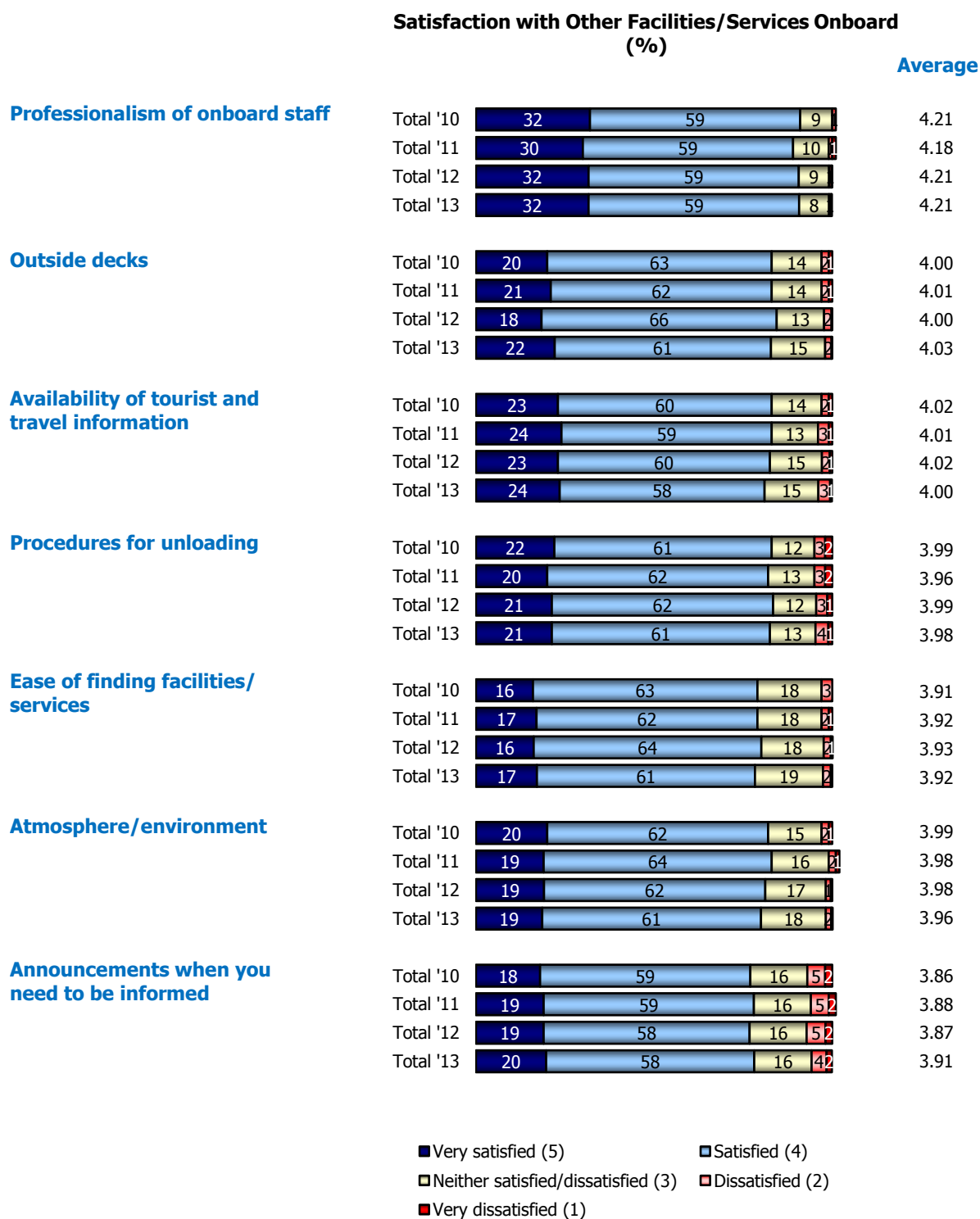
Ratings are also relatively unchanged for onboard seating.



Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

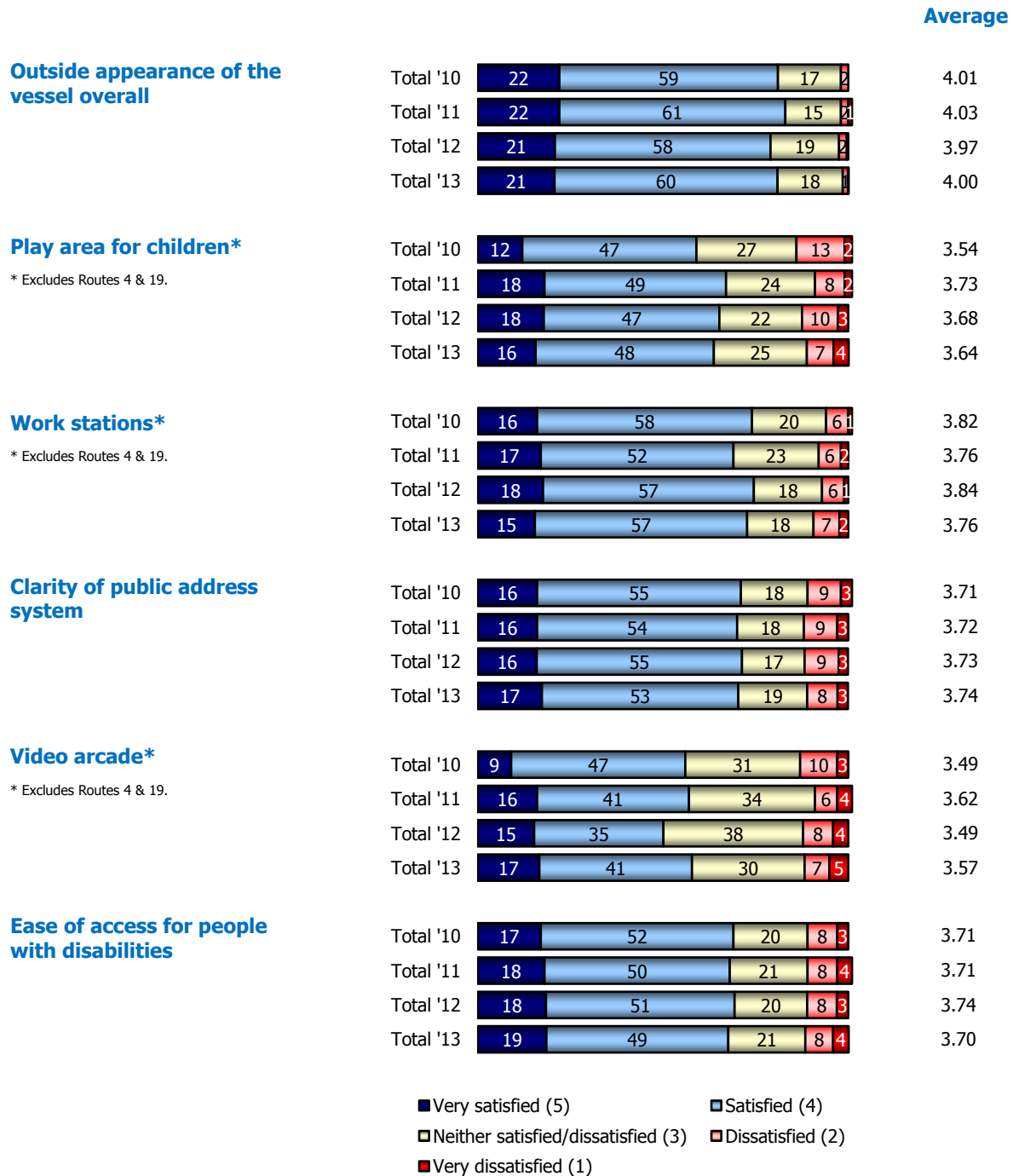
Other Onboard Facilities/Services

Furthermore, there are no significant changes to report with respect to other onboard facilities and services.



Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

Satisfaction with Other Facilities/Services Onboard (cont'd) (%)

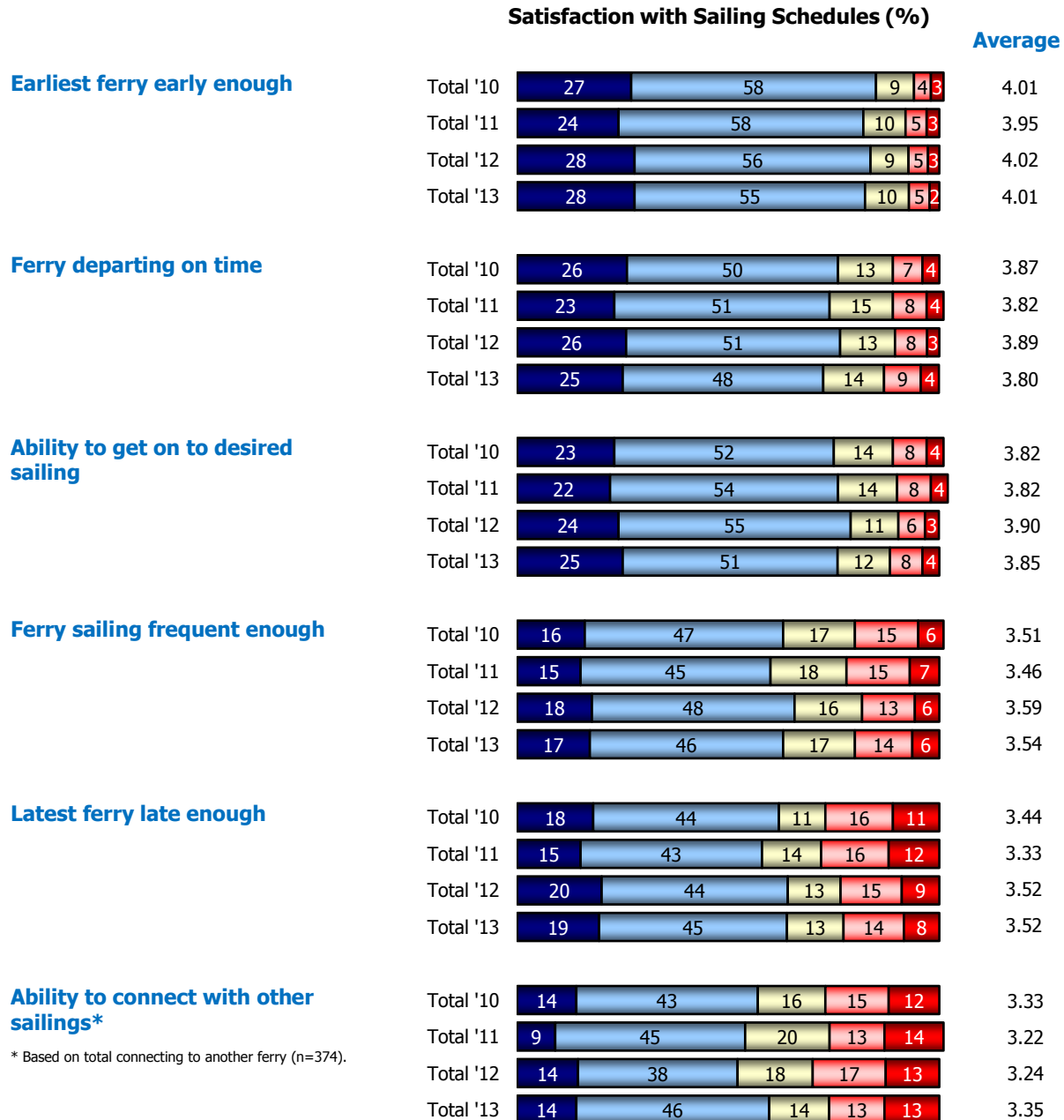


Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

Sailing Schedules

Various Aspects of Sailing Schedules

Satisfaction levels with many aspects of sailing schedules improved in 2012. However, ratings have slipped back with respect to on-time departures, and ability to get on desired sailing.



* Based on total connecting to another ferry (n=374).

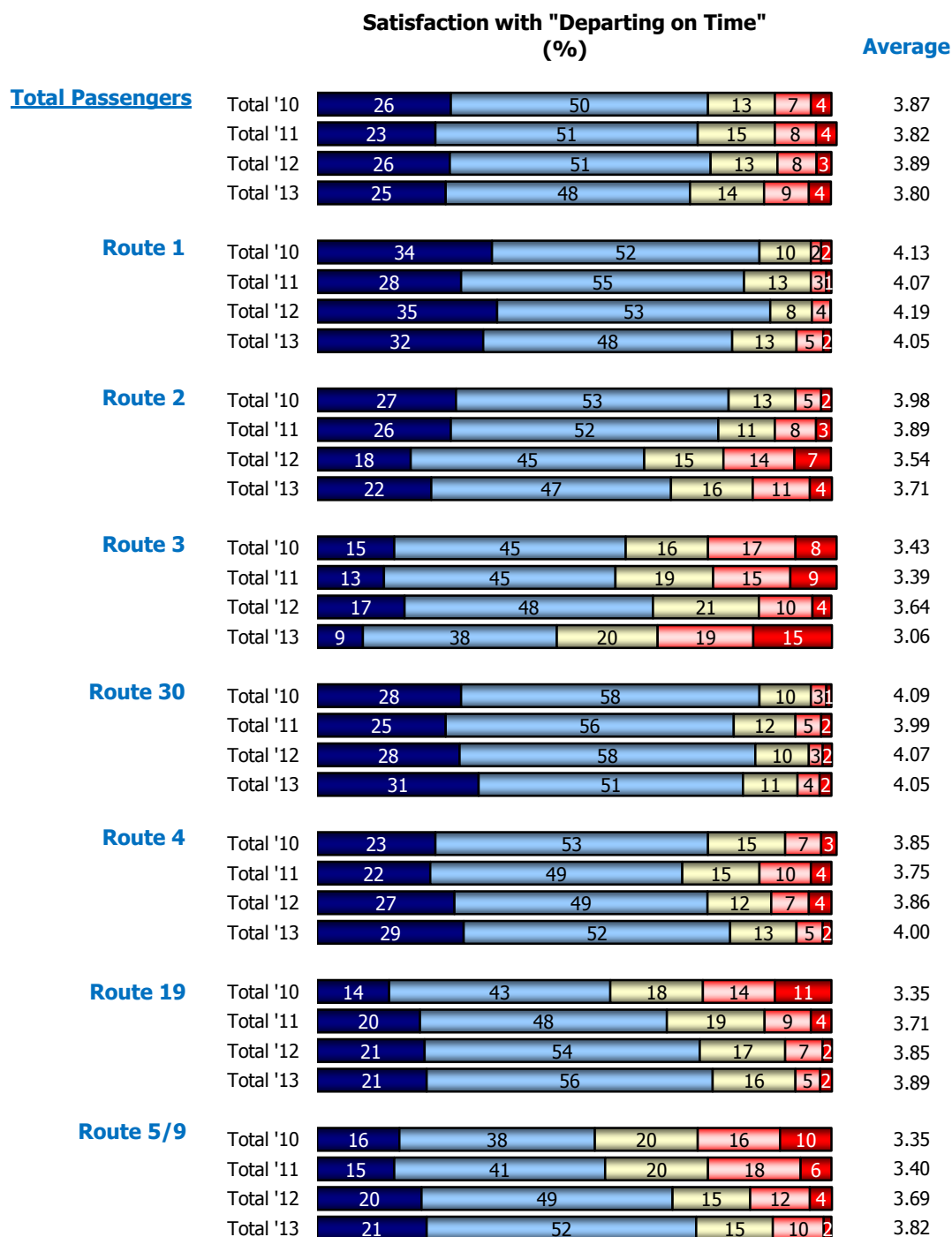
Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

- Very satisfied (5)
- Satisfied (4)
- Neither satisfied/dissatisfied (3)
- Dissatisfied (2)
- Very dissatisfied (1)

Departing on Time

The following graph details the ratings for “departing on time” by route. Ratings have fallen on Routes 1 and 3 but have strengthened on Route 2 (reversing a downward trend), Route 4 and 5/9.

[NOTE: Refer to page 5 or page 34 for Route number codes]

