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**British Columbia Ferry Services Inc.**

Annual Report  
to the  
British Columbia Ferries Commissioner

**Year Ended March 31, 2013**

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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, 2013 (the "fiscal year" or "2012/13"), 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. In accordance with the Contract, BC Ferries also manages ferry transportation service on other unregulated routes through contracts with ASPs.

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 2012/13, BC Ferries carried 7.7 million vehicles<sup>1</sup> and 19.9 million passengers and delivered 84,113.5 round trips on the designated ferry routes. During the fiscal year, the Company continued to maintain a high standard of service reliability, delivering 99.8% of the scheduled round trip sailings<sup>2</sup>. On a system-wide basis, BC Ferries' on-time performance was 92.3% in the fiscal year.

Traffic levels in the fiscal year were lower than anticipated. BC Ferries experienced a 1.1% decline in vehicle traffic and a 1.2% decline in passenger traffic in 2012/13 compared to the prior fiscal year. A significant factor in the decline was a period of stormy weather with high winds that resulted in numerous sailing cancellations during the December holiday season. In three of the last five months of 2012/13, however, total traffic was higher than the same periods in the prior year.

In April 2012, BC Ferries' SailSafe program, a joint initiative with the BC Ferry & Marine Workers' Union entered the sustainment phase. This phase marked the transition from the implementation of a safety program to a regular part of the Company's business, fully integrated into all aspects of daily operations. Since

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<sup>1</sup> Equivalent to 8.8 million automobile equivalents (see the Operations Report for more information).

<sup>2</sup> Excludes weather, medical or rescue related cancellations.

the inception of SailSafe in 2007, employee time loss injuries have decreased by over 50% and passenger injuries have decreased even more. These are but two of many significant improvements in safety-related performance arising from the SailSafe program.

While ensuring safety remains the first priority, BC Ferries has maintained a strong focus on containing costs and operating as efficiently as possible. The results have been positive. Operating expenses in the fiscal year, excluding fuel costs, were \$27.2 million below previously planned levels as published in the Company's annual Business Plan for 2012/13. Overall, through prudent stewardship, the Company returned to a position of profitability in the fiscal year, despite lower than anticipated traffic levels.

Contributing to this result were savings arising from a reduction in sailings on the major routes as agreed to by the Province as part of the amendments to the Contract for performance term three ("PT3"). The Contract amendments provide for a reduction of up to 400 round trips on the major routes which is expected to yield savings totalling \$4 million over PT3.

The Contract for PT3 contains principles and targets for further service level reductions system wide. These initiatives were expected to achieve efficiencies totalling \$30 million over PT3. On April 3, 2013, the Contract was subsequently amended to extend the deadline for identifying these service level adjustments to March 31, 2014, in order to provide sufficient time to the Province to further consult with stakeholders regarding future service changes. As part of this amendment, the Province agreed to pay the Company \$7.1 million in ferry transportation fees to compensate for the change in deadline and to reduce savings from service adjustments from \$30 million to \$22.9 million. In recognition of this amendment, the Commissioner issued an order updating his original PT3 price cap Order 12-02, and acknowledged the \$4 million in savings from service reductions already implemented with \$18.9 million yet to be identified.

Ferry service levels are a public policy decision of the Province, and the Company will await direction from the government regarding any future adjustments to service levels and the resulting impact on fares.

Through continued focus on containing costs and operating as efficiently as possible, the Company has exceeded the productivity targets set by the Commissioner in Order 12-02. In his Order, the Commissioner required the Company to achieve efficiencies totalling \$54.2 million over the four years of PT3. In 2012/13, the first year of PT3, the Company made significant progress towards realizing this target, achieving operating cost efficiencies in excess of \$31 million. These efficiencies were achieved by reducing fuel consumption by \$6.3 million; travel, advertising, mail, telecommunication, property tax and credit card fees by \$3.1 million; and wages and benefits by \$10.6 million (including \$1.4 million in executive compensation); as well as by achieving vessel and terminal maintenance cost reductions and efficiencies of \$3.9 million and savings of \$7.5 million in operating cost contingencies to mitigate revenue risk and incidences.

During the fiscal year, planning continued with respect to the refurbishment of the Company's minor and intermediate size vessels. In May 2013, the Company submitted an application to the Commissioner to acquire three intermediate class vessels to replace the *Queen of Nanaimo* and *Queen of Burnaby*. This marks the first step in the Company's plan to build standardized intermediate size vessels to achieve interoperability and design optimization. It also provides an opportunity for BC Ferries to explore further the use of liquefied natural gas ("LNG") as a potential fuel source for its vessels. LNG is not only currently cheaper than marine diesel, it is also better for the environment.

After extensive review, the Company announced in November 2012 its decision to proceed with plans to design and build a cable ferry to operate between Buckley Bay on Vancouver Island and Denman Island. The cable ferry is expected to enter service in the fall of 2014, and to provide a substantial cost savings over the 40-year project life compared to the current service.

This past fiscal year, BC Ferries continued to pursue innovative approaches for generating revenue from non-traditional sources. Two examples are BC Ferries' drop-trailer service and BC Ferries Vacations. Generating revenue from areas other than the farebox helps to reduce upward pressure on ferry fares. These two lines of business generated revenues of over \$10 million this year.

BC Ferries also progressed during the year on its extensive, multi-year integrated business solution project to improve the end-to-end customer experience. The program called Automated Customer Experience ("ACE") will replace two of the Company's primary business systems, point-of-sale and reservations, and will introduce new services to enhance the overall level of customer service, especially in the areas of mobility and social media. The program is fundamental to the future evolution of ferry services and the Commissioner has initiated a performance review, in order to ensure that the interests of ferry users and taxpayers are fully considered.

## Part 2: Service Quality

As in past years, BC Ferries commissioned an independent professional consulting organization to conduct and document a comprehensive customer satisfaction survey. In addition to meeting BC Ferries' obligations under the Contract, the survey is an important part of the Company's ongoing market research program that supports various operational and marketing initiatives. For comparative purposes, each year's survey since 2003 has included an identical set of questions, with minor modifications in 2004, 2009 and 2010. In 2012, 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 2012 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 2012/13 to seek ASPs.

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# **Part 1**

## **Services on Designated Routes**

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## 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 2012/13 for each of the designated ferry routes.<sup>3</sup>

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 84,113.5 round trips during the fiscal year, which exceeded by 822 the core service level requirements specified in the Contract, as amended for performance term three.

#### ➤ *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 2012/13, BC Ferries provided capacity sufficient to carry the traffic, with capacity utilization on the designated ferry routes ranging from 20.2% to 72.2%.

#### ➤ *Traffic and Revenue*

Vehicle traffic (AEQs) and passenger traffic carried on each of the designated ferry routes during 2012/13 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 2012/13, vehicle and passenger traffic levels declined by 1.1% and 1.2%, respectively. As noted above, a contributing factor to this decline was a period of stormy weather resulting in numerous sailing cancellations during the December holiday season. For three of the last five months of 2012/13 traffic levels were

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<sup>3</sup> On March 31, 2013, BC Ferries reached agreement with the Province, amending the Contract, to consolidate all designated routes into a single route group effective April 1, 2013. This revised grouping will be in effect until March 31, 2016. In the absence of any further amendments, on April 1, 2016, the route group structure in the Contract will revert back to the structure at March 31, 2013.

higher than in the same periods in the prior year.

Revenue from vehicle and passenger traffic on the designated ferry routes in 2012/13 totalled \$468.8 million, an increase of \$11.8 million from the prior fiscal year.

PT3 commenced April 1, 2012. In March 2011, the Commissioner set preliminary price cap increases for each of the four years of PT3 of 4.15% for the three Major Routes and 8.23% for all other routes. On June 2, 2011, the *Coastal Ferry Amendment Act, 2011* (Bill 14) was enacted. Among other things, Bill 14 established a price cap increase for each route group for the first year of PT3 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 (see below).

Bill 14 gave the Commissioner the mandate to conduct a review of the Act before issuance of his final decision on price caps for the balance of PT3. On January 24, 2012, the Commissioner issued his report to the Province and in May 2012, in response to the Commissioner's report, the Province enacted Bill 47. Together with the introduction of amendments to the Act, the Province announced additional payments totalling \$79.5 million in order to reduce the pressure for future fare and price cap increases.

On September 30, 2012, the Commissioner established the price cap increases for the remainder of PT3: 4.1% at April 1, 2013; 4.0% at April 1, 2014; and 3.9% at April 1, 2015. BC Ferries implemented tariff increases April 1, 2013 to the new levels authorized.

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% and effective November 20, 2012, were eliminated altogether. The Company continues to monitor its deferred fuel cost accounts. Due to the volatility of fuel pricing, fuel surcharges are likely to be re-introduced if current market conditions persist.

#### ➤ **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 2012/13, over 92% 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. In 2012/13, BC Ferries exceeded its annual core service level commitments under the Contract by 822 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.

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 2012/13, the same as in 2011/12.

## **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.

Commencing 2012/13, all of BC Ferries financial reporting is prepared in accordance with International Financial Reporting Standards (IFRS). The route financial report reflects this changeover to IFRS from Canadian generally accepted accounting principles (previous GAAP). The report includes a detailed explanation as well as a reconciliation between the 2011/12 route statements previously reported (prepared using previous GAAP) and those reflecting IFRS.

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# **Operations Report**

## **Year Ended March 31, 2013**

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## Operations Summary Report for the Year Ended March 31, 2013

|                        |       | A                  | B                         |                           |                              | C                         | D                  | E                                     | F                              | G                                 | H             | I |  |
|------------------------|-------|--------------------|---------------------------|---------------------------|------------------------------|---------------------------|--------------------|---------------------------------------|--------------------------------|-----------------------------------|---------------|---|--|
| Route Group            | Route | Actual Round Trips | Capacity Provided (AEQ's) | AEQ's Carried Fiscal 2013 | Capacity Utilization (C / B) | AEQ's Carried Fiscal 2012 | AEQ Growth (C - E) | AEQ Tariff Revenue Fiscal 2013 Note 3 | AEQ Tariff Revenue Fiscal 2012 | AEQ Tariff Revenue Growth (G - H) |               |   |  |
| 1                      | 1     | 3,829.0            | 2,894,340                 | 2,090,878                 | 72.2%                        | 2,101,692                 | (10,814)           | \$ 106,069,958                        | \$ 101,688,375                 | \$ 4,381,583                      |               |   |  |
| 1                      | 2     | 3,052.0            | 2,215,968                 | 1,289,221                 | 58.2%                        | 1,289,690                 | (469)              | 62,385,432                            | 59,859,220                     | 2,526,212                         |               |   |  |
| 1                      | 3     | 3,059.0            | 2,213,992                 | 1,205,738                 | 54.5%                        | 1,225,018                 | (19,280)           | 24,187,908                            | 23,848,165                     | 339,743                           |               |   |  |
| 1                      | 30    | 2,681.0            | 1,729,530                 | 825,623                   | 47.7%                        | 828,180                   | (2,557)            | 50,786,226                            | 48,222,837                     | 2,563,389                         |               |   |  |
| <b>Major Routes</b>    |       | <b>12,621.0</b>    | <b>9,053,830</b>          | <b>5,411,460</b>          | <b>59.8 %</b>                | <b>5,444,580</b>          | <b>(33,120)</b>    | <b>243,429,524</b>                    | <b>233,618,597</b>             | <b>9,810,927</b>                  | <i>Note 2</i> |   |  |
| 2                      | 10    | 124.0              | 34,638                    | 13,516                    | 39.0%                        | 14,003                    | (487)              | 4,054,804                             | 4,219,991                      | (165,187)                         |               |   |  |
| 2                      | 11    | 183.5              | 41,069                    | 17,464                    | 42.5%                        | 17,184                    | 280                | 2,974,177                             | 2,967,157                      | 7,020                             |               |   |  |
| 2                      | 40    | 39.0               | 8,970                     | 2,643                     | 29.5%                        | 2,490                     | 153                | 755,794                               | 690,517                        | 65,277                            |               |   |  |
| <b>Northern Routes</b> |       | <b>346.5</b>       | <b>84,677</b>             | <b>33,623</b>             | <b>39.7 %</b>                | <b>33,677</b>             | <b>(54)</b>        | <b>7,784,775</b>                      | <b>7,877,665</b>               | <b>(92,890)</b>                   |               |   |  |
| 3                      | 4     | 2,881.0            | 574,530                   | 307,636                   | 53.5%                        | 313,815                   | (6,179)            | 3,187,926                             | 3,142,836                      | 45,090                            |               |   |  |
| 3                      | 5     | 3,494.0            | 687,383                   | 255,146                   | 37.1%                        | 260,685                   | (5,539)            | 2,995,893                             | 3,054,736                      | (58,843)                          |               |   |  |
| 3                      | 6     | 5,036.0            | 705,040                   | 250,470                   | 35.5%                        | 255,439                   | (4,969)            | 2,789,438                             | 2,804,940                      | (15,502)                          |               |   |  |
| 3                      | 7     | 2,871.0            | 712,470                   | 187,465                   | 26.3%                        | 190,795                   | (3,330)            | 3,890,432                             | 3,896,043                      | (5,611)                           |               |   |  |
| 3                      | 8     | 5,575.0            | 954,850                   | 484,240                   | 50.7%                        | 503,601                   | (19,361)           | 5,044,033                             | 5,066,107                      | (22,074)                          |               |   |  |
| 3                      | 9     | 829.0              | 361,520                   | 152,514                   | 42.2%                        | 154,673                   | (2,159)            | 6,270,088                             | 6,103,822                      | 166,266                           |               |   |  |
| 3                      | 12    | 3,210.0            | 141,240                   | 78,279                    | 55.4%                        | 70,275                    | 8,004              | 853,476                               | 748,185                        | 105,291                           |               |   |  |
| 3                      | 13    | 4,117.0            | <i>Pass. Only</i>         | <i>Pass. Only</i>         | <i>Pass. Only</i>            | <i>Pass. Only</i>         | <i>Pass. Only</i>  | 287                                   | 379                            | (92)                              | <i>Note 1</i> |   |  |
| 3                      | 17    | 1,424.0            | 546,816                   | 161,845                   | 29.6%                        | 169,262                   | (7,417)            | 5,439,448                             | 5,649,039                      | (209,591)                         |               |   |  |
| 3                      | 18    | 3,649.0            | 355,250                   | 90,815                    | 25.6%                        | 88,381                    | 2,434              | 630,283                               | 593,910                        | 36,373                            |               |   |  |
| 3                      | 19    | 5,728.0            | 801,360                   | 364,313                   | 45.5%                        | 366,511                   | (2,198)            | 2,874,201                             | 2,826,576                      | 47,625                            |               |   |  |
| 3                      | 20    | 4,365.0            | 279,360                   | 81,281                    | 29.1%                        | 82,957                    | (1,676)            | 616,033                               | 608,485                        | 7,548                             |               |   |  |
| 3                      | 21    | 6,458.0            | 594,240                   | 244,560                   | 41.2%                        | 249,636                   | (5,076)            | 1,644,513                             | 1,658,483                      | (13,970)                          |               |   |  |
| 3                      | 22    | 4,753.0            | 285,000                   | 108,608                   | 38.1%                        | 109,594                   | (986)              | 700,040                               | 686,570                        | 13,470                            |               |   |  |
| 3                      | 23    | 6,245.0            | 874,370                   | 366,607                   | 41.9%                        | 376,113                   | (9,506)            | 2,796,109                             | 2,839,807                      | (43,698)                          |               |   |  |
| 3                      | 24    | 2,107.0            | 126,420                   | 55,628                    | 44.0%                        | 56,036                    | (408)              | 483,857                               | 476,567                        | 7,290                             |               |   |  |
| 3                      | 25    | 3,956.0            | 237,360                   | 88,085                    | 37.1%                        | 88,994                    | (909)              | 820,120                               | 798,784                        | 21,336                            |               |   |  |
| 3                      | 26    | 4,448.0            | 231,296                   | 46,642                    | 20.2%                        | 46,771                    | (129)              | 382,309                               | 367,652                        | 14,657                            |               |   |  |
| <b>Minor Routes</b>    |       | <b>71,146.0</b>    | <b>8,468,505</b>          | <b>3,324,134</b>          | <b>39.3 %</b>                | <b>3,383,538</b>          | <b>(59,404)</b>    | <b>41,418,486</b>                     | <b>41,322,921</b>              | <b>95,565</b>                     |               |   |  |
| <b>Total</b>           |       | <b>84,113.5</b>    | <b>17,607,012</b>         | <b>8,769,217</b>          | <b>49.8 %</b>                | <b>8,861,795</b>          | <b>(92,578)</b>    | <b>292,632,785</b>                    | <b>282,819,183</b>             | <b>9,813,602</b>                  |               |   |  |

*Note 1) Revenue arises from bike traffic and freight.*

*Note 2) For the Major Routes group, prior year totals have been updated to reflect the inclusion of Route 3.*

*Note 3) At March 31, 2012 the Major Routes were over price cap by \$2.4 million (Vehicles \$1.5 million and Passenger \$0.9 million).*

*This obligation to customers was settled in the quarter ended June 30, 2012.*

*Note 4) Indicates percentage of sailings departing within 10 minutes of scheduled departure for Route Groups 1 and 3,*

*and arriving within 10 minutes of scheduled arrival for Route Group 2.*

*Prior year on-time performance results for Route Group 2 have been restated to reflect the change from departure to arrival based on time performance reporting.*

Obligation settled (1,536,710)

Total vehicle fare revenue 291,096,075

## Operations Summary Report for the Year Ended March 31, 2013

| Route Group                                                       | Route | J                         | K                         | L                              | M                                                    | N                                       | O                                             | % Sailings Within 10 Min. (Note 4) |             |             |
|-------------------------------------------------------------------|-------|---------------------------|---------------------------|--------------------------------|------------------------------------------------------|-----------------------------------------|-----------------------------------------------|------------------------------------|-------------|-------------|
|                                                                   |       | Passengers<br>Fiscal 2013 | Passengers<br>Fiscal 2012 | Passenger<br>Growth<br>(J - K) | Passenger Tariff<br>Revenue<br>Fiscal 2013<br>Note 3 | Passenger Tariff<br>Revenue Fiscal 2012 | Passenger Tariff<br>Revenue Growth<br>(M - N) | Fiscal 2011                        | Fiscal 2012 | Fiscal 2013 |
| 1                                                                 | 1     | 5,589,971                 | 5,645,013                 | (55,042)                       | \$ 71,285,026                                        | \$ 69,016,885                           | \$ 2,268,141                                  | 85.2%                              | 84.1%       | 87.2%       |
| 1                                                                 | 2     | 3,310,473                 | 3,340,199                 | (29,726)                       | 41,754,677                                           | 40,488,854                              | 1,265,823                                     | 79.3%                              | 85.5%       | 76.2%       |
| 1                                                                 | 3     | 2,501,900                 | 2,539,363                 | (37,463)                       | 13,193,508                                           | 12,985,575                              | 207,933                                       | 78.4%                              | 87.5%       | 81.9%       |
| 1                                                                 | 30    | 1,374,878                 | 1,396,232                 | (21,354)                       | 17,053,913                                           | 16,650,200                              | 403,713                                       | 92.1%                              | 90.1%       | 92.8%       |
| Major Routes                                                      |       | 12,777,222                | 12,920,807                | (143,585)                      | 143,287,124                                          | 139,141,514                             | 4,145,610                                     | 83.6%                              | 86.5%       | 84.5%       |
| 2                                                                 | 10    | 38,108                    | 39,622                    | (1,514)                        | 4,927,807                                            | 5,198,250                               | (270,443)                                     | 91.2%                              | 89.1%       | 89.8%       |
| 2                                                                 | 11    | 35,791                    | 34,487                    | 1,304                          | 1,221,945                                            | 1,140,198                               | 81,747                                        | 95.1%                              | 95.9%       | 97.0%       |
| 2                                                                 | 40    | 6,949                     | 6,533                     | 416                            | 767,658                                              | 737,045                                 | 30,613                                        | 93.7%                              | 86.2%       | 90.1%       |
| Northern Routes                                                   |       | 80,848                    | 80,642                    | 206                            | 6,917,410                                            | 7,075,493                               | (158,083)                                     | 92.7%                              | 90.6%       | 91.9%       |
| 3                                                                 | 4     | 619,939                   | 627,080                   | (7,141)                        | 2,639,135                                            | 2,596,293                               | 42,842                                        | 94.9%                              | 93.8%       | 95.9%       |
| 3                                                                 | 5     | 459,393                   | 467,576                   | (8,183)                        | 1,855,653                                            | 1,755,098                               | 100,555                                       | 76.1%                              | 82.2%       | 88.9%       |
| 3                                                                 | 6     | 478,733                   | 490,030                   | (11,297)                       | 1,669,174                                            | 1,650,270                               | 18,904                                        | 88.1%                              | 88.9%       | 91.1%       |
| 3                                                                 | 7     | 331,679                   | 339,021                   | (7,342)                        | 1,754,524                                            | 1,769,094                               | (14,570)                                      | 91.7%                              | 94.7%       | 95.6%       |
| 3                                                                 | 8     | 1,132,383                 | 1,145,637                 | (13,254)                       | 3,328,933                                            | 3,272,044                               | 56,889                                        | 84.9%                              | 91.5%       | 90.3%       |
| 3                                                                 | 9     | 434,839                   | 434,582                   | 257                            | 4,619,207                                            | 4,471,706                               | 147,501                                       | 77.8%                              | 87.5%       | 89.2%       |
| 3                                                                 | 12    | 154,384                   | 137,591                   | 16,793                         | 682,081                                              | 601,251                                 | 80,830                                        | 87.8%                              | 89.5%       | 91.9%       |
| 3                                                                 | 13    | 46,964                    | 47,892                    | (928)                          | 170,519                                              | 166,281                                 | 4,238                                         | 99.2%                              | 99.7%       | 99.4%       |
| 3                                                                 | 17    | 352,820                   | 365,822                   | (13,002)                       | 3,765,608                                            | 3,820,026                               | (54,418)                                      | 86.8%                              | 83.0%       | 94.4%       |
| 3                                                                 | 18    | 170,604                   | 171,706                   | (1,102)                        | 477,477                                              | 458,035                                 | 19,442                                        | 88.5%                              | 82.9%       | 90.2%       |
| 3                                                                 | 19    | 771,783                   | 777,495                   | (5,712)                        | 1,995,172                                            | 1,958,650                               | 36,522                                        | 89.6%                              | 93.5%       | 96.1%       |
| 3                                                                 | 20    | 247,556                   | 255,031                   | (7,475)                        | 556,810                                              | 551,098                                 | 5,712                                         | 80.8%                              | 86.0%       | 83.8%       |
| 3                                                                 | 21    | 463,752                   | 474,679                   | (10,927)                       | 1,153,854                                            | 1,180,542                               | (26,688)                                      | 99.3%                              | 99.2%       | 99.1%       |
| 3                                                                 | 22    | 208,253                   | 218,573                   | (10,320)                       | 493,914                                              | 508,545                                 | (14,631)                                      | 98.3%                              | 96.8%       | 97.1%       |
| 3                                                                 | 23    | 785,170                   | 804,149                   | (18,979)                       | 1,948,245                                            | 1,935,971                               | 12,274                                        | 98.0%                              | 98.1%       | 98.6%       |
| 3                                                                 | 24    | 96,918                    | 96,925                    | (7)                            | 321,658                                              | 311,811                                 | 9,847                                         | 92.4%                              | 92.0%       | 94.5%       |
| 3                                                                 | 25    | 218,417                   | 225,273                   | (6,856)                        | 717,970                                              | 712,905                                 | 5,065                                         | 93.5%                              | 92.8%       | 88.0%       |
| 3                                                                 | 26    | 87,441                    | 89,466                    | (2,025)                        | 254,151                                              | 247,304                                 | 6,847                                         | 99.5%                              | 99.5%       | 99.4%       |
| Minor Routes                                                      |       | 7,061,028                 | 7,168,528                 | (107,500)                      | 28,404,085                                           | 27,966,924                              | 437,161                                       | 90.6%                              | 92.4%       | 93.6%       |
| Total                                                             |       | 19,919,098                | 20,169,977                | (250,879)                      | 178,608,619                                          | 174,183,931                             | 4,424,688                                     | 89.6%                              | 91.6%       | 92.3%       |
|                                                                   |       | Obligation settled        |                           | (924,282)                      |                                                      |                                         |                                               |                                    |             |             |
| Total passenger fare revenue                                      |       |                           |                           |                                |                                                      | 177,684,337                             |                                               |                                    |             |             |
| Total vehicle and passenger fare revenue per financial statements |       |                           |                           |                                |                                                      | 468,780,412                             |                                               |                                    |             |             |

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# **Temporary Service Disruptions Report**

