
British Columbia Ferry Services Inc.

Annual Report
to the
British Columbia Ferries Commissioner

Year Ended March 31, 2012

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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, 2012 (the "fiscal year" or "2011/12"), 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 and the actions taken by the Company to investigate additional or alternative service providers ("ASPs") 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

BC Ferries delivers 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. These ferry routes are regulated under the Act. The Contract also requires BC Ferries to manage ferry transportation service on other unregulated routes through contracts with ASPs. Under the Contract, BC Ferries receives service fees for delivering service on the designated ferry routes, but receives no compensation from the provincial government for administering the contracts for service on the unregulated routes.

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 2011/12, BC Ferries carried 7.8 million vehicles¹ and 20.2 million passengers and delivered 83,790.5 round trips on the designated ferry routes. During the fiscal year, the Company successfully maintained a high standard of service reliability, delivering 99.8% of the scheduled round trip sailings². On a system-wide basis, 91% of BC Ferries' sailings departed within 10 minutes of schedule.

Safety continues to be the Company's highest priority. BC Ferries' SailSafe program, a joint initiative with the BC Ferry & Marine Workers' Union launched in 2007/08, has facilitated a change in the corporate culture which has been vital to the success of many of the Company's new safety initiatives and has contributed significantly to BC Ferries' overall productivity and effectiveness. This positive change in the Company's safety culture was acknowledged by former B.C. Auditor General George Morfitt in his follow up report to the operational safety audit of BC Ferries that he conducted five years ago. In his

¹ Equivalent to 8.9 million automobile equivalents (see the Operations Report for more information).

² Excludes weather, medical or rescue related cancellations.

report, which was released January 19, 2012, Mr. Morfitt states there has been, since his previous 2007 report, “a significant improvement in the safety culture and practices within the company.” Phase two of the SailSafe program concluded in the fiscal year. As the SailSafe program enters the sustainment phase, the Company’s goal is to continue to entrench safety in all aspects of the Company’s daily operations.

Traffic declines continued in the fiscal year. BC Ferries experienced a 3.5% decline in vehicle traffic and a 2.8% decline in passenger traffic in 2011/12 compared to the prior fiscal year. While BC Ferries has continued to take steps to align expenses with reduced revenues, the Contract has restricted BC Ferries from reducing core service levels to respond to the decline in traffic. For performance term three, the Province has targeted service level reductions valued at \$30 million system-wide.

This past fiscal year BC Ferries continued to pursue innovative approaches for generating revenue from areas other than traditional means through the fare box. Two examples are BC Ferries’ drop-trailer service and BC Ferries Vacations. Both areas continued to exhibit strong growth in the fiscal year.

During the fiscal year, BC Ferries continued its program to replace, modify and upgrade its ships, terminals and other infrastructure, incurring approximately \$122 million of capital expenditures. These include the following:

- \$21 million towards the implementation of a \$43 million multi-year sewage and waste water treatment program to upgrade 27 vessels for treatment of sewage generated onboard the vessels.
- \$8 million towards a \$15 million project to extend the life of the 33-year-old *Queen of Chilliwack*, began in December 2010, with the first phase of a two-phase project that will allow the vessel to continue in service until it is retired in 2017 or later.
- Completion of a \$5 million asset improvement project on the *Queen of Burnaby* which returned to service during December 2011.
- \$44 million towards the replacement or refurbishment of marine terminal structures at its terminals including Swartz Bay, Tsawwassen, Denman Island and Hornby Island.
- \$6 million towards the \$39 million customer service program which, among other things, will replace the Company’s aged point of sale and reservations systems enabling the Company to respond in a more timely manner to changing business needs and to support marketing, travel services and pricing initiatives.

In addition to these capital expenditures, the Company completed 26 vessel refits at a cost of \$40 million during the fiscal year.

On February 16, 2012, BC Ferries reached an agreement with the BC Ferry &

Marine Workers' Union for a three year extension of the Collective Agreement. This agreement provides stability for employees and certainty for customers.

In January 2012, the Commissioner issued his report following a review of BC Ferries. The report indicates that BC Ferries is efficient and well-run, but will continue to face challenges which put a strain on its financial sustainability. The report suggested that all of the principal stakeholders will need to be part of the solution in order to achieve a ferry system which continues to be both affordable and financially sustainable.

In May 2012, the Province responded to the Commissioner's recommendations by enacting the *Coastal Ferry Amendment Act 2012* (Bill 47), which is intended to strike a balance among the interests of ferry users, taxpayers and the sustainability of the Company. BC Ferries looks forward to supporting the upcoming dialogue between the provincial government and coastal communities on identifying service level adjustments to realize targeted savings totalling \$30 million system-wide in performance term three, and to participating in the development of a long term vision for connecting coastal communities.

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 and 2009. In 2011, 88% of customers surveyed reported being satisfied with their overall experience travelling on BC Ferries. Part 2 of this report contains a copy of the 2011 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 3: Additional or Alternative Service Providers (ASPs)

BC Ferries is required by section 69 of the Act to seek ASPs where so ordered by the Commissioner. When BC Ferries receives such an Order, it must prepare a plan for the Commissioner's approval, and then report to the Commissioner on the activities it undertook to comply with the Order. During the fiscal year, no Orders were issued by the Commissioner for BC Ferries to seek ASPs. However, consistent with its ongoing efforts to enhance efficiency and productivity in the delivery of coastal ferry services, BC Ferries from time to time proactively tests the market to determine if another operator, under sub-contract could provide safe, reliable and high quality service that is more cost-effective. Part 3 of this report provides information on the actions taken by BC Ferries in 2011/12 to seek ASPs.

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 2011/12 for each of the designated ferry routes.

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 and route group:

➤ **Round Trips**

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

Overall, BC Ferries delivered a total of 83,790.5 round trips during the fiscal year, which exceeded by 348.5 the core service level requirements specified in the Contract, as amended for performance term two.

➤ **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 2011/12, BC Ferries provided capacity sufficient to carry the traffic, with capacity utilization on the designated ferry routes ranging from 20.4% to 72.1%.

➤ **Traffic and Revenue**

Vehicle traffic (AEQs) and passenger traffic carried on each of the designated ferry routes during 2011/12 is presented and compared to the traffic carried in the previous fiscal year. The associated tariff revenue generated from each route is also shown.

In 2011/12, vehicle and passenger traffic levels declined by 3.5% and 2.8%, respectively. BC Ferries believes that while ferry fares are a contributing factor, the root cause of the decline in traffic is the continuing worldwide economic downturn exacerbated by the return of high gasoline prices. The traffic this past fiscal year is the lowest vehicle traffic BC Ferries has experienced in 13 years and the lowest passenger traffic BC Ferries has experienced in 21 years.

Revenue from vehicle and passenger traffic on the designated ferry routes in 2011/12 totalled \$457.0 million. This includes revenue of \$335.9 million from the major routes and \$121.1 million from all other routes.

On April 1, 2011, the final year of performance term two, the price cap authorized by the Commissioner increased by 2.7% plus 0.49 times the latest reported annual change in the British Columbia Consumer Price Index ("CPI") on the major routes and 5.7% plus 0.73 times the change in the CPI on the other routes. This translated into a price cap increase of 3.38% on the major routes and 6.71% on all other routes. These price cap increases reflect a change in the CPI of 1.39% applied April 1, 2011.

In March 2011, the Commissioner set preliminary price cap increases for each of the four years of performance term three of 4.15% on the major routes and 8.23% on all other routes, effective April 1, 2012. On June 2, 2011, the *Coastal Ferry Amendment Act, 2011* ("Bill 14") was enacted. Bill 14 established a price cap increase for each route group of 4.15% from the weighted average of the tariffs in place at March 31, 2012 (as established by the Commissioner) effective April 1, 2012, for the first year of performance term three. Bill 14 also extended the timeline for the Commissioner's final decision on price caps for the balance of the third performance term. This decision is due by September 30, 2012.

On June 1, 2011, due to the rising costs of fuel, fuel surcharges on the major routes of 2.5% of tariffs on average were implemented and subsequently increased to 5.0% on average effective December 12, 2011. On December 12, 2011, a fuel surcharge of 2.5% of tariffs on average was implemented on route 3 (Horseshoe Bay to Langdale) while the majority of the other (non-northern) routes maintained the 5% surcharge which had also been put in place on June 1, 2011. Effective July 20, 2012, all fuel surcharges were reduced to 2.0%.

➤ **On-Time Performance**

The percentage of sailings departing within 10 minutes of the scheduled time is provided for each of the designated ferry routes.

Meeting customer service expectations is an important factor in BC Ferries' focus on on-time performance.

In 2011/12, 91% of BC Ferries' sailings, system-wide, departed within 10 minutes of schedule.

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 performance term two. There are four sections of this report:

1. Cancelled Round Trips by Route and Route Group,
2. Cancelled and Extra Round Trips by Route and Route Group,

3. Cancelled Round Trips by Days For Route and Route Group, 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. The cumulative information is reported on a calendar year basis, consistent with BC Ferries' reporting requirements under the Contract for performance term two. As core service levels for most designated routes include the provision for modest scheduling flexibility on a daily basis, only those cancellations that resulted in the number of round trips provided on a designated route being less than the required daily minimum and/or annual round trips specified in the Contract are included in this report.

In 2011/12, BC Ferries exceeded its annual core service level commitments under the Contract by 348.5 net 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. As well, additional passenger taxi service was provided on route 19 (Nanaimo Harbour to Gabriola Island) while Nanaimo Harbour was closed to vehicle traffic after a truck conducting planned paving went off the trestle and into the water, and ferry service to Gabriola Island was diverted from Nanaimo to Duke Point.

BC Ferries also received an exemption of 266 round trips for a temporary service suspension on route 12 (Brentwood Bay to Mill Bay) to integrate the *Klitsa* into service on this route, which included the requirement to conduct major berth modifications at both terminals.

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 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, 7.5% of the sailings on the designated ferry routes were overloaded in 2011/12, slightly less than the 9.0% in overloaded sailings experienced in 2010/11.

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 the route groups specified in the Contract. 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 and has been consistently

applied on a year over year basis. Included in operating expenses for each route are the costs of refit and maintenance of vessels serving that route. Refit and maintenance costs for each vessel may vary significantly from year to year with a corresponding effect on route net income (loss).

Operations Summary Report

Year Ended March 31, 2012



Operations Summary Report for the Year Ended March 31, 2012

		A	B	C	D	E	F	G	
Route Group	Route	Actual Round Trips	Capacity Provided (AEQ's)	AEQ's Carried Fiscal 2012 (Note 2)	Capacity Utilization (C / B)	AEQ's Carried Fiscal 2011 (Note 2)	AEQ Growth (C - E)	AEQ Tariff Revenue Fiscal 2012	
1	1	3,859.0	2,913,090	2,101,692	72.1%	2,174,600	(72,908)	101,688,375	
1	2	3,049.0	2,214,436	1,289,690	58.2%	1,350,225	(60,535)	59,859,220	
1	30	2,736.0	1,763,196	828,180	47.0%	869,123	(40,943)	48,222,837	
Majors		9,644.0	6,890,722	4,219,562	61.2%	4,393,948	(174,386)	209,770,432	
2	3	3,061.0	2,215,802	1,225,018	55.3%	1,239,192	(14,174)	23,848,165	
3	10	123.0	34,522	14,003	40.6%	14,805	(802)	4,219,991	
3	11	185.0	42,068	17,184	40.8%	18,176	(992)	2,967,157	
3	40	37.0	8,510	2,490	29.3%	2,755	(265)	690,517	
Northern		345.0	85,100	33,677	39.6%	35,736	(2,059)	7,877,665	
4	4	2,889.0	576,840	313,815	54.4%	325,316	(11,501)	3,142,836	
4	5	3,507.0	716,814	260,685	36.4%	268,017	(7,332)	3,054,736	
4	6	5,054.0	707,630	255,439	36.1%	267,161	(11,722)	2,804,940	
4	7	2,885.0	681,980	190,795	28.0%	197,365	(6,570)	3,896,043	
4	8	5,585.5	975,253	503,601	51.6%	498,544	5,057	5,066,107	
4	9	825.0	358,588	154,673	43.1%	160,641	(5,968)	6,103,822	
4	12	2,929.0	125,696	70,275	55.9%	74,516	(4,241)	748,185	
4	13	4,109.0	Pass. Only	Pass. Only	Pass. Only	Pass. Only	Pass. Only	379	Note 1
4	17	1,439.0	480,349	169,262	35.2%	173,835	(4,573)	5,649,039	
4	18	3,664.0	321,668	88,381	27.5%	93,436	(5,055)	593,910	
4	19	6,059.0	812,068	366,511	45.1%	383,745	(17,234)	2,826,576	
4	20	4,015.0	279,940	82,957	29.6%	86,909	(3,952)	608,485	
4	21	6,406.0	620,500	249,636	40.2%	258,857	(9,221)	1,658,483	
4	22	4,738.0	274,914	109,594	39.9%	117,386	(7,792)	686,570	
4	23	6,241.0	873,740	376,113	43.0%	388,934	(12,821)	2,839,807	
4	24	2,097.0	125,820	56,036	44.5%	59,041	(3,005)	476,567	
4	25	3,947.0	235,380	88,994	37.8%	92,080	(3,086)	798,784	
4	26	4,351.0	229,736	46,771	20.4%	48,971	(2,200)	367,652	
Minors		70,740.5	8,396,916	3,383,538	40.3%	3,494,754	(111,216)	41,322,921	
Total		83,790.5	17,588,540	8,861,795	50.4%	9,163,630	(301,835)	282,819,183	

Note 1) Revenue arises from bike traffic and freight.

Note 2) AEQ's for Routes 1 and 30 have been restated.

Note 3) Quarter 1, Fiscal 2011 passenger counts for Routes 10 and 40 have been restated to correctly account for 26 Route 10 water taxi passengers, who were previously recorded as Route 40 passengers

Operations Summary Report for the Year Ended March 31, 2012

		<i>H</i>	<i>I</i>	<i>J</i>	<i>K</i>
Route Group	Route	Passengers Fiscal 2012	Passengers Fiscal 2011 (Note 3)	Passenger Growth (<i>H</i> - <i>I</i>)	Passenger Tariff Revenue Fiscal 2012
1	1	5,645,013	5,791,619	(146,606)	69,016,885
1	2	3,340,199	3,465,011	(124,812)	40,488,854
1	30	1,396,232	1,481,969	(85,737)	16,650,200
Majors		10,381,444	10,738,599	(357,155)	126,155,939
2	3	2,539,363	2,571,126	(31,763)	12,985,575
3	10	39,622	42,014	(2,392)	5,198,250
3	11	34,487	36,425	(1,938)	1,140,198
3	40	6,533	7,534	(1,001)	737,045
Northern		80,642	85,973	(5,331)	7,075,493
4	4	627,080	638,662	(11,582)	2,596,293
4	5	467,576	479,264	(11,688)	1,755,098
4	6	490,030	508,191	(18,161)	1,650,270
4	7	339,021	349,538	(10,517)	1,769,094
4	8	1,145,637	1,135,324	10,313	3,272,044
4	9	434,582	444,425	(9,843)	4,471,706
4	12	137,591	141,534	(3,943)	601,251
4	13	47,892	51,050	(3,158)	166,281
4	17	365,822	374,701	(8,879)	3,820,026
4	18	171,706	183,508	(11,802)	458,035
4	19	777,495	809,622	(32,127)	1,958,650
4	20	255,031	259,064	(4,033)	551,098
4	21	474,679	490,761	(16,082)	1,180,542
4	22	218,573	227,932	(9,359)	508,545
4	23	804,149	824,894	(20,745)	1,935,971
4	24	96,925	101,440	(4,515)	311,811
4	25	225,273	235,773	(10,500)	712,905
4	26	89,466	94,841	(5,375)	247,304
Minors		7,168,528	7,350,524	(181,996)	27,966,924
Total		20,169,977	20,746,222	(576,245)	174,183,931

% Sailings Departing Within 10 Min.		
Fiscal 2010	Fiscal 2011	Fiscal 2012
89.9%	85.2%	84.1%
81.6%	79.3%	85.5%
93.2%	92.1%	90.1%
88.2 %	85.3 %	86.2 %
79.4 %	78.4 %	87.5 %
83.4%	88.8%	84.8%
83.6%	87.9%	92.4%
81.9%	79.6%	69.0%
83.2 %	86.9 %	84.4 %
91.0%	94.9%	93.8%
73.6%	76.1%	82.2%
79.0%	88.1%	88.9%
89.5%	91.7%	94.7%
89.9%	84.9%	91.5%
78.4%	77.8%	87.5%
88.5%	87.8%	89.5%
98.8%	99.3%	99.7%
91.1%	86.8%	83.0%
93.0%	88.5%	82.9%
79.8%	89.6%	93.5%
82.2%	80.8%	86.0%
99.6%	99.3%	99.2%
98.8%	98.3%	96.8%
98.1%	98.0%	98.1%
92.2%	92.4%	92.0%
82.1%	93.5%	93.8%
99.2%	99.5%	99.5%
89.0 %	90.6 %	92.4 %
88.6 %	89.6 %	91.5 %

Temporary Service Disruptions Report

Year Ended March 31, 2012



CANCELLED ROUND TRIPS BY ROUTE AND ROUTE GROUP

PERFORMANCE AGAINST CORE SERVICE LEVELS

2011/12 Year Ended March 31, 2012				Cancellations of Required Round Trips for Reasons Specified in Schedule A, 2(a) of the Coastal Ferry Services Contract												Cancellations of Round Trips for Other Reasons							
Route Group (RG)		Terminal 1	Terminal 2	Major Incident	Weather	Emerg. Response	Medical Emerg.	Regulatory Issue	Terminal / Dock Mech. Failure	Terminal / Dock Maint.	Vessel Maint.	Vessel Mech. Failure	Vessel Sink / Ground	Fire	Labour Dispute	Allowed Cancels	Dec 25 and Jan 1*	Traffic	Other Cancels	Total Round Trips Cancelled	% of Required Round Trips Cancelled		
	Route 01	Swartz Bay	Tsawwassen	1	15.5							5.5				22.0			0.0			66.0	0.68%
	Route 02	Horseshoe Bay	Departure Bay	2	16							4				22.0			0.0				
	Route 30	Duke Point	Tsawwassen	2	18						1	1				22.0			0.0				
RG 1 - Major Routes				5	49.5	0	0	0	0	0	1	10.5	0	0	0	66.0	0	0	0.0	66.0	0.68%		
	Route 03	Langdale	Horseshoe Bay							2						2.0			0.0	2.0	0.07%		
RG 2 - Route 3				0	0	0	0	0	0	2	0	0	0	0	0	2.0	0	0	0.0	2.0	0.07%		
	Route 10	Port Hardy	Prince Rupert		1											1.0			0.0	5.0	0.81%		
	Route 11	Skidegate	Prince Rupert		3							1				4.0	1		1.0		2.63%		
	Route 40	Port Hardy	Mid-coast		2											2.0			0.0		5.13%		
RG 3 - Northern Routes				0	6	0	0	0	0	0	0	1	0	0	0	7.0	1	0	1.0	8.0	2.27%		
	Route 04	Fulford Harbour	Swartz Bay													0.0			0.0	53.0	0.00%		
	Route 05	Swartz Bay	Four SGIs		1											1.0			0.0		0.03%		
	Route 06	Crofton	Vesuvius Bay		6				1		2					9.0			0.0		0.18%		
	Route 07	Earls Cove	Saltery Bay					1								1.0			0.0		0.03%		
	Route 08	Horseshoe Bay	Bowen Island		2											2.0			0.0		0.04%		
	Route 09	Tsawwassen	Long Harbour	2	5						1					8.0			0.0		0.96%		
	Route 12	Mill Bay	Brentwood Bay	10	8			1				14				33.0			0.0		1.02%		
	Route 13	Langdale	Gambier/Keats		16											16.0			0.0		0.39%		
	Route 17	Little River	Powell River	2	42			1				6				51.0			0.0		3.49%		
	Route 18	Texada	Powell River		55			1			2	17				75.0			0.0		2.05%		
	Route 19	Nanaimo Harbour	Gabriola Island					1				2				3.0			0.0		0.05%		
	Route 20	Chemainus	Thetis Island		5							5				10.0			0.0		0.25%		
	Route 21	Buckley Bay	Denman West													0.0			0.0		0.00%		
	Route 22	Denman East	Hornby Island	5	37						1					43.0			0.0		0.96%		
	Route 23	Campbell River	Quadra Island		56											56.0			0.0		0.89%		
	Route 24	Quadra Island	Cortes Island		49								3			52.0			0.0		2.43%		
	Route 25	Port McNeill	Alert Bay		23								4			27.0			0.0		0.68%		
	Route 26	Skidegate	Alliford Bay		53											53.0			0.0		1.21%		
RG 4 - Minor Routes				19	358	0	0	5	1	1	5	51	0	0	0	440.0	0	0	0.0	440.0	0.63%		
TOTAL				24.0	413.5	0.0	0.0	5.0	1.0	3.0	6.0	62.5	0.0	0.0	0.0	515.0	1.0	0.0	1.0	516.0	0.62%		

% of Required Round Trips Cancelled0.13%2.23%0.00%0.00%0.01%0.00%0.00%0.00%0.01%0.07%0.00%0.00%0.00%0.62%0.00%0.00%0.00%0.62%

CANCELLED & EXTRA ROUND TRIPS BY ROUTE AND ROUTE GROUP

2011/12 Year Ended March 31, 2012			
Route Group		Terminal 1	Terminal 2
MJR	Route 01	Swartz Bay	Tsawwassen
	Route 02	Horseshoe Bay	Departure Bay
	Route 30	Duke Point	Tsawwassen
MJR Total			
R03	Route 03	Langdale	Horseshoe Bay
R03 Total			
NR	Route 10	Port Hardy	Prince Rupert
	Route 11	Skidegate	Prince Rupert
	Route 40	Port Hardy	Mid-coast
NR Total			
MNR	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	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	Skidegate	Alliford Bay
MNR Total			
Company Total			

Performance Against CFSC Requirement Annual Core Service Levels Year Ended March 31, 2012				
Actual Round Trips (1)	Round Trips Required (2)	Variance - Net Extra / Short Round Trips	Required Round Trips Cancelled	Total Extra / Short Round Trips
3,859.0	9,709.0	-65.0	66.0	1.0 (1)
3,049.0				
2,736.0				
9,644.0	9,709.0	-65.0	66.0	1.0
3,061.0	2,994.0	67.0	2.0	69.0
3,061.0	2,994.0	67.0	2.0	69.0
123.0	124.0	-1.0	1.0	0.0
185.0	190.0	-5.0	5.0	0.0 (2)
37.0	39.0	-2.0	2.0	0.0
345.0	353.0	-8.0	8.0	0.0
2,889.0	2,889.0	0.0	0.0	0.0
3,507.0	3,503.0	4.0	1.0	5.0
5,054.0	5,062.0	-8.0	9.0	1.0
2,885.0	2,886.0	-1.0	1.0	0.0
5,585.5	5,585.0	0.5	2.0	2.5
825.0	832.0	-7.0	8.0	1.0
2,929.0	3,226.0	-297.0	33.0	-264.0 (3)
4,109.0	4,071.0	38.0	16.0	54.0
1,439.0	1,462.0	-23.0	51.0	28.0
3,664.0	3,658.0	6.0	75.0	81.0 (4)
6,059.0	5,748.0	311.0	3.0	314.0 (5)
4,015.0	4,025.0	-10.0	10.0	0.0
6,406.0	6,166.0	240.0	0.0	240.0
4,738.0	4,497.0	241.0	43.0	284.0
6,241.0	6,272.0	-31.0	56.0	25.0 (6)
2,097.0	2,142.0	-45.0	52.0	7.0
3,947.0	3,972.0	-25.0	27.0	2.0
4,351.0	4,390.0	-39.0	53.0	14.0
70,740.5	70,386.0	354.5	440.0	794.5
83,790.5	83,442.0	348.5	516.0	864.5

Notes:

(1) For the Major Routes, the annual number of round trips required under the Contract is an aggregate total for the three routes (Routes 1, 2 and 30)

(2) Route 11 - Exemption received for not sailing one round trip due to low traffic on December 25/26.