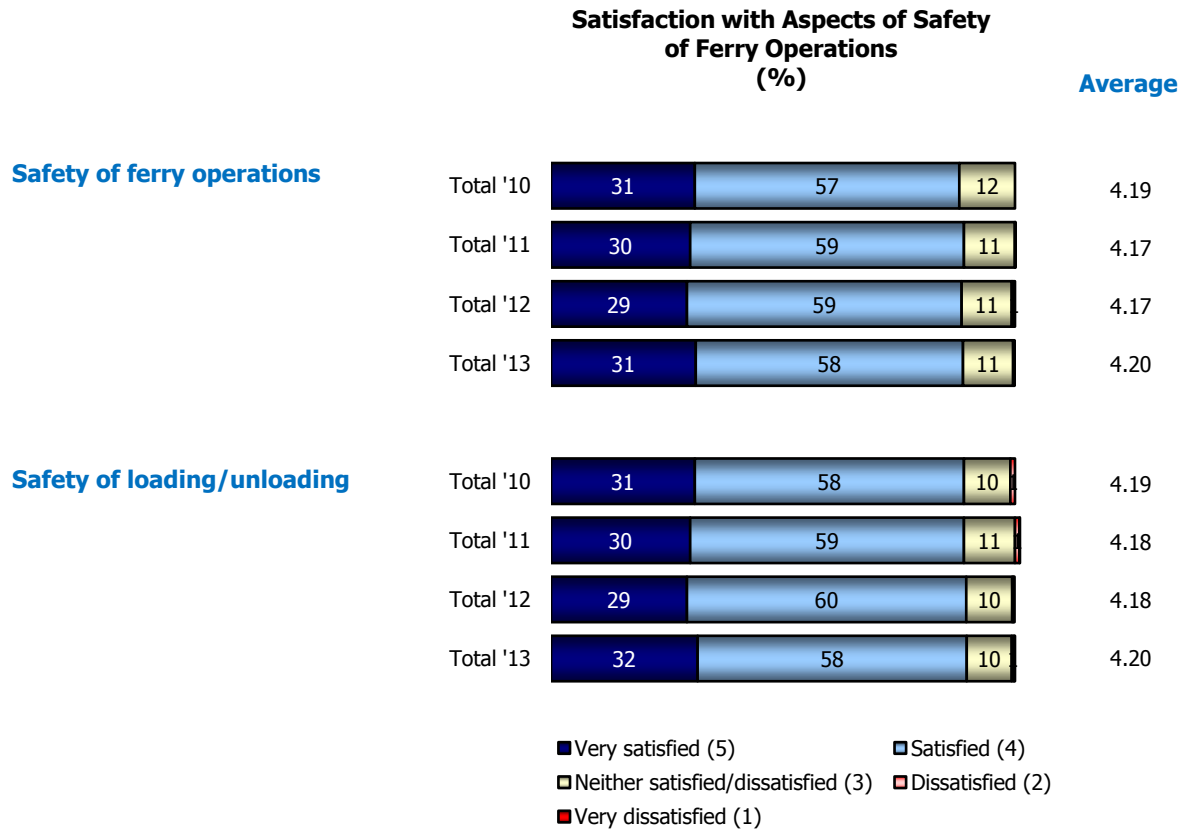


Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

■ Very satisfied (5) ■ Satisfied (4)
 ■ Neither satisfied/dissatisfied (3) ■ Dissatisfied (2)
 ■ Very dissatisfied (1)

Safety

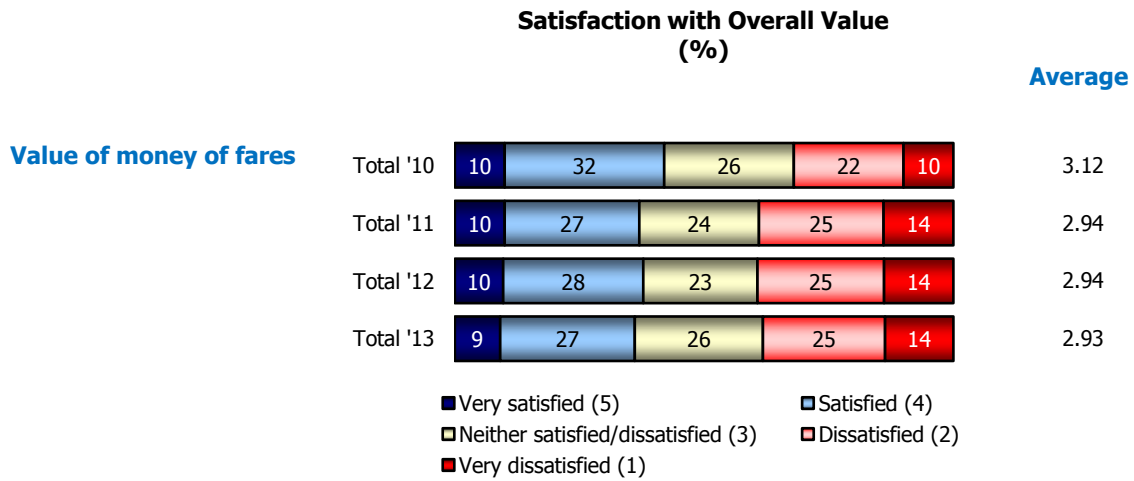
Perceptions of safety of ferry operations have strengthened (4.2 compared to 4.17 in previous two years).



Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

Overall Value

Satisfaction levels with *value for money of fares* are stable.



Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

Appendices

Route-by-Route Satisfaction Score for Each Attribute

Ferry Routes Included in Customer Satisfaction Survey - 2013	
Route No.	Description of Route
Route 1	Tsawwassen-Swartz Bay
Route 2	Horseshoe Bay-Departure Bay
Route 3	Horseshoe Bay-Langdale
Route 30	Tsawwassen-Duke Point
Route 4	Swartz Bay-Fulford Harbour, Salt Spring Island
Route 19	Departure Bay-Descanso Bay, Gabriola Island
Route 5/9	Southern Gulf Islands (from Swartz Bay/from Tsawwassen)

NOTE: Combined, these routes represent approximately 80% of the annual passenger traffic volume on BC Ferries.

Average Satisfaction Ratings by Route – All Waves 2013 (See page 27 for Route Number Codes)										
		Larger Routes				Route 3	Smaller Routes			
	Total	Total	1	2	30		Total	4	19	5/9
OVERALL EXPERIENCE										
Trip overall	4.17	4.22	4.30	4.08	4.21	3.96	4.15	4.18	4.13	4.15
BEFORE ARRIVING AT TERMINAL										
Usefulness of BC Ferries website	4.13	4.14	4.19	4.09	4.08	4.14	4.05	4.06	4.04	4.05
Ease of using on-line reservations	3.93	3.98	4.06	3.84	3.99	3.81	3.83	3.78	3.74	3.89
Usefulness of BC Ferries phone service	3.62	3.64	3.81	3.38	3.59	3.49	3.65	3.46	3.23	3.95
Ease of using automated phone service	3.27	3.32	3.53	3.04	3.20	3.03	3.32	3.18	3.00	3.59
Highway signage	3.99	4.03	4.14	3.90	3.93	3.91	3.92	3.99	3.70	3.98
TERMINAL EXPERIENCE										
Terminal overall	4.08	4.15	4.21	4.05	4.15	3.86	4.02	4.02	3.97	4.06
Outside appearance of the terminal	4.06	4.13	4.16	4.09	4.13	3.81	3.99	4.01	3.88	4.05
Ticket Purchase										
Efficiency of the transaction	4.45	4.49	4.53	4.42	4.46	4.30	4.41	4.34	4.46	4.40
Staff courtesy	4.46	4.49	4.53	4.43	4.44	4.36	4.45	4.38	4.57	4.43
Clarity of staff directions	4.40	4.44	4.51	4.37	4.37	4.24	4.36	4.30	4.48	4.32
Food & Beverage Services at the Terminal										
Food beverages offered	3.62	3.67	3.68	3.66	3.65	3.50	3.40	3.27	-	3.47
Value for money	3.09	3.15	3.21	3.05	3.15	2.89	2.89	2.70	-	2.99
Gift Shop/ News Stand at the Terminal										
Variety/ selection of merchandise	3.86	3.91	3.98	3.83	3.82	3.81	3.49	3.29	-	3.60
Value for money	3.39	3.43	3.47	3.37	3.39	3.35	3.14	2.96	-	3.23
Outdoor Market Area at the Terminal										
Variety/ selection of merchandise	3.59	3.68	3.81	3.59	3.42	3.21	3.57	3.61	-	3.54
Value for money	3.33	3.38	3.42	3.33	3.35	3.06	3.33	3.41	-	3.25
Other Terminal Services										
Clarity of public address system	3.59	3.64	3.67	3.62	3.60	3.54	3.44	3.49	3.31	3.48
Announcements when you need to be informed	3.81	3.86	3.90	3.83	3.78	3.79	3.63	3.63	3.54	3.67
Overall look & décor inside terminal	3.89	3.95	3.94	3.95	4.00	3.66	3.80	3.77	-	3.82
Availability of washrooms	4.07	4.10	4.14	4.03	4.12	3.98	4.01	4.10	3.90	4.04
Cleanliness of washrooms	3.98	4.01	4.02	3.95	4.08	3.88	3.97	4.00	3.84	4.03
Procedures for loading	4.06	4.12	4.16	4.04	4.14	3.88	4.01	4.09	4.01	3.95
Professionalism of terminal staff	4.19	4.22	4.26	4.14	4.20	4.04	4.19	4.18	4.27	4.15

continued...