## **Year Ended March 31, 2013**

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CANCELLED ROUND TRIPS BY ROUTE AND ROUTE GROUP

PERFORMANCE AGAINST MINIMUM (DAILY) CORE SERVICE LEVELS

| Fiscal 2012/13<br>Year Ended March 31, 2013 |           |                 |                 | Cancellations of Minimum Required Round Trips for Reasons Specified in Schedule A, 2(a) of<br>the Coastal Ferry Services Contract |         |                    |                   |                     |                           |                                     |                  |                            |                            |      |                   |                    | Cancellations of Round Trips<br>for Other Reasons |         |               |               |                                           |
|---------------------------------------------|-----------|-----------------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------|---------|--------------------|-------------------|---------------------|---------------------------|-------------------------------------|------------------|----------------------------|----------------------------|------|-------------------|--------------------|---------------------------------------------------|---------|---------------|---------------|-------------------------------------------|
| Routes                                      |           | Terminal 1      | Terminal 2      | Major<br>Incident                                                                                                                 | Weather | Emerg.<br>Response | Medical<br>Emerg. | Regulatory<br>Issue | Terminal /<br>Dock Maint. | Terminal /<br>Dock Mech.<br>Failure | Vessel<br>Maint. | Vessel<br>Mech.<br>Failure | Vessel<br>Sink /<br>Ground | Fire | Labour<br>Dispute | Allowed<br>Cancels | Community<br>Event                                | Traffic | Other Cancels | Total Cancels | % of Required<br>Round Trips<br>Cancelled |
|                                             | Route 01  | Swartz Bay      | Tsawwassen      | 1                                                                                                                                 | 7       |                    |                   |                     |                           |                                     |                  | 12                         |                            |      |                   | 20.0               |                                                   |         | 0.0           | 20.0          | 0.36%                                     |
|                                             | Route 02  | Horseshoe Bay   | Departure Bay   | 2                                                                                                                                 | 7       |                    |                   |                     |                           |                                     |                  | 1                          |                            |      |                   | 10.0               |                                                   |         | 0.0           | 10.0          |                                           |
|                                             | Route 03  | Langdale        | Horseshoe Bay   |                                                                                                                                   |         |                    |                   |                     |                           |                                     |                  | 1                          |                            |      |                   | 1.0                |                                                   |         | 0.0           | 1.0           |                                           |
|                                             | Route 30  | Duke Point      | Tsawwassen      |                                                                                                                                   | 5       |                    |                   |                     |                           |                                     |                  | 5                          |                            | 3    |                   | 13.0               |                                                   |         | 0.0           | 13.0          |                                           |
| Major Routes                                |           |                 |                 | 3                                                                                                                                 | 19      | 0                  | 0                 | 0                   | 0                         | 0                                   | 0                | 19                         | 0                          | 3    | 0                 | 44.0               | 0                                                 | 0       | 0.0           | 44.0          | 0.36%                                     |
|                                             | Route 10  | Port Hardy      | Prince Rupert   |                                                                                                                                   |         |                    |                   |                     |                           |                                     |                  |                            |                            |      |                   | 0.0                |                                                   |         | 0.0           | 0.0           | 0.00%                                     |
|                                             | Route 11  | Skidegate       | Prince Rupert   |                                                                                                                                   | 5       |                    |                   |                     |                           |                                     |                  |                            |                            |      |                   | 5.0                |                                                   |         | 0.0           | 5.0           | 2.64%                                     |
|                                             | Route 40  | Port Hardy      | Mid-coast       |                                                                                                                                   |         |                    |                   |                     |                           |                                     |                  |                            |                            |      |                   | 0.0                |                                                   |         | 0.0           | 0.0           | 0.00%                                     |
| Northern Routes                             |           |                 |                 | 0                                                                                                                                 | 5       | 0                  | 0                 | 0                   | 0                         | 0                                   | 0                | 0                          | 0                          | 0    | 0                 | 5.0                | 0                                                 | 0       | 0.0           | 5.0           | 1.42%                                     |
|                                             | Route 04  | Fulford Harbour | Swartz Bay      |                                                                                                                                   |         |                    |                   |                     |                           |                                     |                  |                            |                            |      |                   | 0.0                |                                                   |         | 0.0           | 0.0           | 0.00%                                     |
|                                             | Route 05  | Swartz Bay      | Four SGIs       |                                                                                                                                   | 2       |                    |                   | 2                   |                           |                                     |                  |                            |                            |      |                   | 4.0                |                                                   |         | 0.0           | 4.0           | 0.11%                                     |
|                                             | Route 06  | Crofton         | Vesuvius Bay    |                                                                                                                                   | 3       |                    | 2                 | 3                   |                           |                                     |                  | 1                          |                            |      |                   | 9.0                |                                                   |         | 0.0           | 9.0           | 0.18%                                     |
|                                             | Route 07  | Earls Cove      | Saltery Bay     |                                                                                                                                   |         |                    |                   | 1                   |                           |                                     | 3                |                            |                            |      |                   | 4.0                |                                                   |         | 0.0           | 4.0           | 0.14%                                     |
|                                             | Route 08  | Horseshoe Bay   | Bowen Island    |                                                                                                                                   |         | 1                  |                   | 1                   |                           |                                     |                  | 2.5                        |                            |      |                   | 4.5                |                                                   |         | 0.0           | 4.5           | 0.08%                                     |
|                                             | Route 09  | Tsawwassen      | Long Harbour    |                                                                                                                                   | 1       |                    |                   |                     |                           |                                     |                  |                            |                            |      |                   | 1.0                |                                                   |         | 0.0           | 1.0           | 0.12%                                     |
|                                             | Route 12  | Mill Bay        | Brentwood Bay   |                                                                                                                                   |         |                    |                   | 4                   |                           |                                     |                  |                            |                            |      |                   | 4.0                |                                                   |         | 0.0           | 4.0           | 0.12%                                     |
|                                             | Route 13* | Langdale        | Gambier/Keats   |                                                                                                                                   | 3       |                    |                   |                     |                           |                                     |                  |                            |                            |      |                   | 3.0                |                                                   |         | 0.0           | 3.0           | 0.07%                                     |
|                                             | Route 17  | Little River    | Powell River    |                                                                                                                                   | 27      |                    |                   | 3                   |                           |                                     |                  | 4                          |                            |      |                   | 34.0               |                                                   |         | 0.0           | 34.0          | 2.33%                                     |
|                                             | Route 18  | Texada          | Powell River    |                                                                                                                                   | 23      |                    | 1                 |                     |                           |                                     |                  | 7                          |                            |      |                   | 31.0               |                                                   |         | 0.0           | 31.0          | 0.85%                                     |
|                                             | Route 19  | Nanaimo Harbour | Gabriola Island |                                                                                                                                   |         |                    | 1                 | 2                   |                           |                                     |                  | 1                          |                            |      |                   | 4.0                |                                                   |         | 0.0           | 4.0           | 0.07%                                     |
|                                             | Route 20  | Chemainus       | Thetis Island   | 2                                                                                                                                 | 1       |                    |                   |                     |                           |                                     |                  | 8                          |                            |      |                   | 11.0               |                                                   |         | 0.0           | 11.0          | 0.25%                                     |
|                                             | Route 21  | Buckley Bay     | Denman West     |                                                                                                                                   |         |                    |                   |                     |                           | 1                                   |                  |                            |                            |      |                   | 1.0                |                                                   |         | 0.0           | 1.0           | 0.02%                                     |
|                                             | Route 22  | Denman East     | Hornby Island   |                                                                                                                                   | 11      |                    |                   |                     |                           |                                     |                  | 1                          |                            |      |                   | 12.0               |                                                   |         | 0.0           | 12.0          | 0.27%                                     |
|                                             | Route 23  | Campbell River  | Quadra Island   |                                                                                                                                   | 36      |                    |                   | 2                   |                           |                                     |                  |                            |                            |      |                   | 38.0               |                                                   |         | 0.0           | 38.0          | 0.61%                                     |
|                                             | Route 24  | Quadra Island   | Cortes Island   |                                                                                                                                   | 26      |                    |                   | 3                   |                           |                                     |                  | 2                          |                            |      |                   | 31.0               |                                                   |         | 0.0           | 31.0          | 1.45%                                     |
|                                             | Route 25  | Port McNeill    | Alert Bay       |                                                                                                                                   | 4       |                    |                   |                     |                           |                                     |                  |                            |                            |      |                   | 4.0                |                                                   |         | 0.0           | 4.0           | 0.10%                                     |
|                                             | Route 26  | Skidegate       | Alliford Bay    | 2                                                                                                                                 | 27      |                    |                   |                     |                           |                                     |                  | 1                          |                            |      |                   | 30.0               |                                                   | 4       | 4.0           | 34.0          | 0.76%                                     |
| Minor Routes                                |           |                 |                 | 4                                                                                                                                 | 164     | 1                  | 4                 | 21                  | 0                         | 1                                   | 4                | 26.5                       | 0                          | 0    | 0                 | 225.5              | 0                                                 | 4       | 4.0           | 229.5         | 0.32%                                     |
| TOTAL                                       |           |                 |                 | 7.0                                                                                                                               | 188.0   | 1.0                | 4.0               | 21.0                | 0.0                       | 1.0                                 | 4.0              | 45.5                       | 0.0                        | 3.0  | 0.0               | 274.5              | 0.0                                               | 4.0     | 4.0           | 278.5         | 0.33%                                     |

% of Required Round Trips Cancelled0.01%0.23%0.00%0.00%0.03%0.00%0.00%0.00%0.00%0.05%0.00%0.00%0.00%0.00%0.33%0.00%0.00%0.00%0.33%

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

# CANCELLED & EXTRA ROUND TRIPS BY ROUTE AND ROUTE GROUP

| Fiscal 2012/13<br>Year Ended March 31, 2013 |          |                 |                 |
|---------------------------------------------|----------|-----------------|-----------------|
| Routes                                      |          | Terminal 1      | Terminal 2      |
|                                             | Route 01 | Swartz Bay      | Tsawwassen      |
|                                             | Route 02 | Horseshoe Bay   | Departure Bay   |
|                                             | Route 03 | Langdale        | Horseshoe Bay   |
|                                             | Route 30 | Duke Point      | Tsawwassen      |
| <b>Major Routes</b>                         |          |                 |                 |
|                                             | Route 10 | Port Hardy      | Prince Rupert   |
|                                             | Route 11 | Skidegate       | Prince Rupert   |
|                                             | Route 40 | Port Hardy      | Mid-coast       |
| <b>Northern Routes</b>                      |          |                 |                 |
|                                             | 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    |
| <b>Minor Routes</b>                         |          |                 |                 |
| <b>TOTAL</b>                                |          |                 |                 |

| Performance Against CFSC Requirement<br>Annual Core Service Levels<br>Year Ended March 31, 2013 |                                     |                                          |                                |                                 |
|-------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------------|--------------------------------|---------------------------------|
| Actual Round Trips <sup>(1)</sup>                                                               | Round Trips Required <sup>(2)</sup> | Variance - Net Extra / Short Round Trips | Required Round Trips Cancelled | Total Extra / Short Round Trips |
| 3,829.0                                                                                         | 12,294.0                            | 327.0                                    | 44.0                           | 371.0                           |
| 3,052.0                                                                                         |                                     |                                          |                                |                                 |
| 3,059.0                                                                                         |                                     |                                          |                                |                                 |
| 2,681.0                                                                                         |                                     |                                          |                                |                                 |
| <b>12,621.0</b>                                                                                 | <b>12,294.0</b>                     | <b>327.0</b>                             | <b>44.0</b>                    | <b>371.0</b>                    |
| 124.0                                                                                           | 123.0                               | 1.0                                      | 0.0                            | 1.0                             |
| 183.5                                                                                           | 189.5                               | -6.0                                     | 5.0                            | -1.0                            |
| 39.0                                                                                            | 39.0                                | 0.0                                      | 0.0                            | 0.0                             |
| <b>346.5</b>                                                                                    | <b>351.5</b>                        | <b>-5.0</b>                              | <b>5.0</b>                     | <b>0.0</b>                      |
| 2,881.0                                                                                         | 2,880.0                             | 1.0                                      | 0.0                            | 1.0                             |
| 3,494.0                                                                                         | 3,492.0                             | 2.0                                      | 4.0                            | 6.0                             |
| 5,036.0                                                                                         | 5,047.0                             | -11.0                                    | 9.0                            | -2.0                            |
| 2,871.0                                                                                         | 2,877.0                             | -6.0                                     | 4.0                            | -2.0                            |
| 5,575.0                                                                                         | 5,570.0                             | 5.0                                      | 4.5                            | 9.5                             |
| 829.0                                                                                           | 830.0                               | -1.0                                     | 1.0                            | 0.0                             |
| 3,210.0                                                                                         | 3,216.0                             | -6.0                                     | 4.0                            | -2.0                            |
| 4,117.0                                                                                         | 4,062.0                             | 55.0                                     | 3.0                            | 58.0                            |
| 1,424.0                                                                                         | 1,458.0                             | -34.0                                    | 34.0                           | 0.0                             |
| 3,649.0                                                                                         | 3,648.0                             | 1.0                                      | 31.0                           | 32.0                            |
| 5,728.0                                                                                         | 5,731.0                             | -3.0                                     | 4.0                            | 1.0                             |
| 4,365.0                                                                                         | 4,377.0                             | -12.0                                    | 11.0                           | -1.0                            |
| 6,458.0                                                                                         | 6,148.0                             | 310.0                                    | 1.0                            | 311.0                           |
| 4,753.0                                                                                         | 4,481.0                             | 272.0                                    | 12.0                           | 284.0                           |
| 6,245.0                                                                                         | 6,252.0                             | -7.0                                     | 38.0                           | 31.0                            |
| 2,107.0                                                                                         | 2,135.0                             | -28.0                                    | 31.0                           | 3.0                             |
| 3,956.0                                                                                         | 3,960.0                             | -4.0                                     | 4.0                            | 0.0                             |
| 4,448.0                                                                                         | 4,482.0                             | -34.0                                    | 34.0                           | 0.0                             |
| <b>71,146.0</b>                                                                                 | <b>70,646.0</b>                     | <b>500.0</b>                             | <b>229.5</b>                   | <b>729.5</b>                    |
| <b>84,113.5</b>                                                                                 | <b>83,291.5</b>                     | <b>822.0</b>                             | <b>278.5</b>                   | <b>1,100.5</b>                  |

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

<sup>(2)</sup> Core Service Levels do not apply on Christmas Day for Designated Ferry Routes 6, 7, 11, 12 and 20.

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

# CANCELLED ROUND TRIPS BY ROUTES (by Days)

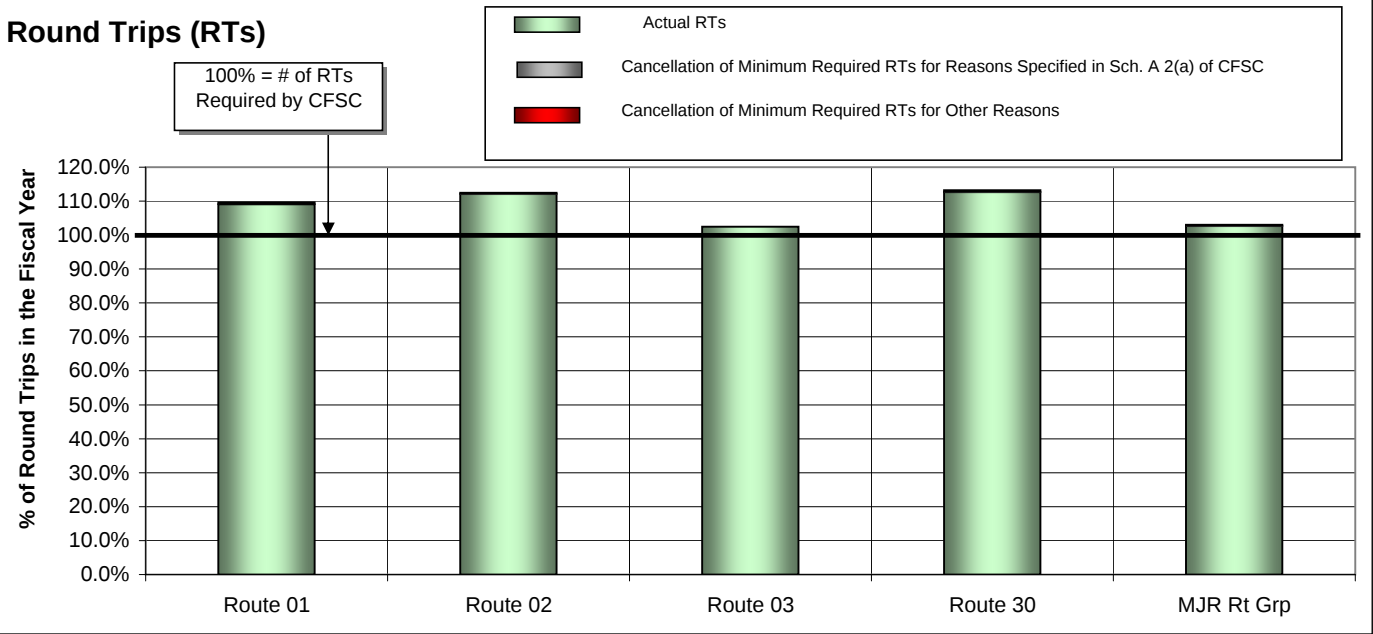
(For Cancellations of Minimum Required Round Trips for Reasons Specified in Schedule A. 2(a) of the Coastal Ferry Services Contract)

| Fiscal 2012/13<br>Year Ended March 31, 2013 |           |                 |                 | Performance Against<br>CFSC Requirement<br>Annual Core Service Levels        |                                                                                       |
|---------------------------------------------|-----------|-----------------|-----------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Routes                                      |           |                 |                 | Cumulative Days When<br>Round Trips Missed<br><i>Allowed 30 Days / Route</i> | Highest Consecutive Days<br>when Round Trips Missed<br><i>Allowed 20 Days / Route</i> |
| Major Routes                                | Route 01  | Swartz Bay      | Tsawwassen      | 12                                                                           | 3                                                                                     |
|                                             | Route 02  | Horseshoe Bay   | Departure Bay   | 5                                                                            | 1                                                                                     |
|                                             | Route 03  | Langdale        | Horseshoe Bay   | 1                                                                            | 1                                                                                     |
|                                             | Route 30  | Duke Point      | Tsawwassen      | 7                                                                            | 2                                                                                     |
| Northern Routes                             | Route 10  | Port Hardy      | Prince Rupert   | 0                                                                            | 0                                                                                     |
|                                             | Route 11  | Skidegate       | Prince Rupert   | 8                                                                            | 2                                                                                     |
|                                             | Route 40  | Port Hardy      | Mid-coast       | 0                                                                            | 0                                                                                     |
| Minor Routes                                | Route 04  | Fulford Harbour | Swartz Bay      | 0                                                                            | 0                                                                                     |
|                                             | Route 05  | Swartz Bay      | Four SGIs       | 4                                                                            | 1                                                                                     |
|                                             | Route 06  | Crofton         | Vesuvius Bay    | 7                                                                            | 1                                                                                     |
|                                             | Route 07  | Earls Cove      | Saltery Bay     | 4                                                                            | 1                                                                                     |
|                                             | Route 08  | Horseshoe Bay   | Bowen Island    | 5                                                                            | 1                                                                                     |
|                                             | Route 09  | Tsawwassen      | Long Harbour    | 1                                                                            | 1                                                                                     |
|                                             | Route 12* | Mill Bay        | Brentwood Bay   | 3                                                                            | 1                                                                                     |
|                                             | Route 13  | Langdale        | Gambier/Keats   | 1                                                                            | 1                                                                                     |
|                                             | Route 17  | Little River    | Powell River    | 21                                                                           | 3                                                                                     |
|                                             | Route 18  | Texada          | Powell River    | 13                                                                           | 2                                                                                     |
|                                             | Route 19  | Nanaimo Harbour | Gabriola Island | 4                                                                            | 1                                                                                     |
|                                             | Route 20  | Chemainus       | Thetis Island   | 8                                                                            | 3                                                                                     |
|                                             | Route 21  | Buckley Bay     | Denman West     | 1                                                                            | 1                                                                                     |
|                                             | Route 22  | Denman East     | Hornby Island   | 5                                                                            | 2                                                                                     |
|                                             | Route 23  | Campbell River  | Quadra Island   | 10                                                                           | 2                                                                                     |
|                                             | Route 24  | Quadra Island   | Cortes Island   | 14                                                                           | 2                                                                                     |
|                                             | Route 25  | Port McNeill    | Alert Bay       | 1                                                                            | 1                                                                                     |
|                                             | Route 26* | Skidegate       | Alliford Bay    | 12                                                                           | 1                                                                                     |

**\*Note:** The Coastal Ferry Services Contract includes an allowance for a temporary service disruption on Routes 12 and 26 of up to 65 consecutive days once every four years for the purpose of carrying out quadrennial surveys and refits

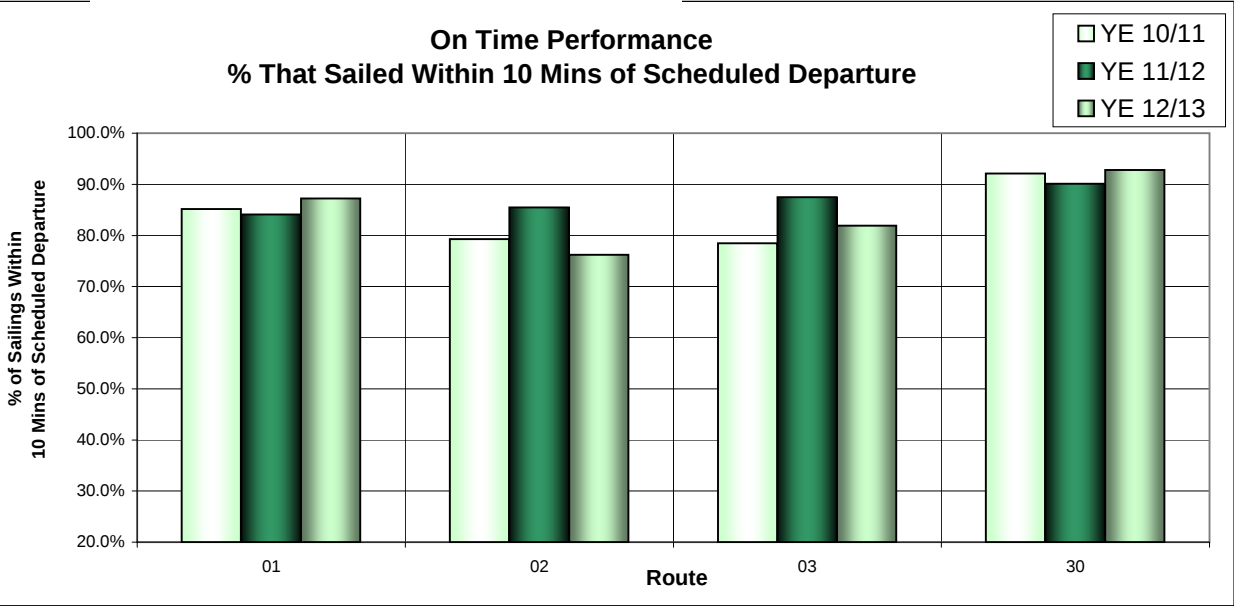
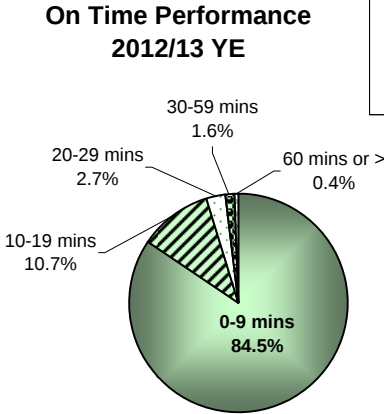
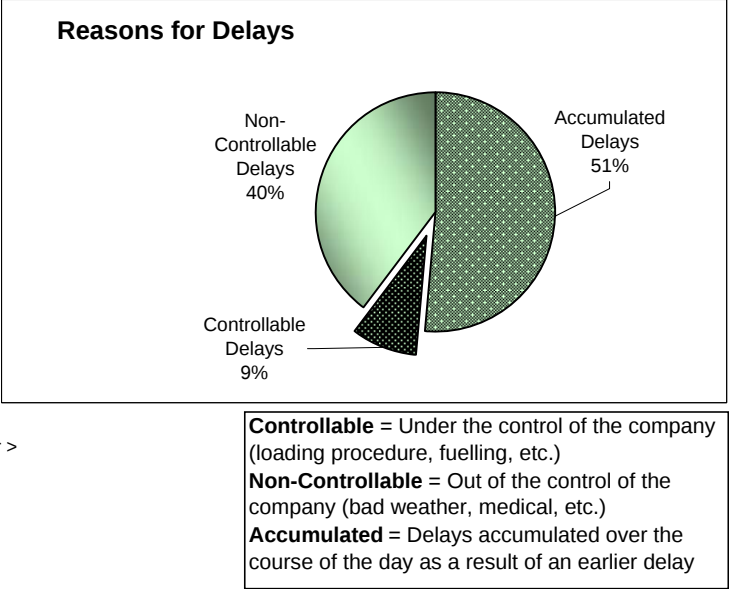
Round Trip Service Delivery and On Time Performance  
Fiscal 2012/13  
Year Ended March 31, 2013

Major Routes



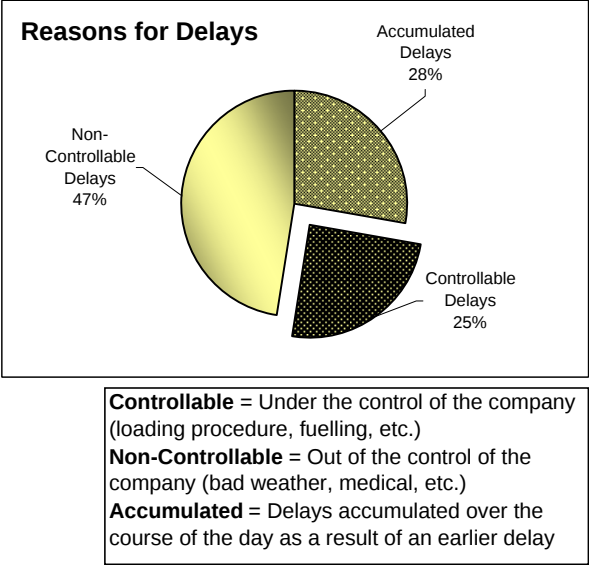
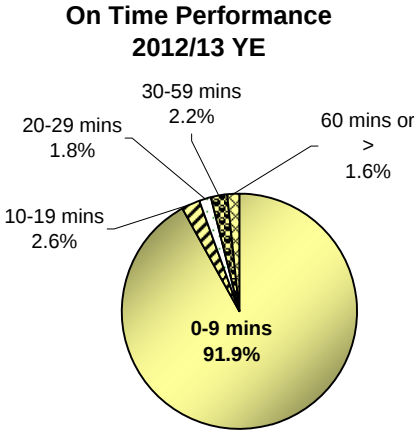
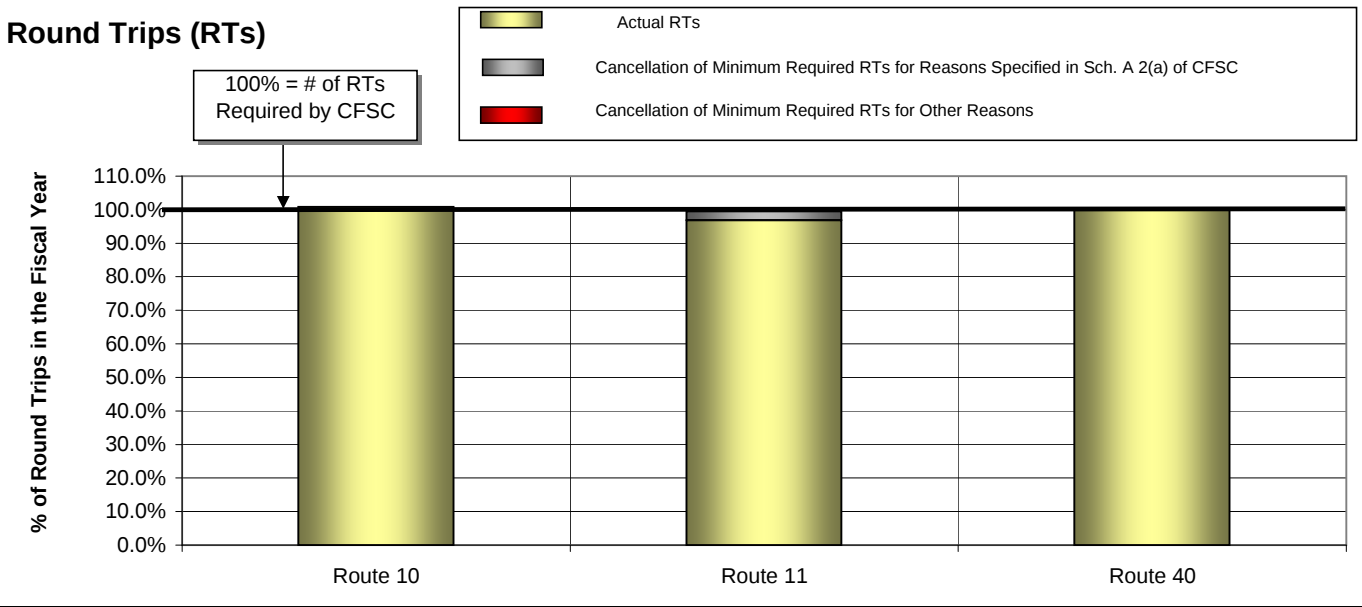
| Routes              | Major Route Description | Actual Round Trips | Round Trips Required | Net Extra RT (Short RT) | % Sailings Overloaded |
|---------------------|-------------------------|--------------------|----------------------|-------------------------|-----------------------|
| Route 01            | Swartz Bay-Tsawwassen   | 3,829.0            | 12,294.0             | 327.0                   | 36.9%                 |
| Route 02            | Horseshoe Bay-Nanaimo   | 3,052.0            |                      |                         | 26.6%                 |
| Route 03            | Langdale-Horseshoe Bay  | 3,059.0            |                      |                         | 13.8%                 |
| Route 30            | Nanaimo-Tsawwassen      | 2,681.0            |                      |                         | 14.3%                 |
| MAJOR Routes Total* |                         | 12,621.0           | 12,294.0             | 327.0                   | 24.0%                 |