(3) Route 12 - Exemption received for the service between Brentwood Bay and Mill Bay (Route 12) to be temporarily suspended from Monday, May 2 to Tuesday, May 31 (266 Round Trips) in order to conduct major berth modifications at both terminals and integrate the MV Klitsa into service on this route.

(4) (5) (6) Route 18, 19, 23 - Increased round trips were due to use of Water Taxi

CANCELLED ROUND TRIPS BY ROUTE AND ROUTE GROUP (by Days)

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

2011/12 Year Ended March 31, 2012				Performance Against CFSC Requirement Annual Core Service Levels	
Route Group (RG)	Terminal 1	Terminal 2	Cumulative Days When Round Trips Missed Allowed 30 Days Per Route		Highest Consecutive Days when Round Trips Missed Allowed 20 Days per Route
				Calendar Year 2011	Fiscal Year 2011/12
RG 1 - Major Routes	Route 01	Swartz Bay	Tsawwassen	9	2
	Route 02	Horseshoe Bay	Departure Bay	8	1
	Route 30	Duke Point	Tsawwassen	6	2
RG 2 - Route 3	Route 03	Langdale	Horseshoe Bay	3	1
RG 3 - Northern Routes	Route 10	Port Hardy	Prince Rupert	0	2
	Route 11	Skidegate	Prince Rupert	8	2
	Route 40	Port Hardy	Mid-coast	4	2
RG 4 - Minor Routes	Route 04	Fulford Harbour	Swartz Bay	0	
	Route 05	Swartz Bay	Four SGIs	1	1
	Route 06	Crofton	Vesuvius Bay	7	1
	Route 07	Earls Cove	Saltery Bay	1	1
	Route 08	Horseshoe Bay	Bowen Island	1	2
	Route 09	Tsawwassen	Long Harbour	6	1
	Route 12	Mill Bay	Brentwood Bay	15	2
	Route 13	Langdale	Gambier/Keats	1	1
	Route 17	Little River	Powell River	18	3
	Route 18	Texada	Powell River	17	2
	Route 19	Nanaimo Harbour	Gabriola Island	2	1
	Route 20	Chemainus	Thetis Island	10	2
	Route 21	Buckley Bay	Denman West	1	
	Route 22	Denman East	Hornby Island	9	1
	Route 23	Campbell River	Quadra Island	7	3
	Route 24	Quadra Island	Cortes Island	15	3
	Route 25	Port McNeill	Alert Bay	6	1
	Route 26	Skidegate	Alliford Bay	15	2

Note:

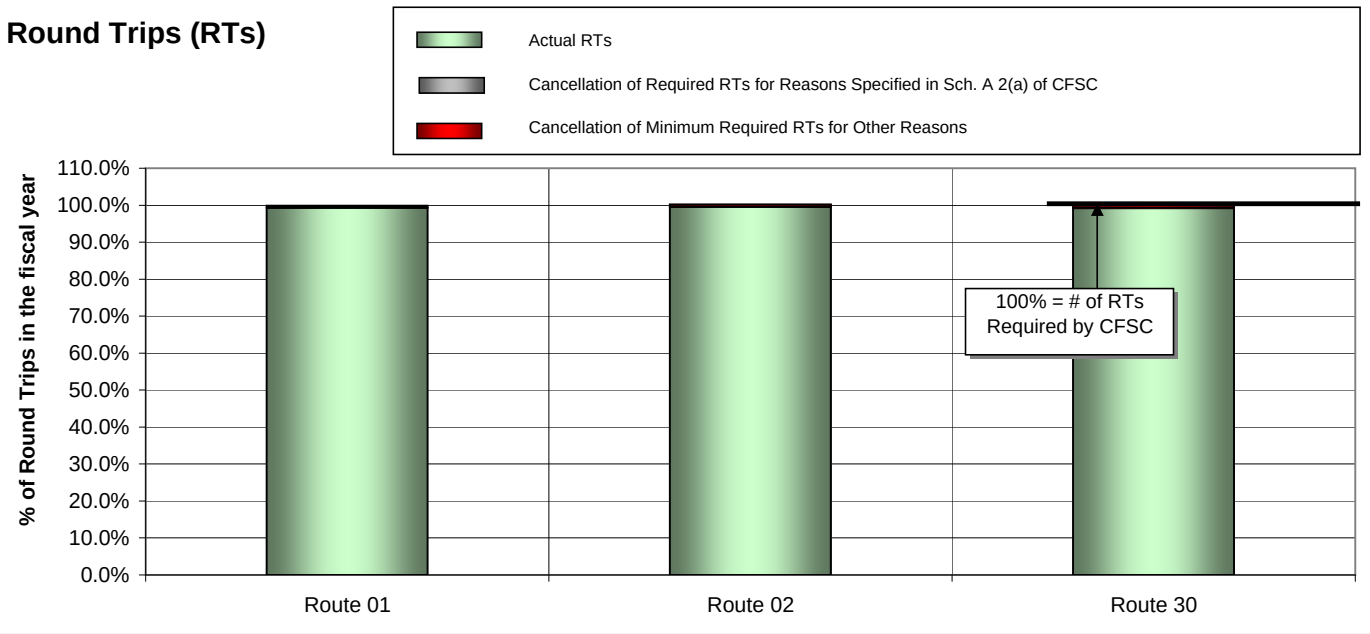
(1) The Coastal Ferry Services Contract requires reporting to Calendar Year for Cumulative Days and to Fiscal Year for Consecutive Days

Round Trip Service Delivery and On Time Performance

2011/12

Year Ended March 31, 2012

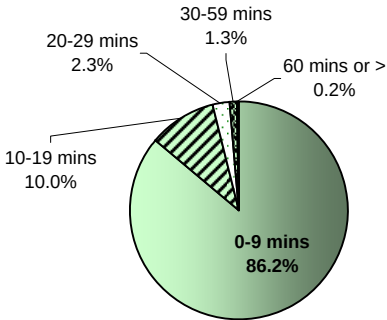
Route Group 1 - Major Routes



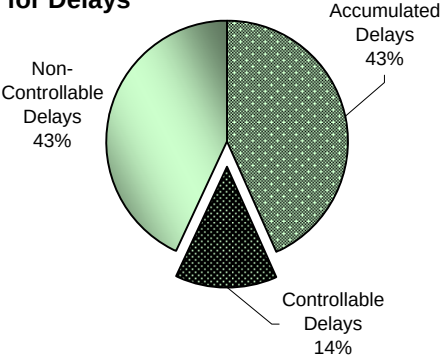
Routes	Major Route Description	Actual Round Trips	Round Trips Required ⁽¹⁾	Net Extra RT (Short RT)	% Sailings Overloaded
Route 01	Swartz Bay-Tsawwassen	3,859.0	9,709.0	-65.0	37.6%
Route 02	Horseshoe Bay-Departure Bay	3,049.0			27.1%
Route 30	Duke Point-Tsawwassen	2,736.0			14.7%
MAJOR Route Group Total		9,644.0	9,709.0	-65.0	27.8%

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

On Time Performance 2011/12

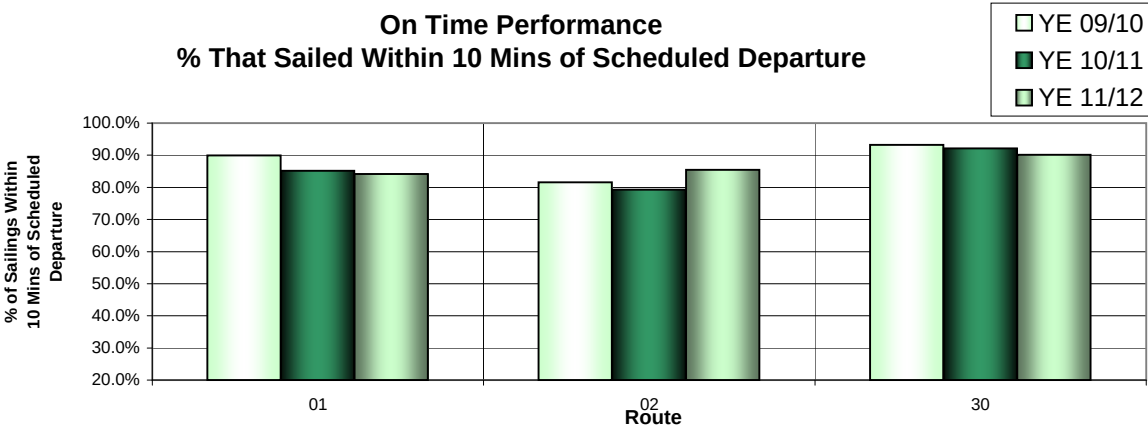


Reasons for Delays



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

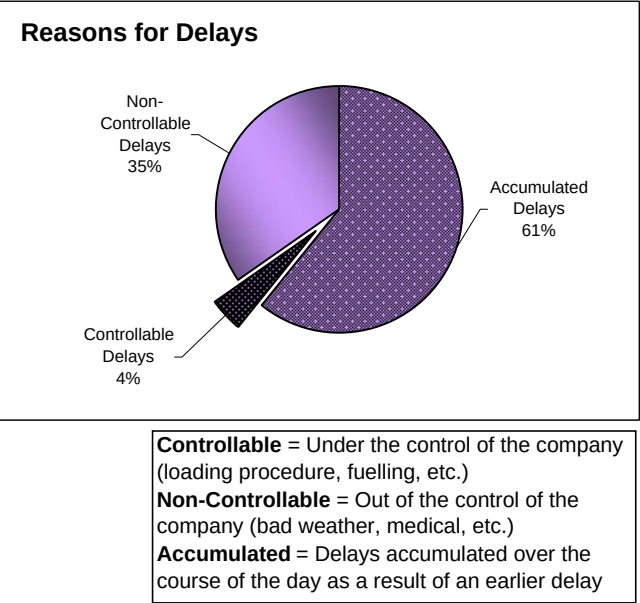
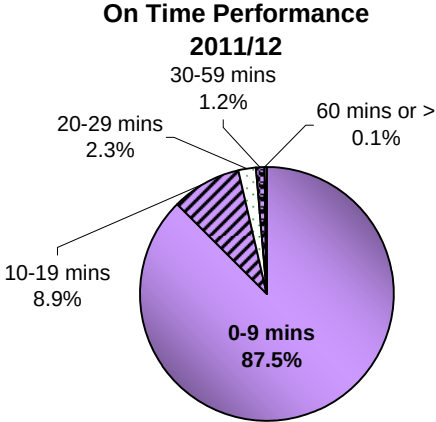
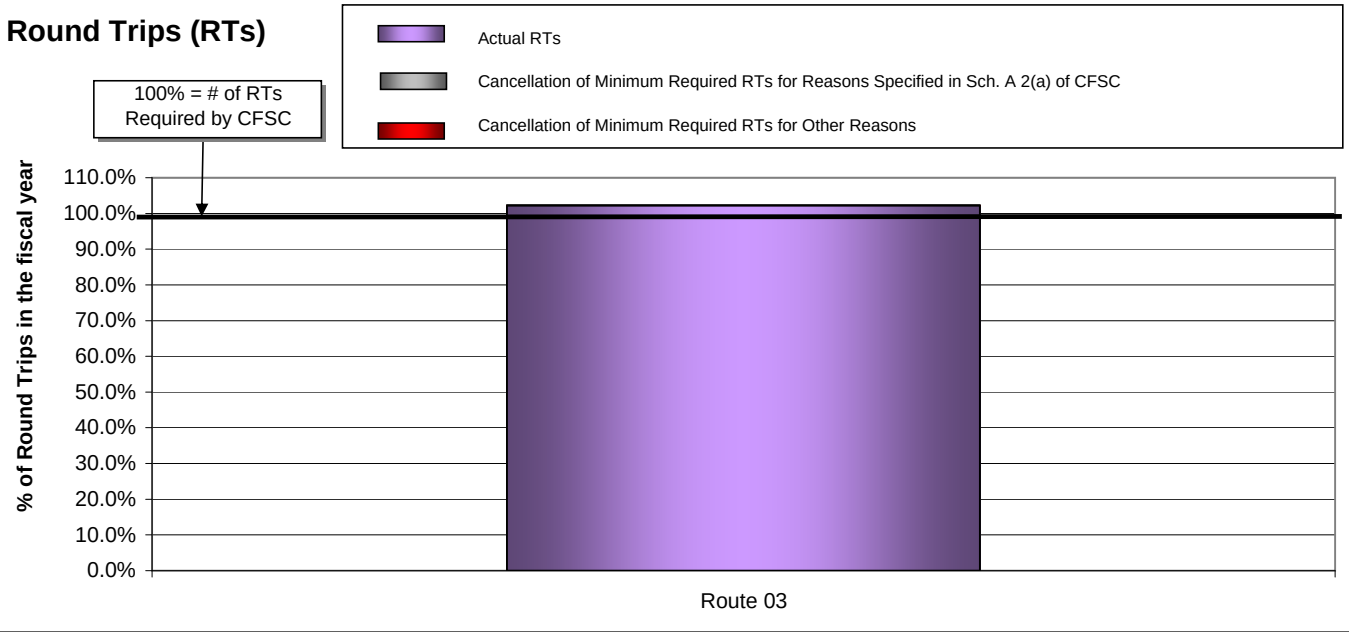


Round Trip Service Delivery and On Time Performance

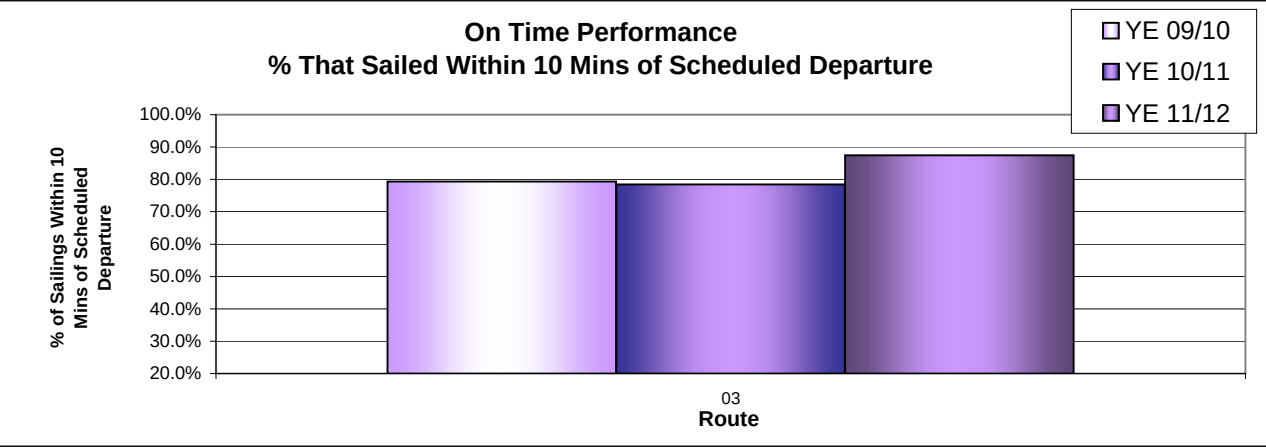
2011/12

Year Ended March 31, 2012

Route Group 2 - Route 3

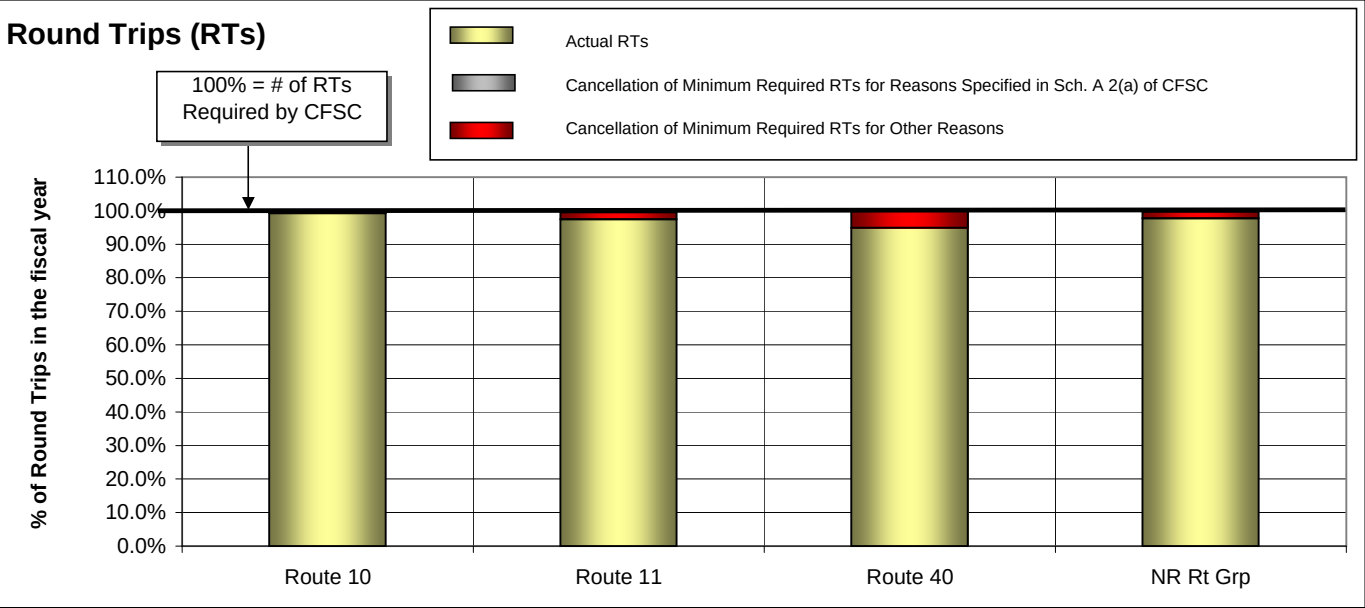


Routes	Route 3 Description	Actual Round Trips	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 03	Horseshoe Bay-Langdale	3,061.0	2,994.0	67.0	14.9%



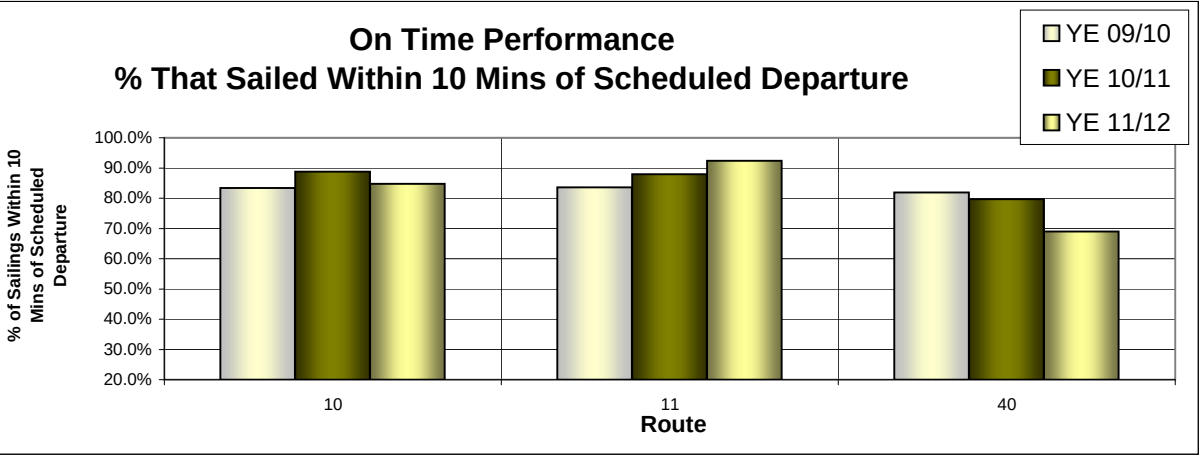
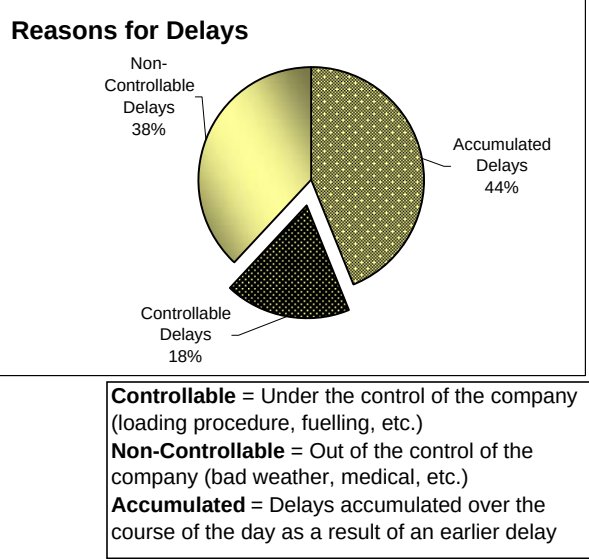
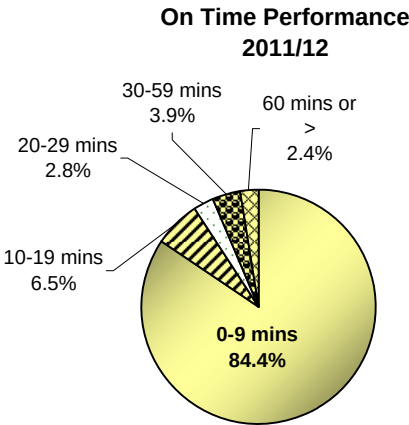
Round Trip Service Delivery and On Time Performance
2011/12
Year Ended March 31, 2012

Route Group 3 - Northern Routes



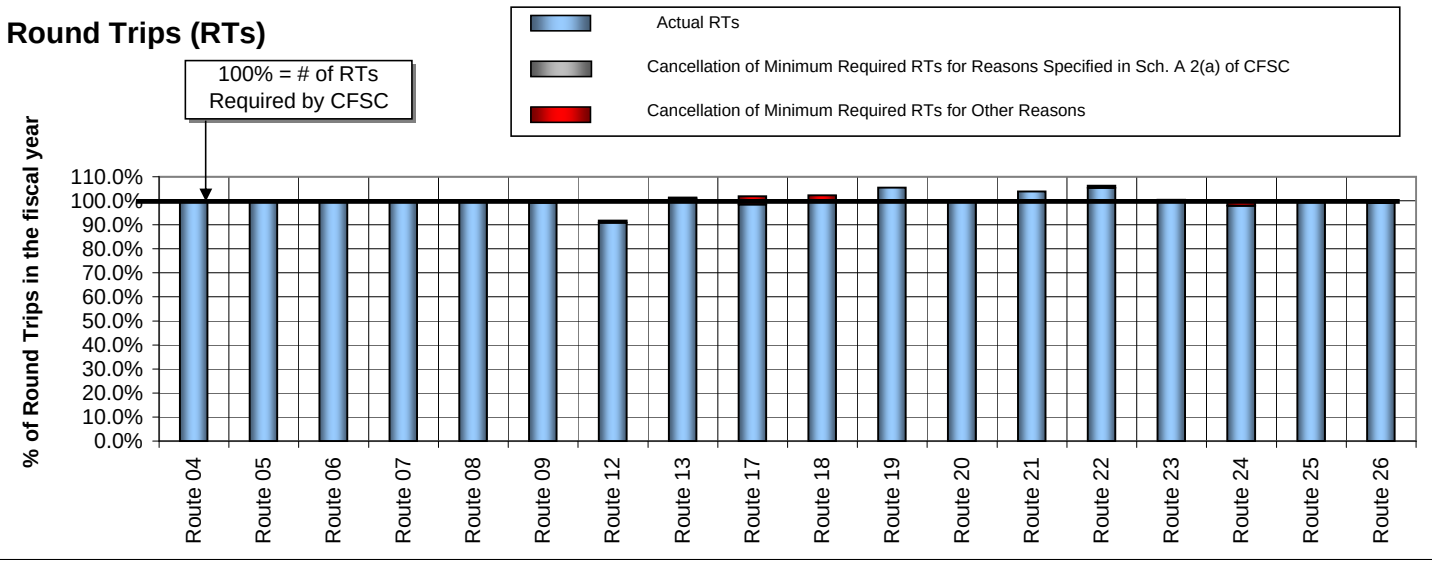
Routes	Northern Routes Description	Actual Round Trips	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 10	Port Hardy-Prince Rupert	123.0	124.0	-1.0	0.0%
Route 11*	Skidegate-Prince Rupert	185.0	190.0	-5.0	0.3%
Route 40	Port Hardy - Mid Coast	37.0	39.0	-2.0	0.0%
NORTHERN Route Group Total		345.0	353.0	-8.0	0.1%

*Route 11 - Exemption received for not sailing one round trip due to low traffic on December 25/26.