Average Satisfaction Ratings by Route – All Waves 2013										
(See page 27 for Route Number Codes)										
	Total	Larger Routes				Route 3	Smaller Routes			
		Total	1	2	30		Total	4	19	5/9
Foot Passenger Services at the Terminal										
Usefulness of TV info screens	3.73	3.78	3.79	3.68	3.89	3.52	3.61	3.60	-	3.63
Availability of parking spaces	3.79	4.00	4.15	3.73	4.02	3.84	3.08	3.11	2.48	3.77
Parking value for money	2.96	2.83	3.02	2.61	2.52	3.42	2.97	2.58	3.29	2.84
Ease of using passenger drop-off/ pick-up area	3.96	4.06	4.12	3.95	4.03	4.05	3.54	3.60	3.18	3.83
Availability of seating in pre-boarding lounge at terminal	3.70	3.67	3.55	3.82	3.99	3.68	3.81	3.82	3.62	3.96
Comfort of seating in pre-boarding lounge at terminal	3.69	3.72	3.66	3.77	3.87	3.68	3.57	3.68	3.20	3.79
Cleanliness of pre-boarding lounge	4.02	4.03	4.00	4.05	4.16	3.94	4.05	4.11	3.92	4.12
ONBOARD EXPERIENCE										
Onboard overall	4.13	4.17	4.21	4.11	4.16	4.03	4.05	4.01	4.02	4.09
Gift Shop/ News Stand										
Variety/ selection of merchandise	4.05	4.06	4.08	4.05	4.02	4.05	3.77	-	-	3.77
Staff courtesy	4.21	4.22	4.24	4.23	4.17	4.18	4.08	-	-	4.08
Ease of moving around inside shop	3.62	3.66	3.70	3.55	3.71	3.46	3.55	-	-	3.55
Value for money	3.39	3.42	3.41	3.44	3.38	3.36	3.18	-	-	3.18
Food Services										
Length of time in line for food services	3.62	3.61	3.61	3.60	3.65	3.66	3.65	-	-	3.65
Food/ beverages offered	3.65	3.68	3.71	3.66	3.61	3.67	3.35	-	-	3.35
Staff courtesy	4.21	4.22	4.25	4.18	4.20	4.18	4.12	-	-	4.12
Availability of seating	4.05	4.04	4.02	4.01	4.16	4.09	4.01	-	-	4.01
Comfort of seating	3.86	3.88	3.87	3.88	3.94	3.80	3.77	-	-	3.77
Cleanliness of seating area	4.05	4.05	4.01	4.09	4.11	4.04	4.05	-	-	4.05
Value for money	3.24	3.27	3.34	3.20	3.20	3.13	3.13	-	-	3.13
Washrooms										
Availability of washrooms	4.11	4.14	4.18	4.06	4.16	4.07	4.02	4.00	3.92	4.09
Cleanliness of washrooms	4.00	4.03	4.06	3.94	4.08	3.97	3.95	3.88	3.80	4.06
Lounge Seating										
Comfort of indoor lounge seating	4.01	4.07	4.10	4.00	4.07	3.99	3.77	3.46	3.61	4.00
Cleanliness of indoor lounge seating area	4.15	4.19	4.21	4.15	4.20	4.09	4.05	3.95	3.92	4.16

continued...

Average Satisfaction Ratings by Route – All Waves 2013 (See page 27 for Route Number Codes)										
	Total	Larger Routes				Route 3	Smaller Routes			
		Total	1	2	30		Total	4	19	5/9
Other Onboard Facilities/ Services										
Play area for children	3.64	3.70	3.91	3.38	3.65	3.63	3.29	-	-	3.29
Video arcade	3.57	3.59	3.78	3.31	3.57	3.61	3.29	-	-	3.29
Work stations	3.76	3.78	3.89	3.58	3.73	3.79	3.60	-	-	3.60
Outside decks	4.03	4.12	4.19	4.01	4.06	3.88	3.86	3.94	3.76	3.89
Outside appearance of the vessel overall	4.00	4.09	4.21	3.92	4.00	3.82	3.82	3.98	3.78	3.76
Availability of tourist and travel information	4.00	4.07	4.13	4.01	4.00	3.92	3.83	3.90	3.48	3.96
Ease of access, overall, for people with disabilities	3.70	3.82	3.85	3.75	3.86	3.60	3.44	3.55	3.18	3.59
Ease of finding facilities/ services	3.92	3.96	4.00	3.90	3.97	3.85	3.83	3.84	3.72	3.89
Clarity of public address system	3.74	3.79	3.81	3.72	3.86	3.75	3.51	3.54	3.23	3.64
Announcements when you need to be informed	3.91	3.96	3.98	3.95	3.95	3.85	3.72	3.73	3.50	3.82
Atmosphere/ environment	3.96	4.02	4.04	3.96	4.09	3.86	3.83	3.79	3.72	3.91
Procedures for unloading	3.98	4.03	4.07	3.94	4.09	3.84	3.91	3.99	3.86	3.90
Professionalism with onboard staff	4.21	4.25	4.29	4.18	4.23	4.11	4.18	4.18	4.21	4.15
Experience with the Sailing Schedule										
Earliest ferry earliest enough	4.01	4.03	3.99	4.06	4.08	3.92	4.01	4.02	4.28	3.84
Latest ferry late enough	3.52	3.65	3.70	3.54	3.66	3.01	3.54	3.08	4.00	3.49
Ferry sailing frequent enough	3.54	3.65	3.76	3.49	3.57	3.11	3.52	3.54	4.01	3.18
Ability to get onto desired ferry	3.85	3.92	4.04	3.75	3.81	3.59	3.84	3.93	3.62	3.92
Ability to connect with other sailings (based on those connecting)	3.35	3.34	3.15	3.26	4.44	3.22	3.45	3.53	3.05	3.56
Ferry departing on time	3.80	3.95	4.05	3.71	4.05	3.06	3.89	4.00	3.89	3.82
Safety										
Safety of ferry operations	4.20	4.24	4.30	4.13	4.21	4.06	4.16	4.21	4.16	4.14
Safety of loading/unloading	4.20	4.24	4.30	4.14	4.22	4.09	4.17	4.21	4.16	4.14
OVERALL VALUE										
Value for money of fares	2.93	2.98	3.06	2.91	2.80	2.79	2.90	2.93	2.81	2.93

TERMINAL ATTRIBUTES ONLY - Satisfaction Ratings by Terminal - All Waves 2013 -							
	Total	Terminals					
		Tsawwassen	Swartz Bay	Horseshoe Bay	Departure Bay	Langdale	Duke Point
OVERALL EXPERIENCE							
Trip overall	4.17	4.30	4.29	4.01	4.06	4.02	4.16
TERMINAL EXPERIENCE							
Terminal overall	4.08	4.20	4.21	3.93	4.09	3.89	4.06
Outside appearance of the terminal	4.06	4.17	4.14	3.92	4.19	3.81	4.07
Ticket Purchase							
Efficiency of the transaction	4.45	4.53	4.50	4.38	4.38	4.35	4.44
Staff courtesy	4.46	4.50	4.53	4.40	4.41	4.40	4.44
Clarity of staff directions	4.40	4.47	4.50	4.30	4.36	4.29	4.35
Food & Beverage Services at the Terminal							
Food beverages offered	3.62	3.72	3.66	3.52	3.68	3.64	3.47
Value for money	3.09	3.22	3.18	2.92	3.10	2.97	3.00
Gift Shop/ News Stand at the Terminal							
Variety/ selection of merchandise	3.86	4.02	3.86	3.87	3.83	3.73	3.75
Value for money	3.39	3.50	3.39	3.35	3.43	3.29	3.30
Outdoor Market Area at the Terminal							
Variety/ selection of merchandise	3.59	3.86	3.72	3.43	3.67	3.12	3.24
Value for money	3.33	3.46	3.37	3.08	3.52	3.04	3.34
Other Terminal Services							
Clarity of Public address system	3.59	3.59	3.70	3.49	3.71	3.64	3.69
Announcements when you need to be informed	3.81	3.82	3.92	3.75	3.91	3.83	3.86
Overall look & décor inside terminal	3.89	3.97	3.91	3.71	4.16	3.66	3.95
Usefulness of TV info screens	3.73	3.78	3.80	3.52	3.80	3.53	3.92
Availability of washrooms	4.07	4.10	4.17	3.93	4.15	4.01	4.16
Cleanliness of washrooms	3.98	3.99	4.05	3.85	4.09	3.88	4.13
Procedures for loading	4.06	4.13	4.18	3.92	4.06	3.95	4.18
Professionalism of terminal staff	4.19	4.20	4.31	4.06	4.15	4.10	4.24
Foot Passenger Services at the Terminal							
Availability of parking spaces	3.79	4.10	4.13	3.70	3.72	4.00	3.99
Parking value for money	2.96	2.97	2.97	2.85	2.66	3.69	2.43
Ease of using passenger drop-off/ pick-up area	3.96	4.14	4.09	4.01	3.92	4.06	3.98
Availability of seating in pre-boarding lounge at terminal	3.70	3.47	3.73	3.63	4.11	3.60	4.01
Comfort of seating in pre-boarding lounge at terminal	3.69	3.63	3.73	3.75	3.80	3.57	3.88
Cleanliness of pre-boarding lounge	4.02	3.96	4.07	3.91	4.17	3.99	4.19
OVERALL VALUE							
Value for money of fares	2.93	3.05	3.00	2.84	2.88	2.86	2.80

Research Methodology

Background

British Columbia Ferry Services Inc. (BC Ferries) has commissioned tracking research to gauge customer satisfaction on specific BC Ferries Routes to determine and monitor areas of service that patrons believe are performing favourably and areas requiring improvement. Ultimately, this research will contribute to product and service enhancements for an improved service for BC Ferries travellers.