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

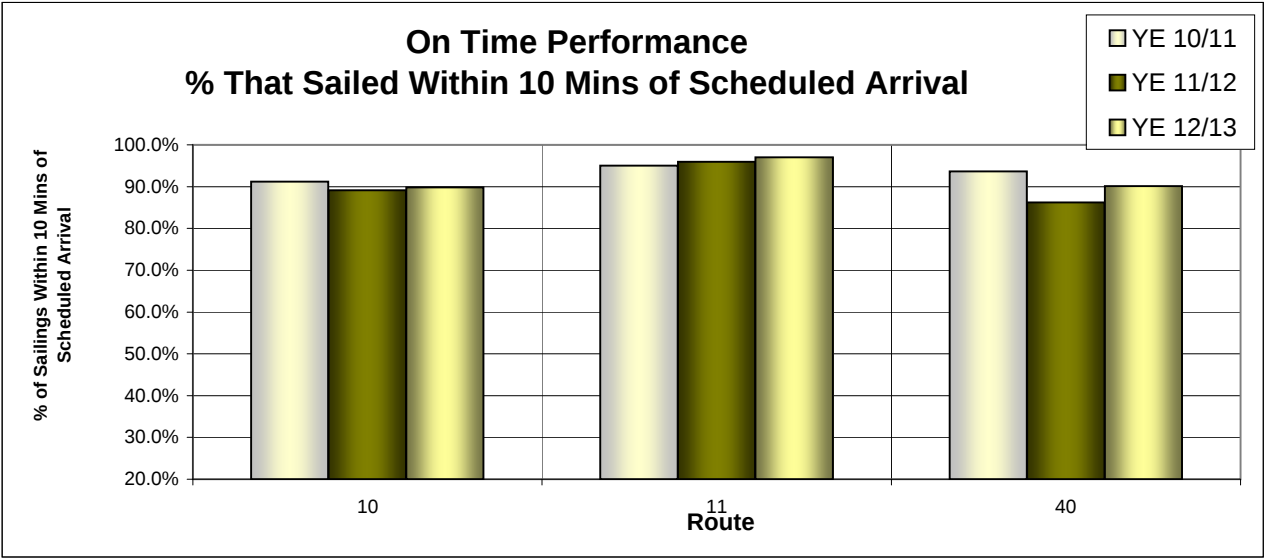


Round Trip Service Delivery and On Time Performance  
Fiscal 2012/13  
Year Ended March 31, 2013

Northern Routes

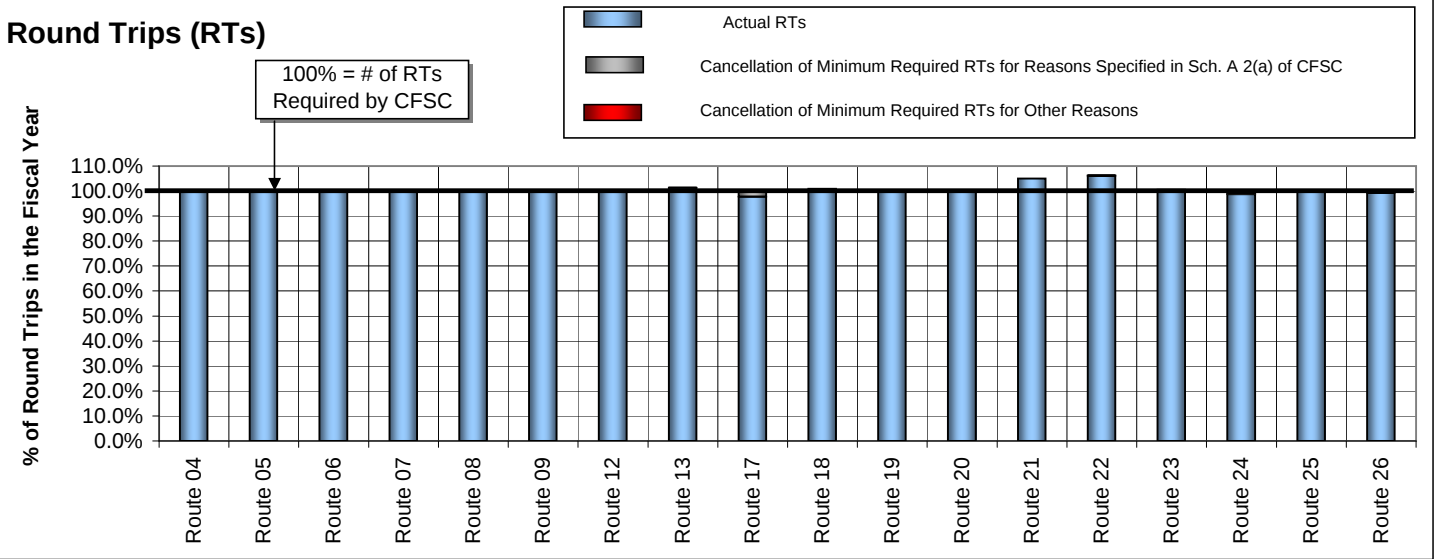


| Routes                | Northern Routes Description | Actual Round Trips | Round Trips Required | Net Extra RT (Short RT) | % Sailings Overloaded |
|-----------------------|-----------------------------|--------------------|----------------------|-------------------------|-----------------------|
| Route 10              | Port Hardy-Prince Rupert    | 124.0              | 123.0                | 1.0                     | 0.3%                  |
| Route 11*             | Skidegate-Prince Rupert     | 183.5              | 189.5                | -6.0                    | 0.0%                  |
| Route 40              | Port Hardy-Mid-coast        | 39.0               | 39.0                 | 0.0                     | 0.0%                  |
| NORTHERN Routes Total |                             | 346.5              | 351.5                | -5.0                    | 0.2%                  |

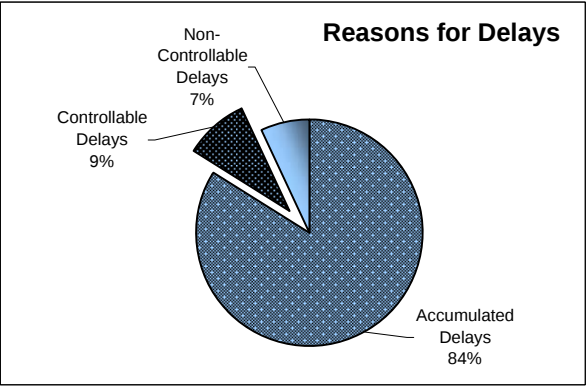
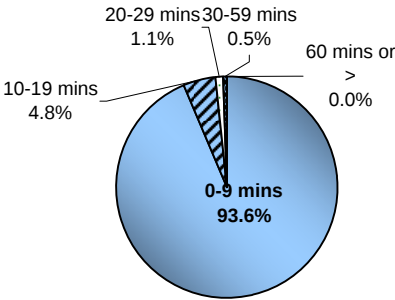


Round Trip Service Delivery and On Time Performance  
Fiscal 2012/13  
Year Ended March 31, 2013

Minor Routes



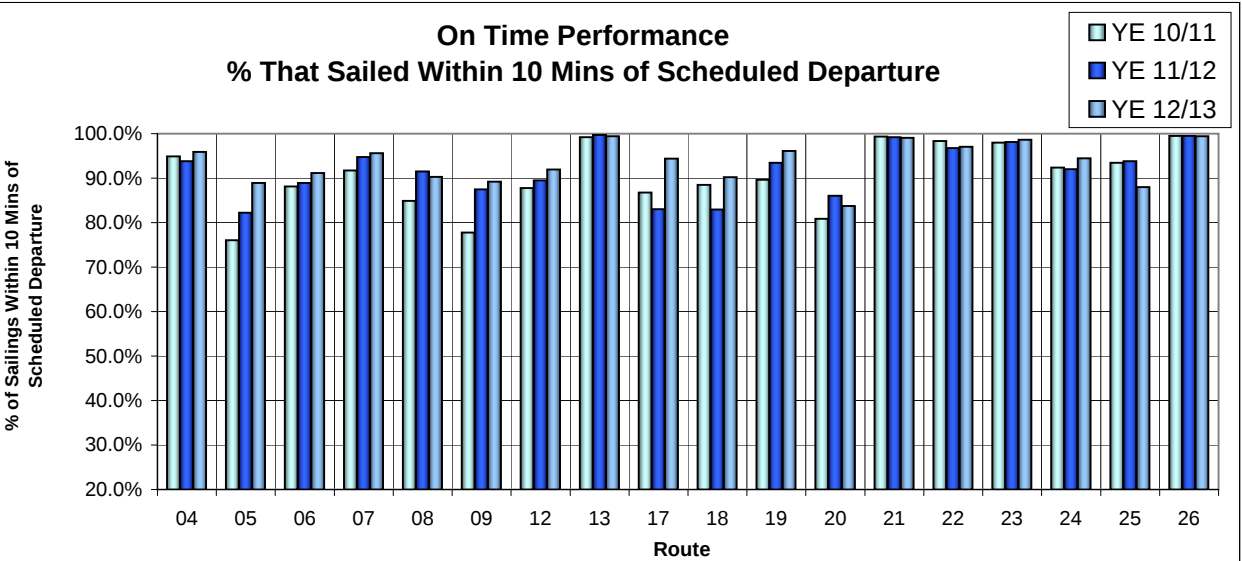
On Time Performance  
2012/13 YE



**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       | 2,881.0            | 2,880.0              | 1.0                     | 5.4%                  |
| Route 05           | Swartz Bay-Gulf Islands          | 3,494.0            | 3,492.0              | 2.0                     | 2.9%                  |
| Route 06           | Crofton-Vesuvius Bay             | 5,036.0            | 5,047.0              | -11.0                   | 2.2%                  |
| Route 07           | Earls Cove-Salter Bay            | 2,871.0            | 2,877.0              | -6.0                    | 0.7%                  |
| Route 08           | Horseshoe Bay-Bowen Island       | 5,575.0            | 5,570.0              | 5.0                     | 10.2%                 |
| Route 09           | Tsawwassen-Southern Gulf Islands | 829.0              | 830.0                | -1.0                    | 3.1%                  |
| Route 12           | Mill Bay-Brentwood Bay           | 3,210.0            | 3,216.0              | -6.0                    | 5.8%                  |
| Route 13           | Langdale-Keats/Gambier           | 4,117.0            | 4,062.0              | 55.0                    | Pass only             |
| Route 17           | Little River-Powell River        | 1,424.0            | 1,458.0              | -34.0                   | 0.6%                  |
| Route 18           | Powell River-Texada              | 3,649.0            | 3,648.0              | 1.0                     | 0.5%                  |
| Route 19           | Nanaimo Harbour-Gabriola Island  | 5,728.0            | 5,731.0              | -3.0                    | 5.2%                  |
| Route 20           | Chemainus-Thetis/Penelakut       | 4,365.0            | 4,377.0              | -12.0                   | 1.0%                  |
| Route 21           | Buckley Bay-Denman West          | 6,458.0            | 6,148.0              | 310.0                   | 7.9%                  |
| Route 22           | Gravelly Bay-Hornby Island       | 4,753.0            | 4,481.0              | 272.0                   | 11.8%                 |
| Route 23           | Campbell River-Quadra Island     | 6,245.0            | 6,252.0              | -7.0                    | 6.9%                  |
| Route 24           | Quadra Island-Cortes Island      | 2,107.0            | 2,135.0              | -28.0                   | 4.0%                  |
| Route 25           | Port McNeill-Sointula/Alert Bay  | 3,956.0            | 3,960.0              | -4.0                    | 2.9%                  |
| Route 26           | Skidegate-Alliford Bay           | 4,448.0            | 4,482.0              | -34.0                   | 1.1%                  |
| MINOR Routes Total |                                  | 71,146.0           | 70,646.0             | 500.0                   | 4.7%                  |

\*Note: Route 13 core service levels include some round trips that are deliverable only 'on demand.'



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**Route Financial Report**

**Year Ended March 31, 2013**

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## **Explanation Regarding the Route Financial Report: Changeover to International Financial Reporting Standards (“IFRS”)**

Commencing 2012/13, all of BC Ferries’ financial reporting is prepared in accordance with IFRS. Accordingly, the following Route Statements reflect this changeover to IFRS.

The change to IFRS from previous Canadian generally accepted accounting principles (“previous GAAP”) has had a significant impact on certain items reflected in our financial statements. To achieve comparability between the 2012/13 and 2011/12 figures, the 2011/12 results have been restated to reflect IFRS. A reconciliation between the 2011/12 Route Statements previously reported (prepared using previous GAAP), and those reflecting IFRS is included as Appendix A to the Route Financial Report.

The following describes the significant differences between IFRS and previous GAAP reflected in the accompanying Route Statements:

- Under IFRS, the costs of regular, periodic major overhauls and inspections of the Company’s vessels are included in property, plant & equipment on the statement of financial position and amortized (reflected in amortization expense on our Route Statements) over the period to the next major overhaul and inspection of the vessel. Under previous GAAP, these overhaul and inspection costs were expensed as incurred and reflected in current period operating expenses.
- As a rate-regulated entity and following previous GAAP, BC Ferries capitalized some costs such as feasibility, research and training that directly related to a specific asset and these costs were amortized over the expected service life of these assets. Under IFRS these costs are expensed as incurred and reflected in current period operating expenses.
- As permitted under IFRS, cumulative actuarial losses on certain of the Company’s defined benefit employee benefit plans were recognized through opening retained earnings at transition (April 1, 2011). Under previous GAAP these actuarial losses were amortized to expense over the expected remaining service life of the Company’s employees. The result of this difference is lower operating expenses under IFRS than under previous GAAP.
- IFRS does not permit, as previous GAAP did, the recognition (on the statement of financial position) of regulatory assets and liabilities. As a result, BC Ferries’ operating results under IFRS includes items included in its deferred accounts such as the following:
  - o fuel surcharges levied and fuel rebates given are included in tariff revenue;
  - o realized fuel hedge gains or losses, if any;
  - o fuel expense reflects our total delivered cost of marine diesel fuel

(including all differences between actual fuel prices and those set by the Commissioner);

- o interest on deferred fuel cost accounts;
- o payments from (or to) the Province made to or from the Company's deferred fuel cost accounts; and
- o tariffs collected in excess of price caps.



**British Columbia Ferry Services Inc.**  
**Route Statement**  
**For the Twelve Months Ended March 31, 2013**  
**(in 000's)**

|                                                                               | Corporate Total  |                  | Major Routes     |                  | Northern Routes |                 | Minor Routes     |                  | Unregulated Routes |              |
|-------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|------------------|------------------|--------------------|--------------|
|                                                                               | 2013             | 2012             | 2013             | 2012             | 2013            | 2012            | 2013             | 2012             | 2013               | 2012         |
| Tariff and Reservation Revenue                                                | 484,089          | 470,770          | 399,317          | 386,259          | 14,742          | 14,995          | 70,030           | 69,516           | -                  | -            |
| Ancillary Revenue (Note 1)                                                    | 56,301           | 55,905           | 49,179           | 48,950           | 3,185           | 3,047           | 3,937            | 3,908            | -                  | -            |
| Social Program Fees                                                           | 28,603           | 26,608           | 17,382           | 16,124           | 1,041           | 961             | 10,180           | 9,523            | -                  | -            |
| Contracted Routes Fee                                                         | 2,451            | 1,764            | -                | -                | -               | -               | -                | -                | 2,451              | 1,764        |
| <b>Total Operating Revenue</b>                                                | <b>571,444</b>   | <b>555,047</b>   | <b>465,878</b>   | <b>451,333</b>   | <b>18,968</b>   | <b>19,003</b>   | <b>84,147</b>    | <b>82,947</b>    | <b>2,451</b>       | <b>1,764</b> |
| <b>Total Operating Expenses</b>                                               | <b>524,897</b>   | <b>510,536</b>   | <b>332,401</b>   | <b>323,012</b>   | <b>49,104</b>   | <b>45,498</b>   | <b>140,941</b>   | <b>140,262</b>   | <b>2,451</b>       | <b>1,764</b> |
| <b>Earnings (Loss) from Operations</b>                                        | <b>46,547</b>    | <b>44,511</b>    | <b>133,477</b>   | <b>128,321</b>   | <b>(30,136)</b> | <b>(26,495)</b> | <b>(56,794)</b>  | <b>(57,315)</b>  | <b>-</b>           | <b>-</b>     |
| Amortization                                                                  | (135,757)        | (138,323)        | (84,260)         | (87,360)         | (17,655)        | (17,449)        | (33,842)         | (33,514)         | -                  | -            |
| Financing Expense                                                             | (72,072)         | (71,908)         | (45,113)         | (46,221)         | (12,005)        | (12,060)        | (14,954)         | (13,627)         | -                  | -            |
| <b>Cost of Capital</b>                                                        | <b>(207,829)</b> | <b>(210,231)</b> | <b>(129,373)</b> | <b>(133,581)</b> | <b>(29,660)</b> | <b>(29,509)</b> | <b>(48,796)</b>  | <b>(47,141)</b>  | <b>-</b>           | <b>-</b>     |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                              | <b>(154)</b>     | <b>(333)</b>     | <b>(45)</b>      | <b>(302)</b>     | <b>15</b>       | <b>2</b>        | <b>(124)</b>     | <b>(33)</b>      | <b>-</b>           | <b>-</b>     |
| <b>Route Earnings (Loss) Before Ferry Service Fees &amp; Federal Contract</b> | <b>(161,436)</b> | <b>(166,053)</b> | <b>4,059</b>     | <b>(5,562)</b>   | <b>(59,781)</b> | <b>(56,002)</b> | <b>(105,714)</b> | <b>(104,489)</b> | <b>-</b>           | <b>-</b>     |
| Ferry Transportation Fees                                                     | 148,573          | 126,587          | 2,300            | 3,665            | 57,415          | 48,577          | 88,858           | 74,345           | -                  | -            |
| Federal-Provincial Subsidy Agreement                                          | 28,078           | 27,487           | -                | 985              | 7,204           | 6,800           | 20,874           | 19,702           | -                  | -            |
| <b>Net Regulatory Earnings (Loss)</b>                                         | <b>15,215</b>    | <b>(11,979)</b>  | <b>6,359</b>     | <b>(912)</b>     | <b>4,838</b>    | <b>(625)</b>    | <b>4,018</b>     | <b>(10,442)</b>  | <b>-</b>           | <b>-</b>     |
| <b>Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS</b>  |                  |                  |                  |                  |                 |                 |                  |                  |                    |              |
| Fuel Costs Deferred                                                           | (11,266)         | (19,486)         | (7,251)          | (13,134)         | (1,252)         | (1,831)         | (2,763)          | (4,521)          | -                  | -            |
| Fuel Surcharges Collected                                                     | 11,469           | 13,098           | 9,480            | 9,768            | -               | -               | 1,989            | 3,330            | -                  | -            |
| Provincial Contributions to Fuel Deferral Accounts                            | 2,473            | 3,302            | 1,091            | 301              | 1,023           | 1,799           | 359              | 1,202            | -                  | -            |
| Interest (Receivable) Payable on Fuel Deferral Accounts                       | (4)              | 39               | (7)              | (21)             | 2               | 18              | 1                | 42               | -                  | -            |
| Performance Term Submission Costs Deferred                                    | -                | (94)             | -                | (77)             | -               | (3)             | -                | (14)             | -                  | -            |
| Amortization of Deferred Costs                                                | 82               | 4,775            | 66               | 3,344            | 3               | 568             | 13               | 863              | -                  | -            |
| Tariffs in Excess of Price Cap                                                | (2,461)          | 1,389            | (2,461)          | 1,389            | -               | -               | -                | -                | -                  | -            |
| <b>Net IFRS Earnings (Loss)</b>                                               | <b>15,508</b>    | <b>(8,956)</b>   | <b>7,277</b>     | <b>658</b>       | <b>4,614</b>    | <b>(74)</b>     | <b>3,617</b>     | <b>(9,540)</b>   | <b>-</b>           | <b>-</b>     |

Note 1: In accordance with amendments to the Coastal Ferry Act, effective April 1, 2012 reservation fees are no longer considered ancillary revenue. For comparative purposes the figures shown for the year ended March 31, 2012 have been restated to reflect this change.

Note 2: 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, 2013, the Province paid fuel surcharges of \$0.6 million (March 31, 2012: \$0.8 million).



**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Major Routes**  
**For the Twelve Months Ended March 31, 2013**  
**(in 000's)**

|                                                                               | 01-Tsawwassen - Swartz Bay |                 | 02-Horseshoe Bay - Nanaimo |                 | 03-Horseshoe Bay - Langdale |                 | 30-Nanaimo - Tsawwassen |                 | Major Routes     |                  |
|-------------------------------------------------------------------------------|----------------------------|-----------------|----------------------------|-----------------|-----------------------------|-----------------|-------------------------|-----------------|------------------|------------------|
|                                                                               | 2013                       | 2012            | 2013                       | 2012            | 2013                        | 2012            | 2013                    | 2012            | 2013             | 2012             |
| Tariff and Reservation Revenue                                                | 183,116                    | 177,095         | 108,155                    | 104,617         | 38,432                      | 37,867          | 69,614                  | 66,680          | 399,317          | 386,259          |
| Ancillary Revenue (Note 1)                                                    | 24,335                     | 24,465          | 12,960                     | 12,838          | 4,928                       | 4,874           | 6,956                   | 6,773           | 49,179           | 48,950           |
| Social Program Fees                                                           | 5,926                      | 5,482           | 5,599                      | 5,164           | 3,552                       | 3,336           | 2,305                   | 2,142           | 17,382           | 16,124           |
| Contracted Routes Fee                                                         | -                          | -               | -                          | -               | -                           | -               | -                       | -               | -                | -                |
| <b>Total Operating Revenue</b>                                                | <b>213,377</b>             | <b>207,042</b>  | <b>126,714</b>             | <b>122,619</b>  | <b>46,912</b>               | <b>46,077</b>   | <b>78,875</b>           | <b>75,595</b>   | <b>465,878</b>   | <b>451,333</b>   |
| <b>Total Operating Expenses</b>                                               | <b>137,006</b>             | <b>133,376</b>  | <b>84,739</b>              | <b>81,274</b>   | <b>38,086</b>               | <b>37,541</b>   | <b>72,570</b>           | <b>70,821</b>   | <b>332,401</b>   | <b>323,012</b>   |
| <b>Earnings (Loss) from Operations</b>                                        | <b>76,371</b>              | <b>73,666</b>   | <b>41,975</b>              | <b>41,345</b>   | <b>8,826</b>                | <b>8,536</b>    | <b>6,305</b>            | <b>4,774</b>    | <b>133,477</b>   | <b>128,321</b>   |
| Amortization                                                                  | (34,626)                   | (35,655)        | (20,668)                   | (20,870)        | (9,592)                     | (9,225)         | (19,374)                | (21,610)        | (84,260)         | (87,360)         |
| Financing Expense                                                             | (19,852)                   | (19,915)        | (9,567)                    | (9,957)         | (3,726)                     | (3,841)         | (11,968)                | (12,508)        | (45,113)         | (46,221)         |
| <b>Cost of Capital</b>                                                        | <b>(54,478)</b>            | <b>(55,570)</b> | <b>(30,235)</b>            | <b>(30,827)</b> | <b>(13,318)</b>             | <b>(13,066)</b> | <b>(31,342)</b>         | <b>(34,118)</b> | <b>(129,373)</b> | <b>(133,581)</b> |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                              | <b>(23)</b>                | <b>(140)</b>    | <b>(15)</b>                | <b>(82)</b>     | <b>(1)</b>                  | <b>(32)</b>     | <b>(6)</b>              | <b>(48)</b>     | <b>(45)</b>      | <b>(302)</b>     |
| <b>Route Earnings (Loss) Before Ferry Service Fees &amp; Federal Contract</b> | <b>21,870</b>              | <b>17,956</b>   | <b>11,725</b>              | <b>10,436</b>   | <b>(4,493)</b>              | <b>(4,562)</b>  | <b>(25,043)</b>         | <b>(29,392)</b> | <b>4,059</b>     | <b>(5,562)</b>   |
| Ferry Transportation Fees                                                     | -                          | -               | -                          | -               | 2,300                       | 3,665           | -                       | -               | 2,300            | 3,665            |
| Federal-Provincial Subsidy Agreement                                          | -                          | -               | -                          | -               | -                           | 985             | -                       | -               | -                | 985              |
| <b>Net Regulatory Earnings (Loss)</b>                                         | <b>21,870</b>              | <b>17,956</b>   | <b>11,725</b>              | <b>10,436</b>   | <b>(2,193)</b>              | <b>88</b>       | <b>(25,043)</b>         | <b>(29,392)</b> | <b>6,359</b>     | <b>(912)</b>     |
| <b>Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS</b>  |                            |                 |                            |                 |                             |                 |                         |                 |                  |                  |
| Fuel Costs Deferred                                                           | (2,769)                    | (5,035)         | (1,918)                    | (3,375)         | (695)                       | (1,099)         | (1,869)                 | (3,625)         | (7,251)          | (13,134)         |
| Fuel Surcharges Collected                                                     | 4,480                      | 4,847           | 2,668                      | 2,855           | 655                         | 242             | 1,677                   | 1,824           | 9,480            | 9,768            |
| Provincial Contributions to Fuel Deferral Accounts                            | 420                        | -               | 285                        | -               | 101                         | 301             | 285                     | -               | 1,091            | 301              |
| Interest (Receivable) Payable on Fuel Deferral Accounts                       | (6)                        | (4)             | (2)                        | (10)            | -                           | 29              | 1                       | (36)            | (7)              | (21)             |
| Performance Term Submission Costs Deferred                                    | -                          | (35)            | -                          | (21)            | -                           | (8)             | -                       | (13)            | -                | (77)             |
| Amortization of Deferred Costs                                                | 30                         | 1,696           | 18                         | 1,015           | 7                           | (12)            | 11                      | 645             | 66               | 3,344            |
| Tariffs in Excess of Price Cap                                                | (1,251)                    | 710             | (735)                      | 413             | -                           | -               | (475)                   | 266             | (2,461)          | 1,389            |
| <b>Net IFRS Earnings (Loss)</b>                                               | <b>22,774</b>              | <b>20,135</b>   | <b>12,041</b>              | <b>11,313</b>   | <b>(2,125)</b>              | <b>(459)</b>    | <b>(25,413)</b>         | <b>(30,331)</b> | <b>7,277</b>     | <b>658</b>       |

Note 1: In accordance with amendments to the Coastal Ferry Act, effective April 1, 2012 reservation fees are no longer considered ancillary revenue. For comparative purposes the figures shown for the year ended March 31, 2012 have been restated to reflect this change.