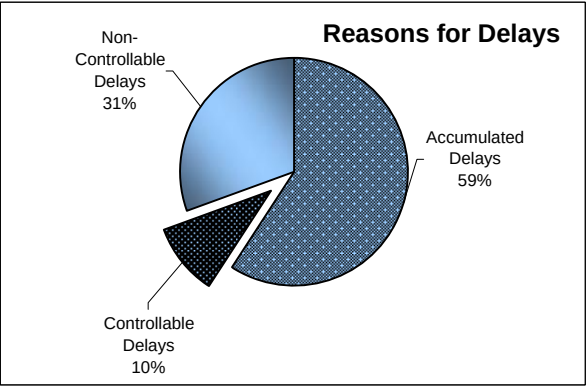
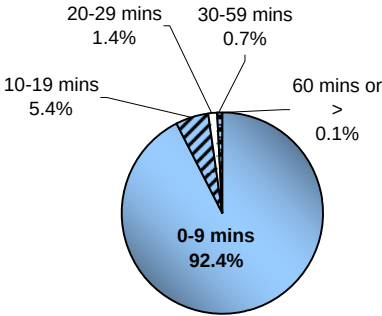


Round Trip Service Delivery and On Time Performance
2011/12
Year Ended March 31, 2012

Route Group 4 - Minor Routes

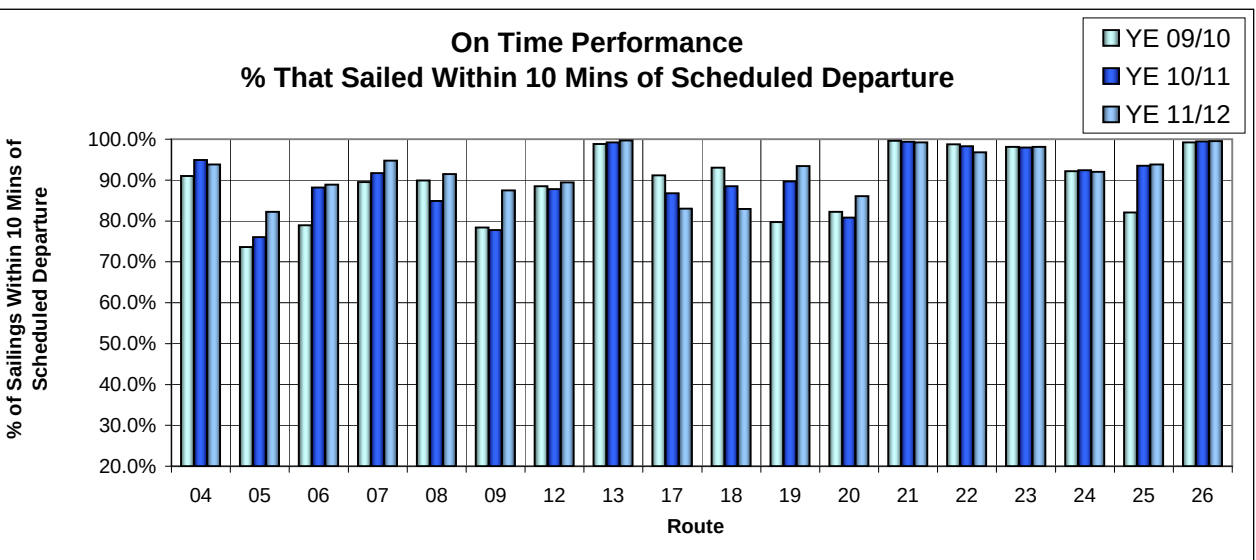


On Time Performance
2011/12



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	Minor Routes Description	Actual Round Trips	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 04	Swartz Bay-Fulford Harbour	2,889.0	2,889.0	0.0	6.0%
Route 05	Swartz Bay-Southern Gulf Islands	3,507.0	3,503.0	4.0	3.1%
Route 06	Crofton-Vesuvius Bay	5,054.0	5,062.0	-8.0	2.3%
Route 07	Earls Cove-Salter Bay	2,885.0	2,886.0	-1.0	1.3%
Route 08	Horseshoe Bay-Bowen Island	5,585.5	5,585.0	0.5	8.3%
Route 09	Tsawwassen-Long Harbour	825.0	832.0	-7.0	2.8%
Route 12*	Mill Bay-Brentwood Bay	2,929.0	3,226.0	-297.0	5.5%
Route 13	Langdale - Keats - Gambier Island	4,109.0	4,071.0	38.0	Pass only
Route 17	Little River (Comox)-Powell River	1,439.0	1,462.0	-23.0	2.4%
Route 18	Westview (Powell River)-Blubber Bay (Texada)	3,664.0	3,658.0	6.0	1.2%
Route 19	Nanaimo Harbour-Descanso Bay (Gabriola)	6,059.0	5,748.0	311.0	4.2%
Route 20	Chemainus-Thetis-Kuper	4,015.0	4,025.0	-10.0	1.2%
Route 21	Buckley Bay-Denman West	6,406.0	6,166.0	240.0	6.9%
Route 22	Gravelley Bay (Denman East)-Shingle Spit (Hornby)	4,738.0	4,497.0	241.0	9.2%
Route 23	Campbell River-Quathiaski Cove (Quadra)	6,241.0	6,272.0	-31.0	8.4%
Route 24	Heriot Bay (Quadra)-Whaletown (Cortes)	2,097.0	2,142.0	-45.0	7.5%
Route 25	Port McNeill-Sointula-Alert Bay	3,947.0	3,972.0	-25.0	3.1%
Route 26	Skidegate-Alliford Bay	4,351.0	4,390.0	-39.0	0.5%
MINOR Route Group Total		70,740.5	70,386.0	354.5	4.5%



*Route 12 - Exemption received for the service between Brentwood Bay and Mill Bay (Route 12) to be temporarily suspended from Monday, May 2 to Tuesday, May 31 (266 Round Trips) in order to conduct major berth modifications at both terminals and integrate the MV Klitsa into service on this route.

Route Financial Report

Year Ended March 31, 2012





British Columbia Ferry Services Inc.
Route Statement
For the Twelve Months Ended March 31, 2012
(in 000's)

	Group 1				Group 2		Group 3		Group 4			
	Corporate Total		Major Routes		03-Horseshoe Bay - Langdale		Northern Routes		Minor Routes		Unregulated Routes	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Tariff Revenue	457,003	458,049	335,926	337,500	36,834	35,938	14,953	15,336	69,290	69,275	-	-
Ancillary Revenue	69,672	73,252	56,542	59,841	5,907	6,103	3,089	3,224	4,134	4,084	-	-
Social Program Fees	26,608	24,018	12,788	11,761	3,336	3,017	961	962	9,523	8,278	-	-
Contracted Routes Fee	1,764	1,855	-	-	-	-	-	-	-	-	1,764	1,855
Total Operating Revenue	555,047	557,174	405,256	409,102	46,077	45,058	19,003	19,522	82,947	81,637	1,764	1,855
Total Operating Expenses	530,389	527,466	291,076	291,730	40,691	36,753	47,438	48,146	149,420	148,982	1,764	1,855
Earnings (Loss) from Operations	24,658	29,708	114,180	117,372	5,386	8,305	(28,435)	(28,624)	(66,473)	(67,345)	-	-
Amortization	(122,973)	(114,486)	(71,679)	(69,531)	(7,685)	(7,431)	(16,108)	(15,503)	(27,501)	(22,021)	-	-
Financing Expense	(71,902)	(72,173)	(42,376)	(42,881)	(3,840)	(3,826)	(12,059)	(12,892)	(13,627)	(12,574)	-	-
Cost of Capital	(194,875)	(186,659)	(114,055)	(112,412)	(11,525)	(11,257)	(28,167)	(28,395)	(41,128)	(34,595)	-	-
Gain (Loss) on Disposal of Capital Assets	(331)	8,658	(270)	6,561	(32)	719	4	67	(33)	1,311	-	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(170,548)	(148,293)	(145)	11,521	(6,171)	(2,233)	(56,598)	(56,952)	(107,634)	(100,629)	-	-
Ferry Transportation Fees	126,587	125,150	-	-	3,665	3,665	48,577	47,139	74,345	74,346	-	-
Federal-Provincial Subsidy Agreement	27,487	26,924	-	-	985	966	6,800	6,660	19,702	19,298	-	-
Net Route Earnings (Loss)	(16,474)	3,781	(145)	11,521	(1,521)	2,398	(1,221)	(3,153)	(13,587)	(6,985)	-	-
Fuel Costs Deferred (note 1)	19,486	849	12,035	469	1,098	5	1,831	156	4,522	219		
Net Fuel (Surcharges) Rebates (note 1)	(13,098)	8,593	(9,527)	5,748	(243)	609	-	-	(3,328)	2,236		-

Note 1: 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, 2012, the Province paid fuel surcharges of \$0.8 million (March 31, 2011 - the Province received fuel rebates of \$0.4 million).



British Columbia Ferry Services Inc.
Route Statement
Group 1 - Major Routes
For the Twelve Months Ended March 31, 2012
(in 000's)

	01-Tsawwassen - Swartz Bay		02-Horseshoe Bay - Nanaimo		30-Nanaimo - Tsawwassen		Major Routes	
	2012	2011	2012	2011	2012	2011	2012	2011
Tariff Revenue	170,705	170,103	100,348	101,266	64,873	66,131	335,926	337,500
Ancillary Revenue	30,855	32,589	17,107	18,057	8,580	9,195	56,542	59,841
Social Program Fees	5,482	5,018	5,164	4,771	2,142	1,972	12,788	11,761
Contracted Routes Fee	-	-	-	-	-	-	-	-
Total Operating Revenue	207,042	207,710	122,619	124,094	75,595	77,298	405,256	409,102
Total Operating Expenses	135,270	133,386	82,799	88,054	73,007	70,290	291,076	291,730
Earnings (Loss) from Operations	71,772	74,324	39,820	36,040	2,588	7,008	114,180	117,372
Amortization	(33,228)	(31,157)	(18,559)	(19,819)	(19,892)	(18,555)	(71,679)	(69,531)
Financing Expense	(19,913)	(17,620)	(9,956)	(11,789)	(12,507)	(13,472)	(42,376)	(42,881)
Cost of Capital	(53,141)	(48,777)	(28,515)	(31,608)	(32,399)	(32,027)	(114,055)	(112,412)
Gain (Loss) on Disposal of Capital Assets	(140)	3,348	(82)	1,981	(48)	1,232	(270)	6,561
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	18,491	28,895	11,223	6,413	(29,859)	(23,787)	(145)	11,521
Ferry Transportation Fees	-	-	-	-	-	-	-	-
Federal-Provincial Subsidy Agreement	-	-	-	-	-	-	-	-
Net Route Earnings (Loss)	18,491	28,895	11,223	6,413	(29,859)	(23,787)	(145)	11,521
Fuel Costs Deferred (note 1)	5,035	170	3,375	130	3,625	169	12,035	469
Net Fuel (Surcharges) Rebates (note 1)	(4,847)	2,896	(2,855)	1,749	(1,825)	1,103	(9,527)	5,748

Note 1: 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, 2012, the Province paid fuel surcharges of \$0.8 million (March 31, 2011 - the Province received fuel rebates of \$0.4 million).



British Columbia Ferry Services Inc.
Route Statement
Group 3 - Northern Routes
For the Twelve Months Ended March 31, 2012
(in 000's)

	10-Bear Cove - Bella Bella -		11-Prince Rupert -		40-Bear Cove -		Northern Routes	
	2012	2011	2012	2011	2012	2011	2012	2011
Tariff Revenue	9,418	9,687	4,107	4,109	1,428	1,540	14,953	15,336
Ancillary Revenue	2,014	2,202	939	866	136	156	3,089	3,224
Social Program Fees	548	551	386	368	27	43	961	962
Contracted Routes Fee	-	-	-	-	-	-	-	-
Total Operating Revenue	11,980	12,440	5,432	5,343	1,591	1,739	19,003	19,522
Total Operating Expenses	25,221	28,261	17,892	14,954	4,325	4,931	47,438	48,146
Earnings (Loss) from Operations	(13,241)	(15,821)	(12,460)	(9,611)	(2,734)	(3,192)	(28,435)	(28,624)
Amortization	(8,378)	(10,569)	(6,928)	(4,701)	(802)	(233)	(16,108)	(15,503)
Financing Expense	(6,988)	(9,422)	(4,816)	(3,399)	(255)	(71)	(12,059)	(12,892)
Cost of Capital	(15,366)	(19,991)	(11,744)	(8,100)	(1,057)	(304)	(28,167)	(28,395)
Gain (Loss) on Disposal of Capital Assets	1	79	1	(40)	2	28	4	67
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(28,606)	(35,733)	(24,203)	(17,751)	(3,789)	(3,468)	(56,598)	(56,952)
Ferry Transportation Fees	25,039	25,088	20,734	21,047	2,804	1,004	48,577	47,139
Federal-Provincial Subsidy Agreement	1,051	1,030	5,479	5,366	270	264	6,800	6,660
Net Route Earnings (Loss)	(2,516)	(9,615)	2,010	8,662	(715)	(2,200)	(1,221)	(3,153)
Fuel Costs Deferred (note 1)	1,235	110	485	60	111	(14)	1,831	156
Net Fuel (Surcharges) Rebates (note 1)	-	-	-	-	-	-	-	-

Note 1: 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, 2012, the Province paid fuel surcharges of \$0.8 million (March 31, 2011 - the Province received fuel rebates of \$0.4 million).



British Columbia Ferry Services Inc.
Route Statement
Group 4 - Minor Routes
For the Twelve Months Ended March 31, 2012
(in 000's)

	04-Swartz Bay - Fulford Harbour		05-Swartz Bay - Gulf Islands		06-Vesuvius Bay - Crofton		07-Salterty Bay - Earls Cove		08-Horseshoe Bay - Snug Cove		09-Tsawwassen - Gulf Islands	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Tariff Revenue	5,739	5,675	4,810	4,735	4,455	4,471	5,665	5,734	8,338	7,906	10,576	10,665
Ancillary Revenue	268	273	380	375	85	88	415	437	330	320	1,502	1,530
Social Program Fees	638	555	875	775	608	554	528	448	1,011	878	720	597
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	6,645	6,503	6,065	5,885	5,148	5,113	6,608	6,619	9,679	9,104	12,798	12,792
Total Operating Expenses	8,958	8,866	17,126	21,936	9,015	4,858	12,303	12,271	11,604	14,532	17,407	22,440
Earnings (Loss) from Operations	(2,313)	(2,363)	(11,061)	(16,051)	(3,867)	255	(5,695)	(5,652)	(1,925)	(5,428)	(4,609)	(9,648)
Amortization	(1,881)	(1,862)	(2,259)	(2,023)	(873)	(618)	(3,171)	(3,087)	(2,091)	(1,872)	(3,889)	(3,183)
Financing Expense	(1,169)	(1,160)	(1,326)	(1,147)	(241)	(203)	(2,858)	(2,875)	(1,389)	(1,231)	(1,186)	(995)
Cost of Capital	(3,050)	(3,022)	(3,585)	(3,170)	(1,114)	(821)	(6,029)	(5,962)	(3,480)	(3,103)	(5,075)	(4,178)
Gain (Loss) on Disposal of Capital Assets	(3)	109	(1)	98	(2)	82	(3)	105	(6)	145	(8)	204
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(5,366)	(5,276)	(14,647)	(19,123)	(4,983)	(484)	(11,727)	(11,509)	(5,411)	(8,386)	(9,692)	(13,622)
Ferry Transportation Fees	2,191	2,192	13,670	13,671	2,191	2,191	9,069	9,069	4,605	4,605	8,008	8,008
Federal-Provincial Subsidy Agreement	1,168	1,144	3,676	3,601	11	11	2,439	2,389	1,239	1,213	2,154	2,109
Net Route Earnings (Loss)	(2,007)	(1,940)	2,699	(1,851)	(2,781)	1,718	(219)	(51)	433	(2,568)	470	(3,505)
Fuel Costs Deferred (note 1)	348	16	888	40	101	4	495	24	522	16	580	27
Net Fuel (Surcharges) Rebates (note 1)	(270)	167	(228)	147	(221)	140	(268)	177	(379)	251	(471)	358

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British Columbia Ferry Services Inc.
Route Statement
Group 4 - Minor Routes
For the Twelve Months Ended March 31, 2012
(in 000's)

	12-Mill Bay - Brentwood		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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Tariff Revenue	1,349	1,388	167	168	9,469	9,571	1,052	1,102	4,785	4,816	1,160	1,181
Ancillary Revenue	6	6	19	19	872	819	14	11	52	61	23	19
Social Program Fees	136	138	72	59	1,571	1,240	321	288	835	737	342	306
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	1,491	1,532	258	246	11,912	11,630	1,387	1,401	5,672	5,614	1,525	1,506
Total Operating Expenses	2,797	1,659	562	497	20,523	17,152	7,539	4,479	7,425	7,189	4,220	6,040
Earnings (Loss) from Operations	(1,306)	(127)	(304)	(251)	(8,611)	(5,522)	(6,152)	(3,078)	(1,753)	(1,575)	(2,695)	(4,534)
Amortization	(716)	(66)	(10)	(9)	(2,422)	(1,344)	(611)	(474)	(2,174)	(1,731)	(830)	(838)
Financing Expense	(116)	(2)	(20)	(4)	(680)	(417)	(282)	(211)	(658)	(653)	(652)	(663)
Cost of Capital	(832)	(68)	(30)	(13)	(3,102)	(1,761)	(893)	(685)	(2,832)	(2,384)	(1,482)	(1,501)
Gain (Loss) on Disposal of Capital Assets	-	25	-	4	(5)	186	-	22	(3)	90	1	24
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(2,138)	(170)	(334)	(260)	(11,718)	(7,097)	(7,045)	(3,741)	(4,588)	(3,869)	(4,176)	(6,011)
Ferry Transportation Fees	1,091	1,090	249	249	6,278	6,278	3,503	3,503	2,322	2,321	3,446	3,447
Federal-Provincial Subsidy Agreement	-	-	67	65	1,688	1,654	942	923	625	612	927	908
Net Route Earnings (Loss)	(1,047)	920	(18)	54	(3,752)	835	(2,600)	685	(1,641)	(936)	197	(1,656)
Fuel Costs Deferred (note 1)	33	5	27	18	563	29	110	5	181	6	94	4
Net Fuel (Surcharges) Rebates (note 1)	(83)	52	(11)	4	(469)	294	(60)	38	(232)	158	(64)	44

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British Columbia Ferry Services Inc.
Route Statement
Group 4 - Minor Routes
For the Twelve Months Ended March 31, 2012
(in 000's)

	21-Denman Island - Buckley Bay		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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Tariff Revenue	2,839	2,912	1,195	1,235	4,776	4,764	788	809	1,512	1,525	615	618	69,290	69,275
Ancillary Revenue	36	32	15	1	48	42	6	15	39	15	24	21	4,134	4,084
Social Program Fees	452	366	158	182	819	737	158	136	220	229	59	53	9,523	8,278
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	3,327	3,310	1,368	1,418	5,643	5,543	952	960	1,771	1,769	698	692	82,947	81,637
Total Operating Expenses	4,989	4,753	2,886	2,781	8,414	7,221	5,290	3,127	4,702	5,781	3,660	3,400	149,420	148,982
Earnings (Loss) from Operations	(1,662)	(1,443)	(1,518)	(1,363)	(2,771)	(1,678)	(4,338)	(2,167)	(2,931)	(4,012)	(2,962)	(2,708)	(66,473)	(67,345)
Amortization	(1,608)	(1,433)	(510)	(274)	(1,943)	(1,584)	(366)	(255)	(1,304)	(541)	(843)	(827)	(27,501)	(22,021)
Financing Expense	(908)	(934)	(423)	(108)	(898)	(785)	(140)	(116)	57	(328)	(738)	(742)	(13,627)	(12,574)
Cost of Capital	(2,516)	(2,367)	(933)	(382)	(2,841)	(2,369)	(506)	(371)	(1,247)	(869)	(1,581)	(1,569)	(41,128)	(34,595)
Gain (Loss) on Disposal of Capital Assets	(1)	52	-	23	(3)	88	-	15	-	28	1	11	(33)	1,311
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(4,179)	(3,758)	(2,451)	(1,722)	(5,615)	(3,959)	(4,844)	(2,523)	(4,178)	(4,853)	(4,542)	(4,266)	(107,634)	(100,629)
Ferry Transportation Fees	3,311	3,311	2,769	2,769	2,467	2,467	2,182	2,182	3,545	3,545	3,448	3,448	74,345	74,346
Federal-Provincial Subsidy Agreement	890	872	744	730	664	650	587	575	954	934	927	908	19,702	19,298
Net Route Earnings (Loss)	22	425	1,062	1,777	(2,484)	(842)	(2,075)	234	321	(374)	(167)	90	(13,587)	(6,985)
Fuel Costs Deferred (note 1)	60	3	34	1	187	9	87	4	164	6	48	2	4,522	219
Net Fuel (Surcharges) Rebates (note 1)	(144)	103	(58)	43	(233)	163	(39)	27	(70)	49	(28)	21	(3,328)	2,236

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Part 2

Service Quality



Customer Satisfaction Tracking Annual Report

2011



Customer Satisfaction Tracking Annual Report 2011

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 2011. 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 2011, a total of 12,216 screeners were completed and 5,264 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 88% of passengers in 2011 reported to be satisfied overall with their experience travelling on BC Ferries, no significant change from the 89% level recorded in 2010. An overall score of 4.19 has been achieved (on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'), compared with 4.22 achieved in 2010.
- Furthermore, there have been no significant shifts by route or passenger segments (even on Route 19 with service changes).