Project Overview

The 2003 Customer Satisfaction Tracking Study acted as a baseline for the newly formed B.C. Ferry Services Inc. and was designed to track performance on satisfaction levels overall and with specific service attributes. Once a year, the annual satisfaction scores will be published on the BC Ferries web site as required by the Coastal Ferry Services Contract.

The study is designed to provide input to the Corporate Strategic Plan and to regular service and marketing plans.

Research Objectives

The specific objectives are as follows:

- Determine BC Ferries' customers' satisfaction levels overall with BC Ferries' service,
- Determine satisfaction with the specific attributes of the service,
- Uncover the relative importance of attributes,
- Measure satisfaction with attributes that span the entire range of points of customer contact with BC Ferries,
- Track changes in satisfaction over time, and across customer segments,
- Identify the critical improvements to the current service offering that will have the greatest impact on customer satisfaction,
- Ensure the tracking research is relevant and credible enough to pass internal and external scrutiny.

Quantitative Tracking Research

First, a random sample of passengers was intercepted onboard to collect key “screener” data including frequency of travel on BC Ferries, purpose of trip, area of residence, origin/destination, and standard demographic questions. Each questionnaire also included coding of the route, the departure time, location of interview, the vessel name and any other information of value for analysis. This information was collected in the form of a “batch header”, which was attached to all the “screeners” completed on each sailing.

Immediately following this “screener”, passengers are given a longer follow-up survey to complete *after* they disembark and leave the terminal area. The completed survey is returned in a postage pre-paid envelope. Respondents are instructed to complete the survey within 48 hours of receiving it to ensure top-of-mind experiences are recorded.

This self-administered portion of the survey was designed to capture satisfaction and usage information from all potential points of contact for the *last* trip—from initial information requests, access to terminal, and ticket sales, to onboard, disembarking and post-travel experience. It included:

- an overall satisfaction measure
- service/facility attribute satisfaction ratings
- expenditure data
- problems encountered and responsiveness of personnel in resolving problems
- suggested changes or additions that would enhance the experience

The survey instrument was designed in full consultation with BC Ferries.

Sample Size

The total sample of placements was disproportionately distributed across larger and smaller routes to ensure a minimum number of interviews per route for reliability.

Routes surveyed and the number of screeners and completed returned surveys from each route during this measure are as follows:

	All Waves 2013	
	Screeners	Returns
Route 1: Tsawwassen-Swartz Bay	1,701	712
Route 2: Horseshoe Bay-Departure Bay	2,178	830
Route 3: Horseshoe Bay-Langdale	1,301	512
Route 30: Tsawwassen-Duke Point	1,526	739
Route 4: Swartz Bay-Fulford Harbour, Saltspring Island	1,036	482
Route 19: Departure Bay-Descanso Bay, Gabriola Island	1,269	525
Route 5/9: Southern Gulf Islands	2,188	1,152
TOTAL	11,199	4,952

Sample Validation and Weighting

The data was weighted to bring them into their correct proportions, based on known statistics for the field period. Data was weighted to match actual passenger distribution:

- within each wave, by routes selected for surveying,
- within each route by daypart,
- within each route by weekday and weekend traffic, and
- by known BC Ferries traffic volume by wave

The weighting procedures have been professionally scrutinized and approved by a professional statistician specializing in transportation research.

The table following outlines the actual and weighted distributions of the sample.

Actual & Weighted Distribution of the Sample –All Waves 2013 –				
	Screeners		Returns	
	Actual (11,199) %	Weighted (11,199) %	Actual (4,952) %	Weighted (4,952) %
Weekend				
Route: 1	5	13	4	12
2	6	8	4	6
3	3	5	3	5
30	4	3	4	3
4	3	1	3	2
19	4	1	3	1
5/9	6	2	7	2
Weekday				
Route: 1	10	24	10	26
2	14	15	12	13
3	8	11	8	11
30	10	6	11	7
4	7	3	7	3
19	7	4	7	4
5/9	13	4	16	6

Data Collection

The interviewers for this study were personal intercept staff who have completed rigorous training and are experienced with general public studies as well as business-to-business studies. A detailed briefing of interviewing staff was attended by the field director, supervisory staff and the project director.

So that a proper representation of ferry travellers was interviewed, interviewers were trained in the following techniques and randomization procedures, which were strictly adhered to:

- Passengers were approached as soon as they were seated and where necessary, minimum age verified (18 years and over).
- An interview with every 5th person was attempted.
- Passengers in small as well as large groups were approached; respondents were instructed to complete the survey individually, not as a group.
- All areas of the vessel were covered - cafeteria, snack bar, all lounge areas, outer decks and vehicle; interviewers moved to each of these areas every 15 minutes on major routes and every 5 minutes on minor routes.
- Both foot and vehicle passengers were approached.
- Where possible, and to correct for inherent bias of foot to vehicle passengers (foot passengers are first on and last off), interviewing was conducted on parking decks with vehicle passengers after the announcement signaling arrival to port
- Interviewers were instructed not to accommodate patrons requesting a survey; however, if individuals were persistent a specially marked copy was provided allowing for its removal from the total.

Data Analysis

Senior coding staff was briefed on relevant information and nuances. Categories for open-end responses were developed under the guidance of the senior researcher and verification was performed by the coding supervisor.

The data entry system used for this study includes an internal edit, which is custom programmed. This immediate verification during the data entry process reduces entry errors and a further more detailed computer edit is performed after entry of the data.

For standard cross-tabulations, software designed expressly for marketing research was employed. Special editing and cleaning features of this database package ensure that the records are data entered and coded with accuracy. Further rigorous checks for inherent logic and consistency were performed prior to data tabulation.

Response Rate

The following outlines the response rates achieved in 2013.

Response Rates	
	<u>All Waves '13</u>
Route 1	42%
Route 2	38%
Route 3	39%
Route 30	48%
Route 4	47%
Route 19	41%
Route 5/9	53%
Overall response	44%

Overall, the tolerance limits for this measure at the 95% level of confidence, based on the most conservative case (i.e., a statistic of 50%) are as follows:

Tolerance Limits –All Waves 2013		
	<u>Actual Sample Size</u>	<u>Approximate Tolerance Limits % Points</u>
Total Screeners	11,199	+/- 0.9 %
Total Returns	4,952	+/- 1.4 %
Individual Route Returns		
Route 1	712	+/- 3.7%
Route 2	830	+/- 3.4%
Route 3	512	+/- 4.3%
Route 30	739	+/- 3.6%
Route 4	482	+/- 4.5%
Route 19	525	+/- 4.3%
Route 5/9	1,152	+/- 4.3%

Complaints Resolution Report

Year Ended March 31, 2014



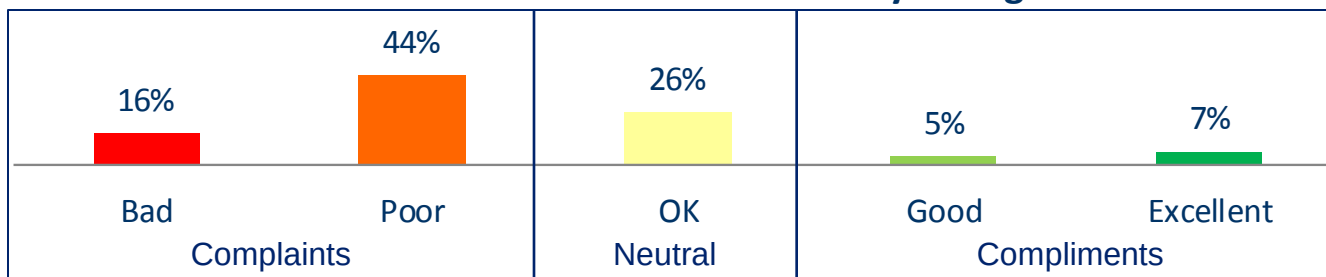
Complaints Resolution Report 2013/2014



Feedback Summary

- During the 2013/14 fiscal year 19.7 million customers travelled with BC Ferries
 - BC Ferries received 8,801 comments in 2013/14
 - The average time to respond to customers was 2.9 days in 2013/14