Note 2: 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, 2013, the Province paid fuel surcharges of \$0.6 million (March 31, 2012: \$0.8 million).

**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Northern Routes**  
**For the Twelve Months Ended March 31, 2013**  
**(in 000's)**

|                                                                                   | 10-Bear Cove - Bella Bella -<br>Prince Rupert |                 | 11-Prince Rupert - Skidegate |                 | 40-Bear Cove - Central Coast |                | Northern Routes |                 |
|-----------------------------------------------------------------------------------|-----------------------------------------------|-----------------|------------------------------|-----------------|------------------------------|----------------|-----------------|-----------------|
|                                                                                   | 2013                                          | 2012            | 2013                         | 2012            | 2013                         | 2012           | 2013            | 2012            |
| Tariff and Reservation Revenue                                                    | 8,997                                         | 9,434           | 4,220                        | 4,131           | 1,525                        | 1,430          | 14,742          | 14,995          |
| Ancillary Revenue (Note 1)                                                        | 2,030                                         | 1,998           | 973                          | 915             | 182                          | 134            | 3,185           | 3,047           |
| Social Program Fees                                                               | 539                                           | 548             | 482                          | 386             | 20                           | 27             | 1,041           | 961             |
| Contracted Routes Fee                                                             | -                                             | -               | -                            | -               | -                            | -              | -               | -               |
| <b>Total Operating Revenue</b>                                                    | <b>11,566</b>                                 | <b>11,980</b>   | <b>5,675</b>                 | <b>5,432</b>    | <b>1,727</b>                 | <b>1,591</b>   | <b>18,968</b>   | <b>19,003</b>   |
| <b>Total Operating Expenses</b>                                                   | <b>26,971</b>                                 | <b>24,728</b>   | <b>16,163</b>                | <b>16,444</b>   | <b>5,970</b>                 | <b>4,326</b>   | <b>49,104</b>   | <b>45,498</b>   |
| <b>Earnings (Loss) from Operations</b>                                            | <b>(15,405)</b>                               | <b>(12,748)</b> | <b>(10,488)</b>              | <b>(11,012)</b> | <b>(4,243)</b>               | <b>(2,735)</b> | <b>(30,136)</b> | <b>(26,495)</b> |
| Amortization                                                                      | (9,101)                                       | (9,187)         | (6,096)                      | (7,457)         | (2,458)                      | (805)          | (17,655)        | (17,449)        |
| Financing Expense                                                                 | (7,028)                                       | (6,988)         | (4,312)                      | (4,817)         | (665)                        | (255)          | (12,005)        | (12,060)        |
| <b>Cost of Capital</b>                                                            | <b>(16,129)</b>                               | <b>(16,175)</b> | <b>(10,408)</b>              | <b>(12,274)</b> | <b>(3,123)</b>               | <b>(1,060)</b> | <b>(29,660)</b> | <b>(29,509)</b> |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                                  | <b>(1)</b>                                    | <b>-</b>        | <b>-</b>                     | <b>-</b>        | <b>16</b>                    | <b>2</b>       | <b>15</b>       | <b>2</b>        |
| <b>Route Earnings (Loss) Before Ferry<br/>Service Fees &amp; Federal Contract</b> | <b>(31,535)</b>                               | <b>(28,923)</b> | <b>(20,896)</b>              | <b>(23,286)</b> | <b>(7,350)</b>               | <b>(3,793)</b> | <b>(59,781)</b> | <b>(56,002)</b> |
| Ferry Transportation Fees                                                         | 28,485                                        | 25,039          | 23,588                       | 20,734          | 5,342                        | 2,804          | 57,415          | 48,577          |
| Federal-Provincial Subsidy Agreement                                              | 1,114                                         | 1,051           | 5,804                        | 5,479           | 286                          | 270            | 7,204           | 6,800           |
| <b>Net Regulatory Earnings (Loss)</b>                                             | <b>(1,936)</b>                                | <b>(2,833)</b>  | <b>8,496</b>                 | <b>2,927</b>    | <b>(1,722)</b>               | <b>(719)</b>   | <b>4,838</b>    | <b>(625)</b>    |
| <b>Items Included in Regulatory Earnings (Loss)<br/>not Permitted Under IFRS</b>  |                                               |                 |                              |                 |                              |                |                 |                 |
| Fuel Costs Deferred                                                               | (926)                                         | (1,235)         | (282)                        | (485)           | (44)                         | (111)          | (1,252)         | (1,831)         |
| Fuel Surcharges Collected                                                         | -                                             | -               | -                            | -               | -                            | -              | -               | -               |
| Provincial Contributions to Fuel Deferral Accounts                                | 766                                           | 1,202           | 196                          | 483             | 61                           | 114            | 1,023           | 1,799           |
| Interest (Receivable) Payable on Fuel Deferral Accounts                           | 2                                             | 12              | -                            | 5               | -                            | 1              | 2               | 18              |
| Performance Term Submission Costs Deferred                                        | -                                             | (2)             | -                            | (1)             | -                            | -              | -               | (3)             |
| Amortization of Deferred Costs                                                    | 2                                             | 356             | 1                            | 160             | -                            | 52             | 3               | 568             |
| Tariffs in Excess of Price Cap                                                    | -                                             | -               | -                            | -               | -                            | -              | -               | -               |
| <b>Net IFRS Earnings (Loss)</b>                                                   | <b>(2,092)</b>                                | <b>(2,500)</b>  | <b>8,411</b>                 | <b>3,089</b>    | <b>(1,705)</b>               | <b>(663)</b>   | <b>4,614</b>    | <b>(74)</b>     |

Note 1: In accordance with amendments to the Coastal Ferry Act, effective April 1, 2012 reservation fees are no longer considered ancillary revenue. For comparative purposes the figures shown for the year ended March 31, 2012 have been restated to reflect this change.

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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, 2013, the Province paid fuel surcharges of \$0.6 million (March 31, 2012: \$0.8 million).



**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Minor Routes**  
**For the Twelve Months Ended March 31, 2013**  
**(in 000's)**

|                                                                                   | 04-Swartz Bay -<br>Fulford Harbour |                | 05-Swartz Bay - Gulf<br>Islands |                 | 06-Vesuvius Bay -<br>Crofton |                | 07-Salter Bay -<br>Earls Cove |                 | 08-Horseshoe Bay -<br>Snug Cove |                | 09-Tsawwassen -<br>Gulf Islands |                | 12-Mill Bay -<br>Brentwood |                |
|-----------------------------------------------------------------------------------|------------------------------------|----------------|---------------------------------|-----------------|------------------------------|----------------|-------------------------------|-----------------|---------------------------------|----------------|---------------------------------|----------------|----------------------------|----------------|
|                                                                                   | 2013                               | 2012           | 2013                            | 2012            | 2013                         | 2012           | 2013                          | 2012            | 2013                            | 2012           | 2013                            | 2012           | 2013                       | 2012           |
| Tariff and Reservation Revenue                                                    | 5,828                              | 5,739          | 4,874                           | 4,832           | 4,516                        | 4,513          | 5,645                         | 5,665           | 8,373                           | 8,338          | 10,945                          | 10,639         | 1,536                      | 1,349          |
| Ancillary Revenue (Note 1)                                                        | 250                                | 268            | 323                             | 358             | 32                           | 27             | 419                           | 415             | 340                             | 330            | 1,455                           | 1,439          | 16                         | 6              |
| Social Program Fees                                                               | 677                                | 638            | 930                             | 875             | 662                          | 608            | 535                           | 528             | 1,133                           | 1,011          | 828                             | 720            | 171                        | 136            |
| Contracted Routes Fee                                                             | -                                  | -              | -                               | -               | -                            | -              | -                             | -               | -                               | -              | -                               | -              | -                          | -              |
| <b>Total Operating Revenue</b>                                                    | <b>6,755</b>                       | <b>6,645</b>   | <b>6,127</b>                    | <b>6,065</b>    | <b>5,210</b>                 | <b>5,148</b>   | <b>6,599</b>                  | <b>6,608</b>    | <b>9,846</b>                    | <b>9,679</b>   | <b>13,228</b>                   | <b>12,798</b>  | <b>1,723</b>               | <b>1,491</b>   |
| <b>Total Operating Expenses</b>                                                   | <b>9,136</b>                       | <b>8,957</b>   | <b>19,569</b>                   | <b>17,074</b>   | <b>5,448</b>                 | <b>6,397</b>   | <b>12,551</b>                 | <b>12,075</b>   | <b>13,216</b>                   | <b>11,614</b>  | <b>17,917</b>                   | <b>17,294</b>  | <b>2,253</b>               | <b>2,360</b>   |
| <b>Earnings (Loss) from Operations</b>                                            | <b>(2,381)</b>                     | <b>(2,312)</b> | <b>(13,442)</b>                 | <b>(11,009)</b> | <b>(238)</b>                 | <b>(1,249)</b> | <b>(5,952)</b>                | <b>(5,467)</b>  | <b>(3,370)</b>                  | <b>(1,935)</b> | <b>(4,689)</b>                  | <b>(4,496)</b> | <b>(530)</b>               | <b>(869)</b>   |
| Amortization                                                                      | (1,640)                            | (1,995)        | (2,823)                         | (2,499)         | (1,781)                      | (1,604)        | (3,958)                       | (3,856)         | (2,392)                         | (2,228)        | (4,048)                         | (4,223)        | (607)                      | (885)          |
| Financing Expense                                                                 | (1,186)                            | (1,169)        | (1,363)                         | (1,326)         | (376)                        | (241)          | (2,630)                       | (2,858)         | (1,311)                         | (1,389)        | (1,022)                         | (1,186)        | (265)                      | (116)          |
| <b>Cost of Capital</b>                                                            | <b>(2,826)</b>                     | <b>(3,164)</b> | <b>(4,186)</b>                  | <b>(3,825)</b>  | <b>(2,157)</b>               | <b>(1,845)</b> | <b>(6,588)</b>                | <b>(6,714)</b>  | <b>(3,703)</b>                  | <b>(3,617)</b> | <b>(5,070)</b>                  | <b>(5,409)</b> | <b>(872)</b>               | <b>(1,001)</b> |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                                  | <b>(121)</b>                       | <b>(3)</b>     | <b>-</b>                        | <b>(1)</b>      | <b>-</b>                     | <b>(2)</b>     | <b>(1)</b>                    | <b>(3)</b>      | <b>(1)</b>                      | <b>(6)</b>     | <b>(2)</b>                      | <b>(8)</b>     | <b>-</b>                   | <b>-</b>       |
| <b>Route Earnings (Loss) Before Ferry<br/>Service Fees &amp; Federal Contract</b> | <b>(5,328)</b>                     | <b>(5,479)</b> | <b>(17,628)</b>                 | <b>(14,835)</b> | <b>(2,395)</b>               | <b>(3,096)</b> | <b>(12,541)</b>               | <b>(12,184)</b> | <b>(7,074)</b>                  | <b>(5,558)</b> | <b>(9,761)</b>                  | <b>(9,913)</b> | <b>(1,402)</b>             | <b>(1,870)</b> |
| Ferry Transportation Fees                                                         | 2,620                              | 2,191          | 16,338                          | 13,670          | 2,619                        | 2,191          | 10,839                        | 9,069           | 5,505                           | 4,605          | 9,571                           | 8,008          | 1,303                      | 1,091          |
| Federal-Provincial Subsidy Agreement                                              | 1,237                              | 1,168          | 3,895                           | 3,676           | 12                           | 11             | 2,584                         | 2,439           | 1,313                           | 1,239          | 2,282                           | 2,154          | -                          | -              |
| <b>Net Regulatory Earnings (Loss)</b>                                             | <b>(1,471)</b>                     | <b>(2,120)</b> | <b>2,605</b>                    | <b>2,511</b>    | <b>236</b>                   | <b>(894)</b>   | <b>882</b>                    | <b>(676)</b>    | <b>(256)</b>                    | <b>286</b>     | <b>2,092</b>                    | <b>249</b>     | <b>(99)</b>                | <b>(779)</b>   |
| <b>Items Included in Regulatory Earnings (Loss)<br/>not Permitted Under IFRS</b>  |                                    |                |                                 |                 |                              |                |                               |                 |                                 |                |                                 |                |                            |                |
| Fuel Costs Deferred                                                               | (197)                              | (348)          | (529)                           | (888)           | (53)                         | (101)          | (327)                         | (495)           | (302)                           | (522)          | (395)                           | (580)          | (20)                       | (32)           |
| Fuel Surcharges Collected                                                         | 157                                | 270            | 141                             | 228             | 128                          | 221            | 156                           | 268             | 216                             | 379            | 312                             | 471            | 49                         | 83             |
| Provincial Contributions to Fuel Deferral Accounts                                | 27                                 | 35             | 68                              | 222             | 6                            | 35             | 44                            | 147             | 40                              | 75             | 51                              | 130            | 3                          | 18             |
| Interest (Receivable) Payable on Fuel Deferral Accounts                           | -                                  | 3              | 1                               | 23              | -                            | (4)            | -                             | 8               | -                               | 5              | -                               | 4              | -                          | (2)            |
| Performance Term Submission Costs Deferred                                        | -                                  | (1)            | -                               | (1)             | -                            | (1)            | -                             | (1)             | -                               | (2)            | -                               | (2)            | -                          | -              |
| Amortization of Deferred Costs                                                    | 1                                  | 70             | 1                               | 62              | 1                            | 56             | 1                             | 68              | 2                               | 102            | 2                               | 124            | -                          | 16             |
| Tariffs in Excess of Price Cap                                                    | -                                  | -              | -                               | -               | -                            | -              | -                             | -               | -                               | -              | -                               | -              | -                          | -              |
| <b>Net IFRS Earnings (Loss)</b>                                                   | <b>(1,483)</b>                     | <b>(2,091)</b> | <b>2,287</b>                    | <b>2,157</b>    | <b>318</b>                   | <b>(688)</b>   | <b>756</b>                    | <b>(681)</b>    | <b>(300)</b>                    | <b>323</b>     | <b>2,062</b>                    | <b>396</b>     | <b>(67)</b>                | <b>(696)</b>   |

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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, 2013, the Province paid fuel surcharges of \$0.6 million (March 31, 2012: \$0.8 million).



**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Minor Routes**  
**For the Twelve Months Ended March 31, 2013**  
**(in 000's)**

|                                                                                   | 13-Langdale -<br>Gambier Island -<br>Keats Island |              | 17-Comox - Powell<br>River |                 | 18-Texada Island -<br>Powell River |                | 19-Gabriola Island -<br>Nanaimo Harbour |                | 20-Thetis Island -<br>Penelakut Island -<br>Chemainus |                | 21-Denman Island -<br>Buckley Bay |                |
|-----------------------------------------------------------------------------------|---------------------------------------------------|--------------|----------------------------|-----------------|------------------------------------|----------------|-----------------------------------------|----------------|-------------------------------------------------------|----------------|-----------------------------------|----------------|
|                                                                                   | 2013                                              | 2012         | 2013                       | 2012            | 2013                               | 2012           | 2013                                    | 2012           | 2013                                                  | 2012           | 2013                              | 2012           |
| Tariff and Reservation Revenue                                                    | 171                                               | 167          | 9,276                      | 9,552           | 1,108                              | 1,052          | 4,869                                   | 4,785          | 1,173                                                 | 1,160          | 2,798                             | 2,839          |
| Ancillary Revenue (Note 1)                                                        | 19                                                | 19           | 765                        | 789             | 19                                 | 14             | 63                                      | 52             | 25                                                    | 23             | 42                                | 36             |
| Social Program Fees                                                               | 75                                                | 72           | 1,567                      | 1,571           | 337                                | 321            | 916                                     | 835            | 359                                                   | 342            | 522                               | 452            |
| Contracted Routes Fee                                                             | -                                                 | -            | -                          | -               | -                                  | -              | -                                       | -              | -                                                     | -              | -                                 | -              |
| <b>Total Operating Revenue</b>                                                    | <b>265</b>                                        | <b>258</b>   | <b>11,608</b>              | <b>11,912</b>   | <b>1,464</b>                       | <b>1,387</b>   | <b>5,848</b>                            | <b>5,672</b>   | <b>1,557</b>                                          | <b>1,525</b>   | <b>3,362</b>                      | <b>3,327</b>   |
| <b>Total Operating Expenses</b>                                                   | <b>578</b>                                        | <b>562</b>   | <b>15,206</b>              | <b>18,408</b>   | <b>5,106</b>                       | <b>6,002</b>   | <b>6,992</b>                            | <b>7,298</b>   | <b>4,150</b>                                          | <b>4,222</b>   | <b>5,230</b>                      | <b>4,992</b>   |
| <b>Earnings (Loss) from Operations</b>                                            | <b>(313)</b>                                      | <b>(304)</b> | <b>(3,598)</b>             | <b>(6,496)</b>  | <b>(3,642)</b>                     | <b>(4,615)</b> | <b>(1,144)</b>                          | <b>(1,626)</b> | <b>(2,593)</b>                                        | <b>(2,697)</b> | <b>(1,868)</b>                    | <b>(1,665)</b> |
| Amortization                                                                      | (7)                                               | (10)         | (3,638)                    | (2,868)         | (936)                              | (1,011)        | (2,565)                                 | (3,120)        | (1,001)                                               | (1,077)        | (1,852)                           | (1,921)        |
| Financing Expense                                                                 | 0                                                 | (20)         | (788)                      | (680)           | (300)                              | (282)          | (656)                                   | (658)          | (582)                                                 | (652)          | (895)                             | (908)          |
| <b>Cost of Capital</b>                                                            | <b>(7)</b>                                        | <b>(30)</b>  | <b>(4,426)</b>             | <b>(3,548)</b>  | <b>(1,236)</b>                     | <b>(1,293)</b> | <b>(3,221)</b>                          | <b>(3,778)</b> | <b>(1,583)</b>                                        | <b>(1,729)</b> | <b>(2,747)</b>                    | <b>(2,829)</b> |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                                  | <b>-</b>                                          | <b>-</b>     | <b>(1)</b>                 | <b>(5)</b>      | <b>-</b>                           | <b>-</b>       | <b>-</b>                                | <b>(3)</b>     | <b>-</b>                                              | <b>1</b>       | <b>-</b>                          | <b>(1)</b>     |
| <b>Route Earnings (Loss) Before Ferry<br/>Service Fees &amp; Federal Contract</b> | <b>(320)</b>                                      | <b>(334)</b> | <b>(8,025)</b>             | <b>(10,049)</b> | <b>(4,878)</b>                     | <b>(5,908)</b> | <b>(4,365)</b>                          | <b>(5,407)</b> | <b>(4,176)</b>                                        | <b>(4,425)</b> | <b>(4,615)</b>                    | <b>(4,495)</b> |
| Ferry Transportation Fees                                                         | 297                                               | 249          | 7,504                      | 6,278           | 4,186                              | 3,503          | 2,775                                   | 2,322          | 4,120                                                 | 3,446          | 3,957                             | 3,311          |
| Federal-Provincial Subsidy Agreement                                              | 71                                                | 67           | 1,789                      | 1,688           | 998                                | 942            | 662                                     | 625            | 982                                                   | 927            | 943                               | 890            |
| <b>Net Regulatory Earnings (Loss)</b>                                             | <b>48</b>                                         | <b>(18)</b>  | <b>1,268</b>               | <b>(2,083)</b>  | <b>306</b>                         | <b>(1,463)</b> | <b>(928)</b>                            | <b>(2,460)</b> | <b>926</b>                                            | <b>(52)</b>    | <b>285</b>                        | <b>(294)</b>   |
| <b>Items Included in Regulatory Earnings (Loss)<br/>not Permitted Under IFRS</b>  | <b>(23)</b>                                       | <b>(27)</b>  | <b>(336)</b>               | <b>(563)</b>    | <b>(72)</b>                        | <b>(110)</b>   | <b>(100)</b>                            | <b>(181)</b>   | <b>(56)</b>                                           | <b>(94)</b>    | <b>(35)</b>                       | <b>(60)</b>    |
| Fuel Costs Deferred                                                               | 6                                                 | 11           | 270                        | 470             | 36                                 | 60             | 136                                     | 232            | 38                                                    | 64             | 84                                | 144            |
| Fuel Surcharges Collected                                                         | -                                                 | -            | 44                         | 102             | 8                                  | 56             | 14                                      | 38             | 7                                                     | 56             | 5                                 | 54             |
| Provincial Contributions to Fuel Deferral Accounts                                | -                                                 | -            | -                          | 3               | -                                  | 2              | -                                       | (2)            | -                                                     | 1              | -                                 | (3)            |
| Interest (Receivable) Payable on Fuel Deferral Accounts                           | -                                                 | -            | -                          | (2)             | -                                  | (1)            | -                                       | (1)            | -                                                     | -              | -                                 | (1)            |
| Performance Term Submission Costs Deferred                                        | -                                                 | 3            | 2                          | 121             | -                                  | 15             | 1                                       | 62             | -                                                     | 16             | 1                                 | 36             |
| Amortization of Deferred Costs                                                    | -                                                 | -            | -                          | -               | -                                  | -              | -                                       | -              | -                                                     | -              | -                                 | -              |
| Tariffs in Excess of Price Cap                                                    | -                                                 | -            | -                          | -               | -                                  | -              | -                                       | -              | -                                                     | -              | -                                 | -              |
| <b>Net IFRS Earnings (Loss)</b>                                                   | <b>31</b>                                         | <b>(31)</b>  | <b>1,248</b>               | <b>(1,952)</b>  | <b>278</b>                         | <b>(1,441)</b> | <b>(877)</b>                            | <b>(2,312)</b> | <b>915</b>                                            | <b>(9)</b>     | <b>340</b>                        | <b>(124)</b>   |

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**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Minor Routes**  
**For the Twelve Months Ended March 31, 2013**  
**(in 000's)**

|                                                                                   | 22-Hornby Island -<br>Denman Island |                | 23-Quadra Island -<br>Campbell River |                | 24-Cortes Island -<br>Quadra Island |                | 25-Alert Bay -<br>Sointula - Port<br>Mcneill |                | 26-Skidegate -<br>Alliford Bay |                | Minor Routes     |                  |
|-----------------------------------------------------------------------------------|-------------------------------------|----------------|--------------------------------------|----------------|-------------------------------------|----------------|----------------------------------------------|----------------|--------------------------------|----------------|------------------|------------------|
|                                                                                   | 2013                                | 2012           | 2013                                 | 2012           | 2013                                | 2012           | 2013                                         | 2012           | 2013                           | 2012           | 2013             | 2012             |
| Tariff and Reservation Revenue                                                    | 1,194                               | 1,195          | 4,744                                | 4,776          | 806                                 | 788            | 1,538                                        | 1,512          | 636                            | 615            | 70,030           | 69,516           |
| Ancillary Revenue (Note 1)                                                        | 40                                  | 15             | 53                                   | 48             | 8                                   | 6              | 42                                           | 39             | 26                             | 24             | 3,937            | 3,908            |
| Social Program Fees                                                               | 108                                 | 158            | 876                                  | 819            | 181                                 | 158            | 246                                          | 220            | 57                             | 59             | 10,180           | 9,523            |
| Contracted Routes Fee                                                             | -                                   | -              | -                                    | -              | -                                   | -              | -                                            | -              | -                              | -              | -                | -                |
| <b>Total Operating Revenue</b>                                                    | <b>1,342</b>                        | <b>1,368</b>   | <b>5,673</b>                         | <b>5,643</b>   | <b>995</b>                          | <b>952</b>     | <b>1,826</b>                                 | <b>1,771</b>   | <b>719</b>                     | <b>698</b>     | <b>84,147</b>    | <b>82,947</b>    |
| <b>Total Operating Expenses</b>                                                   | <b>3,297</b>                        | <b>2,838</b>   | <b>7,774</b>                         | <b>7,689</b>   | <b>3,555</b>                        | <b>4,115</b>   | <b>5,074</b>                                 | <b>4,704</b>   | <b>3,889</b>                   | <b>3,661</b>   | <b>140,941</b>   | <b>140,262</b>   |
| <b>Earnings (Loss) from Operations</b>                                            | <b>(1,955)</b>                      | <b>(1,470)</b> | <b>(2,101)</b>                       | <b>(2,046)</b> | <b>(2,560)</b>                      | <b>(3,163)</b> | <b>(3,248)</b>                               | <b>(2,933)</b> | <b>(3,170)</b>                 | <b>(2,963)</b> | <b>(56,794)</b>  | <b>(57,315)</b>  |
| Amortization                                                                      | (1,172)                             | (724)          | (2,064)                              | (2,232)        | (668)                               | (688)          | (1,716)                                      | (1,590)        | (974)                          | (983)          | (33,842)         | (33,514)         |
| Financing Expense                                                                 | (998)                               | (423)          | (863)                                | (898)          | (155)                               | (140)          | (894)                                        | 57             | (670)                          | (738)          | (14,954)         | (13,627)         |
| <b>Cost of Capital</b>                                                            | <b>(2,170)</b>                      | <b>(1,147)</b> | <b>(2,927)</b>                       | <b>(3,130)</b> | <b>(823)</b>                        | <b>(828)</b>   | <b>(2,610)</b>                               | <b>(1,533)</b> | <b>(1,644)</b>                 | <b>(1,721)</b> | <b>(48,796)</b>  | <b>(47,141)</b>  |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                                  | <b>2</b>                            | <b>-</b>       | <b>-</b>                             | <b>(3)</b>     | <b>-</b>                            | <b>-</b>       | <b>-</b>                                     | <b>-</b>       | <b>-</b>                       | <b>1</b>       | <b>(124)</b>     | <b>(33)</b>      |
| <b>Route Earnings (Loss) Before Ferry<br/>Service Fees &amp; Federal Contract</b> | <b>(4,123)</b>                      | <b>(2,617)</b> | <b>(5,028)</b>                       | <b>(5,179)</b> | <b>(3,383)</b>                      | <b>(3,991)</b> | <b>(5,858)</b>                               | <b>(4,466)</b> | <b>(4,814)</b>                 | <b>(4,683)</b> | <b>(105,714)</b> | <b>(104,489)</b> |
| Ferry Transportation Fees                                                         | 3,310                               | 2,769          | 2,948                                | 2,467          | 2,608                               | 2,182          | 4,237                                        | 3,545          | 4,121                          | 3,448          | 88,858           | 74,345           |
| Federal-Provincial Subsidy Agreement                                              | 789                                 | 744            | 703                                  | 664            | 621                                 | 587            | 1,010                                        | 954            | 983                            | 927            | 20,874           | 19,702           |
| <b>Net Regulatory Earnings (Loss)</b>                                             | <b>(24)</b>                         | <b>896</b>     | <b>(1,377)</b>                       | <b>(2,048)</b> | <b>(154)</b>                        | <b>(1,222)</b> | <b>(611)</b>                                 | <b>33</b>      | <b>290</b>                     | <b>(308)</b>   | <b>4,018</b>     | <b>(10,442)</b>  |
| <b>Items Included in Regulatory Earnings (Loss)<br/>not Permitted Under IFRS</b>  |                                     |                |                                      |                |                                     |                |                                              |                |                                |                |                  |                  |
| Fuel Costs Deferred                                                               | (29)                                | (34)           | (107)                                | (187)          | (54)                                | (87)           | (100)                                        | (164)          | (28)                           | (48)           | (2,763)          | (4,521)          |
| Fuel Surcharges Collected                                                         | 36                                  | 58             | 139                                  | 233            | 24                                  | 40             | 43                                           | 70             | 18                             | 28             | 1,989            | 3,330            |
| Provincial Contributions to Fuel Deferral Accounts                                | 2                                   | 45             | 15                                   | 40             | 8                                   | 35             | 13                                           | 58             | 4                              | 56             | 359              | 1,202            |
| Interest (Receivable) Payable on Fuel Deferral Accounts                           | -                                   | (1)            | -                                    | (1)            | -                                   | 2              | -                                            | 3              | -                              | 1              | 1                | 42               |
| Performance Term Submission Costs Deferred                                        | -                                   | -              | -                                    | (1)            | -                                   | -              | -                                            | -              | -                              | -              | -                | (14)             |
| Amortization of Deferred Costs                                                    | -                                   | 15             | 1                                    | 61             | -                                   | 10             | -                                            | 19             | -                              | 7              | 13               | 863              |
| Tariffs in Excess of Price Cap                                                    | -                                   | -              | -                                    | -              | -                                   | -              | -                                            | -              | -                              | -              | -                | -                |
| <b>Net IFRS Earnings (Loss)</b>                                                   | <b>(15)</b>                         | <b>979</b>     | <b>(1,329)</b>                       | <b>(1,903)</b> | <b>(176)</b>                        | <b>(1,222)</b> | <b>(655)</b>                                 | <b>19</b>      | <b>284</b>                     | <b>(264)</b>   | <b>3,617</b>     | <b>(9,540)</b>   |

Note 1: In accordance with amendments to the Coastal Ferry Act, effective April 1, 2012 reservation fees are no longer considered ancillary revenue. For comparative purposes the figures shown for the year ended March 31, 2012 have been restated to reflect this change.