Satisfaction before Arriving at Terminal

- Corresponding to decreased usage, satisfaction with BC Ferries web site and the on-line reservation's system has declined, while ratings have not changed significantly with respect to the 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 4.07. Satisfaction ratings also have not changed by terminal.
- Following a number of increases in satisfaction in 2009, ratings in 2011 have remained stable with respect to all attributes and services at the terminal, with no significant changes in satisfaction ratings to report.

Satisfaction Onboard

- A total of 88% of passengers in 2011 were satisfied with their overall experience onboard, for an overall rating of 4.12 on the 5-point scale, consistent with the average score achieved in 2010 (4.14).
- Ratings are stable on most routes with the exception of an improvement in satisfaction on Route 19, returning to a level found in earlier years (3.89 up from 3.65 a year ago).
- Satisfaction levels have been stable on all aspects of onboard services.

Satisfaction with Sailing Schedules

- Having strengthened on many aspects of the sailing schedules in 2009, ratings remain stable in 2011. But note that scores have improved slightly for on-time departures on Route 19 (3.71 average, up from 3.35 a year ago) which may be contributing to increases in onboard satisfaction.

Satisfaction with Safety

- Perceptions of safety continue to be strong

Satisfaction with Overall Value

- Satisfaction levels with value for money of fares have declined this year from an average rating of 3.12 in 2010 to 2.94.

Key Conclusions

Following an improvement in satisfaction levels overall in 2009, as well as on a number of specific attributes and services at the terminal and onboard, results over the past two years have been largely stable. The key areas of success in 2011 have been 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
- 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
- Sailing frequency
- Latest ferry late enough
- 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 - 2011	
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 88% of passengers in 2011 reported to be satisfied overall with their experience travelling on BC Ferries, no significant change from the 89% level recorded in 2010. An overall score of 4.19 has been achieved (on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'), compared with 4.22 achieved in 2010.

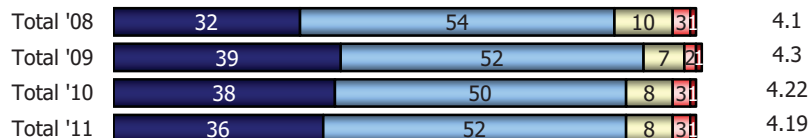
The overall satisfaction scores have also been stable by route.

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

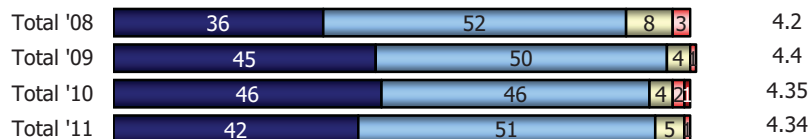
**Overall Satisfaction Level with Recent Experience
Travelling with BC Ferries
(%)**

Average

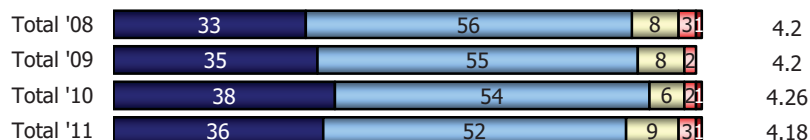
All BC Ferries Routes



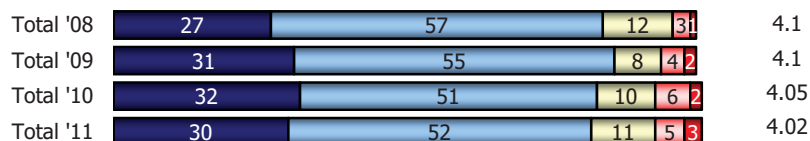
Route 1



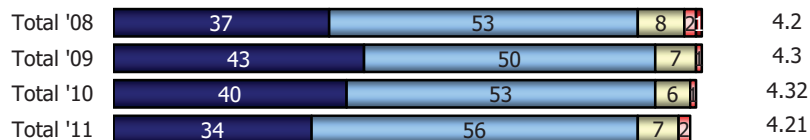
Route 2



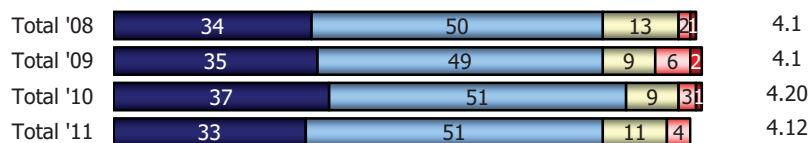
Route 3



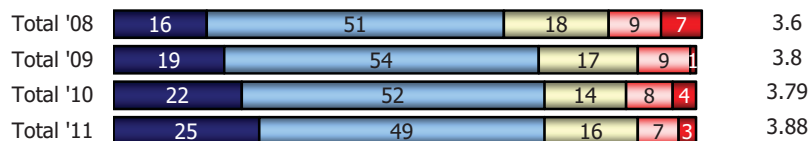
Route 30



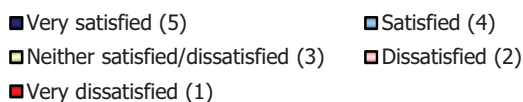
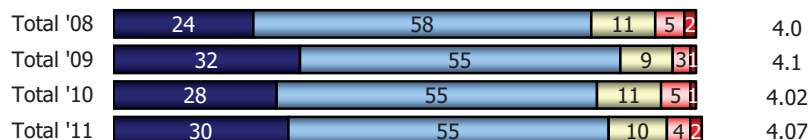
Route 4



Route 19

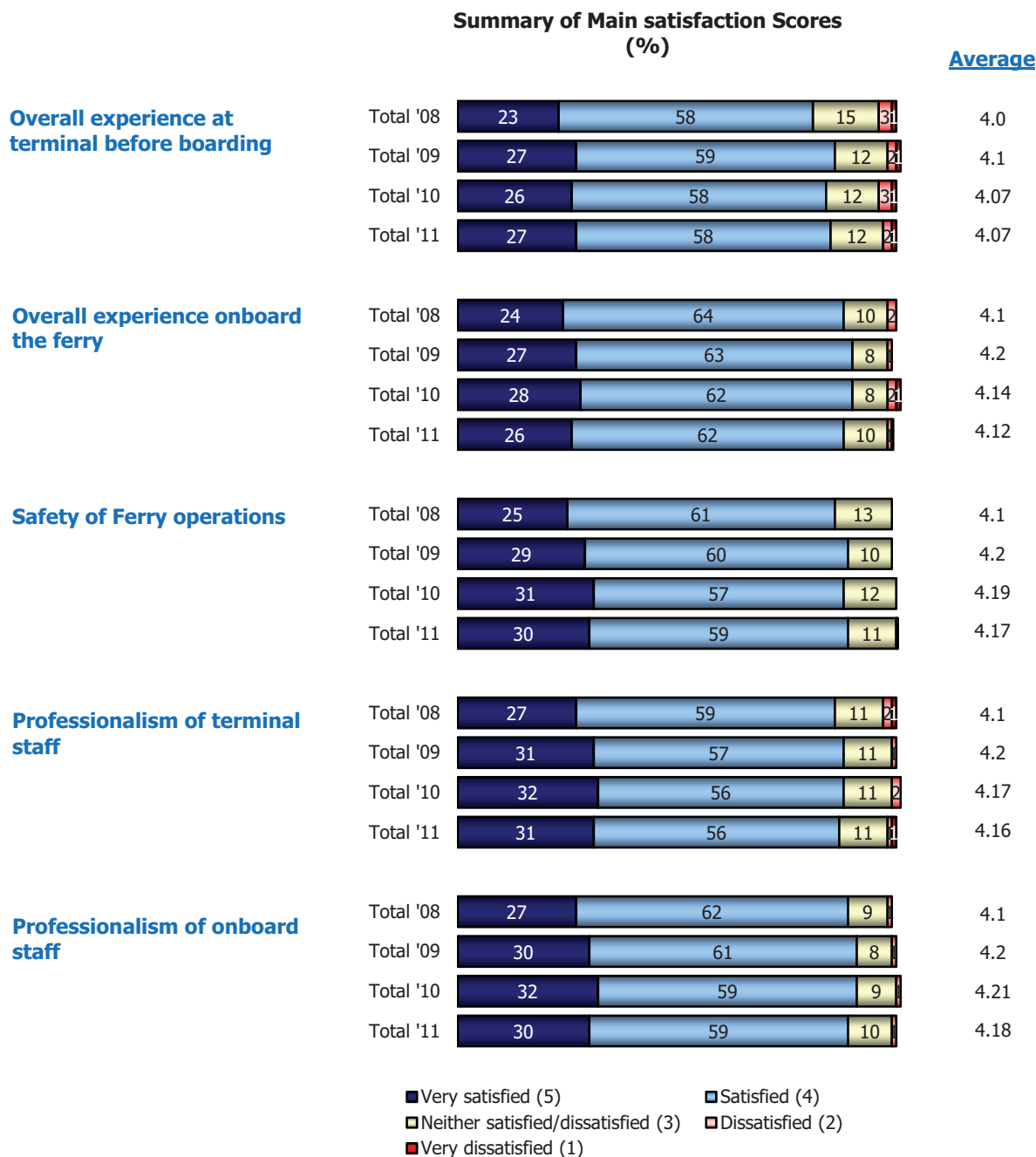


Route 5/9



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.



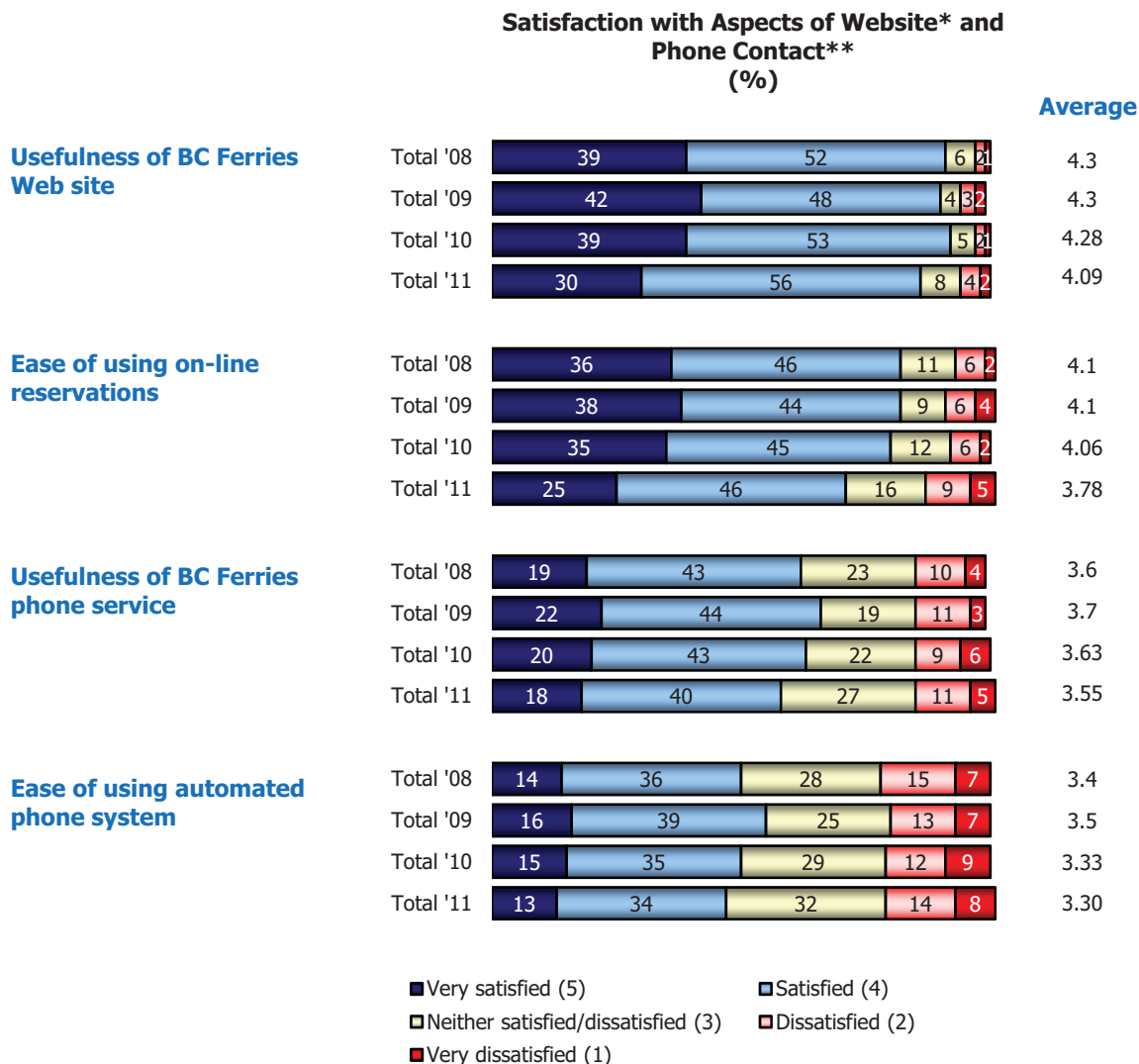
Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

Before Arriving at Terminal

Web site and Phone Contact

Satisfaction with the web site and the on-line reservation system has declines this year.

Ratings have not changed significantly with respect to the *usefulness of BC Ferries phone service*, and *ease of using the automated system*.



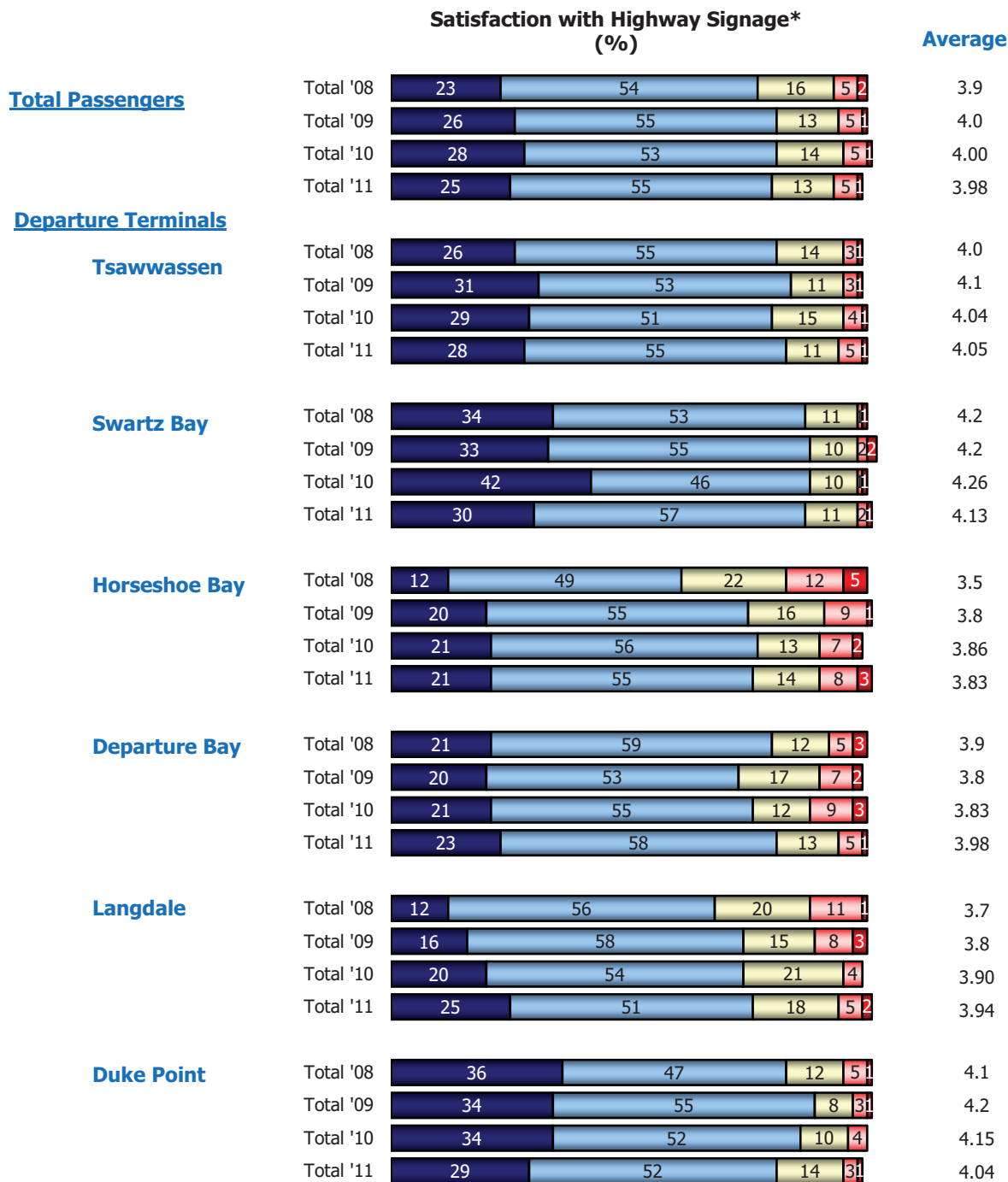
Q.2) Please rate how satisfied or dissatisfied you were with each of the following.

* 67% usage web site, 35% for on-line reservations

** 24% usage phone service, 21% for automated system

Highway Signage

Satisfaction levels with highway signage have also been stable overall.



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

* Usage: 76%

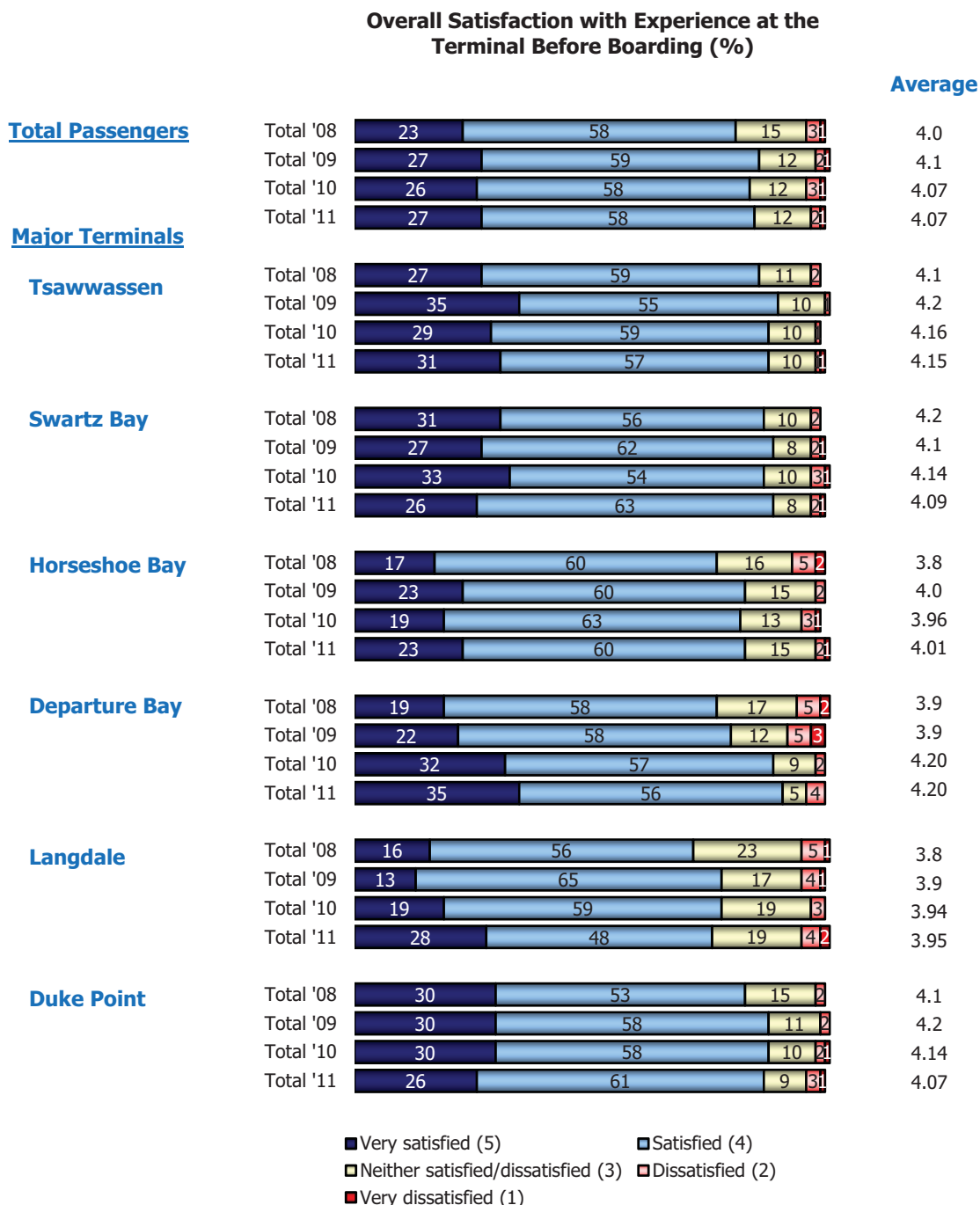
■ Very satisfied (5) ■ Satisfied (4)
 ■ Neither satisfied/dissatisfied (3) ■ Dissatisfied (2)
 ■ Very dissatisfied (1)

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 significant change in the average score of 4.07.

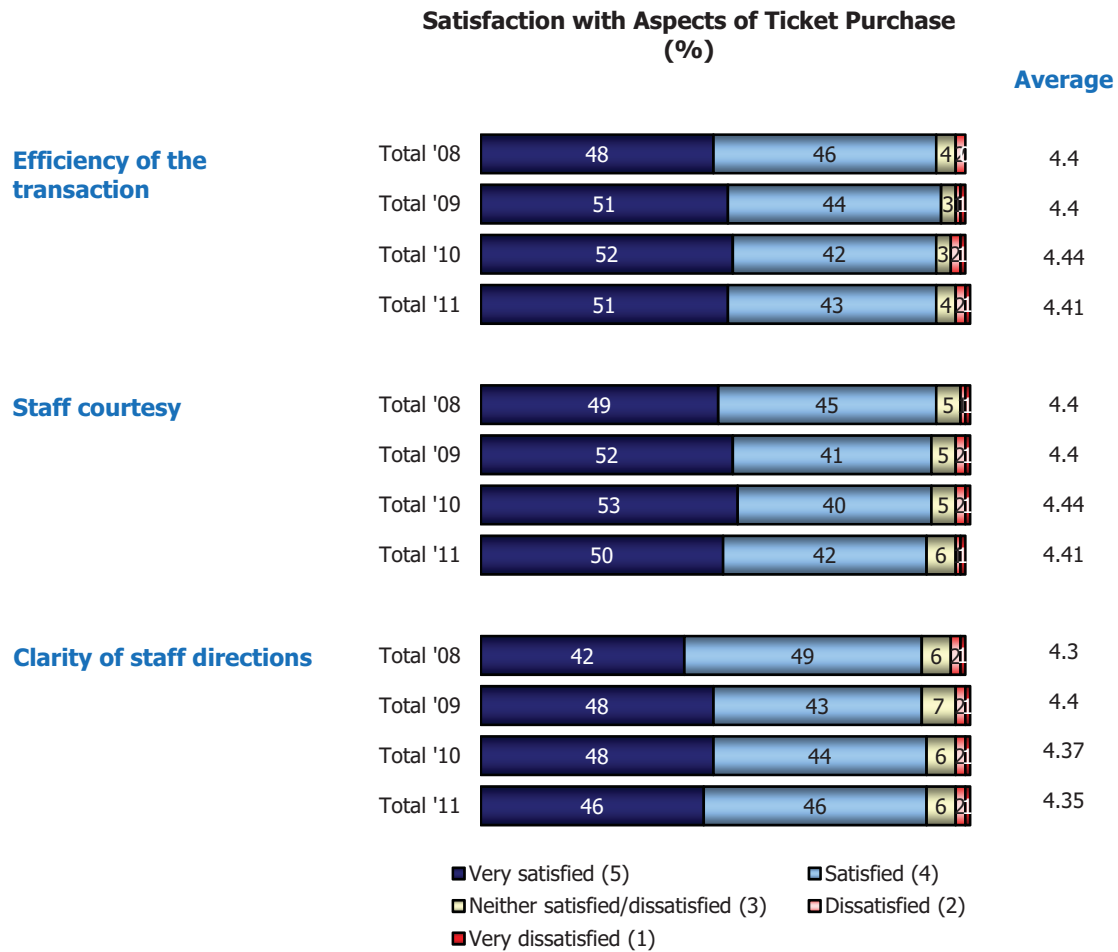
Satisfaction ratings also have not changed by terminal.