Distribution of Comments by Rating

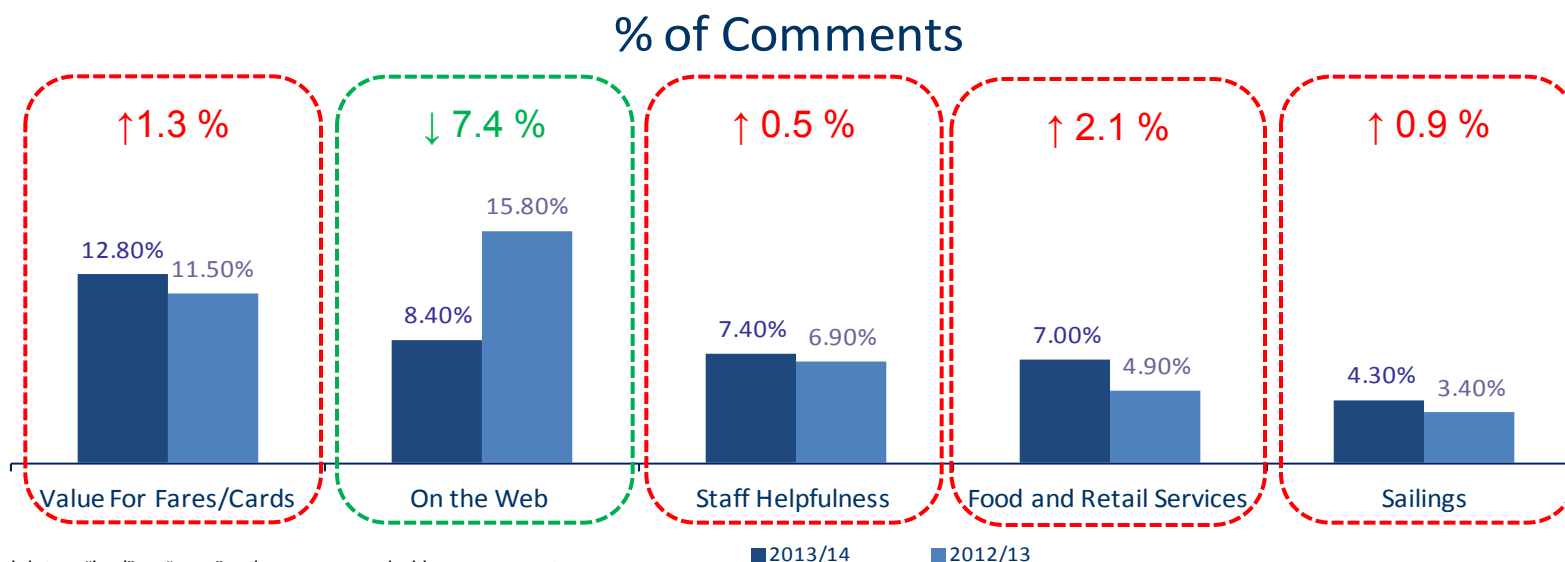


- Customer initiated feedback tends to be negative. Twelve percent (12%) of all customer feedback received in 2013/14 was complimentary
- “Value for Fare/Cards” was the top issue: 979 complaints* were made, representing 12.8% of the total comments received in 2013/14
 - Top 5 complaints combined represent 40% of all complaints received in 2013/14
- “General” comments are excluded from this analysis, along with comments with no rating:
 - 1034 “General” comments were received which were primarily made up of company information (347), suggestions (317) and (115) comments were provided with no rating

*Complaints = “bad” or “poor” rating accompanied by a comment
 Note: 2013/14 = April 1, 2013 to Mar 31, 2014

Top Complaints*: Corporate

#	Complaint	2013 / 14		2012 / 13	
		Complaints*	% of Comments (n=7,652)	Complaints*	% of Comments (n=7,201)
1	Value For Fares/Cards	979	12.8 %	827	11.5%
2	On the Web	642	8.4 %	1,141	15.8%
3	Staff Helpfulness	567	7.4 %	499	6.9%
4	Food and Retail Services	532	7.0 %	356	4.9%
5	Sailings	332	4.3 %	244	3.4%



*Complaints = "bad" or "poor" rating accompanied by a comment

Note: 2013/14 = April 1, 2013 to March 31, 2014

2012/13 = April 1, 2012 to March 31, 2013

Value For Fares/Cards

Sample of Customer Comments:

Complaints

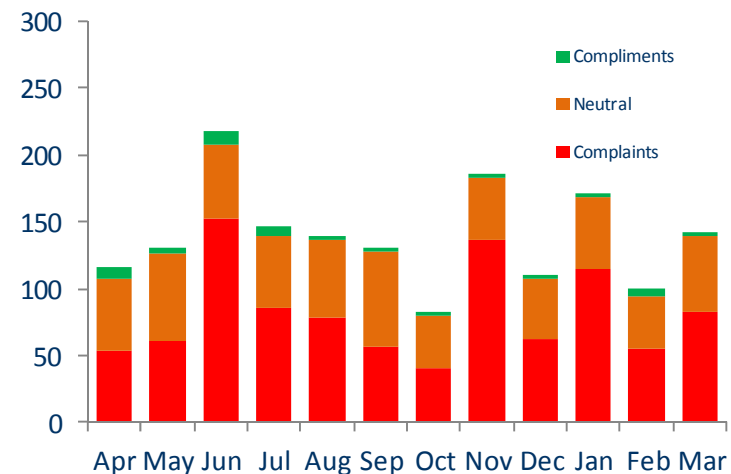
- "The price increases are ridiculous! Without exception, every person on the islands feels a hostage to BC Ferries and is resentful of the continual increases, very sad."
- "Discounts should be available on all major routes. It's also ridiculous to make regular users subsidize seniors Monday to Thursday when many of the seniors are sufficiently affluent to pay some fare, if not full fare."
- "Hello, I just received an e-mail from you regarding an increase in the minimum amount of money that can be put on the card. Now \$115. Please tell me why this rate keeps increasing? What difference does it make to you?"

Compliments

- "Greetings: Just wanted to say 'thank you' to whoever decided to give the gift of a free ride on the ferries for seniors on November 11th. Although we were not able to travel that day as planned, the thought was much appreciated."
- "I like the Experience Cards so much better than the tickets you used to have. They are really really good."

Value For Fares / Cards includes:

Group / Attribute	Complaints	Neutral	Compliments
Fares: Value for Fares Paid	388	46	4
Fares: Experience Card	207	152	15
Fares: Other Fares	72	109	5
Fares: Discount Fares	80	82	13
Fares: Refunds	55	105	9
Fares: Coast Card	48	75	2
Fares: Errors	78	41	1
Fares: Credit/Debit Card	8	19	3
Fares: Promotions	24	3	1
Fares: Frequent Travel	17	8	0
% of all comments (7,652)	12.8 %	8.4 %	0.7 %



*Complaints = "bad" or "poor" rating accompanied by a comment
 Note: 2013/14 = April 1, 2013 to March 31, 2014

Root Cause:

Fares: On April 1, 2013, BC Ferries adjusted its tariffs in accordance with the price cap increases set by the British Columbia Ferry Commissioner.

Discounted Fares & Social Programs: Fare discounts have been in place since 1961 for all Gulf Islands and since 1972 for the Sunshine Coast, previously in the form of paper books or pre-paid tickets. In the spring of 2008, the BC Ferries Experience™ Card was introduced as a replacement to the paper books of pre-paid tickets. The minimum buy-in level generally increases with the annual price cap adjustment, and is established at a minimum to cover two round trips for car and driver on any route which has an Experience™ Card discount. The logic for this is simply that the card is intended for frequent users, and two round trips is the most basic level of 'frequent'.

There currently is no discount available for customers to travel on the major routes and no service fee is provided to BC Ferries by the Provincial Government to operate these routes.

The Provincial Government provides fare subsidies for BC seniors, students and passengers with a permanent disability. The levels of discounts for these programs are set by the Provincial Government. BC Ferries administers these discounted fares on behalf of the Provincial Government and acts within the guidelines and policies set by the Government.

Lessons Learned:

There is anecdotal evidence that the increase in fares has caused customers to limit discretionary travel. A report provided by InterVISTAS Consulting Inc., acknowledges some minor price elasticity, but notes that there are other causal factors affecting ridership.

Through customer feedback the need for the recognition of frequent travel on the major routes has been identified. System upgrades are required in order to be able to offer more dynamic pricing models for frequent travel in the future.

As service levels are a public policy decision of government, BC Ferries has had limited opportunity to shape service to meet demand and to realize the associated operational savings that could help keep fares affordable.

Action Taken:

Amendments to the *Coastal Ferry Services Contract (CFSC)*, which took effect April 1, 2012 included target net savings of \$30 million from service level adjustments over Performance Term 3. Savings of \$4 million will be realized through service level adjustments on three of the major routes. Adjustments in service levels to realize the remaining \$26 million in savings were to be identified by June 30, 2013. Through a subsequent amendment to the CFSC the deadline for identifying the additional service level adjustments was extended to March 31, 2014. Funding of \$7.1 million was received from the Province to compensate BC Ferries for this deferral.

Through the BC Coastal Ferries Community Engagement initiative the Provincial Government engaged coastal communities and ferry users from across the province on strategies to ensure the long term sustainability of the coastal ferry service. In addition to seeking feedback on Government's proposed adjustments to service levels, opportunities to reduce the pressure on fares through such things as reducing the level of seniors' discount, introducing time of day pricing as well as loyalty programs, pursuing a gaming pilot project and other initiatives were canvassed.