Note 2: 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, 2013, the Province paid fuel surcharges of \$0.6 million (March 31, 2012: \$0.8 million).

**Route Financial Report**  
**Year Ended March 31, 2013**

**Appendix A**



**British Columbia Ferry Services Inc.**

**Route Statement**

**Appendix A - Reconciliation Between Previous GAAP and IFRS**

**For the Twelve Months Ended March 31, 2012**

**(in 000's)**

|                                                                               | Corporate Total  |                  |                  | Major Routes     |                  |                  | Northern Routes  |                  |                 | Minor Routes     |                  |                  | Unregulated Routes |                  |              |
|-------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|------------------|------------------|------------------|--------------------|------------------|--------------|
|                                                                               | Previous<br>GAAP | Adjust-<br>ments | IFRS             | Previous<br>GAAP | Adjust-<br>ments | IFRS             | Previous<br>GAAP | Adjust-<br>ments | IFRS            | Previous<br>GAAP | Adjust-<br>ments | IFRS             | Previous<br>GAAP   | Adjust-<br>ments | IFRS         |
| Tariff and Reservation Revenue                                                | 470,770          | -                | 470,770          | 386,259          | -                | 386,259          | 14,995           | -                | 14,995          | 69,516           | -                | 69,516           | -                  | -                | -            |
| Ancillary Revenue                                                             | 55,905           | -                | 55,905           | 48,950           | -                | 48,950           | 3,047            | -                | 3,047           | 3,908            | -                | 3,908            | -                  | -                | -            |
| Social Program Fees                                                           | 26,608           | -                | 26,608           | 16,124           | -                | 16,124           | 961              | -                | 961             | 9,523            | -                | 9,523            | -                  | -                | -            |
| Contracted Routes Fee                                                         | 1,764            | -                | 1,764            | -                | -                | -                | -                | -                | -               | -                | -                | -                | 1,764              | -                | 1,764        |
| <b>Total Operating Revenue</b>                                                | <b>555,047</b>   | <b>-</b>         | <b>555,047</b>   | <b>451,333</b>   | <b>-</b>         | <b>451,333</b>   | <b>19,003</b>    | <b>-</b>         | <b>19,003</b>   | <b>82,947</b>    | <b>-</b>         | <b>82,947</b>    | <b>1,764</b>       | <b>-</b>         | <b>1,764</b> |
| <b>Total Operating Expenses</b>                                               | <b>530,389</b>   | <b>(19,853)</b>  | <b>510,536</b>   | <b>331,767</b>   | <b>(8,755)</b>   | <b>323,012</b>   | <b>47,438</b>    | <b>(1,940)</b>   | <b>45,498</b>   | <b>149,420</b>   | <b>(9,158)</b>   | <b>140,262</b>   | <b>1,764</b>       | <b>-</b>         | <b>1,764</b> |
| <b>Earnings (Loss) from Operations</b>                                        | <b>24,658</b>    | <b>19,853</b>    | <b>44,511</b>    | <b>119,566</b>   | <b>8,755</b>     | <b>128,321</b>   | <b>(28,435)</b>  | <b>1,940</b>     | <b>(26,495)</b> | <b>(66,473)</b>  | <b>9,158</b>     | <b>(57,315)</b>  | <b>-</b>           | <b>-</b>         | <b>-</b>     |
| Amortization                                                                  | (122,973)        | (15,350)         | (138,323)        | (79,364)         | (7,996)          | (87,360)         | (16,108)         | (1,341)          | (17,449)        | (27,501)         | (6,013)          | (33,514)         | -                  | -                | -            |
| Financing Expense                                                             | (71,902)         | (6)              | (71,908)         | (46,216)         | (5)              | (46,221)         | (12,059)         | (1)              | (12,060)        | (13,627)         | -                | (13,627)         | -                  | -                | -            |
| <b>Cost of Capital</b>                                                        | <b>(194,875)</b> | <b>(15,356)</b>  | <b>(210,231)</b> | <b>(125,580)</b> | <b>(8,001)</b>   | <b>(133,581)</b> | <b>(28,167)</b>  | <b>(1,342)</b>   | <b>(29,509)</b> | <b>(41,128)</b>  | <b>(6,013)</b>   | <b>(47,141)</b>  | <b>-</b>           | <b>-</b>         | <b>-</b>     |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                              | <b>(331)</b>     | <b>(2)</b>       | <b>(333)</b>     | <b>(302)</b>     | <b>-</b>         | <b>(302)</b>     | <b>4</b>         | <b>(2)</b>       | <b>2</b>        | <b>(33)</b>      | <b>-</b>         | <b>(33)</b>      | <b>-</b>           | <b>-</b>         | <b>-</b>     |
| <b>Route Earnings (Loss) Before Ferry Service Fees &amp; Federal Contract</b> | <b>(170,548)</b> | <b>4,495</b>     | <b>(166,053)</b> | <b>(6,316)</b>   | <b>754</b>       | <b>(5,562)</b>   | <b>(56,598)</b>  | <b>596</b>       | <b>(56,002)</b> | <b>(107,634)</b> | <b>3,145</b>     | <b>(104,489)</b> | <b>-</b>           | <b>-</b>         | <b>-</b>     |
| Ferry Transportation Fees                                                     | 126,587          | -                | 126,587          | 3,665            | -                | 3,665            | 48,577           | -                | 48,577          | 74,345           | -                | 74,345           | -                  | -                | -            |
| Federal-Provincial Subsidy Agreement                                          | 27,487           | -                | 27,487           | 985              | -                | 985              | 6,800            | -                | 6,800           | 19,702           | -                | 19,702           | -                  | -                | -            |
| <b>Net Regulatory Earnings (Loss)</b>                                         | <b>(16,474)</b>  | <b>4,495</b>     | <b>(11,979)</b>  | <b>(1,666)</b>   | <b>754</b>       | <b>(912)</b>     | <b>(1,221)</b>   | <b>596</b>       | <b>(625)</b>    | <b>(13,587)</b>  | <b>3,145</b>     | <b>(10,442)</b>  | <b>-</b>           | <b>-</b>         | <b>-</b>     |
| <b>Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS</b>  |                  |                  |                  |                  |                  |                  |                  |                  |                 |                  |                  |                  |                    |                  |              |
| Fuel Costs Deferred                                                           | -                | (19,486)         | (19,486)         | -                | (13,134)         | (13,134)         | -                | (1,831)          | (1,831)         | -                | (4,521)          | (4,521)          | -                  | -                | -            |
| Fuel Surcharges Collected                                                     | -                | 13,098           | 13,098           | -                | 9,768            | 9,768            | -                | -                | -               | -                | 3,330            | 3,330            | -                  | -                | -            |
| Provincial Contributions to Fuel Deferral Accounts                            | -                | 3,302            | 3,302            | -                | 301              | 301              | -                | 1,799            | 1,799           | -                | 1,202            | 1,202            | -                  | -                | -            |
| Interest (Receivable) Payable on Fuel Deferral Accounts                       | -                | 39               | 39               | -                | (21)             | (21)             | -                | 18               | 18              | -                | 42               | 42               | -                  | -                | -            |
| Performance Term Submission Costs Deferred                                    | -                | (94)             | (94)             | -                | (77)             | (77)             | -                | (3)              | (3)             | -                | (14)             | (14)             | -                  | -                | -            |
| Amortization of Deferred Costs                                                | -                | 4,775            | 4,775            | -                | 3,344            | 3,344            | -                | 568              | 568             | -                | 863              | 863              | -                  | -                | -            |
| Tariffs in Excess of Price Cap                                                | -                | 1,389            | 1,389            | -                | 1,389            | 1,389            | -                | -                | -               | -                | -                | -                | -                  | -                | -            |
| <b>Net IFRS Earnings (Loss)</b>                                               | <b>(16,474)</b>  | <b>7,518</b>     | <b>(8,956)</b>   | <b>(1,666)</b>   | <b>2,324</b>     | <b>658</b>       | <b>(1,221)</b>   | <b>1,147</b>     | <b>(74)</b>     | <b>(13,587)</b>  | <b>4,047</b>     | <b>(9,540)</b>   | <b>-</b>           | <b>-</b>         | <b>-</b>     |



British Columbia Ferry Services Inc.

Route Statement

Appendix A - Reconciliation Between Previous GAAP and IFRS

Major Routes

For the Twelve Months Ended March 31, 2012

(in 000's)

|                                                                               | 01-Tsawwassen - Swartz Bay |                |                 | 02-Horseshoe Bay - Nanaimo |                |                 | 03-Horseshoe Bay - Langdale |                |                 | 30-Nanaimo - Tsawwassen |                |                 | Major Routes     |                |                  |
|-------------------------------------------------------------------------------|----------------------------|----------------|-----------------|----------------------------|----------------|-----------------|-----------------------------|----------------|-----------------|-------------------------|----------------|-----------------|------------------|----------------|------------------|
|                                                                               | Previous GAAP              | Adjustments    | IFRS            | Previous GAAP              | Adjustments    | IFRS            | Previous GAAP               | Adjustments    | IFRS            | Previous GAAP           | Adjustments    | IFRS            | Previous GAAP    | Adjustments    | IFRS             |
| Tariff and Reservation Revenue                                                | 177,095                    | -              | 177,095         | 104,617                    | -              | 104,617         | 37,867                      | -              | 37,867          | 66,680                  | -              | 66,680          | 386,259          | -              | 386,259          |
| Ancillary Revenue                                                             | 24,465                     | -              | 24,465          | 12,838                     | -              | 12,838          | 4,874                       | -              | 4,874           | 6,773                   | -              | 6,773           | 48,950           | -              | 48,950           |
| Social Program Fees                                                           | 5,482                      | -              | 5,482           | 5,164                      | -              | 5,164           | 3,336                       | -              | 3,336           | 2,142                   | -              | 2,142           | 16,124           | -              | 16,124           |
| Contracted Routes Fee                                                         | -                          | -              | -               | -                          | -              | -               | -                           | -              | -               | -                       | -              | -               | -                | -              | -                |
| <b>Total Operating Revenue</b>                                                | <b>207,042</b>             | <b>-</b>       | <b>207,042</b>  | <b>122,619</b>             | <b>-</b>       | <b>122,619</b>  | <b>46,077</b>               | <b>-</b>       | <b>46,077</b>   | <b>75,595</b>           | <b>-</b>       | <b>75,595</b>   | <b>451,333</b>   | <b>-</b>       | <b>451,333</b>   |
| <b>Total Operating Expenses</b>                                               | <b>135,270</b>             | <b>(1,894)</b> | <b>133,376</b>  | <b>82,799</b>              | <b>(1,525)</b> | <b>81,274</b>   | <b>40,691</b>               | <b>(3,150)</b> | <b>37,541</b>   | <b>73,007</b>           | <b>(2,186)</b> | <b>70,821</b>   | <b>331,767</b>   | <b>(8,755)</b> | <b>323,012</b>   |
| <b>Earnings (Loss) from Operations</b>                                        | <b>71,772</b>              | <b>1,894</b>   | <b>73,666</b>   | <b>39,820</b>              | <b>1,525</b>   | <b>41,345</b>   | <b>5,386</b>                | <b>3,150</b>   | <b>8,536</b>    | <b>2,588</b>            | <b>2,186</b>   | <b>4,774</b>    | <b>119,566</b>   | <b>8,755</b>   | <b>128,321</b>   |
| Amortization                                                                  | (33,228)                   | (2,427)        | (35,655)        | (18,559)                   | (2,311)        | (20,870)        | (7,685)                     | (1,540)        | (9,225)         | (19,892)                | (1,718)        | (21,610)        | (79,364)         | (7,996)        | (87,360)         |
| Financing Expense                                                             | (19,913)                   | (2)            | (19,915)        | (9,956)                    | (1)            | (9,957)         | (3,840)                     | (1)            | (3,841)         | (12,507)                | (1)            | (12,508)        | (46,216)         | (5)            | (46,221)         |
| <b>Cost of Capital</b>                                                        | <b>(53,141)</b>            | <b>(2,429)</b> | <b>(55,570)</b> | <b>(28,515)</b>            | <b>(2,312)</b> | <b>(30,827)</b> | <b>(11,525)</b>             | <b>(1,541)</b> | <b>(13,066)</b> | <b>(32,399)</b>         | <b>(1,719)</b> | <b>(34,118)</b> | <b>(125,580)</b> | <b>(8,001)</b> | <b>(133,581)</b> |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                              | <b>(140)</b>               | <b>-</b>       | <b>(140)</b>    | <b>(82)</b>                | <b>-</b>       | <b>(82)</b>     | <b>(32)</b>                 | <b>-</b>       | <b>(32)</b>     | <b>(48)</b>             | <b>-</b>       | <b>(48)</b>     | <b>(302)</b>     | <b>-</b>       | <b>(302)</b>     |
| <b>Route Earnings (Loss) Before Ferry Service Fees &amp; Federal Contract</b> | <b>18,491</b>              | <b>(535)</b>   | <b>17,956</b>   | <b>11,223</b>              | <b>(787)</b>   | <b>10,436</b>   | <b>(6,171)</b>              | <b>1,609</b>   | <b>(4,562)</b>  | <b>(29,859)</b>         | <b>467</b>     | <b>(29,392)</b> | <b>(6,316)</b>   | <b>754</b>     | <b>(5,562)</b>   |
| Ferry Transportation Fees                                                     | -                          | -              | -               | -                          | -              | -               | 3,665                       | -              | 3,665           | -                       | -              | -               | 3,665            | -              | 3,665            |
| Federal-Provincial Subsidy Agreement                                          | -                          | -              | -               | -                          | -              | -               | 985                         | -              | 985             | -                       | -              | -               | 985              | -              | 985              |
| <b>Net Regulatory Earnings (Loss)</b>                                         | <b>18,491</b>              | <b>(535)</b>   | <b>17,956</b>   | <b>11,223</b>              | <b>(787)</b>   | <b>10,436</b>   | <b>(1,521)</b>              | <b>1,609</b>   | <b>88</b>       | <b>(29,859)</b>         | <b>467</b>     | <b>(29,392)</b> | <b>(1,666)</b>   | <b>754</b>     | <b>(912)</b>     |
| <b>Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS</b>  |                            |                |                 |                            |                |                 |                             |                |                 |                         |                |                 |                  |                |                  |
| Fuel Costs Deferred                                                           | -                          | (5,035)        | (5,035)         | -                          | (3,375)        | (3,375)         | -                           | (1,099)        | (1,099)         | -                       | (3,625)        | (3,625)         | -                | (13,134)       | (13,134)         |
| Fuel Surcharges Collected                                                     | -                          | 4,847          | 4,847           | -                          | 2,855          | 2,855           | -                           | 242            | 242             | -                       | 1,824          | 1,824           | -                | 9,768          | 9,768            |
| Provincial Contributions to Fuel Deferral Accounts                            | -                          | -              | -               | -                          | -              | -               | -                           | 301            | 301             | -                       | -              | -               | -                | 301            | 301              |
| Interest (Receivable) Payable on Fuel Deferral Accounts                       | -                          | (4)            | (4)             | -                          | (10)           | (10)            | -                           | 29             | 29              | -                       | (36)           | (36)            | -                | (21)           | (21)             |
| Performance Term Submission Costs Deferred                                    | -                          | (35)           | (35)            | -                          | (21)           | (21)            | -                           | (8)            | (8)             | -                       | (13)           | (13)            | -                | (77)           | (77)             |
| Amortization of Deferred Costs                                                | -                          | 1,696          | 1,696           | -                          | 1,015          | 1,015           | -                           | (12)           | (12)            | -                       | 645            | 645             | -                | 3,344          | 3,344            |
| Tariffs in Excess of Price Cap                                                | -                          | 710            | 710             | -                          | 413            | 413             | -                           | -              | -               | -                       | 266            | 266             | -                | 1,389          | 1,389            |
|                                                                               | -                          | -              | -               | -                          | -              | -               | -                           | -              | -               | -                       | -              | -               | -                | -              | -                |
| <b>Net IFRS Earnings (Loss)</b>                                               | <b>18,491</b>              | <b>1,644</b>   | <b>20,135</b>   | <b>11,223</b>              | <b>90</b>      | <b>11,313</b>   | <b>(1,521)</b>              | <b>1,062</b>   | <b>(459)</b>    | <b>(29,859)</b>         | <b>(472)</b>   | <b>(30,331)</b> | <b>(1,666)</b>   | <b>2,324</b>   | <b>658</b>       |



British Columbia Ferry Services Inc.

Route Statement

Appendix A - Reconciliation Between Previous GAAP and IFRS

Northern Routes

For the Twelve Months Ended March 31, 2012

(in 000's)

|                                                                               | 10-Bear Cove - Bella Bella - Prince Rupert |              |                 | 11-Prince Rupert - Skidegate |                |                 | 40-Bear Cove - Central Coast |             |                | Northern Routes |                |                 |
|-------------------------------------------------------------------------------|--------------------------------------------|--------------|-----------------|------------------------------|----------------|-----------------|------------------------------|-------------|----------------|-----------------|----------------|-----------------|
|                                                                               | Previous GAAP                              | Adjustments  | IFRS            | Previous GAAP                | Adjustments    | IFRS            | Previous GAAP                | Adjustments | IFRS           | Previous GAAP   | Adjustments    | IFRS            |
| Tariff and Reservation Revenue                                                | 9,434                                      | -            | 9,434           | 4,131                        | -              | 4,131           | 1,430                        | -           | 1,430          | 14,995          | -              | 14,995          |
| Ancillary Revenue                                                             | 1,998                                      | -            | 1,998           | 915                          | -              | 915             | 134                          | -           | 134            | 3,047           | -              | 3,047           |
| Social Program Fees                                                           | 548                                        | -            | 548             | 386                          | -              | 386             | 27                           | -           | 27             | 961             | -              | 961             |
| Contracted Routes Fee                                                         | -                                          | -            | -               | -                            | -              | -               | -                            | -           | -              | -               | -              | -               |
| <b>Total Operating Revenue</b>                                                | <b>11,980</b>                              | <b>-</b>     | <b>11,980</b>   | <b>5,432</b>                 | <b>-</b>       | <b>5,432</b>    | <b>1,591</b>                 | <b>-</b>    | <b>1,591</b>   | <b>19,003</b>   | <b>-</b>       | <b>19,003</b>   |
| <b>Total Operating Expenses</b>                                               | <b>25,221</b>                              | <b>(493)</b> | <b>24,728</b>   | <b>17,892</b>                | <b>(1,448)</b> | <b>16,444</b>   | <b>4,325</b>                 | <b>1</b>    | <b>4,326</b>   | <b>47,438</b>   | <b>(1,940)</b> | <b>45,498</b>   |
| <b>Earnings (Loss) from Operations</b>                                        | <b>(13,241)</b>                            | <b>493</b>   | <b>(12,748)</b> | <b>(12,460)</b>              | <b>1,448</b>   | <b>(11,012)</b> | <b>(2,734)</b>               | <b>(1)</b>  | <b>(2,735)</b> | <b>(28,435)</b> | <b>1,940</b>   | <b>(26,495)</b> |
| Amortization                                                                  | (8,378)                                    | (809)        | (9,187)         | (6,928)                      | (529)          | (7,457)         | (802)                        | (3)         | (805)          | (16,108)        | (1,341)        | (17,449)        |
| Financing Expense                                                             | (6,988)                                    | -            | (6,988)         | (4,816)                      | (1)            | (4,817)         | (255)                        | -           | (255)          | (12,059)        | (1)            | (12,060)        |
| <b>Cost of Capital</b>                                                        | <b>(15,366)</b>                            | <b>(809)</b> | <b>(16,175)</b> | <b>(11,744)</b>              | <b>(530)</b>   | <b>(12,274)</b> | <b>(1,057)</b>               | <b>(3)</b>  | <b>(1,060)</b> | <b>(28,167)</b> | <b>(1,342)</b> | <b>(29,509)</b> |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                              | <b>1</b>                                   | <b>(1)</b>   | <b>-</b>        | <b>1</b>                     | <b>(1)</b>     | <b>-</b>        | <b>2</b>                     | <b>-</b>    | <b>2</b>       | <b>4</b>        | <b>(2)</b>     | <b>2</b>        |
| <b>Route Earnings (Loss) Before Ferry Service Fees &amp; Federal Contract</b> | <b>(28,606)</b>                            | <b>(317)</b> | <b>(28,923)</b> | <b>(24,203)</b>              | <b>917</b>     | <b>(23,286)</b> | <b>(3,789)</b>               | <b>(4)</b>  | <b>(3,793)</b> | <b>(56,598)</b> | <b>596</b>     | <b>(56,002)</b> |
| Ferry Transportation Fees                                                     | 25,039                                     | -            | 25,039          | 20,734                       | -              | 20,734          | 2,804                        | -           | 2,804          | 48,577          | -              | 48,577          |
| Federal-Provincial Subsidy Agreement                                          | 1,051                                      | -            | 1,051           | 5,479                        | -              | 5,479           | 270                          | -           | 270            | 6,800           | -              | 6,800           |
| <b>Net Regulatory Earnings (Loss)</b>                                         | <b>(2,516)</b>                             | <b>(317)</b> | <b>(2,833)</b>  | <b>2,010</b>                 | <b>917</b>     | <b>2,927</b>    | <b>(715)</b>                 | <b>(4)</b>  | <b>(719)</b>   | <b>(1,221)</b>  | <b>596</b>     | <b>(625)</b>    |
| <b>Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS</b>  |                                            |              |                 |                              |                |                 |                              |             |                |                 |                |                 |
| Fuel Costs Deferred                                                           | -                                          | (1,235)      | (1,235)         | -                            | (485)          | (485)           | -                            | (111)       | (111)          | -               | (1,831)        | (1,831)         |
| Fuel Surcharges Collected                                                     | -                                          | -            | -               | -                            | -              | -               | -                            | -           | -              | -               | -              | -               |
| Provincial Contributions to Fuel Deferral Accounts                            | -                                          | 1,202        | 1,202           | -                            | 483            | 483             | -                            | 114         | 114            | -               | 1,799          | 1,799           |
| Interest (Receivable) Payable on Fuel Deferral Accounts                       | -                                          | 12           | 12              | -                            | 5              | 5               | -                            | 1           | 1              | -               | 18             | 18              |
| Performance Term Submission Costs Deferred                                    | -                                          | (2)          | (2)             | -                            | (1)            | (1)             | -                            | -           | -              | -               | (3)            | (3)             |
| Amortization of Deferred Costs                                                | -                                          | 356          | 356             | -                            | 160            | 160             | -                            | 52          | 52             | -               | 568            | 568             |
| Tariffs in Excess of Price Cap                                                | -                                          | -            | -               | -                            | -              | -               | -                            | -           | -              | -               | -              | -               |
| <b>Net IFRS Earnings (Loss)</b>                                               | <b>(2,516)</b>                             | <b>16</b>    | <b>(2,500)</b>  | <b>2,010</b>                 | <b>1,079</b>   | <b>3,089</b>    | <b>(715)</b>                 | <b>52</b>   | <b>(663)</b>   | <b>(1,221)</b>  | <b>1,147</b>   | <b>(74)</b>     |



British Columbia Ferry Services Inc.