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

Ticket Purchase

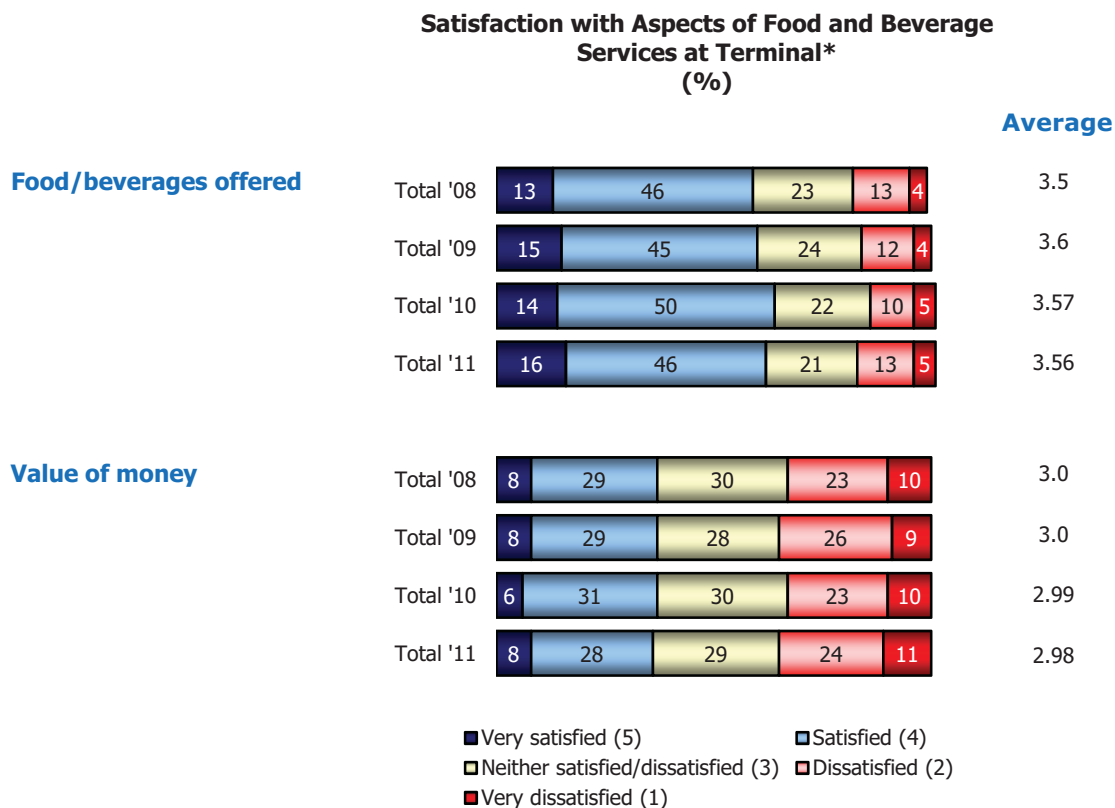
Satisfaction levels continue to be high with all aspects of the ticket purchase process with average ratings similar to a year ago.



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 at terminals also are relatively unchanged.



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

* 45% usage overall; excluding Route 19.

Retail Services at Terminal

Similarly, satisfaction ratings are not statistically different from 2010 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 '08	20	51	20	7	3	3.8
Total '09	21	48	24	5	2	3.8
Total '10	20	53	21	4	2	3.85
Total '11	21	51	21	5	2	3.83

Value for money

Total '08	11	40	31	13	5	3.4
Total '09	13	36	31	15	5	3.4
Total '10	10	40	31	14	5	3.34
Total '11	12	37	32	14	5	3.35

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

Total '08	14	43	30	8	5	3.5
Total '09	14	43	31	9	3	3.5
Total '10	11	43	33	9	4	3.47
Total '11	14	42	32	9	3	3.54

Value for money

Total '08	11	35	38	12	5	3.4
Total '09	10	33	36	14	7	3.3
Total '10	8	31	43	15	4	3.23
Total '11	9	33	39	12	6	3.28

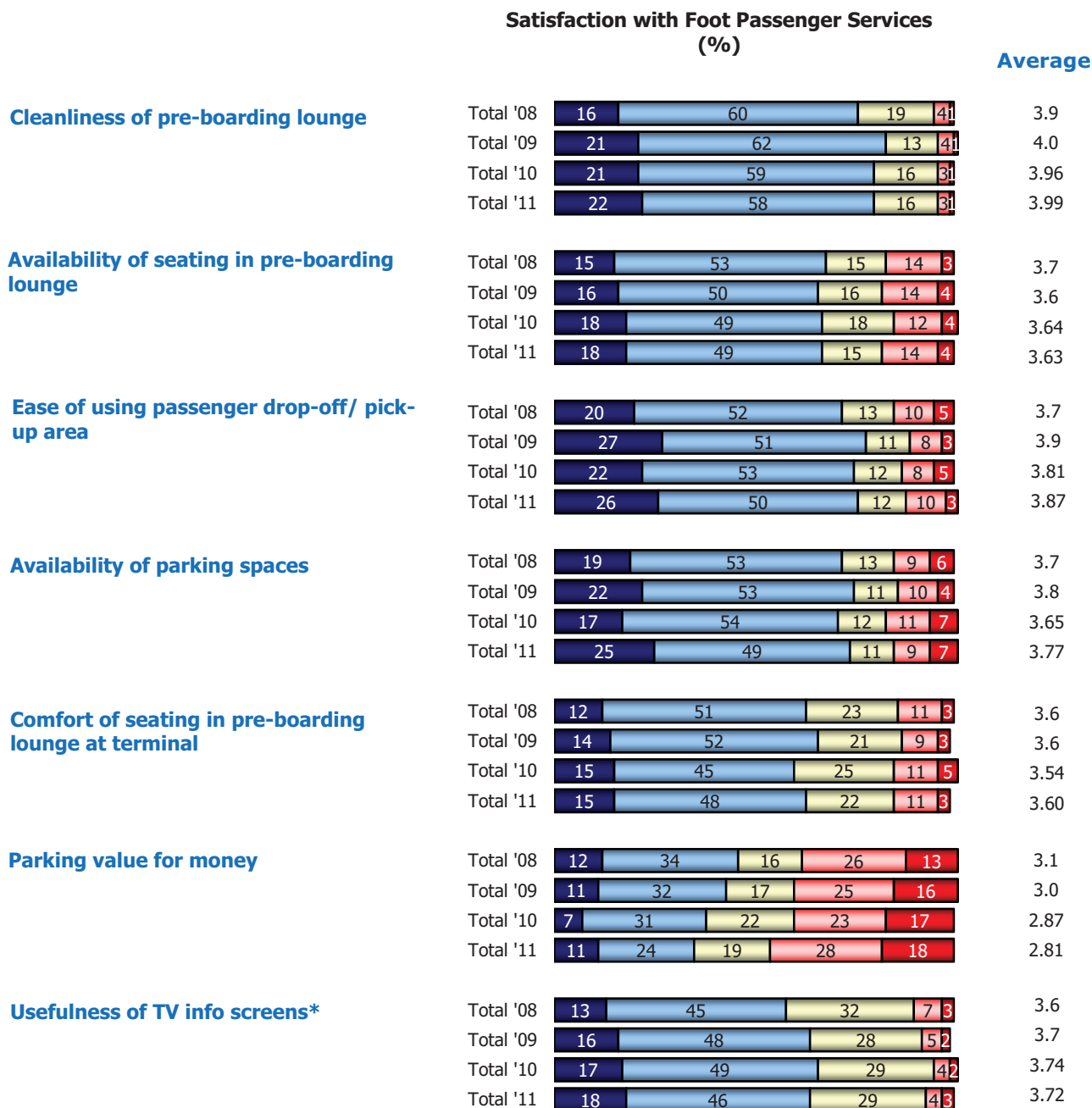
■ Very satisfied (5) ■ Satisfied (4)
 ■ Neither satisfied/dissatisfied (3) ■ Dissatisfied (2)
 ■ Very dissatisfied (1)

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

* Usage: 40% gift shop, 25% 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.

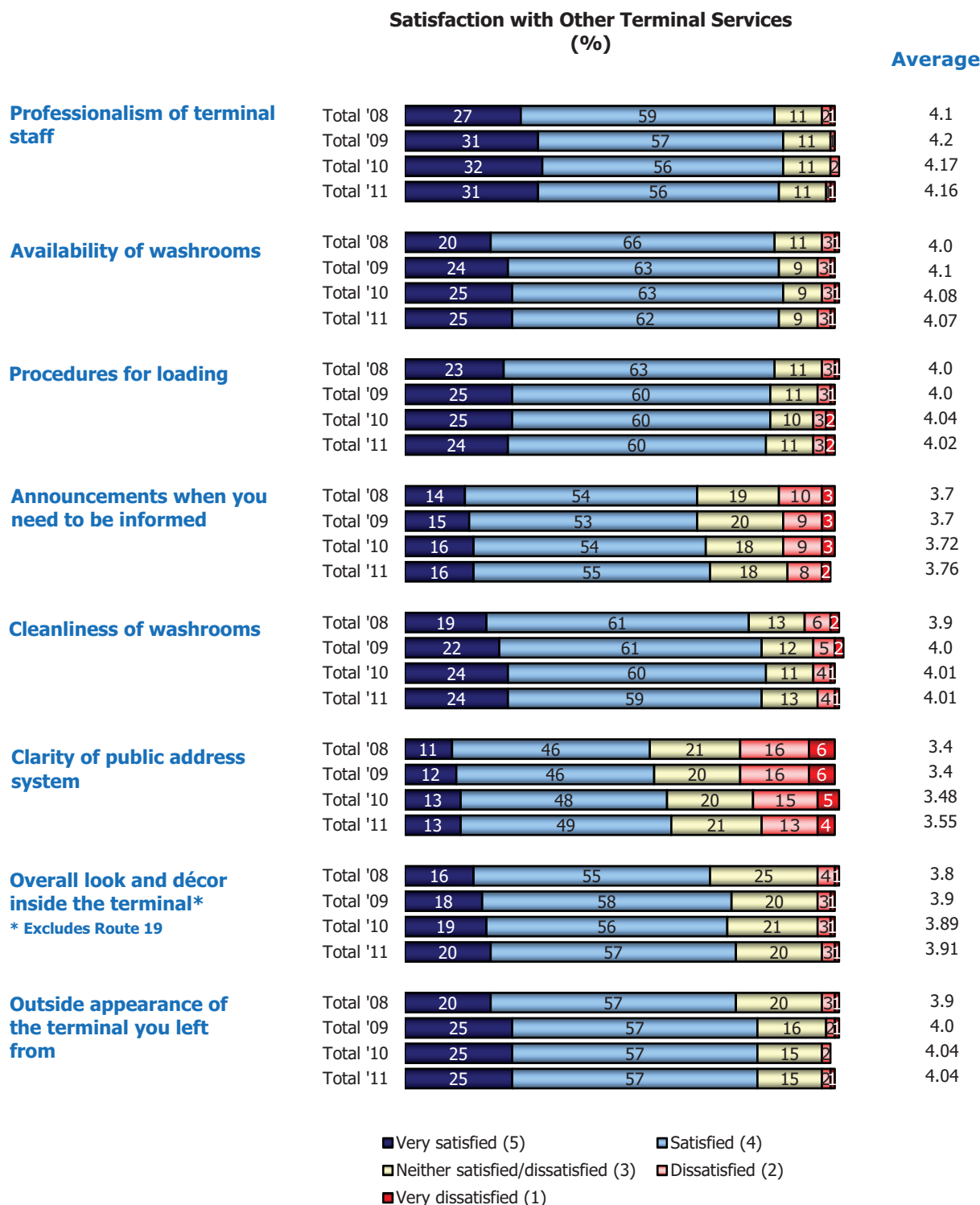
Usage: 37% are foot passengers (including bus).

* Excludes Routes 19, & 5/9.

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

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.

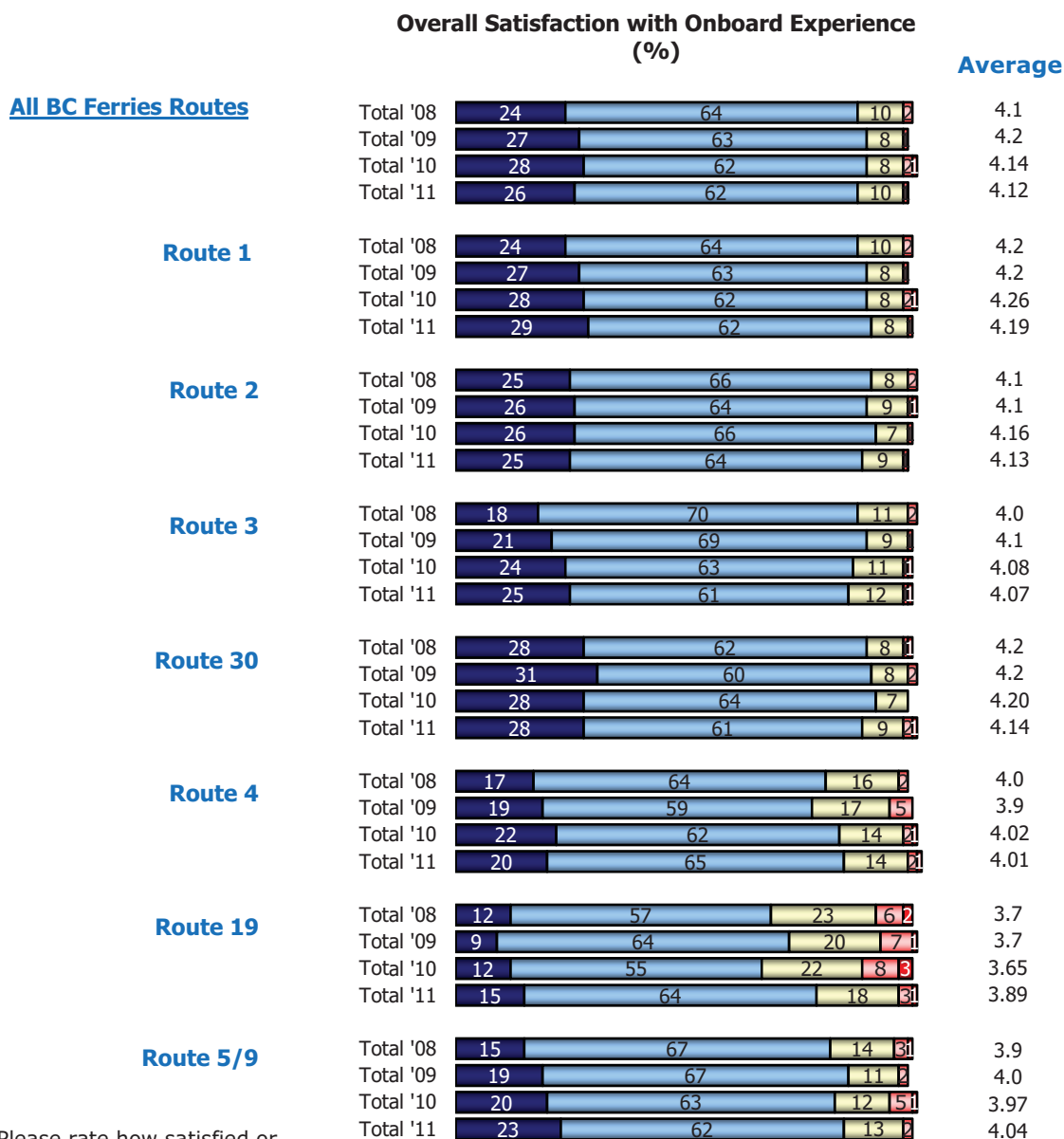
Onboard Experience

Overall Onboard Experience

A total of 88% of passengers in 2011 were satisfied with their overall experience onboard, for an overall rating of 4.12 on the 5-point scale, consistent with the average score achieved in 2010 (4.14). Ratings are stable on most routes with the exception of an improvement in satisfaction on Route 19, returning to a level found in earlier years (3.89).

Ratings are stable on most routes with the exception of an improvement in satisfaction on Route 19, returning to a level found in earlier years (3.89).

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

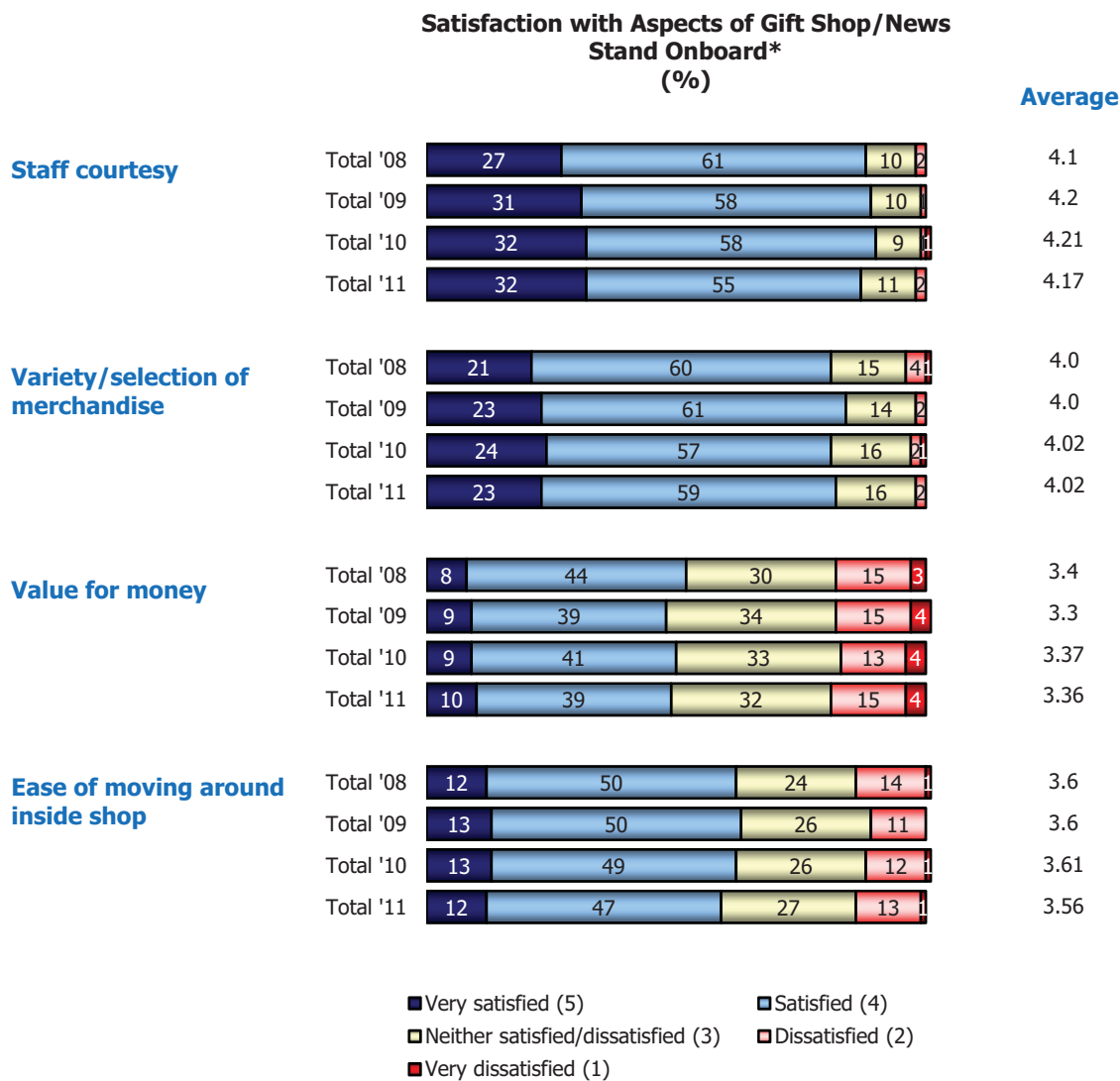


Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

■ 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.



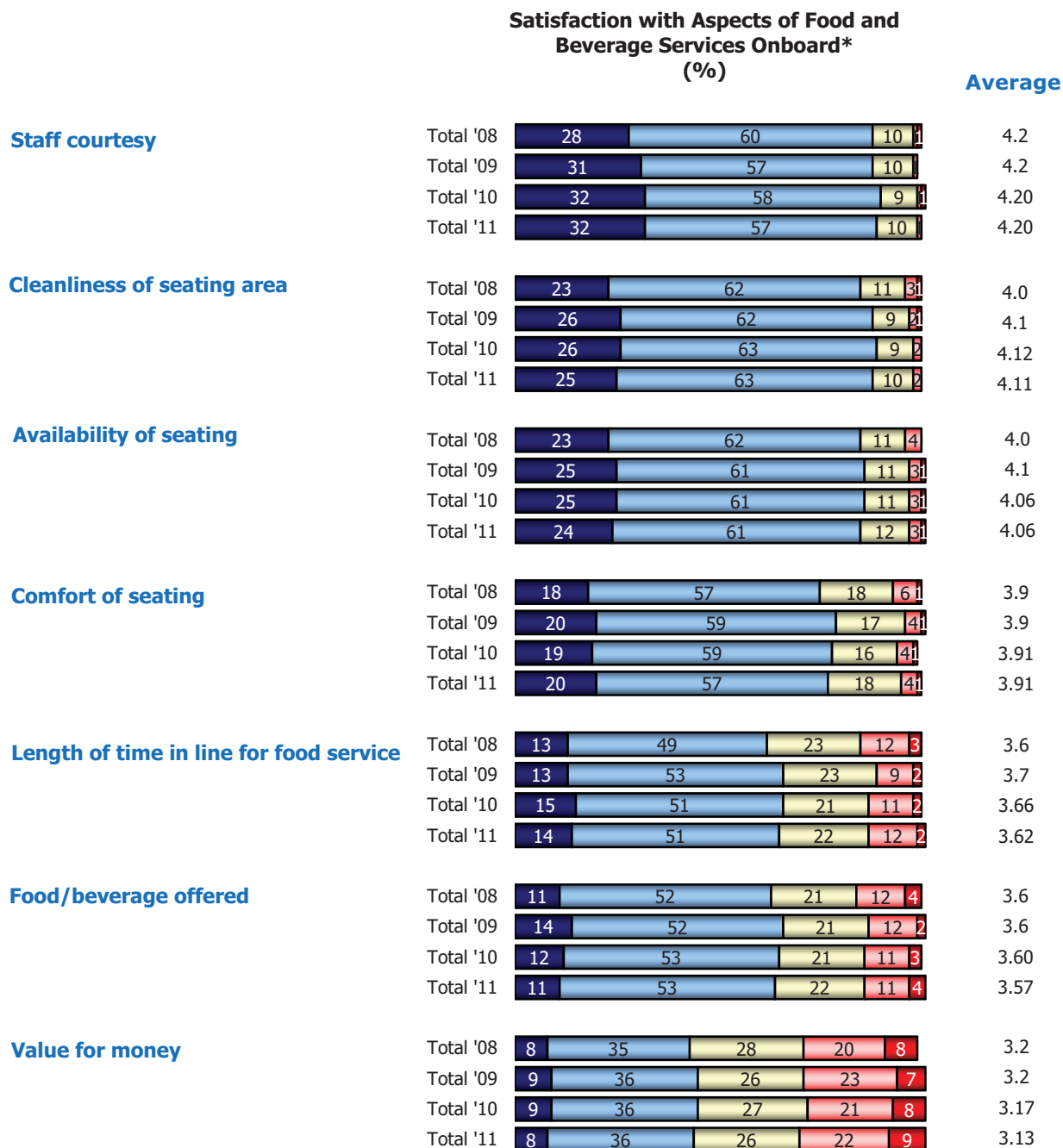
Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

* Excludes Routes 4 & 19.