On February 5, 2014 the Province confirmed \$14.9 million in service reductions will be implemented over the remaining two years of the current performance term commencing in the spring of 2014, to better align service levels to demand. Government also announced it will proceed with a reduction in the seniors' discount and pursue a gaming pilot project. BC Ferries was tasked with creating revised schedules, to announce the schedules to the public at the end of March and to bring them into effect on April 28, 2014.

On February 12, 2014 BC Ferries invited the public to provide their input on proposed revised schedules via on-line survey and phone interviews for a 10 day period. BC Ferries consequently held 10 meetings with community leaders and Ferry Advisory Committee members on the 16 affected routes to discuss public feedback and options on sailing schedule refinements in order to ensure optimal schedules were developed under the service level adjustments and still achieve the net savings set out by the provincial government.

Sample of Customer Comments:

Complaints

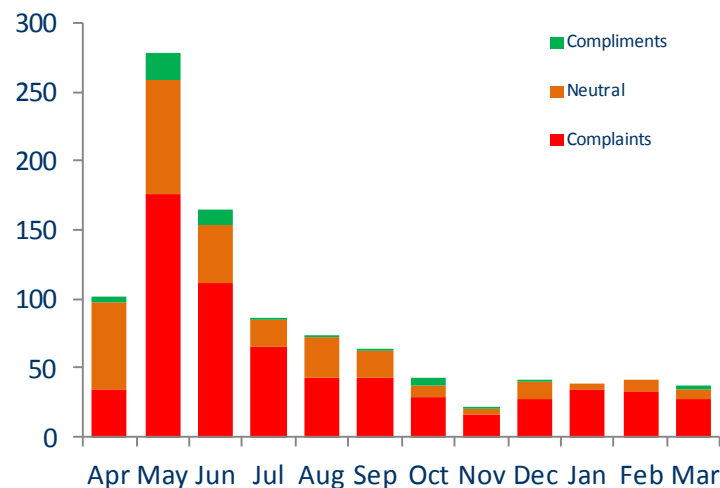
- “Hello: The new email notice confirming a reservation does not appear to contain the reservation confirmation number. It would help make things easier if you could include it – so paper copies are not required.”
- “Regardless of which web browser I use on my iPad, I am constantly given a text based interface. I don’t need a stripped down mobile or “wireless” interface thanks. What do I have to do to use the standard PC interface?”
- “I have been trying to make a reservation on your website all morning. It is stuck at the vehicle details page. It won't proceed. It is so frustrating, what is going on?”
- “I am sure many other computer users like myself use Google's Chrome as a browser. It is annoying that I am unable to see the ferry schedules in Chrome. Works perfectly with Internet Explorer, but a nuisance to call up just for this purpose.”

Compliments

- “So glad you updated your online reservation system! It is well laid out and easy to follow and finally accessible with no errors on my Mac computer! I appreciate all the effort and commend you on the change! Thank you!”

On the Web includes:

Group / Attribute	Complaints	Neutral	Compliments
Reservations: Online Reservations	280	103	27
On the Web: Design and Usability	184	35	11
On the Web: Login/Passwords	53	91	1
On the Web: Information/General	43	44	5
On the Web: Travel Planning	33	7	4
On the Web: Service Notices	25	16	2
On the Web: Current Conditions	22	2	0
On the Web: Online Giftshop	2	4	0
% of all comments (7,652)	8.4 %	3.9 %	0.7 %



*Complaints = “bad” or “poor” rating accompanied by a comment
 Note: 2013/14 = April 1, 2013 to March 31, 2014

Root Cause:

The volume of complaints associated with BC Ferries' customer-facing website has declined 7.4 percent (from 15.8 percent to 8.4 percent) when compared to last year. This is due primarily to the successful launch of an improved online reservation system on April 30, 2013.

As the year progressed, themes emerging from incoming customer feedback have touched on user interface design; site accessibility with certain browsers, operating systems and devices; and timing of e-mail notifications about service interruptions.

Lessons Learned:

The reduction in customer complaints reflects the success of the online reservation initiative.

Ongoing customer input has helped us prioritize issues to be addressed going forward. Account accessibility, browser and mobile device compatibility, user interface refinements and timeliness of service notice e-mail notifications are at the top of the list.

Action Taken:

A release was completed on February 25, 2014 to further improve myBCFerries account and online reservation interfaces, including compatibility issues related to the IE11 browser.

Active monitoring of new devices, new browsers and new version of established browsers has been implemented to help us identify potential compatibility gaps before they become widespread.

Sample of Customer Comments:

Complaints

- “Why did the cashier not tell me there was a one sailing wait? Now I am stuck in the terminal for two hours. Please in future tell your cashiers to smile and inform the customer of their boarding status. Not impressed by the lack of service I have received.”
- “Today when we were being loaded onto the Coastal Renaissance we encountered a very unprofessional employee who was extremely disrespectful when I rolled my window down to confirm which lane I had been directed to. Shaking his head and telling me to ‘relax’ was truly over the top and unnecessary.”
- “I got there 10 minutes before it left, I could still see people leaving the lobby to go up the ramp. She had an air of somebody I inconvenienced and told me I couldn't board, with no empathy. I felt I was being made an example of for being 5 minutes past time.”

Compliments

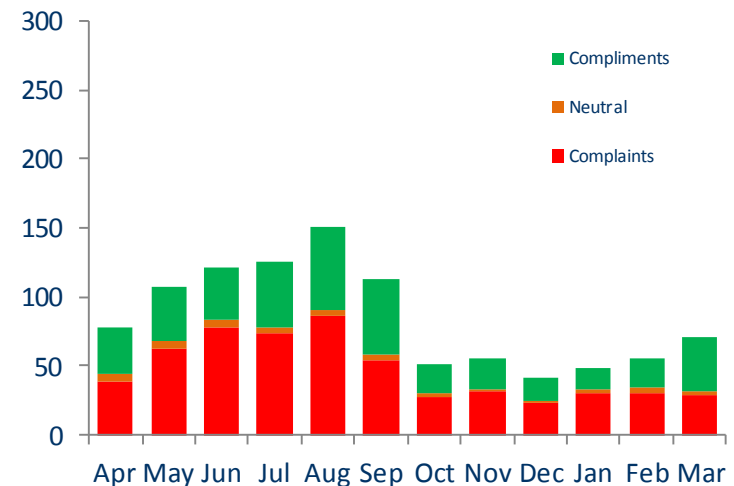
- “Crisis 1: Car wouldn't start when we were getting off the ferry. Temporarily blocked all the traffic. Thanks for the jump @BCFerries! @BCFerries Thanks, we're on our way to a wedding so you guys saved the day :)”
- “Thanks for taking care of me when I lost my wallet last night. Incredible service!”
- “Thank you to @BCFerries for accommodating my sister and her wheelchair. Your staff is very friendly and helpful! #thankyou #bcferries.”

*Complaints = “bad” or “poor” rating accompanied by a comment

Note: 2013/14 = April 1, 2013 to March 31, 2014

Staff Helpfulness includes:

Group / Attribute	Complaints	Neutral	Compliments
Check-In: Staff Helpfulness	215	12	33
Inside the Terminal: Staff Helpfulness	168	3	96
On the Ship: Staff Helpfulness	127	22	223
Outside the Terminal: Staff Helpfulness	20	0	11
On the Phone: Agent Helpfulness	16	3	40
On the Phone: Information Accuracy	14	2	3
On the Phone: Resolution of Issues	7	1	4
% of all comments (7,652)	7.4 %	0.6 %	5.4 %



Root Cause:

Communication issues, ticketing errors, misunderstandings, inappropriate behavior by employee leading to customer dissatisfaction.

Lessons Learned:

Customer feedback has given us an opportunity to identify areas of improvement in customer service and ongoing customer service training and coaching is required.

Action Taken:

Complaints regarding employees are investigated on a case by case basis. The customer is sent a response with an apology.

Where communication is the issue, information is provided to the customer to assist in preventing further confusion. In the case of inaccurate information or inappropriate behavior by an employee, corrective action is taken with the employee and the customer is contacted to correct the misunderstanding.

Positive feedback is also shared with the employees.

In the spring of 2014 BC Ferries launched a new customer service enhancement program to manifest BC Ferries' expectation of employee's customer service delivery.