Route Statement

Appendix A - Reconciliation Between Previous GAAP and IFRS

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-Salter Bay - Earls Cove |              |                 |
|-------------------------------------------------------------------------------|---------------------------------|--------------|----------------|------------------------------|--------------|-----------------|---------------------------|----------------|----------------|----------------------------|--------------|-----------------|
|                                                                               | Previous GAAP                   | Adjustments  | IFRS           | Previous GAAP                | Adjustments  | IFRS            | Previous GAAP             | Adjustments    | IFRS           | Previous GAAP              | Adjustments  | IFRS            |
| Tariff and Reservation Revenue                                                | 5,739                           | -            | 5,739          | 4,832                        | -            | 4,832           | 4,513                     | -              | 4,513          | 5,665                      | -            | 5,665           |
| Ancillary Revenue                                                             | 268                             | -            | 268            | 358                          | -            | 358             | 27                        | -              | 27             | 415                        | -            | 415             |
| Social Program Fees                                                           | 638                             | -            | 638            | 875                          | -            | 875             | 608                       | -              | 608            | 528                        | -            | 528             |
| Contracted Routes Fee                                                         | -                               | -            | -              | -                            | -            | -               | -                         | -              | -              | -                          | -            | -               |
| <b>Total Operating Revenue</b>                                                | <b>6,645</b>                    | <b>-</b>     | <b>6,645</b>   | <b>6,065</b>                 | <b>-</b>     | <b>6,065</b>    | <b>5,148</b>              | <b>-</b>       | <b>5,148</b>   | <b>6,608</b>               | <b>-</b>     | <b>6,608</b>    |
| <b>Total Operating Expenses</b>                                               | <b>8,958</b>                    | <b>(1)</b>   | <b>8,957</b>   | <b>17,126</b>                | <b>(52)</b>  | <b>17,074</b>   | <b>9,015</b>              | <b>(2,618)</b> | <b>6,397</b>   | <b>12,303</b>              | <b>(228)</b> | <b>12,075</b>   |
| <b>Earnings (Loss) from Operations</b>                                        | <b>(2,313)</b>                  | <b>1</b>     | <b>(2,312)</b> | <b>(11,061)</b>              | <b>52</b>    | <b>(11,009)</b> | <b>(3,867)</b>            | <b>2,618</b>   | <b>(1,249)</b> | <b>(5,695)</b>             | <b>228</b>   | <b>(5,467)</b>  |
| Amortization                                                                  | (1,881)                         | (114)        | (1,995)        | (2,259)                      | (240)        | (2,499)         | (873)                     | (731)          | (1,604)        | (3,171)                    | (685)        | (3,856)         |
| Financing Expense                                                             | (1,169)                         | -            | (1,169)        | (1,326)                      | -            | (1,326)         | (241)                     | -              | (241)          | (2,858)                    | -            | (2,858)         |
| <b>Cost of Capital</b>                                                        | <b>(3,050)</b>                  | <b>(114)</b> | <b>(3,164)</b> | <b>(3,585)</b>               | <b>(240)</b> | <b>(3,825)</b>  | <b>(1,114)</b>            | <b>(731)</b>   | <b>(1,845)</b> | <b>(6,029)</b>             | <b>(685)</b> | <b>(6,714)</b>  |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                              | <b>(3)</b>                      | <b>-</b>     | <b>(3)</b>     | <b>(1)</b>                   | <b>-</b>     | <b>(1)</b>      | <b>(2)</b>                | <b>-</b>       | <b>(2)</b>     | <b>(3)</b>                 | <b>-</b>     | <b>(3)</b>      |
| <b>Route Earnings (Loss) Before Ferry Service Fees &amp; Federal Contract</b> | <b>(5,366)</b>                  | <b>(113)</b> | <b>(5,479)</b> | <b>(14,647)</b>              | <b>(188)</b> | <b>(14,835)</b> | <b>(4,983)</b>            | <b>1,887</b>   | <b>(3,096)</b> | <b>(11,727)</b>            | <b>(457)</b> | <b>(12,184)</b> |
| Ferry Transportation Fees                                                     | 2,191                           | -            | 2,191          | 13,670                       | -            | 13,670          | 2,191                     | -              | 2,191          | 9,069                      | -            | 9,069           |
| Federal-Provincial Subsidy Agreement                                          | 1,168                           | -            | 1,168          | 3,676                        | -            | 3,676           | 11                        | -              | 11             | 2,439                      | -            | 2,439           |
| <b>Net Regulatory Earnings (Loss)</b>                                         | <b>(2,007)</b>                  | <b>(113)</b> | <b>(2,120)</b> | <b>2,699</b>                 | <b>(188)</b> | <b>2,511</b>    | <b>(2,781)</b>            | <b>1,887</b>   | <b>(894)</b>   | <b>(219)</b>               | <b>(457)</b> | <b>(676)</b>    |
| <b>Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS</b>  |                                 |              |                |                              |              |                 |                           |                |                |                            |              |                 |
| Fuel Costs Deferred                                                           | -                               | (348)        | (348)          | -                            | (888)        | (888)           | -                         | (101)          | (101)          | -                          | (495)        | (495)           |
| Fuel Surcharges Collected                                                     | -                               | 270          | 270            | -                            | 228          | 228             | -                         | 221            | 221            | -                          | 268          | 268             |
| Provincial Contributions to Fuel Deferral Accounts                            | -                               | 35           | 35             | -                            | 222          | 222             | -                         | 35             | 35             | -                          | 147          | 147             |
| Interest (Receivable) Payable on Fuel Deferral Accounts                       | -                               | 3            | 3              | -                            | 23           | 23              | -                         | (4)            | (4)            | -                          | 8            | 8               |
| Performance Term Submission Costs Deferred                                    | -                               | (1)          | (1)            | -                            | (1)          | (1)             | -                         | (1)            | (1)            | -                          | (1)          | (1)             |
| Amortization of Deferred Costs                                                | -                               | 70           | 70             | -                            | 62           | 62              | -                         | 56             | 56             | -                          | 68           | 68              |
| Tariffs in Excess of Price Cap                                                | -                               | -            | -              | -                            | -            | -               | -                         | -              | -              | -                          | -            | -               |
| <b>Net IFRS Earnings (Loss)</b>                                               | <b>(2,007)</b>                  | <b>(84)</b>  | <b>(2,091)</b> | <b>2,699</b>                 | <b>(542)</b> | <b>2,157</b>    | <b>(2,781)</b>            | <b>2,093</b>   | <b>(688)</b>   | <b>(219)</b>               | <b>(462)</b> | <b>(681)</b>    |



**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Appendix A - Reconciliation Between Previous GAAP and**  
**Minor Routes**  
**For the Twelve Months Ended March 31, 2012**  
**(in 000's)**

|                                                                               | 08-Horseshoe Bay - Snug Cove |              |                | 09-Tsawwassen - Gulf Islands |              |                | 12-Mill Bay - Brentwood |              |                | 13-Langdale - Gambier Island - Keats Island |             |              |
|-------------------------------------------------------------------------------|------------------------------|--------------|----------------|------------------------------|--------------|----------------|-------------------------|--------------|----------------|---------------------------------------------|-------------|--------------|
|                                                                               | Previous GAAP                | Adjustments  | IFRS           | Previous GAAP                | Adjustments  | IFRS           | Previous GAAP           | Adjustments  | IFRS           | Previous GAAP                               | Adjustments | IFRS         |
| Tariff and Reservation Revenue                                                | 8,338                        | -            | 8,338          | 10,639                       | -            | 10,639         | 1,349                   | -            | 1,349          | 167                                         | -           | 167          |
| Ancillary Revenue                                                             | 330                          | -            | 330            | 1,439                        | -            | 1,439          | 6                       | -            | 6              | 19                                          | -           | 19           |
| Social Program Fees                                                           | 1,011                        | -            | 1,011          | 720                          | -            | 720            | 136                     | -            | 136            | 72                                          | -           | 72           |
| Contracted Routes Fee                                                         | -                            | -            | -              | -                            | -            | -              | -                       | -            | -              | -                                           | -           | -            |
| <b>Total Operating Revenue</b>                                                | <b>9,679</b>                 | <b>-</b>     | <b>9,679</b>   | <b>12,798</b>                | <b>-</b>     | <b>12,798</b>  | <b>1,491</b>            | <b>-</b>     | <b>1,491</b>   | <b>258</b>                                  | <b>-</b>    | <b>258</b>   |
| <b>Total Operating Expenses</b>                                               | <b>11,604</b>                | <b>10</b>    | <b>11,614</b>  | <b>17,407</b>                | <b>(113)</b> | <b>17,294</b>  | <b>2,797</b>            | <b>(437)</b> | <b>2,360</b>   | <b>562</b>                                  | <b>-</b>    | <b>562</b>   |
| <b>Earnings (Loss) from Operations</b>                                        | <b>(1,925)</b>               | <b>(10)</b>  | <b>(1,935)</b> | <b>(4,609)</b>               | <b>113</b>   | <b>(4,496)</b> | <b>(1,306)</b>          | <b>437</b>   | <b>(869)</b>   | <b>(304)</b>                                | <b>-</b>    | <b>(304)</b> |
| Amortization                                                                  | (2,091)                      | (137)        | (2,228)        | (3,889)                      | (334)        | (4,223)        | (716)                   | (169)        | (885)          | (10)                                        | -           | (10)         |
| Financing Expense                                                             | (1,389)                      | -            | (1,389)        | (1,186)                      | -            | (1,186)        | (116)                   | -            | (116)          | (20)                                        | -           | (20)         |
| <b>Cost of Capital</b>                                                        | <b>(3,480)</b>               | <b>(137)</b> | <b>(3,617)</b> | <b>(5,075)</b>               | <b>(334)</b> | <b>(5,409)</b> | <b>(832)</b>            | <b>(169)</b> | <b>(1,001)</b> | <b>(30)</b>                                 | <b>-</b>    | <b>(30)</b>  |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                              | <b>(6)</b>                   | <b>-</b>     | <b>(6)</b>     | <b>(8)</b>                   | <b>-</b>     | <b>(8)</b>     | <b>-</b>                | <b>-</b>     | <b>-</b>       | <b>-</b>                                    | <b>-</b>    | <b>-</b>     |
| <b>Route Earnings (Loss) Before Ferry Service Fees &amp; Federal Contract</b> | <b>(5,411)</b>               | <b>(147)</b> | <b>(5,558)</b> | <b>(9,692)</b>               | <b>(221)</b> | <b>(9,913)</b> | <b>(2,138)</b>          | <b>268</b>   | <b>(1,870)</b> | <b>(334)</b>                                | <b>-</b>    | <b>(334)</b> |
| Ferry Transportation Fees                                                     | 4,605                        | -            | 4,605          | 8,008                        | -            | 8,008          | 1,091                   | -            | 1,091          | 249                                         | -           | 249          |
| Federal-Provincial Subsidy Agreement                                          | 1,239                        | -            | 1,239          | 2,154                        | -            | 2,154          | -                       | -            | -              | 67                                          | -           | 67           |
| <b>Net Regulatory Earnings (Loss)</b>                                         | <b>433</b>                   | <b>(147)</b> | <b>286</b>     | <b>470</b>                   | <b>(221)</b> | <b>249</b>     | <b>(1,047)</b>          | <b>268</b>   | <b>(779)</b>   | <b>(18)</b>                                 | <b>-</b>    | <b>(18)</b>  |
| <b>Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS</b>  |                              |              |                |                              |              |                |                         |              |                |                                             |             |              |
| Fuel Costs Deferred                                                           | -                            | (522)        | (522)          | -                            | (580)        | (580)          | -                       | (32)         | (32)           | -                                           | (27)        | (27)         |
| Fuel Surcharges Collected                                                     | -                            | 379          | 379            | -                            | 471          | 471            | -                       | 83           | 83             | -                                           | 11          | 11           |
| Provincial Contributions to Fuel Deferral Accounts                            | -                            | 75           | 75             | -                            | 130          | 130            | -                       | 18           | 18             | -                                           | -           | -            |
| Interest (Receivable) Payable on Fuel Deferral Accounts                       | -                            | 5            | 5              | -                            | 4            | 4              | -                       | (2)          | (2)            | -                                           | -           | -            |
| Performance Term Submission Costs Deferred                                    | -                            | (2)          | (2)            | -                            | (2)          | (2)            | -                       | -            | -              | -                                           | -           | -            |
| Amortization of Deferred Costs                                                | -                            | 102          | 102            | -                            | 124          | 124            | -                       | 16           | 16             | -                                           | 3           | 3            |
| Tariffs in Excess of Price Cap                                                | -                            | -            | -              | -                            | -            | -              | -                       | -            | -              | -                                           | -           | -            |
| <b>Net IFRS Earnings (Loss)</b>                                               | <b>433</b>                   | <b>(110)</b> | <b>323</b>     | <b>470</b>                   | <b>(74)</b>  | <b>396</b>     | <b>(1,047)</b>          | <b>351</b>   | <b>(696)</b>   | <b>(18)</b>                                 | <b>(13)</b> | <b>(31)</b>  |



**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Appendix A - Reconciliation Between Previous GAAP and**  
**Minor Routes**  
**For the Twelve Months Ended March 31, 2012**  
**(in 000's)**

|                                                                               | 17-Comox - Powell River |                |                 | 18-Texada Island - Powell River |                |                | 19-Gabriola Island - Nanaimo Harbour |              |                | 20-Thetis Island - Penelakut Island - Chemainus |              |                |
|-------------------------------------------------------------------------------|-------------------------|----------------|-----------------|---------------------------------|----------------|----------------|--------------------------------------|--------------|----------------|-------------------------------------------------|--------------|----------------|
|                                                                               | Previous GAAP           | Adjustments    | IFRS            | Previous GAAP                   | Adjustments    | IFRS           | Previous GAAP                        | Adjustments  | IFRS           | Previous GAAP                                   | Adjustments  | IFRS           |
| Tariff and Reservation Revenue                                                | 9,552                   | -              | 9,552           | 1,052                           | -              | 1,052          | 4,785                                | -            | 4,785          | 1,160                                           | -            | 1,160          |
| Ancillary Revenue                                                             | 789                     | -              | 789             | 14                              | -              | 14             | 52                                   | -            | 52             | 23                                              | -            | 23             |
| Social Program Fees                                                           | 1,571                   | -              | 1,571           | 321                             | -              | 321            | 835                                  | -            | 835            | 342                                             | -            | 342            |
| Contracted Routes Fee                                                         | -                       | -              | -               | -                               | -              | -              | -                                    | -            | -              | -                                               | -            | -              |
| <b>Total Operating Revenue</b>                                                | <b>11,912</b>           | <b>-</b>       | <b>11,912</b>   | <b>1,387</b>                    | <b>-</b>       | <b>1,387</b>   | <b>5,672</b>                         | <b>-</b>     | <b>5,672</b>   | <b>1,525</b>                                    | <b>-</b>     | <b>1,525</b>   |
| <b>Total Operating Expenses</b>                                               | <b>20,523</b>           | <b>(2,115)</b> | <b>18,408</b>   | <b>7,539</b>                    | <b>(1,537)</b> | <b>6,002</b>   | <b>7,425</b>                         | <b>(127)</b> | <b>7,298</b>   | <b>4,220</b>                                    | <b>2</b>     | <b>4,222</b>   |
| <b>Earnings (Loss) from Operations</b>                                        | <b>(8,611)</b>          | <b>2,115</b>   | <b>(6,496)</b>  | <b>(6,152)</b>                  | <b>1,537</b>   | <b>(4,615)</b> | <b>(1,753)</b>                       | <b>127</b>   | <b>(1,626)</b> | <b>(2,695)</b>                                  | <b>(2)</b>   | <b>(2,697)</b> |
| Amortization                                                                  | (2,422)                 | (446)          | (2,868)         | (611)                           | (400)          | (1,011)        | (2,174)                              | (946)        | (3,120)        | (830)                                           | (247)        | (1,077)        |
| Financing Expense                                                             | (680)                   | -              | (680)           | (282)                           | -              | (282)          | (658)                                | -            | (658)          | (652)                                           | -            | (652)          |
| <b>Cost of Capital</b>                                                        | <b>(3,102)</b>          | <b>(446)</b>   | <b>(3,548)</b>  | <b>(893)</b>                    | <b>(400)</b>   | <b>(1,293)</b> | <b>(2,832)</b>                       | <b>(946)</b> | <b>(3,778)</b> | <b>(1,482)</b>                                  | <b>(247)</b> | <b>(1,729)</b> |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                              | <b>(5)</b>              | <b>-</b>       | <b>(5)</b>      | <b>-</b>                        | <b>-</b>       | <b>-</b>       | <b>(3)</b>                           | <b>-</b>     | <b>(3)</b>     | <b>1</b>                                        | <b>-</b>     | <b>1</b>       |
| <b>Route Earnings (Loss) Before Ferry Service Fees &amp; Federal Contract</b> | <b>(11,718)</b>         | <b>1,669</b>   | <b>(10,049)</b> | <b>(7,045)</b>                  | <b>1,137</b>   | <b>(5,908)</b> | <b>(4,588)</b>                       | <b>(819)</b> | <b>(5,407)</b> | <b>(4,176)</b>                                  | <b>(249)</b> | <b>(4,425)</b> |
| Ferry Transportation Fees                                                     | 6,278                   | -              | 6,278           | 3,503                           | -              | 3,503          | 2,322                                | -            | 2,322          | 3,446                                           | -            | 3,446          |
| Federal-Provincial Subsidy Agreement                                          | 1,688                   | -              | 1,688           | 942                             | -              | 942            | 625                                  | -            | 625            | 927                                             | -            | 927            |
| <b>Net Regulatory Earnings (Loss)</b>                                         | <b>(3,752)</b>          | <b>1,669</b>   | <b>(2,083)</b>  | <b>(2,600)</b>                  | <b>1,137</b>   | <b>(1,463)</b> | <b>(1,641)</b>                       | <b>(819)</b> | <b>(2,460)</b> | <b>197</b>                                      | <b>(249)</b> | <b>(52)</b>    |
| <b>Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS</b>  |                         |                |                 |                                 |                |                |                                      |              |                |                                                 |              |                |
| Fuel Costs Deferred                                                           | -                       | (563)          | (563)           | -                               | (110)          | (110)          | -                                    | (181)        | (181)          | -                                               | (94)         | (94)           |
| Fuel Surcharges Collected                                                     | -                       | 470            | 470             | -                               | 60             | 60             | -                                    | 232          | 232            | -                                               | 64           | 64             |
| Provincial Contributions to Fuel Deferral Accounts                            | -                       | 102            | 102             | -                               | 56             | 56             | -                                    | 38           | 38             | -                                               | 56           | 56             |
| Interest (Receivable) Payable on Fuel Deferral Accounts                       | -                       | 3              | 3               | -                               | 2              | 2              | -                                    | (2)          | (2)            | -                                               | 1            | 1              |
| Performance Term Submission Costs Deferred                                    | -                       | (2)            | (2)             | -                               | (1)            | (1)            | -                                    | (1)          | (1)            | -                                               | -            | -              |
| Amortization of Deferred Costs                                                | -                       | 121            | 121             | -                               | 15             | 15             | -                                    | 62           | 62             | -                                               | 16           | 16             |
| Tariffs in Excess of Price Cap                                                | -                       | -              | -               | -                               | -              | -              | -                                    | -            | -              | -                                               | -            | -              |
| <b>Net IFRS Earnings (Loss)</b>                                               | <b>(3,752)</b>          | <b>1,800</b>   | <b>(1,952)</b>  | <b>(2,600)</b>                  | <b>1,159</b>   | <b>(1,441)</b> | <b>(1,641)</b>                       | <b>(671)</b> | <b>(2,312)</b> | <b>197</b>                                      | <b>(206)</b> | <b>(9)</b>     |



**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Appendix A - Reconciliation Between Previous GAAP and**  
**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 |                |                |
|-------------------------------------------------------------------------------|--------------------------------|--------------|----------------|----------------------------------|--------------|----------------|-----------------------------------|--------------|----------------|----------------------------------|----------------|----------------|
|                                                                               | Previous GAAP                  | Adjustments  | IFRS           | Previous GAAP                    | Adjustments  | IFRS           | Previous GAAP                     | Adjustments  | IFRS           | Previous GAAP                    | Adjustments    | IFRS           |
| Tariff and Reservation Revenue                                                | 2,839                          | -            | 2,839          | 1,195                            | -            | 1,195          | 4,776                             | -            | 4,776          | 788                              | -              | 788            |
| Ancillary Revenue                                                             | 36                             | -            | 36             | 15                               | -            | 15             | 48                                | -            | 48             | 6                                | -              | 6              |
| Social Program Fees                                                           | 452                            | -            | 452            | 158                              | -            | 158            | 819                               | -            | 819            | 158                              | -              | 158            |
| Contracted Routes Fee                                                         | -                              | -            | -              | -                                | -            | -              | -                                 | -            | -              | -                                | -              | -              |
| <b>Total Operating Revenue</b>                                                | <b>3,327</b>                   | <b>-</b>     | <b>3,327</b>   | <b>1,368</b>                     | <b>-</b>     | <b>1,368</b>   | <b>5,643</b>                      | <b>-</b>     | <b>5,643</b>   | <b>952</b>                       | <b>-</b>       | <b>952</b>     |
| <b>Total Operating Expenses</b>                                               | <b>4,989</b>                   | <b>3</b>     | <b>4,992</b>   | <b>2,886</b>                     | <b>(48)</b>  | <b>2,838</b>   | <b>8,414</b>                      | <b>(725)</b> | <b>7,689</b>   | <b>5,290</b>                     | <b>(1,175)</b> | <b>4,115</b>   |
| <b>Earnings (Loss) from Operations</b>                                        | <b>(1,662)</b>                 | <b>(3)</b>   | <b>(1,665)</b> | <b>(1,518)</b>                   | <b>48</b>    | <b>(1,470)</b> | <b>(2,771)</b>                    | <b>725</b>   | <b>(2,046)</b> | <b>(4,338)</b>                   | <b>1,175</b>   | <b>(3,163)</b> |
| Amortization                                                                  | (1,608)                        | (313)        | (1,921)        | (510)                            | (214)        | (724)          | (1,943)                           | (289)        | (2,232)        | (366)                            | (322)          | (688)          |
| Financing Expense                                                             | (908)                          | -            | (908)          | (423)                            | -            | (423)          | (898)                             | -            | (898)          | (140)                            | -              | (140)          |
| <b>Cost of Capital</b>                                                        | <b>(2,516)</b>                 | <b>(313)</b> | <b>(2,829)</b> | <b>(933)</b>                     | <b>(214)</b> | <b>(1,147)</b> | <b>(2,841)</b>                    | <b>(289)</b> | <b>(3,130)</b> | <b>(506)</b>                     | <b>(322)</b>   | <b>(828)</b>   |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                              | <b>(1)</b>                     | <b>-</b>     | <b>(1)</b>     | <b>-</b>                         | <b>-</b>     | <b>-</b>       | <b>(3)</b>                        | <b>-</b>     | <b>(3)</b>     | <b>-</b>                         | <b>-</b>       | <b>-</b>       |
| <b>Route Earnings (Loss) Before Ferry Service Fees &amp; Federal Contract</b> | <b>(4,179)</b>                 | <b>(316)</b> | <b>(4,495)</b> | <b>(2,451)</b>                   | <b>(166)</b> | <b>(2,617)</b> | <b>(5,615)</b>                    | <b>436</b>   | <b>(5,179)</b> | <b>(4,844)</b>                   | <b>853</b>     | <b>(3,991)</b> |
| Ferry Transportation Fees                                                     | 3,311                          | -            | 3,311          | 2,769                            | -            | 2,769          | 2,467                             | -            | 2,467          | 2,182                            | -              | 2,182          |
| Federal-Provincial Subsidy Agreement                                          | 890                            | -            | 890            | 744                              | -            | 744            | 664                               | -            | 664            | 587                              | -              | 587            |
| <b>Net Regulatory Earnings (Loss)</b>                                         | <b>22</b>                      | <b>(316)</b> | <b>(294)</b>   | <b>1,062</b>                     | <b>(166)</b> | <b>896</b>     | <b>(2,484)</b>                    | <b>436</b>   | <b>(2,048)</b> | <b>(2,075)</b>                   | <b>853</b>     | <b>(1,222)</b> |
| <b>Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS</b>  |                                |              |                |                                  |              |                |                                   |              |                |                                  |                |                |
| Fuel Costs Deferred                                                           | -                              | (60)         | (60)           | -                                | (34)         | (34)           | -                                 | (187)        | (187)          | -                                | (87)           | (87)           |
| Fuel Surcharges Collected                                                     | -                              | 144          | 144            | -                                | 58           | 58             | -                                 | 233          | 233            | -                                | 40             | 40             |
| Provincial Contributions to Fuel Deferral Accounts                            | -                              | 54           | 54             | -                                | 45           | 45             | -                                 | 40           | 40             | -                                | 35             | 35             |
| Interest (Receivable) Payable on Fuel Deferral Accounts                       | -                              | (3)          | (3)            | -                                | (1)          | (1)            | -                                 | (1)          | (1)            | -                                | 2              | 2              |
| Performance Term Submission Costs Deferred                                    | -                              | (1)          | (1)            | -                                | -            | -              | -                                 | (1)          | (1)            | -                                | -              | -              |
| Amortization of Deferred Costs                                                | -                              | 36           | 36             | -                                | 15           | 15             | -                                 | 61           | 61             | -                                | 10             | 10             |
| Tariffs in Excess of Price Cap                                                | -                              | -            | -              | -                                | -            | -              | -                                 | -            | -              | -                                | -              | -              |
| <b>Net IFRS Earnings (Loss)</b>                                               | <b>22</b>                      | <b>(146)</b> | <b>(124)</b>   | <b>1,062</b>                     | <b>(83)</b>  | <b>979</b>     | <b>(2,484)</b>                    | <b>581</b>   | <b>(1,903)</b> | <b>(2,075)</b>                   | <b>853</b>     | <b>(1,222)</b> |



**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Appendix A - Reconciliation Between Previous GAAP and**  
**Minor Routes**  
**For the Twelve Months Ended March 31, 2012**  
**(in 000's)**

|                                                                               | 25-Alert Bay - Sointula - Port McNeill |              |                | 26-Skidegate - Alliford Bay |              |                | Minor Routes     |                |                  |
|-------------------------------------------------------------------------------|----------------------------------------|--------------|----------------|-----------------------------|--------------|----------------|------------------|----------------|------------------|
|                                                                               | Previous GAAP                          | Adjustments  | IFRS           | Previous GAAP               | Adjustments  | IFRS           | Previous GAAP    | Adjustments    | IFRS             |
| Tariff and Reservation Revenue                                                | 1,512                                  | -            | 1,512          | 615                         | -            | 615            | 69,516           | -              | 69,516           |
| Ancillary Revenue                                                             | 39                                     | -            | 39             | 24                          | -            | 24             | 3,908            | -              | 3,908            |
| Social Program Fees                                                           | 220                                    | -            | 220            | 59                          | -            | 59             | 9,523            | -              | 9,523            |
| Contracted Routes Fee                                                         | -                                      | -            | -              | -                           | -            | -              | -                | -              | -                |
| <b>Total Operating Revenue</b>                                                | <b>1,771</b>                           | <b>-</b>     | <b>1,771</b>   | <b>698</b>                  | <b>-</b>     | <b>698</b>     | <b>82,947</b>    | <b>-</b>       | <b>82,947</b>    |
| <b>Total Operating Expenses</b>                                               | <b>4,702</b>                           | <b>2</b>     | <b>4,704</b>   | <b>3,660</b>                | <b>1</b>     | <b>3,661</b>   | <b>149,420</b>   | <b>(9,158)</b> | <b>140,262</b>   |
| <b>Earnings (Loss) from Operations</b>                                        | <b>(2,931)</b>                         | <b>(2)</b>   | <b>(2,933)</b> | <b>(2,962)</b>              | <b>(1)</b>   | <b>(2,963)</b> | <b>(66,473)</b>  | <b>9,158</b>   | <b>(57,315)</b>  |
| Amortization                                                                  | (1,304)                                | (286)        | (1,590)        | (843)                       | (140)        | (983)          | (27,501)         | (6,013)        | (33,514)         |
| Financing Expense                                                             | 57                                     | -            | 57             | (738)                       | -            | (738)          | (13,627)         | -              | (13,627)         |
| <b>Cost of Capital</b>                                                        | <b>(1,247)</b>                         | <b>(286)</b> | <b>(1,533)</b> | <b>(1,581)</b>              | <b>(140)</b> | <b>(1,721)</b> | <b>(41,128)</b>  | <b>(6,013)</b> | <b>(47,141)</b>  |
| <b>Gain (Loss) on Disposal of Capital Assets</b>                              | <b>-</b>                               | <b>-</b>     | <b>-</b>       | <b>1</b>                    | <b>-</b>     | <b>1</b>       | <b>(33)</b>      | <b>-</b>       | <b>(33)</b>      |
| <b>Route Earnings (Loss) Before Ferry Service Fees &amp; Federal Contract</b> | <b>(4,178)</b>                         | <b>(288)</b> | <b>(4,466)</b> | <b>(4,542)</b>              | <b>(141)</b> | <b>(4,683)</b> | <b>(107,634)</b> | <b>3,145</b>   | <b>(104,489)</b> |
| Ferry Transportation Fees                                                     | 3,545                                  | -            | 3,545          | 3,448                       | -            | 3,448          | 74,345           | -              | 74,345           |
| Federal-Provincial Subsidy Agreement                                          | 954                                    | -            | 954            | 927                         | -            | 927            | 19,702           | -              | 19,702           |
| <b>Net Regulatory Earnings (Loss)</b>                                         | <b>321</b>                             | <b>(288)</b> | <b>33</b>      | <b>(167)</b>                | <b>(141)</b> | <b>(308)</b>   | <b>(13,587)</b>  | <b>3,145</b>   | <b>(10,442)</b>  |
| <b>Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS</b>  |                                        |              |                |                             |              |                |                  |                |                  |
| Fuel Costs Deferred                                                           | -                                      | (164)        | (164)          | -                           | (48)         | (48)           | -                | (4,521)        | (4,521)          |
| Fuel Surcharges Collected                                                     | -                                      | 70           | 70             | -                           | 28           | 28             | -                | 3,330          | 3,330            |
| Provincial Contributions to Fuel Deferral Accounts                            | -                                      | 58           | 58             | -                           | 56           | 56             | -                | 1,202          | 1,202            |
| Interest (Receivable) Payable on Fuel Deferral Accounts                       | -                                      | 3            | 3              | -                           | 1            | 1              | -                | 42             | 42               |
| Performance Term Submission Costs Deferred                                    | -                                      | -            | -              | -                           | -            | -              | -                | (14)           | (14)             |
| Amortization of Deferred Costs                                                | -                                      | 19           | 19             | -                           | 7            | 7              | -                | 863            | 863              |
| Tariffs in Excess of Price Cap                                                | -                                      | -            | -              | -                           | -            | -              | -                | -              | -                |
| <b>Net IFRS Earnings (Loss)</b>                                               | <b>321</b>                             | <b>(302)</b> | <b>19</b>      | <b>(167)</b>                | <b>(97)</b>  | <b>(264)</b>   | <b>(13,587)</b>  | <b>4,047</b>   | <b>(9,540)</b>   |

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## **Part 2**

# **Service Quality**

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# **Customer Satisfaction Tracking Annual Report**

## **2012**

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# Customer Satisfaction Tracking Annual Report 2012

## British Columbia Ferry Services Inc.

### **Presented to:**

British Columbia Ferry Services Inc.  
Victoria, British Columbia



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# Executive Overview

## Background

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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 2012. The Appendix also includes detailed satisfaction scores for each of the terminal-related attributes, shown separately for each of the main terminals.