Usage: 58% gift shop/news stand.

Onboard Food Services

Satisfaction levels with all aspects of onboard food services also have been stable.



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

* Excludes Routes 4 & 19.

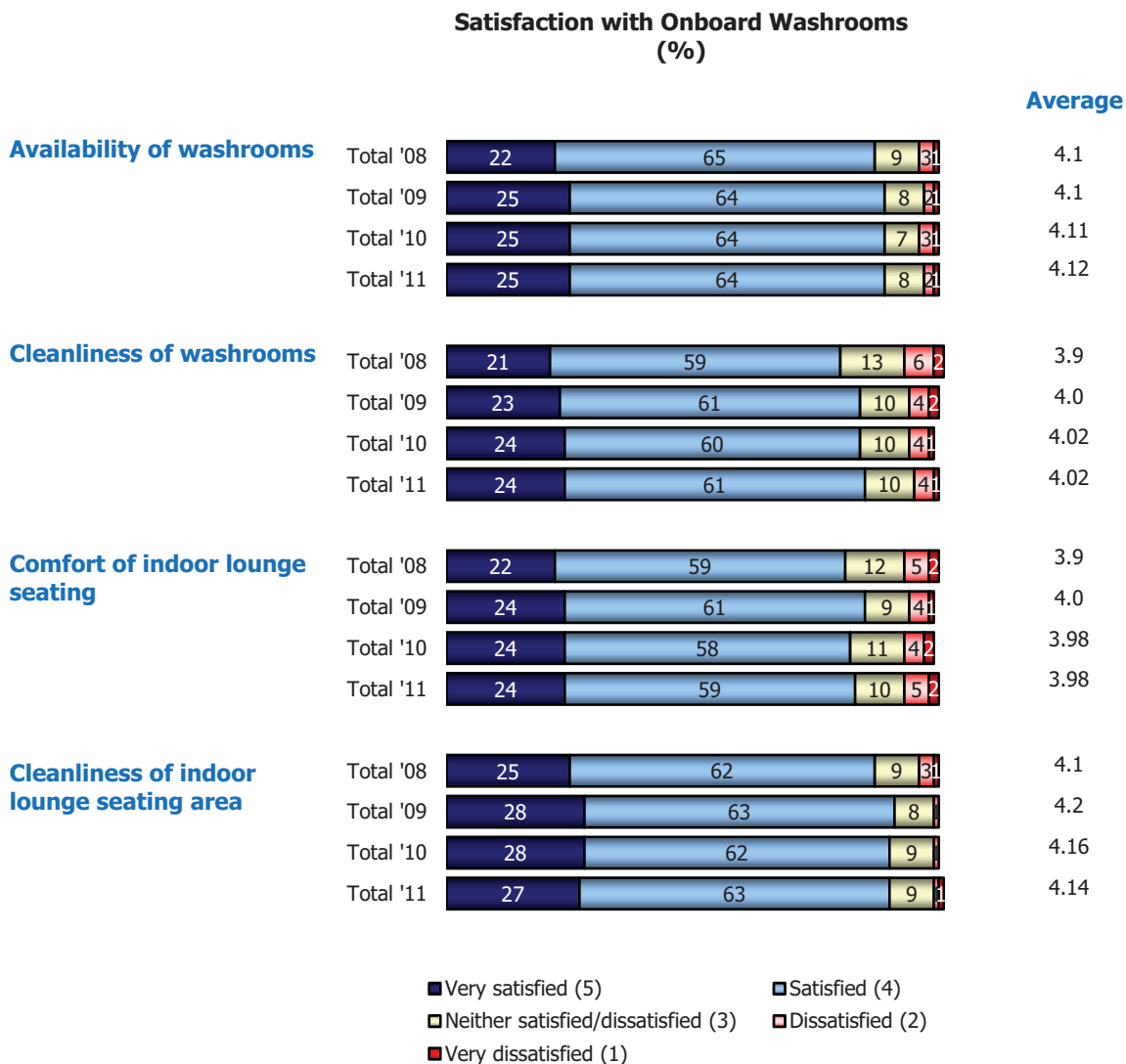
Usage: 72% food & beverage services.

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

Onboard Washrooms and Onboard Seating

Ratings for *availability of washrooms* have been stable.

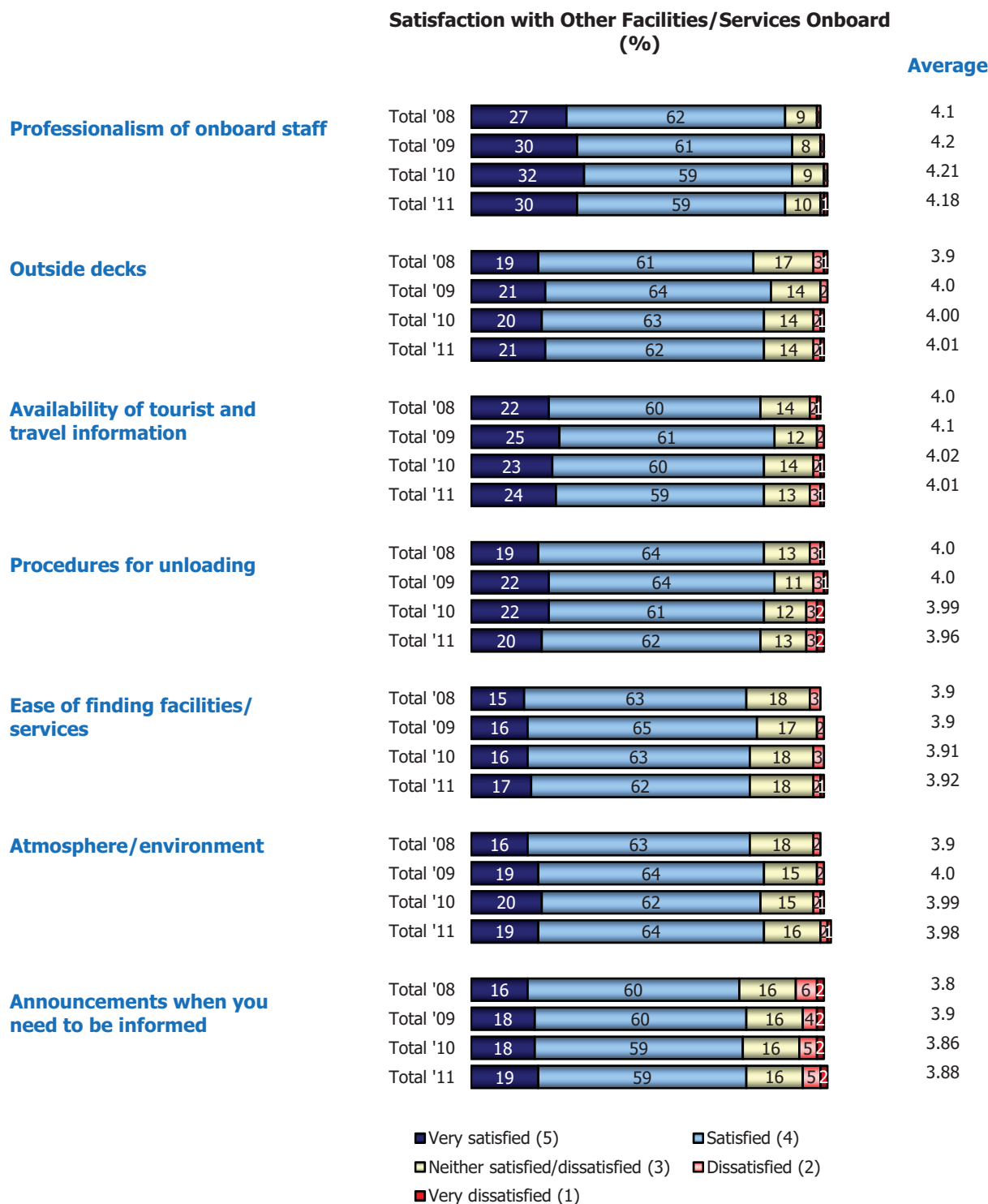
Ratings are also relatively unchanged for onboard seating.



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

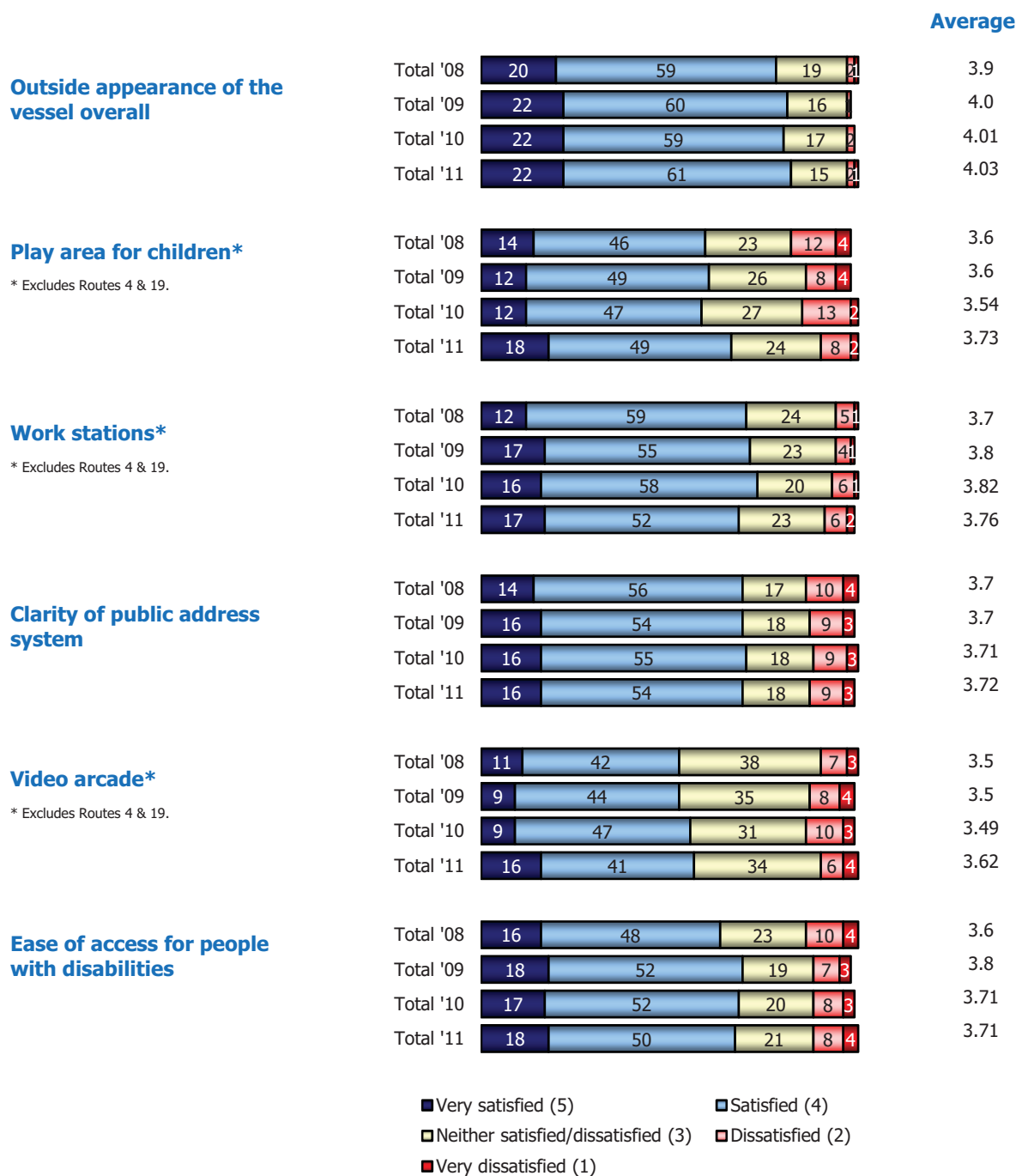
Other Onboard Facilities/Services

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) (%)

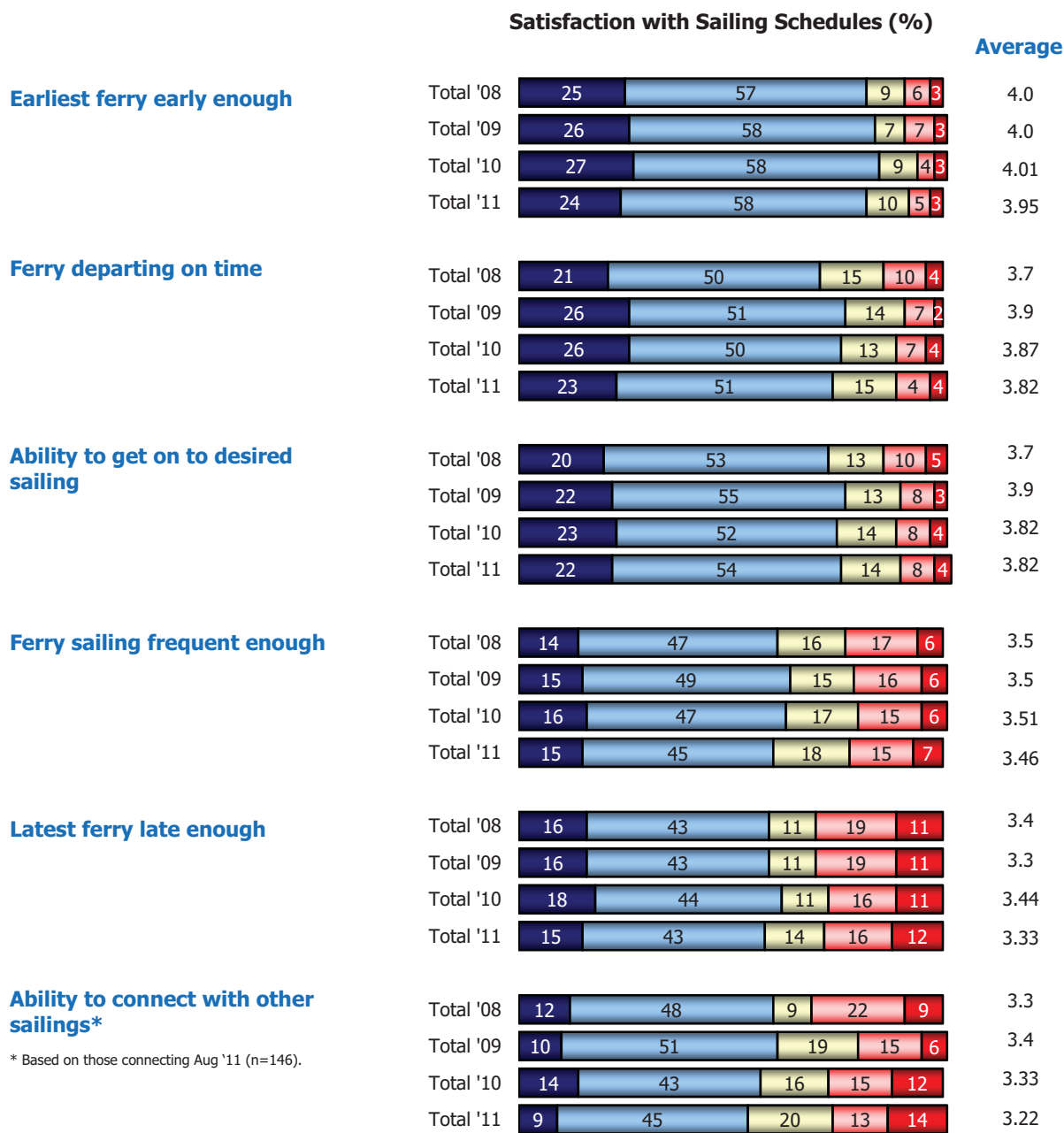


Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

Sailing Schedules

Various Aspects of Sailing Schedules

Satisfaction levels with the various aspects of sailing schedules have been stable, including perceptions of on-time departures.



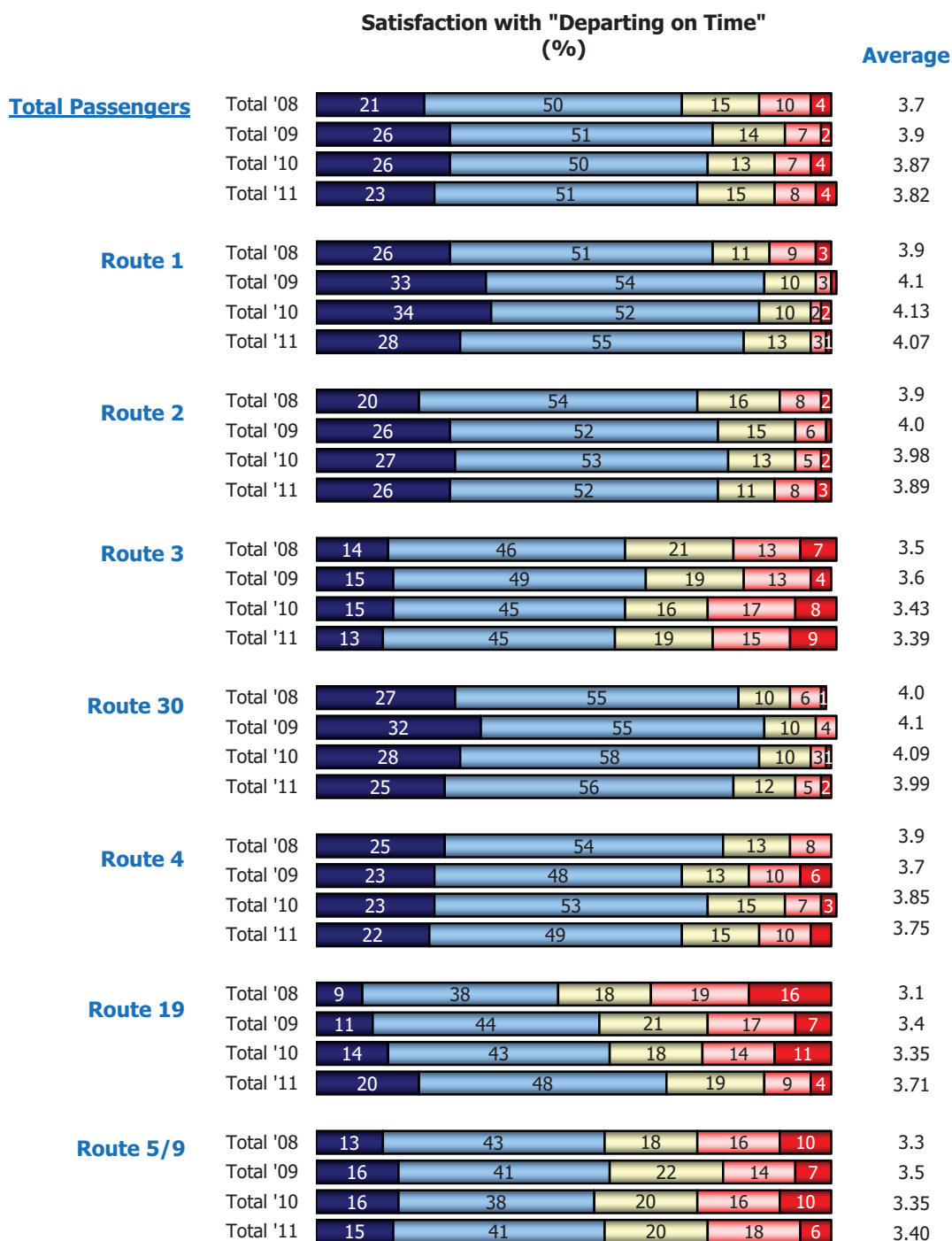
■ Very satisfied (5) ■ Satisfied (4)
 ■ Neither satisfied/dissatisfied (3) ■ Dissatisfied (2)
 ■ Very dissatisfied (1)

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

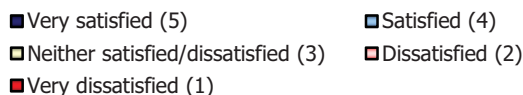
Departing on Time

The following graph details the ratings for “departing on time” by route. Note the strengthening in ratings on Route 19 (3.71 average, up from 3.35 a year ago).

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

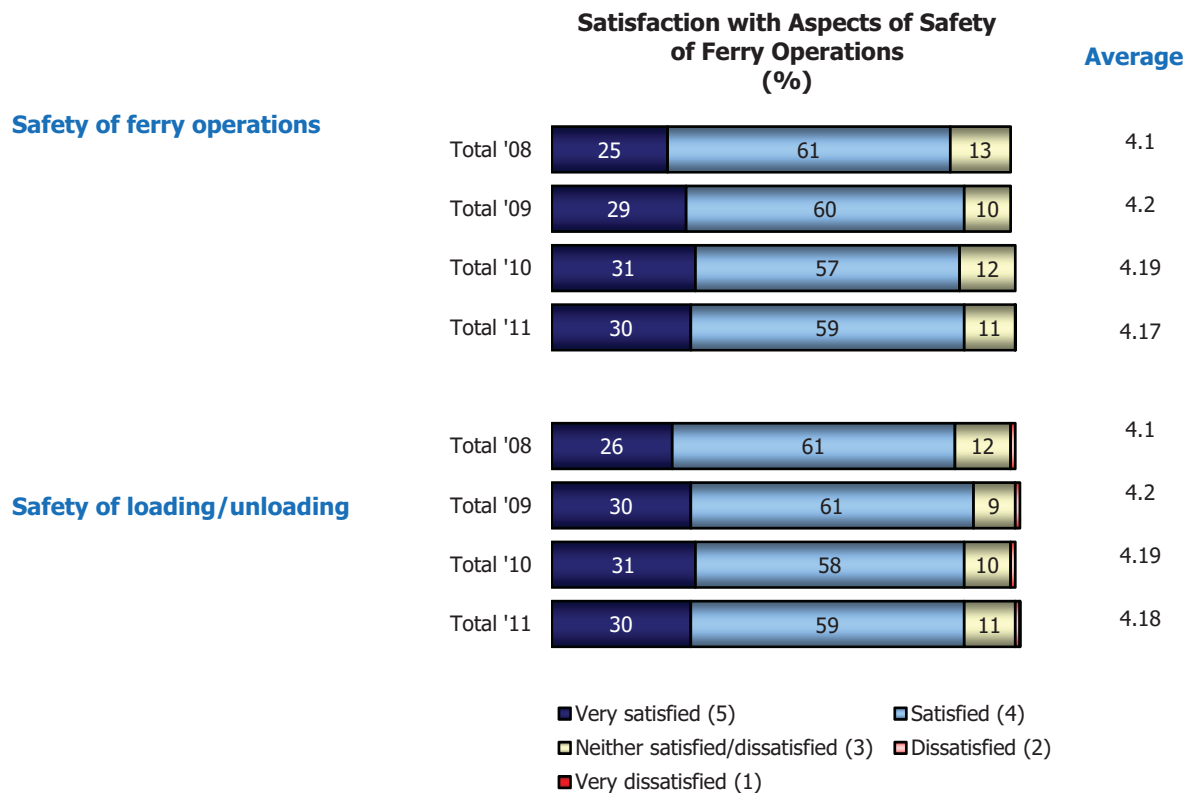


Q.5) Please rate how satisfied or dissatisfied you were with each of the following.