Sample of Customer Comments:

Complaints

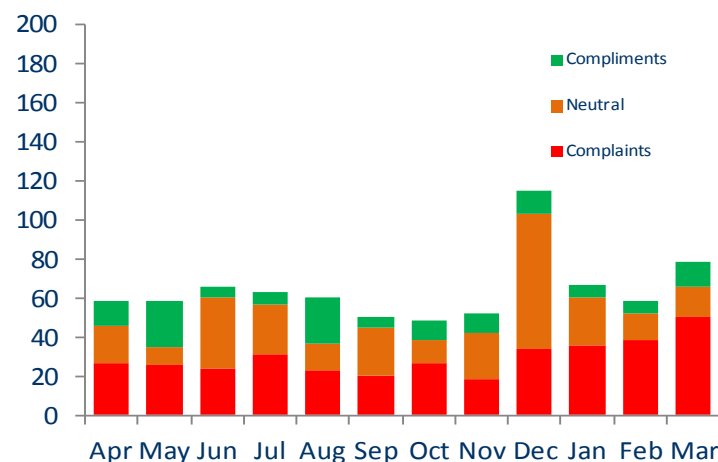
- “The BC Ferries Wi-Fi is without a doubt the worst Wi-Fi I’ve ever encountered. You could say ‘don’t use it then’, I am sending this from my phone because I can’t even e-mail the webmaster of the network I’m supposedly connected to? Ridiculous! Maybe just give up? Clearly someone at BC Ferries is already running with that idea.”
- “I used to look forward to early morning travel to the mainland when I knew that I could enjoy the wonderful buffet breakfast. Now, that is not available on the Coastal Renaissance. This is a real loss.”
- “As a customer who does business while travelling on BC Ferries, I do not understand why some fundamental web services are blocked. It’s bad enough that the internet speed is dysfunctionally slow. What is the explanation for both these inadequate services?”

Compliments

- “I am a visitor from the UK and have been very impressed with your ferry service having now regularly travelled from Vesuvius to Crofton and vice versa.”
- “Everything and everyone was great. Truly appreciated the seawest quiet lounge. That will be our choice from now on.”

Food and Retail Services includes:

Group / Attribute	Complaints	Neutral	Compliments
On the Ship: Amenities	314	209	17
Food and Retail Services: Food Selection/Quality	124	33	12
Food and Retail Services: Lounge/Buffer/Coffee Bar	29	9	3
Food and Retail Services: Staff Helpfulness	28	2	16
Food and Retail Services: Food Value	24	2	1
Food and Retail Services: Retail Value	7	13	0
Food and Retail Services: Retail Selection	6	191	83
Food and Retail Services: Online Giftshop	0	6	1
% of all comments (7,652)	7.0 %	6.1 %	1.7 %



*Complaints = “bad” or “poor” rating accompanied by a comment
 Note: 2013/14 = April 1, 2013 to March 31, 2014

Root Cause:

Amenities / Wi-Fi:

On July 5, 2010 BC Ferries started the pilot project for a complimentary Wi-Fi service to allow customers to browse the web or check e-mail while travelling with BC Ferries. This service is now available at the Swartz Bay, Tsawwassen, Departure Bay, Horseshoe Bay and Langdale terminals as well as onboard select vessels that travel to and from these terminals.

A standard global filtering service is restricting access to websites tagged as displaying inappropriate content. Furthermore, streaming websites are restricted in order to allow all customers shared access to the limited wireless bandwidth available on our networks for basic web browsing and e-mail usage. To allow streaming media would impact other customer's ability to use the free resource efficiently.

The high demand for Wi-Fi during busy sailings can lead to access issues.

Lessons Learned:

Customers need to be kept informed of the restrictions that do apply to the free Wi-Fi service to avoid disappointment.

Action Taken:

The BC Ferries website provides information about the complimentary Wi-Fi service as well as a list of Frequently Asked Questions to assist customers who encounter difficulties with the service.

The possibility of expanding the Wi-Fi bandwidth is currently under review.

Root Cause:

Vessels operating on the Swartz Bay – Tsawwassen route without buffet service:

The effort to more efficiently match vessels with traffic demand during periods with historically low traffic resulted in some vessels operating on the Swartz Bay – Tsawwassen route for approximately 4 months per year without the amenity of a Pacific Buffet. All vessels originally designated for the Swartz Bay – Tsawwassen route were planned and built with a buffet but it is cost prohibitive to retrofit a vessel with a buffet and seating area if the vessel is only going to be on the Swartz Bay – Tsawwassen route for a few months each year.

Lessons Learned:

The Pacific Buffet is a very popular amenity with frequent travelers on the Swartz Bay – Tsawwassen route. Customers needed to be made aware of the possibility of sailings without buffet service.

Action Taken:

As an alternative to the Pacific Buffet, the existing Sitka Coffee Place onboard the *Coastal Renaissance* was adapted to be able to offer a Breakfast and Salad Bar.

Through a prominent link on the homepage of the BC Ferries website, detailed information is provided regarding the onboard amenities available on the various vessels. And, on the Current Conditions Arrivals and Departures webpages customers can see what vessel is sailing at what time.

Sample of Customer Comments:

Complaints

- "It seems your service is late a lot but if we are 5 minutes late for a reservation you refuse the customer even though your ferry is late. This is unfriendly service."
- "Too many cancellations due to mechanical problems....if you are going to charge top dollar, you need to improve your ships mechanical conditions or use the new ferries."
- "I've actually been keeping track of your delays over the last year, weekends seem to be the time for out of service issues, mechanical problems, traffic etc. can you not do better at service scheduling and staff scheduling?"
- "You are killing us, I am on crutches and this preventable accident is costing me money, time, labour and grief. Mismanaged out of service ships in dry-dock should have been pulled into service immediately to replace the Queen of Nanaimo after the accident."

Compliments

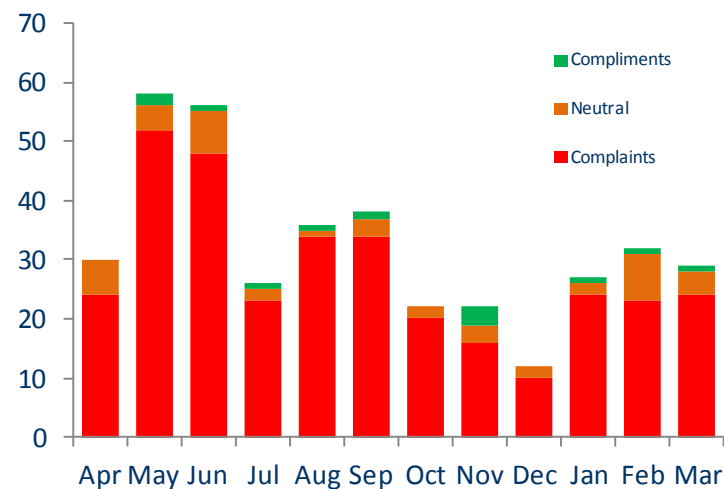
- "I would like to thank the crew of Queen of Alberni for delaying the departure of the 12:45 sailing today. We were one of the last vehicles boarded after being delayed by that serious accident on Hwy 1."
- "While the fact that the Queen of Nanaimo is going to be out of service this weekend and our travel plans are becoming a bit more tricky and time-involved, I wanted to let you know that I appreciate the effort you are putting in to make this as easy as possible for Gulf Island travellers."

*Complaints = "bad" or "poor" rating accompanied by a comment

Note: 2013/14 = April 1, 2013 to March 31, 2014

Sailings includes:

Group / Attribute	Complaints	Neutral	Compliments
Sailings: Delays	203	11	7
Sailings: Cancellations	129	33	5
% of all comments (7,652)	4.3 %	0.6 %	0.2 %



Root Cause:

Operational delays are often caused by situations that occur during the loading or unloading of the vessels (stalled vehicles, lost key, driver not in vehicle, etc). Other impacts on service include mechanical issues, medical emergencies, marine emergencies and delays caused by weather.

Lessons Learned:

Sailing delays have an adverse affect on the daily life of our many commuting customers. If sailings have to be cancelled or the vessel has to be taken out of service, every effort must be made to restore service as soon as it is safe to do so.

Action Taken:

BC Ferries has a Service Interruption Plan that helps guide employees in managing delays and cancellations of service. However each incident is reviewed and managed on a case by case basis to ensure the needs of the specific communities and customers are taken into consideration. The primary focus is always the restoration of full service as soon as possible.

In a specific example, the *Queen of Nanaimo* had to be taken out of service on November 2, 2013 further to an incident at Village Bay. The vessel required dry-docking and remained out of service until November 15, 2013. In the absence of an available replacement vessel, the following measures were put in place to assist customers with their travels to and from the Gulf Islands via the Swartz Bay terminal:

- Free reservations on the Tsawwassen – Swartz Bay route in conjunction with through- fare travel
- Improved through-fare procedures to facilitate connecting service
- Additional sailings on the Swartz Bay – Tsawwassen route
- Additional sailings on the Swartz Bay – Fulford Harbor route
- Additional stops at Pender Island and Galiano Island on the Swartz Bay – Southern Gulf Island route
- Inter-Gulf Island travel via Swartz Bay at the discounted Experience Card rate
- Frequent updates via service notices and news releases