## Methodology

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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 2012, a total of 11,219 screeners were completed and 5,018 questionnaires returned. A more detailed explanation of the research design is included in the *Research Methodology* section, in the Appendix of this report.

## Findings

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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 2012 reported to be satisfied overall with their experience travelling on BC Ferries. An overall score of 4.19 has been achieved (on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'). The findings are identical to those obtained in 2011.
- Furthermore, the overall satisfaction scores have been stable by route except levels have strengthened on Route 19 (4.11 average score, up from 3.88 in 2011 and 3.79 in 2010).

### Satisfaction before Arriving at Terminal

- Satisfaction levels have stabilized with BC Ferries web site, the on-line reservation's system, and with aspects of 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.
- Furthermore, ratings in 2012 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 90% of passengers in 2012 were satisfied with their overall experience onboard, for an overall rating of 4.14 on the 5-point scale, consistent with the average score achieved in 2011 (4.12).
- Ratings are stable on most routes with the exception of further improvement in satisfaction on Route 19 (4.02 rating versus 3.89 in 2011 and 3.65 in 2010).
- Satisfaction levels have been stable on all aspects of onboard services.

### Satisfaction with Sailing Schedules

- Satisfaction levels with many aspects of the sailing schedules have improved slightly this past year, particularly with respect to sailing frequency and timing of last ferry.

### Satisfaction with Safety

- Perceptions of the *safety of the ferry operations* continue to be strong.

### Satisfaction with Overall Value

- Satisfaction levels with *value for money of fares* are identical to last year after declining in 2011.

## Key Conclusions

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In summary, customer satisfaction levels have been very stable in 2012 with no significant changes overall, or on specific aspects of service. The key areas of success in 2012 have continued to be in the following areas:

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

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

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

## Detailed Findings

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

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

| Ferry Routes Included in Customer Satisfaction Survey - 2012 |                                                         |
|--------------------------------------------------------------|---------------------------------------------------------|
| 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

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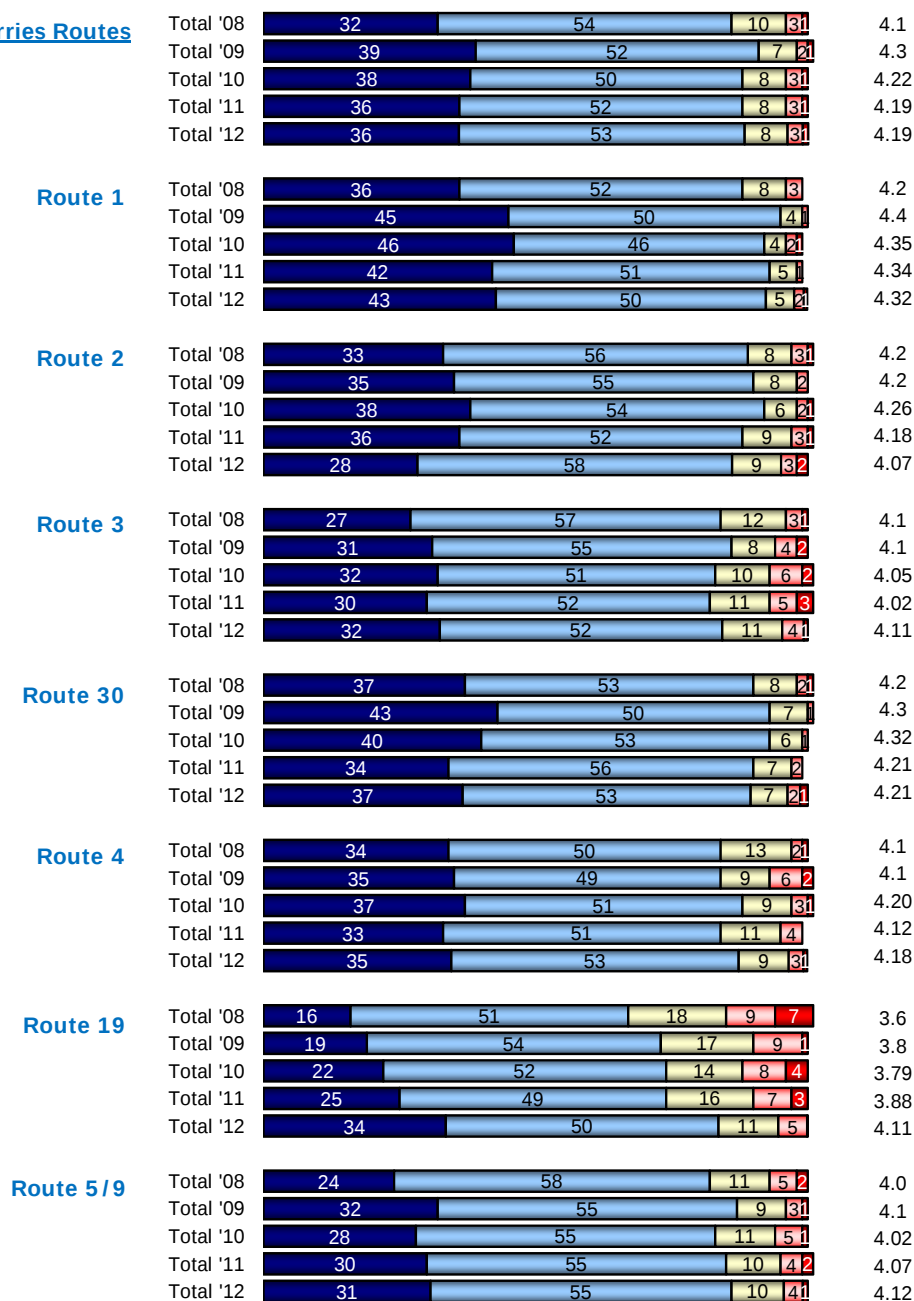
A total of 88% of passengers in 2012 reported to be satisfied overall with their experience travelling on BC Ferries. An overall score of 4.19 has been achieved (on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'). The findings are identical to those obtained in 2011.

Furthermore, the overall satisfaction scores have been stable by route except levels have strengthened on Route 19 (4.11 average score, up from 3.88 in 2011 and 3.79 in 2010).

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

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

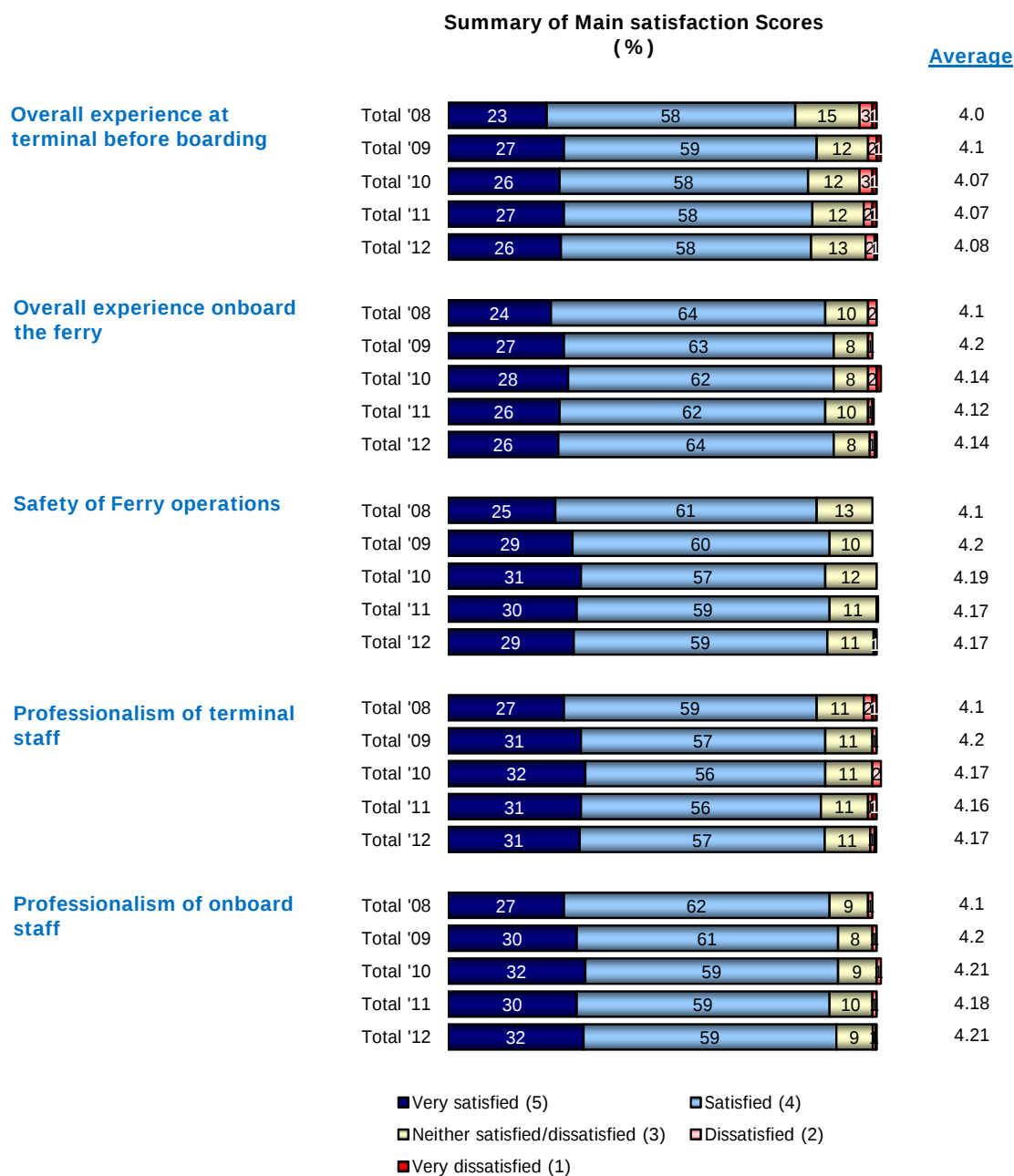
Average

All BC Ferries Routes

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

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

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



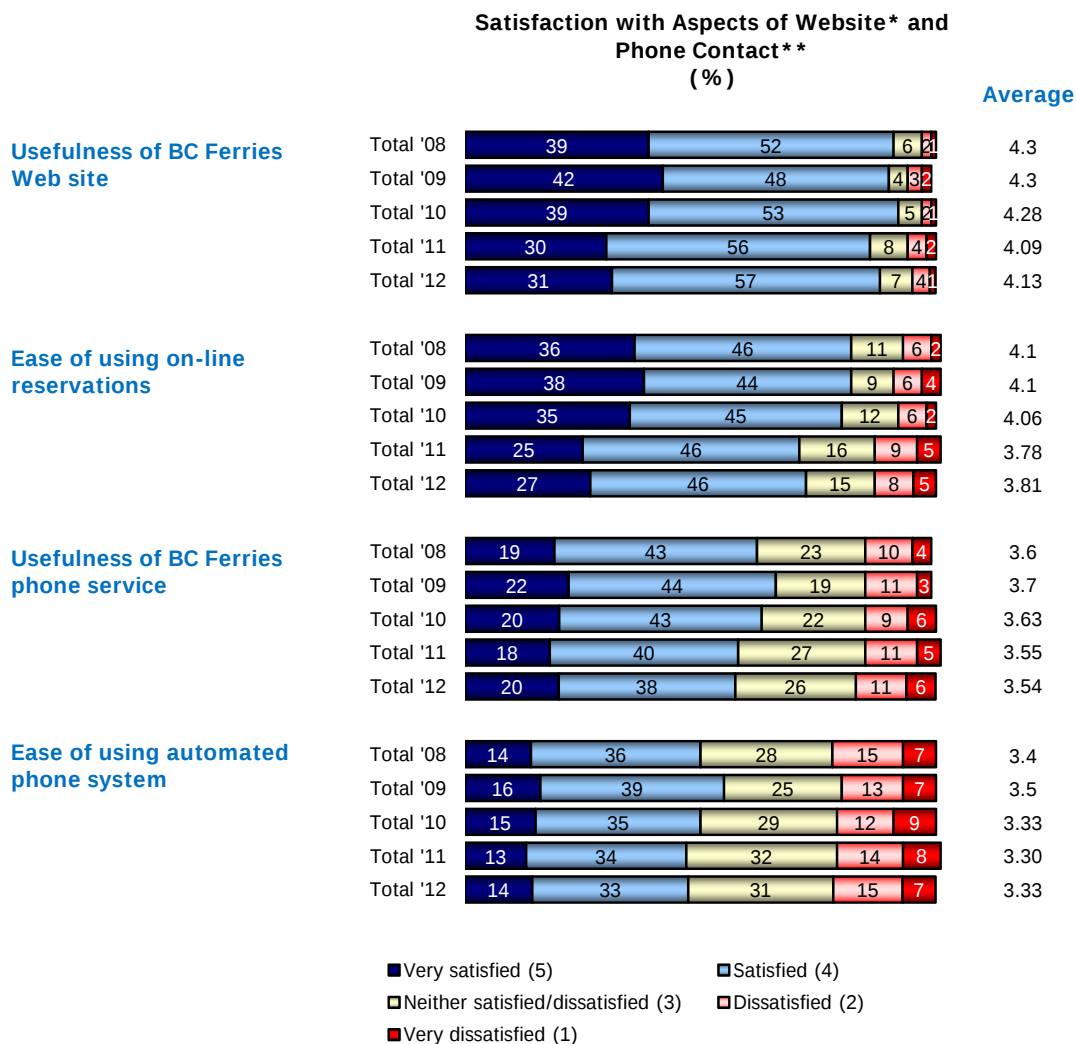
Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

## Before Arriving at Terminal

### Web site and Phone Contact

Satisfaction with the web site and the on-line reservation system had declined in 2011 and have more or less stayed at the lower levels.

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



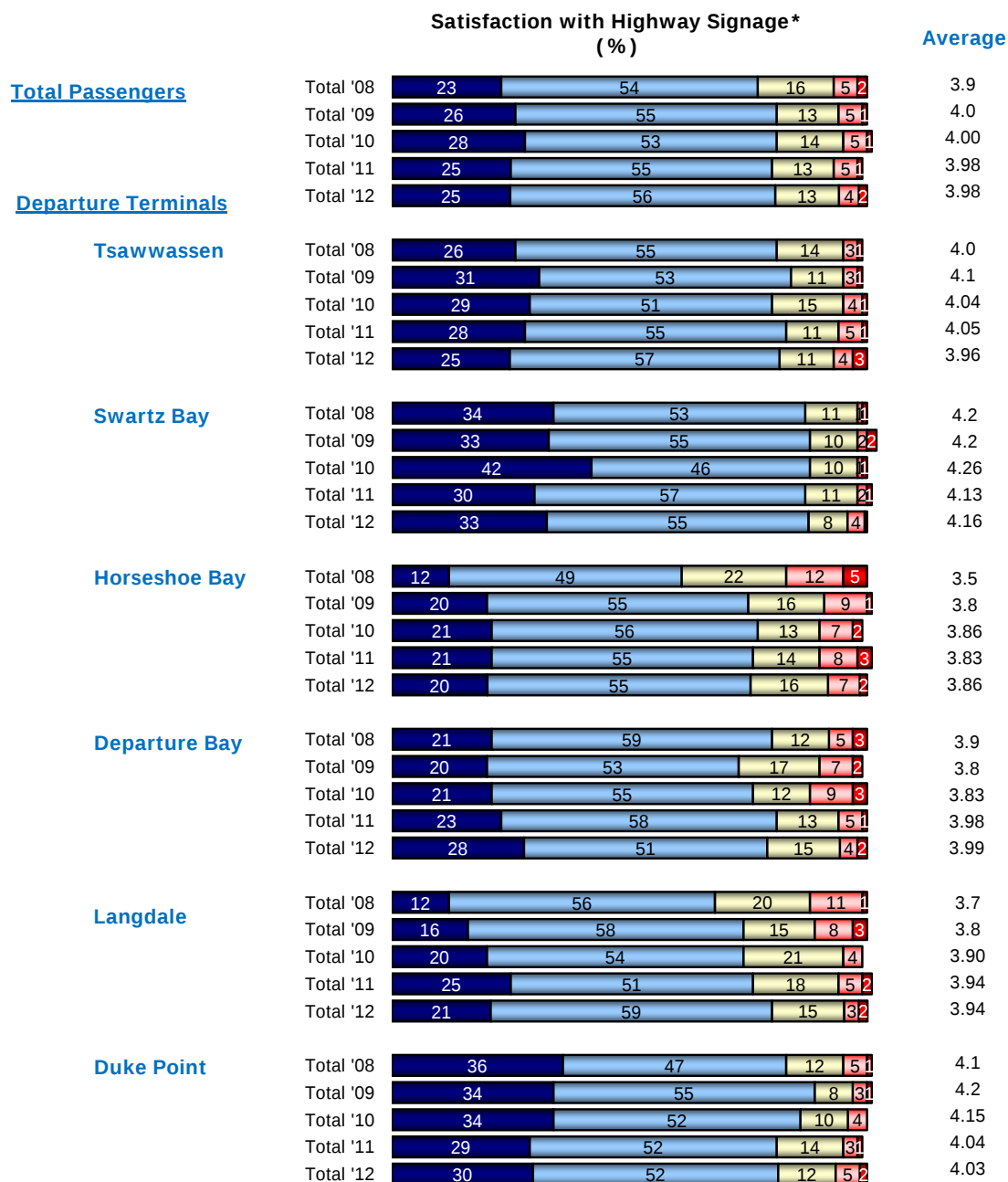
Q.2) Please rate how satisfied or dissatisfied you were with each of the following.

\* 64% usage web site, 32% for on-line reservations

\*\* 20% usage phone service, 17% 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.

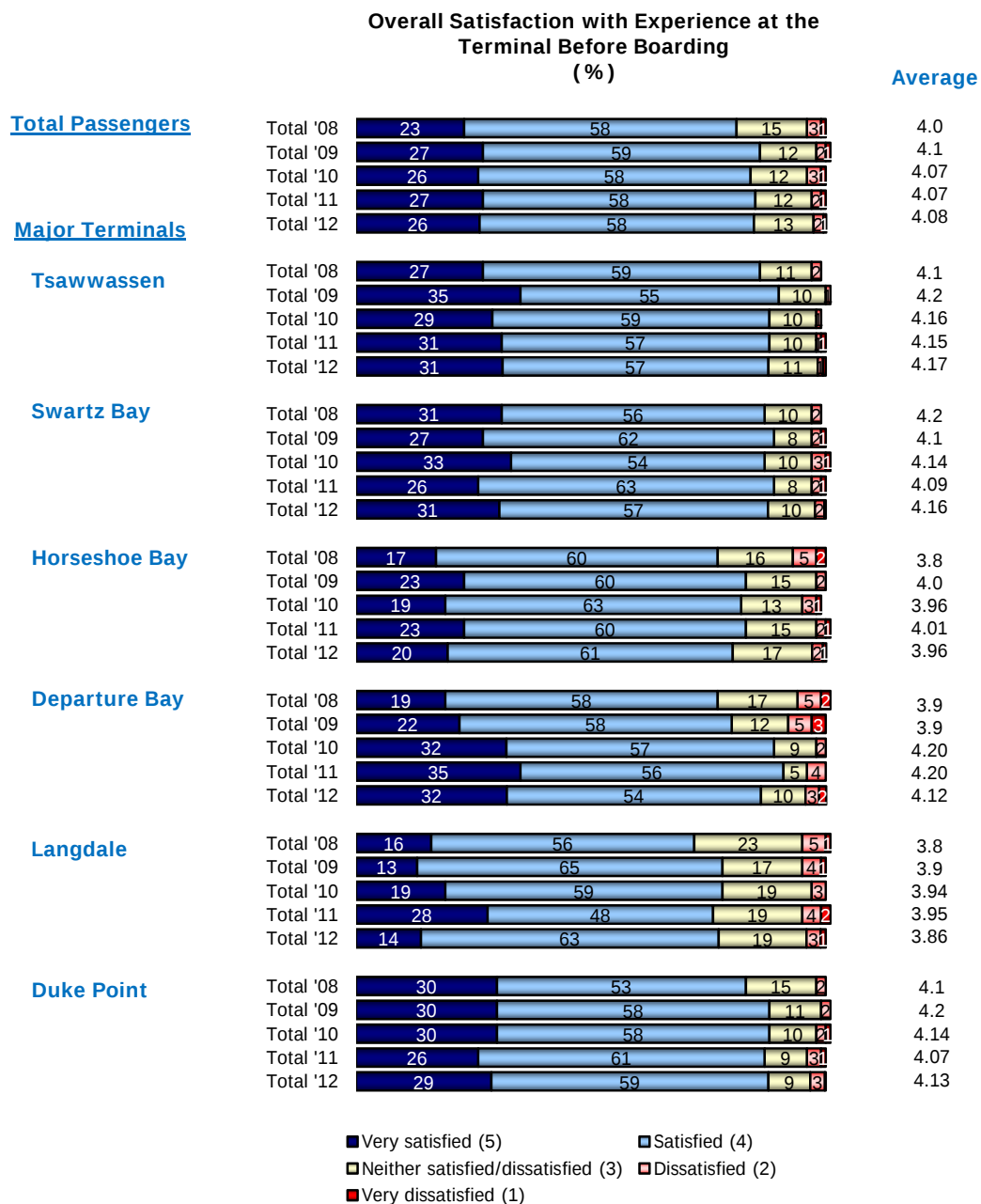
\* Usage: 75%

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

## At the Terminal

### Overall Experience at the Terminal

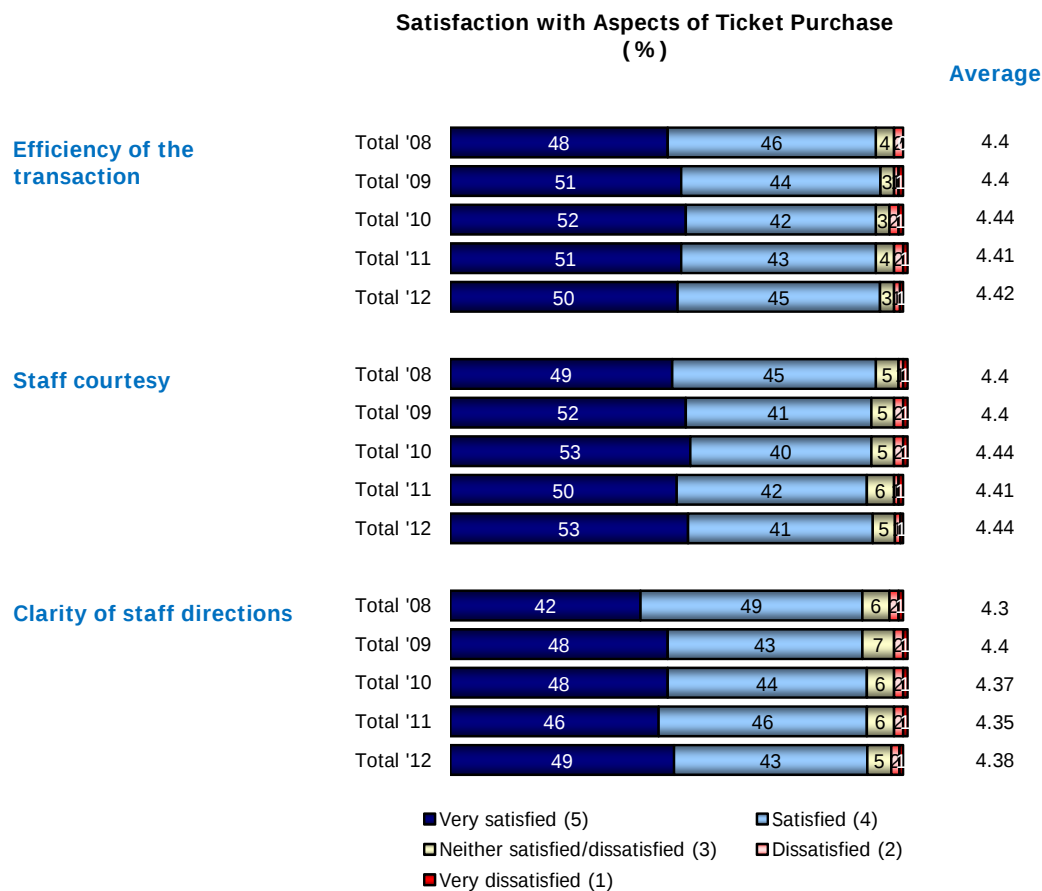
Overall satisfaction with the experience at the terminal before boarding is consistent with a year ago, with 84% satisfied and no significant change in the average score (4.08 versus 4.07 in 2011). Satisfaction ratings also have not changed by terminal.