Safety

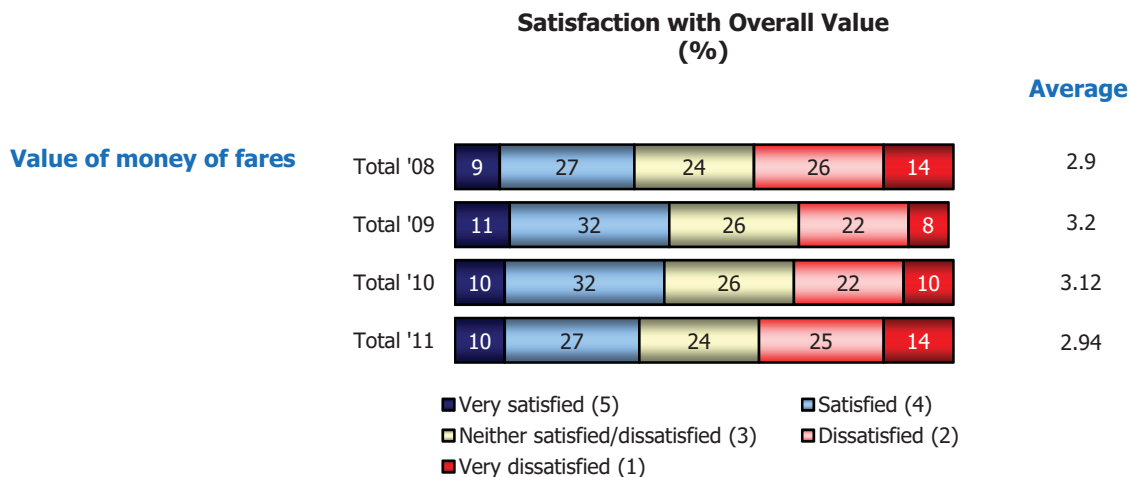
Perceptions of safety continue to be strong.



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* have declined this year from an average rating of 3.12 in 2010 to 2.94.



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 - 2011	
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 2011 (see page 28 for Route Number Codes)										
	Total	Larger Routes				Route 3	Smaller Routes			
		Total	1	2	30		Total	4	19	5/9
OVERALL EXPERIENCE										
Trip overall	4.19	4.27	4.34	4.18	4.21	4.02	4.04	4.12	3.88	4.07
BEFORE ARRIVING AT TERMINAL										
Usefulness of BC Ferries website	4.09	4.09	4.08	4.09	4.12	4.12	4.04	4.09	3.93	4.04
Ease of using on-line reservations	3.78	3.80	3.83	3.76	3.80	3.68	3.80	3.83	3.67	3.82
Usefulness of BC Ferries phone service	3.55	3.61	3.68	3.48	3.59	3.26	3.60	3.46	3.28	3.77
Ease of using automated phone service	3.30	3.37	3.39	3.26	3.49	3.15	3.22	3.19	2.92	3.33
Highway signage	3.98	4.02	4.11	3.88	3.99	3.91	3.91	3.98	3.54	4.03
TERMINAL EXPERIENCE										
Terminal overall	4.07	4.14	4.14	4.16	4.09	3.92	3.96	3.96	3.69	4.09
Outside appearance of the terminal	4.04	4.12	4.11	4.16	4.12	3.85	3.93	3.95	3.62	4.07
Ticket Purchase										
Efficiency of the transaction	4.41	4.45	4.49	4.44	4.35	4.34	4.33	4.26	4.29	4.38
Staff courtesy	4.41	4.42	4.41	4.43	4.42	4.39	4.39	4.28	4.44	4.42
Clarity of staff directions	4.35	4.38	4.39	4.35	4.38	4.28	4.29	4.23	4.33	4.31
Food & Beverage Services at the Terminal										
Food beverages offered	3.56	3.64	3.70	3.60	3.49	3.38	3.31	3.13	-	3.41
Value for money	2.98	3.05	3.08	3.02	2.96	2.77	2.85	2.68	-	2.95
Gift Shop/ News Stand at the Terminal										
Variety/ selection of merchandise	3.83	3.87	3.85	3.93	3.83	3.81	3.56	3.32	-	3.70
Value for money	3.35	3.38	3.37	3.43	3.33	3.29	3.21	2.97	-	3.36
Outdoor Market Area at the Terminal										
Variety/ selection of merchandise	3.54	3.59	3.62	3.56	3.54	3.36	3.52	3.57	-	3.49
Value for money	3.28	3.31	3.30	3.33	3.30	3.18	3.25	3.20	-	3.29
Other Terminal Services										
Clarity of public address system	3.55	3.63	3.65	3.61	3.60	3.36	3.43	3.52	3.31	3.44
Announcements when you need to be informed	3.76	3.83	3.83	3.83	3.79	3.62	3.65	3.69	3.54	3.67
Overall look & décor inside terminal	3.91	3.97	3.95	4.00	4.00	3.71	3.87	3.81	-	3.90
Availability of washrooms	4.07	4.12	4.13	4.09	4.13	4.00	3.98	4.05	3.69	4.06
Cleanliness of washrooms	4.01	4.06	4.07	3.98	4.13	3.88	3.95	3.91	3.73	4.07
Procedures for loading	4.02	4.09	4.11	4.04	4.09	3.89	3.93	3.97	3.81	3.96
Professionalism of terminal staff	4.16	4.19	4.21	4.15	4.20	4.07	4.15	4.10	4.16	4.17

continued...

Average Satisfaction Ratings by Route – All Waves 2011 (see page 28 for Route Number Codes)											
		Larger Routes					Route 3	Smaller Routes			
	Total	Total	1	2	30	Total		4	19	5/9	
Foot Passenger Services at the Terminal											
Usefulness of TV info screens	3.72	3.77	3.78	3.76	3.75	3.51	3.57	3.57	-	-	
Availability of parking spaces	3.77	3.84	3.85	3.74	4.15	3.88	3.23	3.28	2.21	3.83	
Parking value for money	2.81	2.65	2.75	2.55	2.42	3.36	2.68	2.51	3.16	2.53	
Ease of using passenger drop-off/ pick-up area	3.87	3.88	3.89	3.83	3.99	4.03	3.58	3.48	3.03	3.90	
Availability of seating in pre-boarding lounge at terminal	3.63	3.58	3.44	3.75	3.79	3.69	3.76	3.77	3.14	4.03	
Comfort of seating in pre-boarding lounge at terminal	3.60	3.61	3.52	3.72	3.75	3.60	3.56	3.63	2.68	3.90	
Cleanliness of pre-boarding lounge	3.99	4.02	3.96	4.10	4.07	3.90	3.99	4.03	3.49	4.16	
ONBOARD EXPERIENCE											
Onboard overall	4.12	4.16	4.19	4.13	4.14	4.07	4.00	4.01	3.89	4.04	
Gift Shop/ News Stand											
Variety/ selection of merchandise	4.02	4.03	4.00	4.06	4.06	4.04	3.91	-	-	3.91	
Staff courtesy	4.17	4.16	4.11	4.23	4.19	4.15	4.22	-	-	4.22	
Ease of moving around inside shop	3.56	3.57	3.58	3.50	3.68	3.47	3.66	-	-	3.66	
Value for money	3.36	3.35	3.34	3.37	3.36	3.35	3.42	-	-	3.42	
Food Services											
Length of time in line for food services	3.62	3.63	3.62	3.64	3.64	3.55	3.74	-	-	3.74	
Food/ beverages offered	3.57	3.61	3.63	3.59	3.59	3.49	3.38	-	-	3.38	
Staff courtesy	4.20	4.21	4.22	4.22	4.18	4.15	4.17	-	-	4.17	
Availability of seating	4.06	4.06	4.06	4.04	4.10	4.07	4.00	-	-	4.00	
Comfort of seating	3.91	3.93	3.95	3.89	3.92	3.93	3.72	-	-	3.72	
Cleanliness of seating area	4.11	4.11	4.12	4.10	4.11	4.10	4.04	-	-	4.04	
Value for money	3.13	3.19	3.26	3.11	3.09	2.94	3.05	-	-	3.05	
Washrooms											
Availability of washrooms	4.12	4.17	4.19	4.10	4.18	4.06	3.99	3.93	3.90	4.05	
Cleanliness of washrooms	4.02	4.07	4.12	3.95	4.13	3.93	3.88	3.76	3.82	3.97	
Lounge Seating											
Comfort of indoor lounge seating	3.98	4.08	4.10	4.02	4.12	4.06	3.50	3.33	2.90	3.82	
Cleanliness of indoor lounge seating area	4.14	4.18	4.17	4.15	4.26	4.14	3.97	3.83	3.76	4.13	

continued...

Average Satisfaction Ratings by Route – All Waves 2011 (see page 28 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	3.73	3.76	3.78	3.68	3.82	3.77	3.44	-	-	3.44
Video arcade	3.62	3.69	3.74	3.60	3.61	3.38	3.31	-	-	3.31
Work stations	3.76	3.80	3.93	3.53	3.75	3.67	3.62	-	-	3.62
Outside decks	4.01	4.09	4.12	4.03	4.07	3.86	3.89	3.93	3.67	4.00
Outside appearance of the vessel overall	4.03	4.13	4.19	4.03	4.09	3.84	3.89	3.95	3.83	3.89
Availability of tourist and travel information	4.01	4.08	4.14	4.04	3.97	3.98	3.80	3.76	3.42	3.96
Ease of access, overall, for people with disabilities	3.71	3.81	3.80	3.79	3.85	3.66	3.43	3.58	3.15	3.51
Ease of finding facilities/ services	3.92	3.95	3.97	3.89	3.96	3.91	3.81	3.77	3.64	3.91
Clarity of public address system	3.72	3.80	3.77	3.82	3.85	3.68	3.47	3.58	3.04	3.60
Announcements when you need to be informed	3.88	3.94	3.92	3.96	3.94	3.83	3.68	3.77	3.35	3.76
Atmosphere/ environment	3.98	4.04	4.03	4.04	4.04	3.92	3.81	3.82	3.58	3.92
Procedures for unloading	3.96	4.02	4.01	4.00	4.04	3.83	3.87	3.93	3.69	3.93
Professionalism with onboard staff	4.18	4.21	4.21	4.21	4.23	4.11	4.13	4.13	4.08	4.15
Experience with the Sailing Schedule										
Earliest ferry earliest enough	3.95	3.97	3.91	4.09	3.99	3.92	3.90	3.93	4.09	3.79
Latest ferry late enough	3.33	3.46	3.45	3.41	3.62	2.83	3.44	3.09	3.84	3.47
Ferry sailing frequent enough	3.46	3.60	3.71	3.45	3.47	3.04	3.42	3.61	3.85	3.09
Ability to get onto desired ferry	3.82	3.91	3.99	3.81	3.82	3.51	3.82	3.85	3.58	3.91
Ability to connect with other sailings (based on those connecting)	3.22	3.43	3.58	3.25	3.18	2.88	3.11	2.99	2.84	3.48
Ferry departing on time	3.82	4.00	4.07	3.89	3.99	3.39	3.57	3.75	3.71	3.40
Safety										
Safety of ferry operations	4.17	4.20	4.21	4.18	4.19	4.09	4.13	4.19	4.05	4.13
Safety of loading/unloading	4.18	4.21	4.24	4.18	4.19	4.10	4.13	4.22	4.02	4.13
OVERALL VALUE										
Value for money of fares	2.94	3.01	3.09	2.93	2.89	2.85	2.75	2.85	2.54	2.79

TERMINAL ATTRIBUTES ONLY - Satisfaction Ratings by Terminal - All Waves 2011 -								
	Total	Terminals						
		Tsawwassen	Swartz Bay	Horseshoe Bay	Departure Bay	Langdale	Duke Point	Fulford Harbour
OVERALL EXPERIENCE								
Trip overall	4.19	4.28	4.36	4.13	4.13	4.01	4.20	4.07
TERMINAL EXPERIENCE								
Terminal overall	4.07	4.15	4.09	4.01	4.20	3.95	4.07	3.97
Outside appearance of the terminal	4.04	4.13	4.07	4.00	4.23	3.81	4.14	3.91
Ticket Purchase								
Efficiency of the transaction	4.41	4.45	4.46	4.37	4.45	4.36	4.41	4.14
Staff courtesy	4.41	4.44	4.35	4.42	4.42	4.37	4.47	4.15
Clarity of staff directions	4.35	4.41	4.33	4.29	4.39	4.32	4.42	4.17
Food & Beverage Services at the Terminal								
Food beverages offered	3.56	3.77	3.52	3.44	3.67	3.42	3.33	3.17
Value for money	2.98	3.15	2.92	2.85	3.14	2.73	2.90	2.71
Gift Shop/ News Stand at the Terminal								
Variety/ selection of merchandise	3.83	3.98	3.67	3.88	3.92	3.80	3.58	3.29
Value for money	3.35	3.43	3.28	3.37	3.46	3.26	3.15	2.85
Outdoor Market Area at the Terminal								
Variety/ selection of merchandise	3.54	3.77	3.51	3.57	3.52	3.25	3.27	3.53
Value for money	3.28	3.37	3.27	3.33	3.31	3.10	3.09	3.12
Other Terminal Services								
Clarity of Public address system	3.55	3.63	3.63	3.47	3.60	3.40	3.70	3.43
Announcements when you need to be informed	3.76	3.84	3.78	3.73	3.79	3.64	3.90	3.61
Overall look & décor inside terminal	3.91	3.97	3.93	3.83	4.11	3.64	3.94	3.74
Usefulness of TV info screens	3.72	3.84	3.68	3.63	3.76	3.54	3.73	3.53
Availability of washrooms	4.07	4.15	4.09	4.04	4.15	3.95	4.15	4.01
Cleanliness of washrooms	4.01	4.14	3.99	3.92	4.04	3.84	4.14	3.84
Procedures for loading	4.02	4.11	4.10	3.93	4.07	3.93	4.09	3.90
Professionalism of terminal staff	4.16	4.22	4.19	4.10	4.18	4.06	4.22	4.04
Foot Passenger Services at the Terminal								
Availability of parking spaces	3.77	3.87	3.83	3.70	3.84	4.03	4.26	2.85
Parking value for money	2.81	2.60	2.84	2.80	2.60	3.66	2.48	2.51
Ease of using passenger drop-off/ pick-up area	3.87	3.89	3.91	3.83	3.90	4.18	3.86	3.22
Availability of seating in pre-boarding lounge at terminal	3.63	3.43	3.56	3.63	3.95	3.72	3.90	3.70
Comfort of seating in pre-boarding lounge at terminal	3.60	3.46	3.65	3.61	3.82	3.63	3.74	3.58
Cleanliness of pre-boarding lounge	3.99	3.94	4.03	4.00	4.14	3.87	4.10	3.95
OVERALL VALUE								
Value for money of fares	2.94	3.00	3.12	2.86	3.02	2.82	2.86	2.86

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 2011	
	Screeners	Returns
Route 1: Tsawwassen-Swartz Bay	2,045	835
Route 2: Horseshoe Bay-Departure Bay	2,100	739
Route 3: Horseshoe Bay-Langdale	1,396	637
Route 30: Tsawwassen-Duke Point	1,573	672
Route 4: Swartz Bay-Fulford Harbour, Saltspring Island	1,171	616
Route 19: Departure Bay-Descanso Bay, Gabriola Island	1,414	457
Route 5/9: Southern Gulf Islands	2,517	1,308
TOTAL	12,216	5,264

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 2011 –				
	Screeners		Returns	
	<u>Actual</u> (12,216) %	<u>Weighted</u> (12,216) %	<u>Actual</u> (5,264) %	<u>Weighted</u> (5,264) %
Weekend Route:				
1	6	13	5	13
2	5	8	4	7
3	3	6	3	6
30	4	3	5	4
4	3	1	3	2
19	3	1	3	1
5/9	6	2	8	3
Weekday Route:				
1	11	23	11	23
2	12	14	10	11
3	9	11	9	13
30	9	6	8	6
4	7	3	8	3
19	8	4	6	3
5/9	14	4	17	5

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 the June 2011 measure.

Response Rates	
	<u>All Waves '11</u>
	<u>%</u>
Route 1	41
Route 2	35
Route 3	46
Route 30	43
Route 4	53
Route 19	32
Route 5/9	52
Overall response	43

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 2011		
	<u>Actual Sample Size</u>	<u>Approximate Tolerance Limits % Points</u>
Total Screeners	12,216	+/- .9
Total Returns	5,264	1.4
Individual Route Returns		
Route 1	835	3.4
Route 2	739	3.6
Route 3	637	3.9
Route 30	672	3.8
Route 4	616	4.0
Route 19	457	4.6
Route 5/9	1,308	2.7

Complaints Resolution Report

Year Ended March 31, 2012

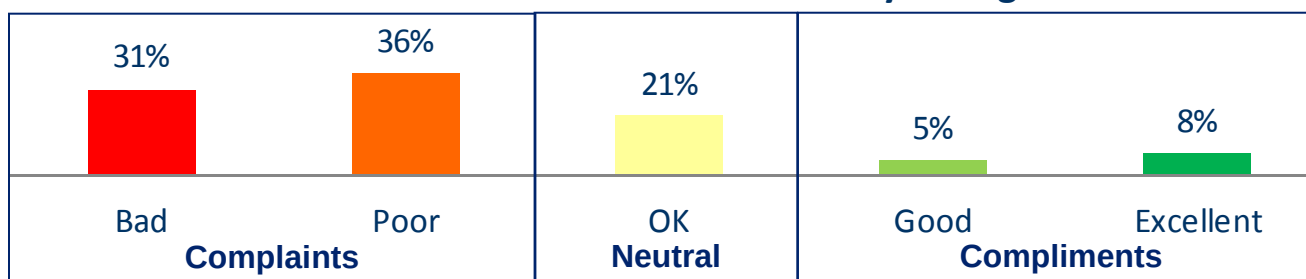


Complaints Resolution Report Fiscal 2011/2012

Feedback Summary

- During the 2011/12 fiscal year 20.2 million customers travelled with BC Ferries.
 - BC Ferries received 9,005 comments in 2011/12

Distribution of Comments by Rating

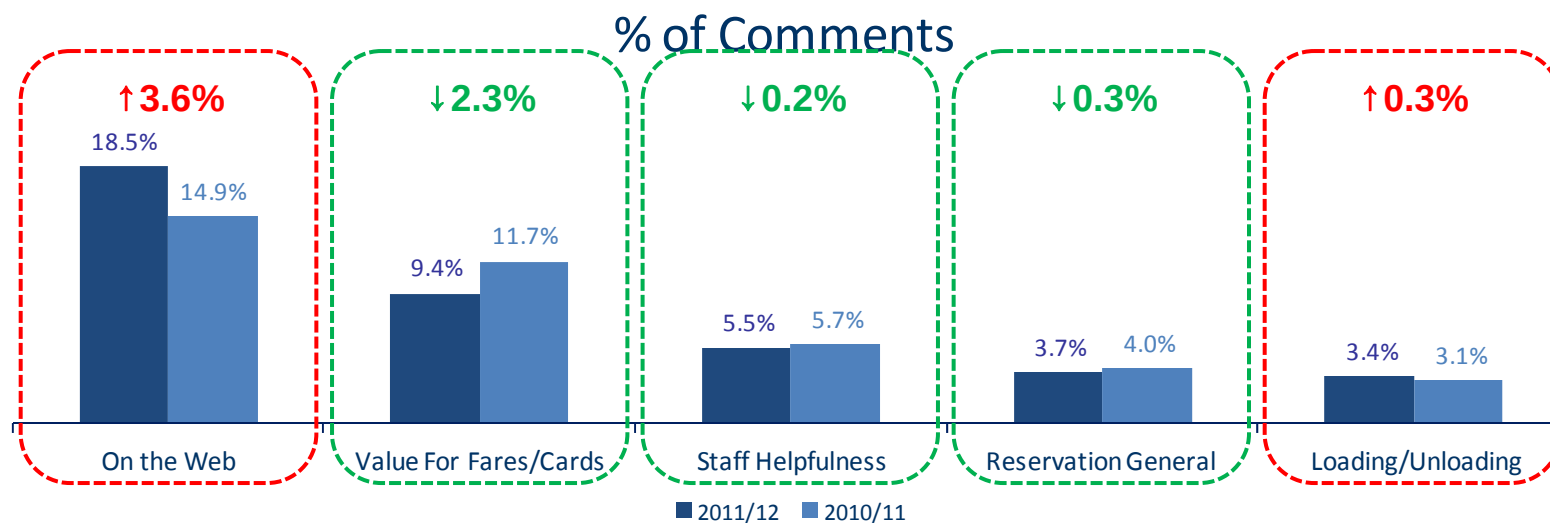


- Customer initiated feedback tends to be negative. Thirteen percent (13%) of all customer feedback received in 2011/12 was complimentary.
- “On the Web” was the top issue: 1665 complaints* were made, representing 18.5% of the total comments received in 2011/12
 - Top 5 complaints combined represent 41% of all complaints received in 2011/12
- “General” comments are excluded from this analysis:
 - 962 “General” comments were received which were primarily made up of suggestions (350) and company information (285)

*Complaints = “bad” or “poor” rating accompanied by a comment
 Note: 2011/12 = April 1, 2011 to March 31, 2012

Top Complaints*: Corporate

#	Complaint	2011/12		2010/11	
		Complaints*	% of Comments (n=9,005)	Complaints*	% of Comments (n=10,790)
1	On the Web	1,665	18.5%	1612	14.9%
2	Value For Fares/Cards	844	9.4%	1259	11.7%
3	Staff Helpfulness	524	5.5%	616	5.7%
4	Reservation General	329	3.7%	436	4.0%
5	Loading/Unloading	307	3.4%	334	3.1%



*Complaints = "bad" or "poor" rating accompanied by a comment
 Note:
 2011/12 = April 1, 2011 to March 31, 2012
 2010/11 = April 1, 2010 to March 31, 2011

On The Web

Sample of Customer Comments:

Complaints

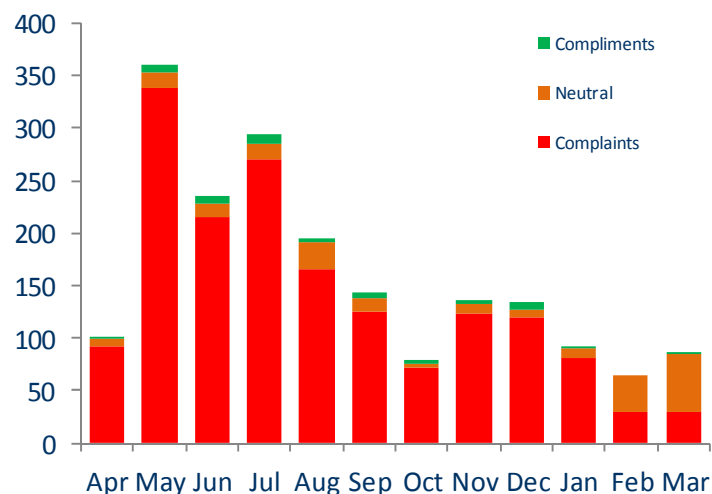
- “I am unable to proceed to checkout as all credit card info is greyed out and cannot be entered.”
- “Since your re-launch the site is slow and has lost many scores on usability. Especially for frequent travelers. Please, please review.”
- “The website is difficult to navigate and confusing when one is in a hurry to get information. It was poorly designed and very badly thought out.”
- “On-line service notices are not kept up to date. Your web server does not appear to be capable of handling the extra use load, as evidenced today with web pages not loading. You are obviously experiencing extra demand with today’s severe weather conditions. Hardware is cheap, please upgrade...”

Compliments

- “@BCFerries I loved your prompt reply to my question. Twitter is very beneficial for many things. Info is great.”
- “Hi – the color coded schedule is great! Please do this same graphic approach for weekend/summer, maybe you can persuade a few travellers to avoid the commuter sailings!”
- “You do a great job at keeping us all in the loop. Proud to share the same marine waters with you in Sidney & Active Pass.”

On the Web includes:

Group/Attribute	Complaints	Neutral	Compliments
On the Web: Login/Passwords	742	83	2
On the Web: Design And Usability	480	27	21
Reservations: Online Reservations	219	14	2
On the Web: Service Notices	88	26	7
On the Web: Information/General	62	35	13
On the Web: Travel Planning	47	9	1
On the Web: Current Conditions	24	8	7
On the Web: Online Giftshop	3	6	2
% of all comments (9,005)	18.5%	2.3%	0.6%



*Complaints = “bad” or “poor” rating accompanied by a comment
Note: 2011/12 = April 1, 2011 to March 31, 2012

On the Web

Root Cause:

On May 12, 2011, BC Ferries launched a comprehensive redesign of its website. This included the introduction of a single online reservation channel to replace the two unique channels that had been in place since August 2008. The intention of consolidating the two reservation channels was to remove problems encountered by customers when trying to use a password for one channel to access the other.

Lessons Learned:

Implementing the single access online reservation service proved to be a highly complex undertaking, particularly in terms of aligning customer accounts associated with the ten-year-old Reserved Boarding on the Internet (RBI) service. There were also a number of performance and account validation issues that did not emerge during the testing conducted, nor with external customer focus groups and staff.

Action Taken:

Since the May 2011 launch, there have been eight subsequent releases plus a number of “spot fixes” aimed at correcting problems with the website.

Another release aimed at improving accessibility and functionality was attempted but proved unsuccessful due to technical issues stemming from aging infrastructure.

Following extensive technical review and heuristic evaluation, BC Ferries has decided to do a full redesign of its online reservation interface. This will eliminate a number of issues identified during customer usability tests and result in an efficient, intuitive website experience.

The improvements are planned for release in early 2013.

Value For Fares/Cards

Sample of Customer Comments:

Complaints

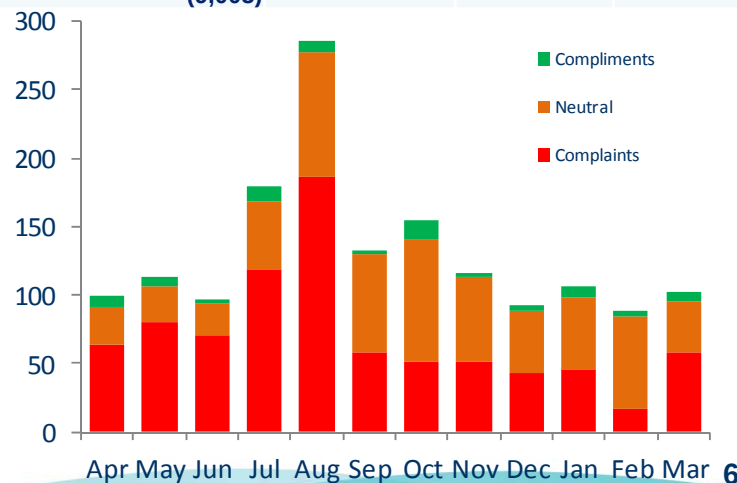
- “I drive a motor home and tow my jeep. We unhook the jeep when we use the ferry because we save \$51 travelling in each direction. Why does the ferry corporation make us go through the work to un-hook and re-hook. Why do you not charge the rate for the MH and the rate for the car separately so un-hooking is not necessary?”
- “Yet another fare increase. It is my feeling that if you would put the rates down (by a fair bit) that you would increase the number of people who could afford to travel to the island...”
- “I am curious and not just a little furious to learn that the BC Experience Card is only available for certain routes and does not apply to the TSA – Vancouver Island run. In an era where your new CEO publicly stated that his goal is to address the serious issue of the excessive cost of fares in BC Ferries it seems prejudice to offer this discount on some routes and not on others ...”
- “It’s been months since the last coast saver sailings. Bring them back ...”

Compliments

- “I have travelled around the world on multiple ferries and this is the cleanest, and has the friendliest staff. The price is exceptional for the service that is provided.”
- “Hello, Thank you for the disabled status identification card I have just received for my daughter. I feel that the laminated cards are a great idea and will help prevent abuse of the system...”

Value For Fares/Cards includes:

Group/Attribute	Complaints	Neutral	Compliments
Fares: Value For Fares Paid	329	53	11
Fares: Experience Card	106	47	10
Fares: Discount Fares	95	92	5
Fares: Coast Card	87	129	11
Fares: Other Fares	61	81	17
Fares: Errors	53	23	1
Fares: Refunds	41	176	17
Fares: Promotions	26	12	2
Fares: Frequent Travel	20	11	2
Fares: Credit/Debit Card	14	4	1
Fares: Sailpass/Circlepac	12	17	2
% of all comments (9,005)	9.4%	7.2%	0.9%



*Complaints = “bad” or “poor” rating accompanied by a comment
 Note: 2011/12 = April 1, 2011 to March 31, 2012

Value For Fares/Cards

Root Cause:

The Annual fare increase went into effect April 1, 2011 in accordance with the price provision set by the BC Ferry Commissioner in September 2007 for Performance Term Two.

On June 2, 2011, the Coastal Ferry Amendment Act (Bill 14) was enacted. Among other things, Bill 14 established a price cap for the first year of the Performance Term Three with an increase for each route group on April 1, 2012 of 4.15% from the weighted average of the tariffs payable as at March 31, 2012. BC Ferries implemented tariff increases April 1, 2012 to the new levels authorized. The April 1, 2012, price cap and tariff increases were moderated by incremental funding provided from the Province.

Overall, the price cap increases reflect the capital investment in ships, terminals, and Information Technology BC Ferries has had to make. It also reflects significant increases in operating costs related to items outside the control of the Company. This includes an approximate 260% increase in fuel costs since 2003, as well as significant increases in insurance premiums, property taxes, utilities, benefits program rates, contractual labor costs, and regulated labor requirements. The current structure of the Coastal Ferry Service Contract (CFSC) with the Province has also contributed to the level of the price caps and tariffs experienced. To date, under the CFSC BC Ferries has not been permitted to make any significant adjustments to service levels to achieve operational efficiencies that could lead to reductions in costs and fares.

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.

Value For Fares/Cards

Action Taken:

- New lines of business were introduced such as drop trailer and vacation packages whose revenue is being re-invested into the company and helps to keep fares down.
- Coast Saver Sail Promotion was offered on the Tsawwassen – Swartz Bay, Tsawwassen – Duke Point and Horseshoe Bay – Departure Bay routes, Thursday through Sunday from June 2 – 26, 2011.
- On July 26, 2011 BC Ferries announced its offer to refund customers who had purchased assured loading tickets. For a 90 day period, customers who had current or expired assured loading product purchased between 1984 and July 25, 2011 were able to apply for a one-time refund.
- On September 27, 2011 the company announced a major cost containment initiative in an effort to address the significant drop in revenues in the first half of the fiscal year as a result of declining traffic. Cost saving actions include: a hiring freeze of all non-essential positions; two-year wage and salary freeze for exempt employees; eighteen-month delay in select capital expenditures; elimination of many charitable and community donations; and select early retirements. In addition, BC Ferries applied to the Province to reduce up to 400 round trips on the major routes in response to traffic declines and anticipated revenue reductions.
- The Province has also recently taken significant steps to address the issue of fare affordability. In concert with the introduction of Bill 47 – Coastal Ferry Amendment Act – 2012 in May, 2012, the Province announced that it will further increase its financial contribution to BC Ferries to reduce the pressure for higher fares. As well, government announced its intention to make significant adjustments to service levels, and to do so within the context of discussions with communities about trade-offs among service adjustments, fare increases and potential community contributions. In addition, government will seek public input to develop strategies to support a vision for connecting coastal communities. Together, these actions have the potential to make a significant impact in terms of addressing future fare affordability.

Staff Helpfulness

Sample of Customer Comments:

Complaints

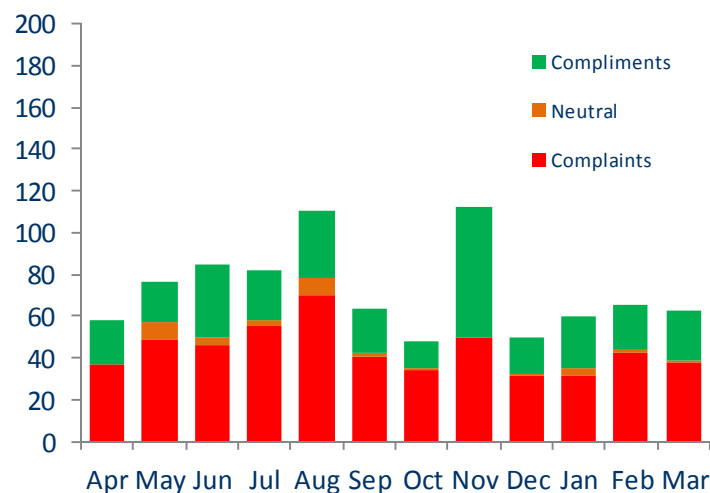
- “Well trained, but was she lying about me being 2 minutes late for my reservation, or do the “tower people” need more accurate clocks? It’s condescending in the age of technology when my cell phone, GPS, watch with atomic radio receiver technology all say 9:30 am when we get to the line, she claims it was undisputedly 9:32 am. Really?...”
- “I was trying to make a reservation at the Sturdies Bay terminal and was told by the ticket agent that she was off and leaving and to call the customer service centre and closed the window.”
- “The lady pretty much told me to go online and figure out the rates myself. Seemed like I had bothered her and she didn’t have time to answer my questions.”

Compliments

- “The ticket agents at the Departure Bay terminal were extremely helpful. I had a medical emergency and had to rush over to Surrey to meet with a specialist. They printed out the directions to get there. It was great customer service. Thank you.”
- “A big thank you to the wonderful BC Ferries gentleman at Swartz Bay yesterday who helped me when I locked my keys in the car.”

Staff Helpfulness includes:

Group/Attribute	Complaints	Neutral	Compliments
Check In: Staff Helpfulness	201	4	44
Inside the Terminal: Staff Helpfulness	163	14	81
Fares: Staff Helpfulness	98	6	119
Outside the Terminal: Staff Helpfulness	20	2	9
On the Phone: Information Accuracy	20	3	0
On the Phone: Agent Helpfulness	12	2	62
On the Phone: Resolution Of Issues	10	2	1
% of all comments (9,005)	5.8%	0.4%	3.5%



*Complaints = “bad” or “poor” rating accompanied by a comment
 Note: 2011/12 = April 1, 2011 to March 31, 2012

Staff Helpfulness

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.

Reservation General

Sample of Customer Comments:

Complaints

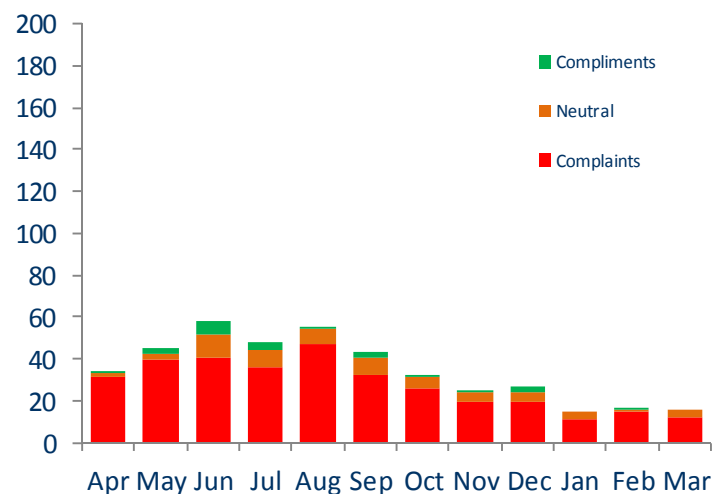
- “If a vessel is delayed, sometimes like today for 45 minutes on the Langdale run, why should reservation holders have to check in at the scheduled time and therefore have to wait a long time before boarding?...”
- “I just missed the reservation cut-off by 7 minutes because of traffic delays. The sailing from Swartz Bay was 75% full at my time of arrival and plenty of room in the reservation lane. Instead of allowing me to benefit from priority loading I was directed to the general loading area. I understand your policy and your employee followed policy to the letter. No fault of hers. However, it’s very irksome to be denied a benefit for no reason other than blind adherence to policy...”
- “I wonder if you have any idea how intractable, inflexible, dogmatic and unfriendly your reservation policy is.”

Compliments

- “Our thanks to Jenny and her supervisor for ensuring this reservation, which enabled us to get to the cancer clinic for a last minute appointment.”
- “Thank you so much for your prompt reply to our bus reservation request. Our tour leaves Pennsylvania on Tuesday and I wanted everything to be in place for the Tour Director before leaving. The contact information is very helpful. I have been very impressed with the friendly, reliable service of BC Ferries.”

Reservation General includes:

Group/Attribute	Complaints	Neutral	Compliments
Reservations: Policies	124	21	2
Check In: Reservations	63	8	0
Reservations: General	39	21	6
Reservations: Availability	32	2	5
Reservations: Flexibility/Changes	32	4	4
Reservations: Cost	17	4	0
Reservations: Automated Phone Reservations (IVR)	13	1	2
Reservations: Booking With An Agent	9	2	4
% of all comments (9,005)	3.7%	0.7%	0.3%



*Complaints = “bad” or “poor” rating accompanied by a comment
 Note: 2011/12 = April 1, 2011 to March 31, 2012

Reservation General

Root Cause:

To allow sufficient time for safe loading of vessels, BC Ferries implemented a 30 minute cut-off for reservation redemption at the ticket booth. This reservation cut-off is historic and has been in place for many years.

Infrequent travellers, booking a reservation, will often overlook the importance of the 30 minute cut-off. Customers who miss the reservation cut-off are often surprised their reservation won't be honoured and they must travel on standby.

Lessons Learned:

It is imperative that customers are made fully aware of reservation policies at the time of booking to avoid disappointment at the time of travel.

Action Taken:

Clear communication is in place via the following channels: reservation terms and conditions, reservation confirmation e-mail, FAQ (Frequently Asked Questions) on the website, through our IVR system, and during the booking process with our Customer Service Agents. Communication through these channels is reviewed annually to ensure the messaging is effective and delivered consistently to customers at the time of booking.

Each complaint made will be investigated to determine if an error on behalf of BC Ferries led to the customer's reservation not being redeemed as per policy. This includes the possibility of employee not following procedures or customer service agents being unclear about policies at time of booking:

- If an error is identified the reservation fee will be refunded to the customer and corrective training action will be taken with the employee.
- If it is determined that the issue is related to unclear written communication, the collateral material will be reviewed and improved. In this case, the customer will also receive a refund of the reservation fee.
- If the policy was clearly communicated at the time of booking and no error has been made, a thorough explanation of the reason for the policy will be provided to create an increased awareness of the complexity of loading a vessel and maintaining on time departures.

With improvements being made to the online reservations system, to be released in early 2013, BC Ferries has usability tested the communication of its reservations policies. Based on customer feedback, improvements have been made on how policy information is displayed online.

Loading/Unloading

Sample of Customer Comments:

Complaints

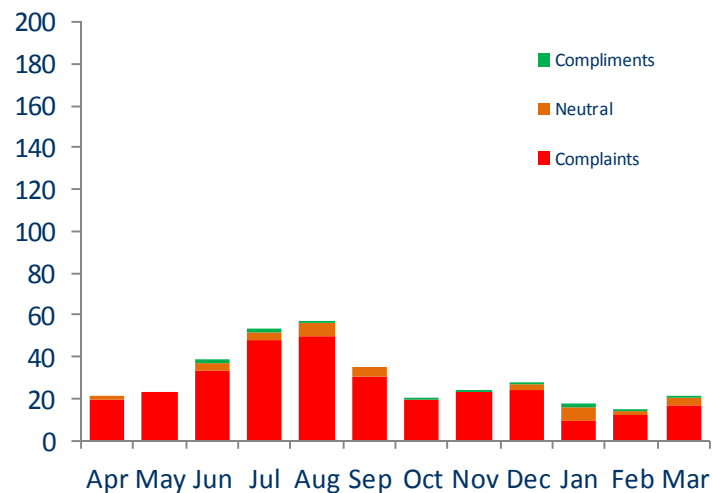
- “Can you try to have the people who pay to reserve or arrive an hour early exit off the boat first and not the end during unloading?”
- “I drive a VW Beetle. I want to ask why I am always put to the very end of the outside lanes because I have a small car? I don't really care where on the boat I park but I feel that I should be parked fairly in the order that I am in the line-up. If I am let off as almost the last car every time, it means I am behind a whole load of often slow traffic that I have to wait behind for an hour long drive on the Sunshine Coast.”

Compliments

- “Since we had never boarded the ferry as walk-on passengers, we were happy to have staff, who saw us coming with luggage in tow, provide verbal directions to allow us get to the waiting ferry efficiently. The staff were courteous and encouraged us to “walk” safely on boarding...”
- “The Swartz Bay Terminal Manager kindly assisted us to find alternative accommodation with the support of customer relations. We were gratefully able to store our bikes and take a taxi to Sidney for overnight accommodation and a meal. The problem occurred due to a string of small errors ... The Terminal Manager and BCF came to our rescue. We are forever grateful for the compassionate concern and assistance of all the employees in handling this difficult problem.”

Loading/Unloading includes:

Group/Attribute	Complaints	Neutral	Compliments
On the Ship: Loading/Unloading	134	22	3
Inside the Terminal: Loading/Directions	155	11	6
Sailings: Loading Error	18	3	2
% of all comments (9,005)	3.4%	0.4%	0.1%



*Complaints = “bad” or “poor” rating accompanied by a comment
 Note: 2011/12 = April 1, 2011 to March 31, 2012

Loading/Unloading

Root Cause:

Customers expect to be loaded and discharged in the order their vehicle arrived at the terminal.

Lessons Learned:

The expectation of first on – first off is frequently expressed by customers and perceived as a lack of customer service if not provided. BC Ferries recognizes there are advantages to being loaded first and unloaded first. While operationally we are unable to guarantee first on - first off loading, we could improve our communication to help customers understand why this is a challenge to deliver consistently.

Action Taken:

When the issue of first on – first off and the vehicle placement is raised, staff offer a thorough explanation of the factors impacting placement:

- Stability of the vessel in the water and positioning of the ramp during loading
- Even distribution of traffic to maintain vessel stability during crossing
- Optimize use of car deck space in order to accommodate as many customers as possible

The time a vehicle arrives at the terminal will determine if it will be loaded on a sailing but not necessarily where on the car deck it will be parked. The consequences of moving to a declared first on – first off guarantee would be:

- Late sailings due to single lane loading
- Less vehicles on the car deck
- Increased sailing waits for customers left behind

Part 3

Additional or Alternative Service Providers



Part 3: Additional or Alternative Service Providers

BC Ferries is required by section 69 of the Act to seek ASPs where so ordered by the Commissioner. When BC Ferries receives such an Order, it must prepare a plan for the Commissioner's approval, and then report to the Commissioner on the activities it undertook to comply with the Order. During the fiscal year, no Orders were issued by the Commissioner for BC Ferries to seek ASPs.³

BC Ferries, however, continuously seeks opportunities to enhance efficiency and productivity in the delivery of coastal ferry services. With that as its continued objective, BC Ferries from time to time tests the market to determine if another operator under sub-contract could provide safe, reliable and high quality service that is more cost-effective. The actions undertaken by BC Ferries in 2011/12 in this area focussed on seeking ASPs for a potential cable ferry service on route 21 (Buckley Bay to Denman Island).

➤ **Route 21 - Cable Ferry**

In 2010/11, BC Ferries completed its review of the feasibility of using cable ferry technology on one of its shortest routes – route 21 (Buckley Bay to Denman Island). Preliminary indications are that using a cable ferry is both technically and financially feasible. BC Ferries also commissioned an independent review of the proposed cable ferry service and the findings of the review support the Company's decision to pursue the proposed service on route 21. BC Ferries is currently undertaking a much more detailed engineering analysis to confirm the preliminary findings. Regulatory and environmental approvals for the project have been received from the Department of Fisheries and Oceans under the *Canadian Environmental Assessment Act*.

Cable ferry technology uses small engines in combination with drive and guide cables to move the vessel. Not only do cable ferries have a lower capital cost than conventional ferries, but a reduction in operating costs would also be expected. Safety, reliability and quality of service will continue to be important considerations throughout the project. The cable ferry is an innovative initiative and is part of the Company's ongoing efforts to identify and pursue opportunities that have the potential to enhance its cost effectiveness.

In May 2012, BC Ferries issued a Request for Proposals ("RFP") to invite selected potential ASPs, who responded to a Request for Expressions of Interest issued by BC Ferries earlier in the fiscal year, to provide BC Ferries with a proposal to provide passenger and vehicle cable ferry service on route 21, including the design, build, operation and maintenance of the cable ferry system and related terminals. The RFP closes in August, 2012.

³ In his preliminary ruling on price caps for performance term three (Order 11-02), the Commissioner indicated his intent, subject to feedback from ferry users, BC Ferries and stakeholders, to issue an Order in conjunction with the final price cap decision for BC Ferries to provide a plan to seek ASPs with respect to three of the initiatives listed in this report: route 10 (Port Hardy to Prince Rupert) (Winter) – Mid-Coast Ports; route 21 (Buckley Bay to Denman Island) – cable ferry; and routes 17 (Comox to Powell River) and 18 (Powell River to Texada Island).

Should there be no successful ASP from this RFP, BC Ferries' present intent is to itself design and build the cable ferry system and to issue a subsequent RFP to selected potential ASPs seeking proposals to operate and maintain the route 21 cable ferry service.