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

***Ticket Purchase***

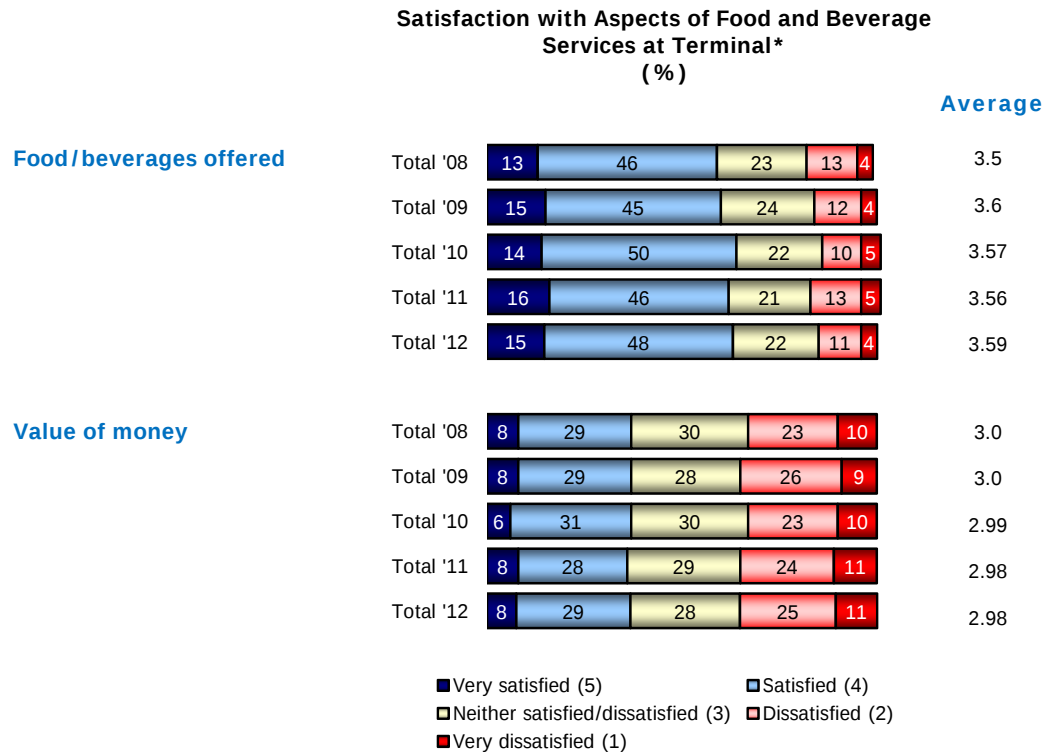
Satisfaction levels continue to be high with all aspects of the ticket purchase process with average ratings similar to a year ago.



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.

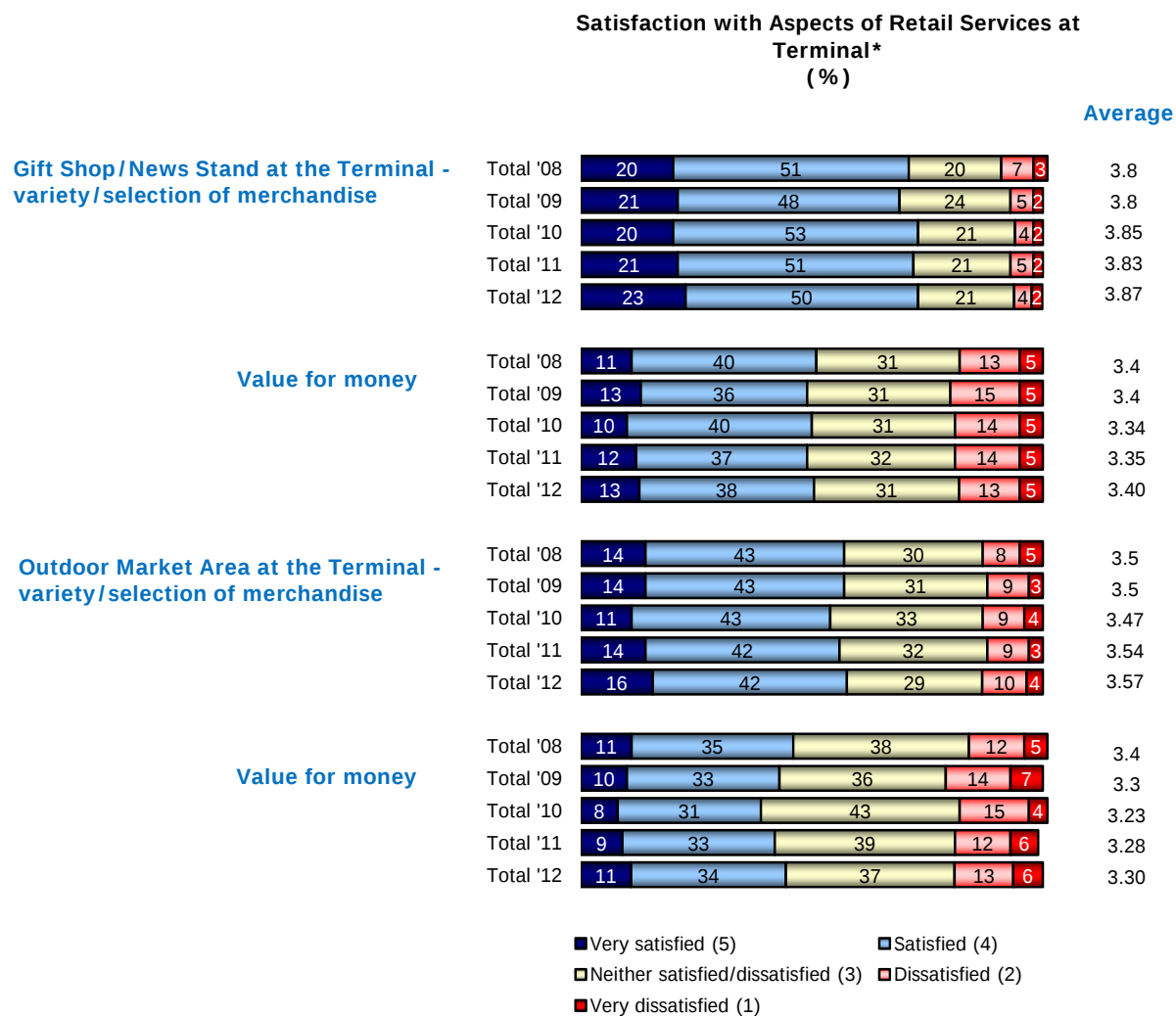


Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

\* 44% usage overall; excluding Route 19.

**Retail Services at Terminal**

Similarly, satisfaction ratings are not statistically different from 2011 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*.

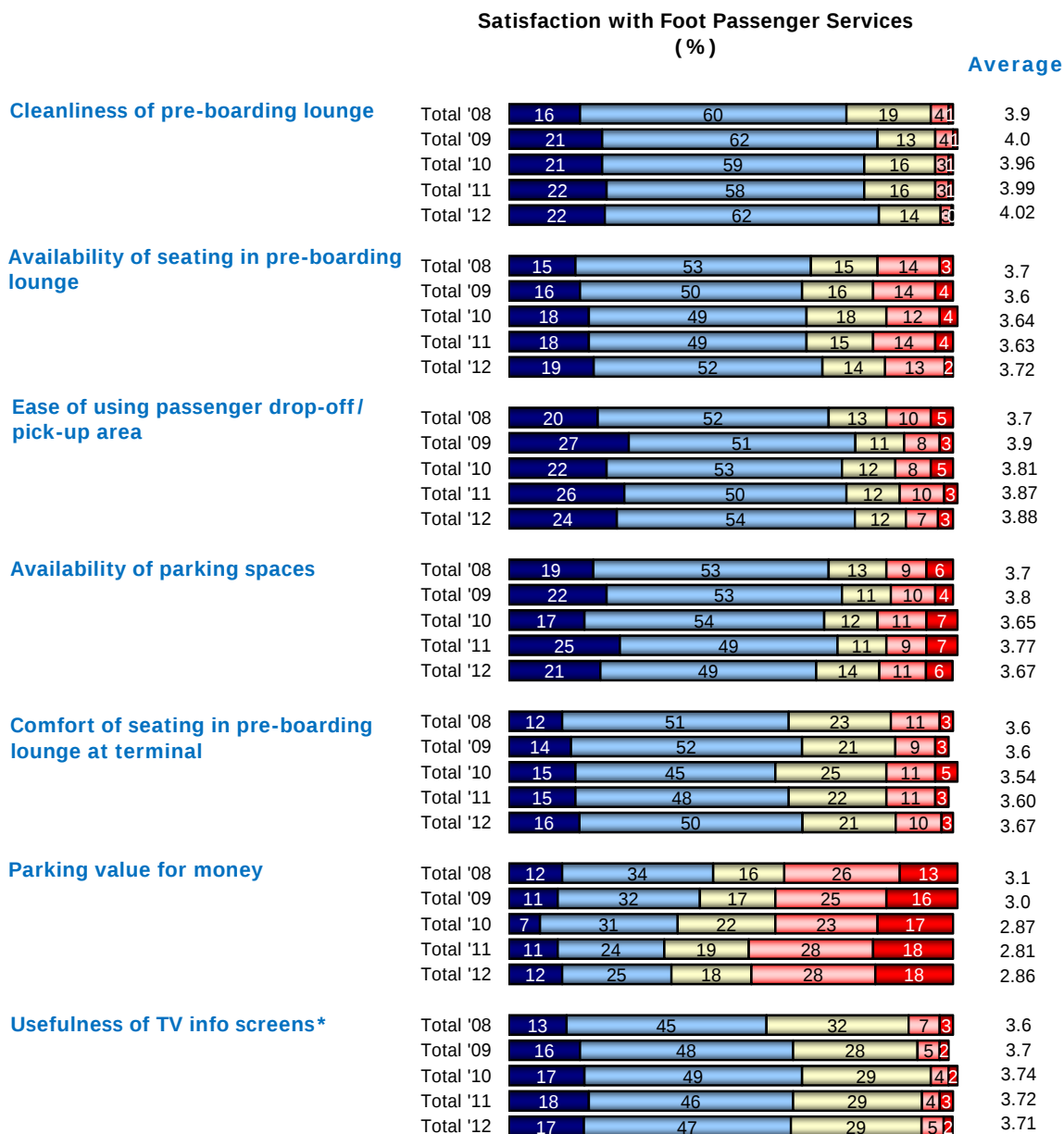


Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

\* Usage: 37% gift shop, 22% outdoor market; excluding Route 19.

### Foot Passenger Services

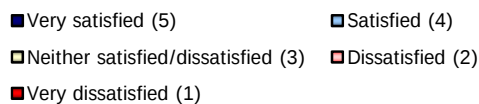
Furthermore there are no significant changes in satisfaction levels with foot passenger services from a year ago.



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

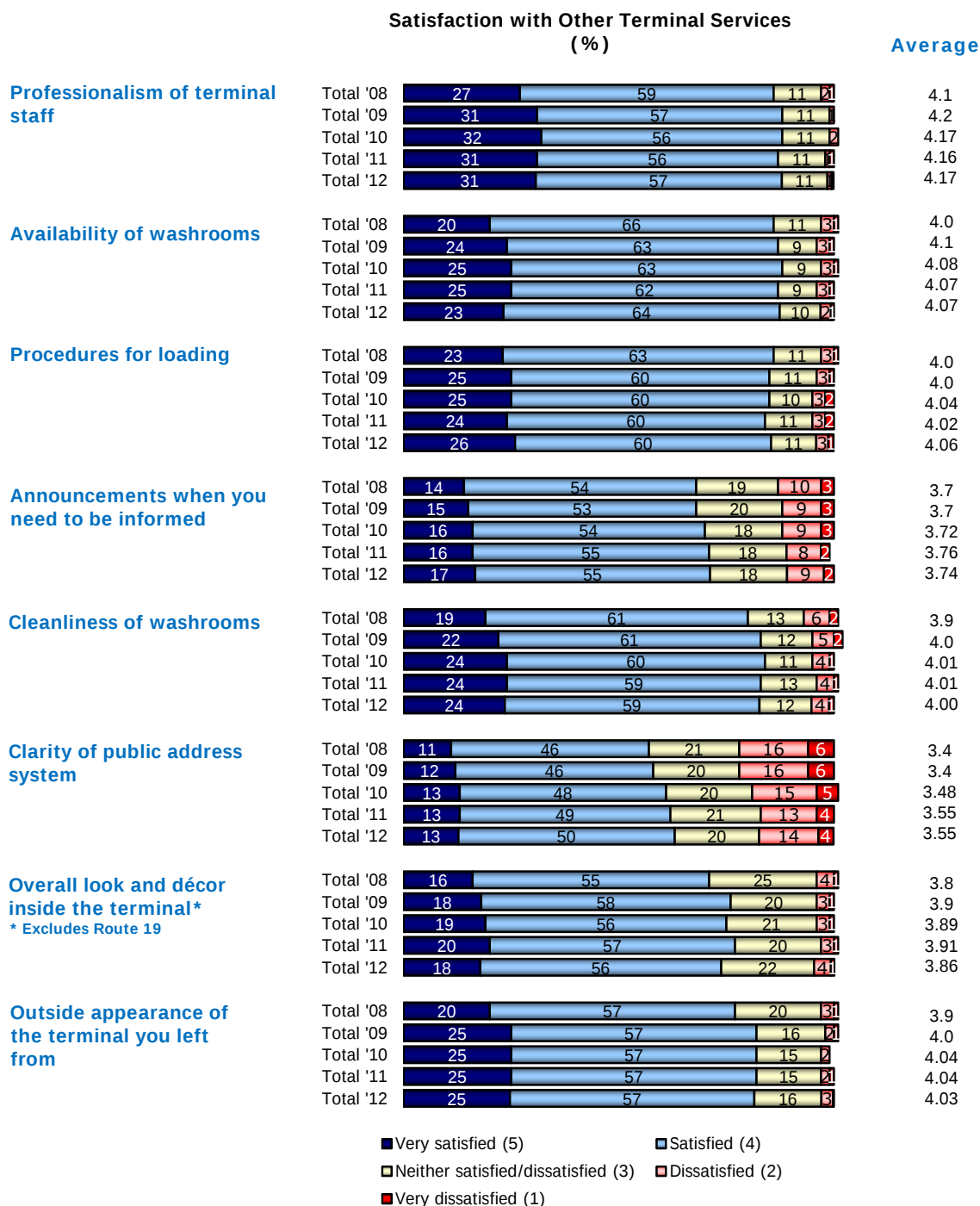
Usage: 36% are foot passengers (including bus).

\* Excludes Routes 19, & 5/9.



**Other Terminal Services**

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



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

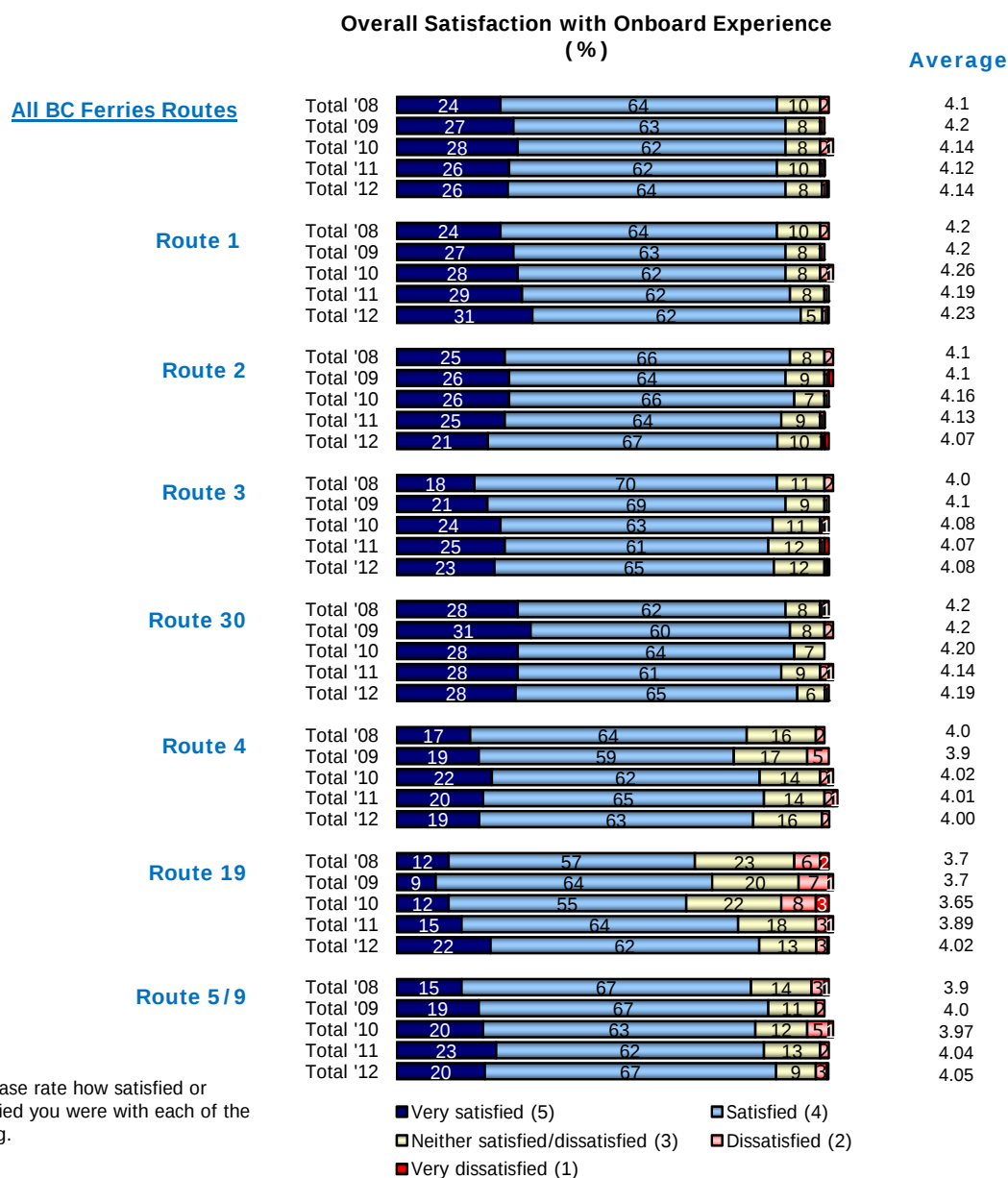
## Onboard Experience

### Overall Onboard Experience

A total of 90% of passengers in 2012 were satisfied with their overall experience onboard, for an overall rating of 4.14 on the 5-point scale, consistent with the average score achieved in 2011 (4.12).

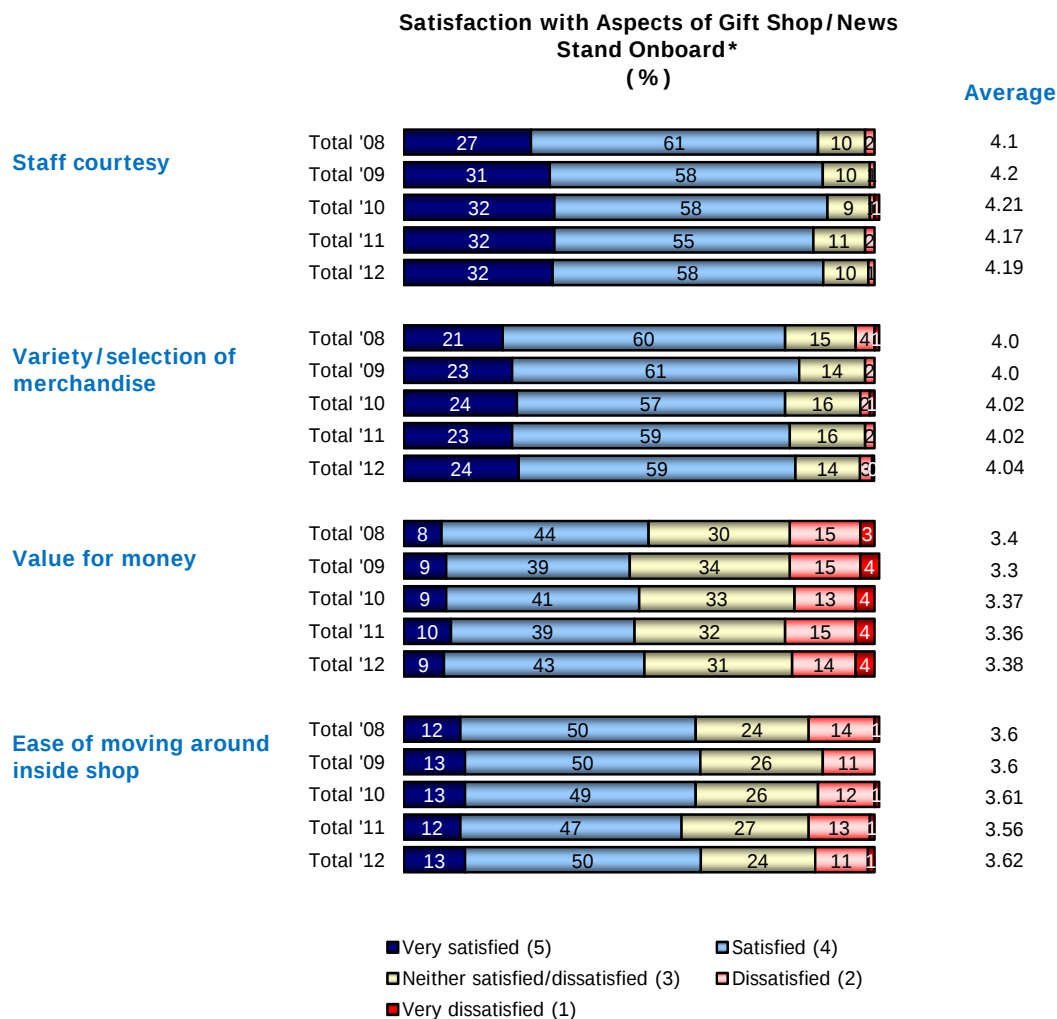
Ratings are stable on most routes with the exception of further improvement in satisfaction on Route 19 (4.02 rating versus 3.89 in 2011 and 3.65 in 2010).

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



***Onboard Gift Shop/News Stand***

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



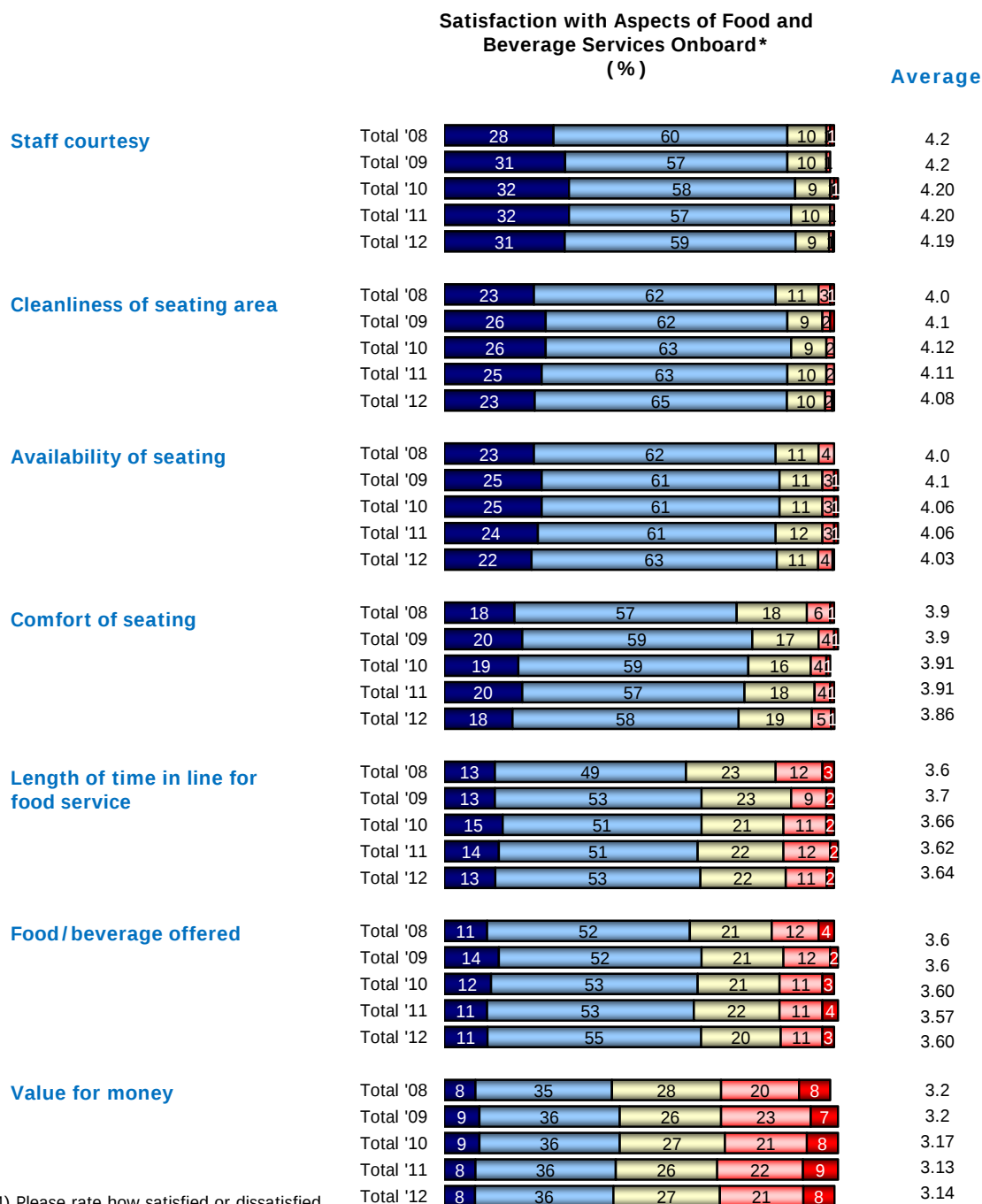
Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

\* Excludes Routes 4 & 19.

Usage: 56% gift shop/news stand.

**Onboard Food Services**

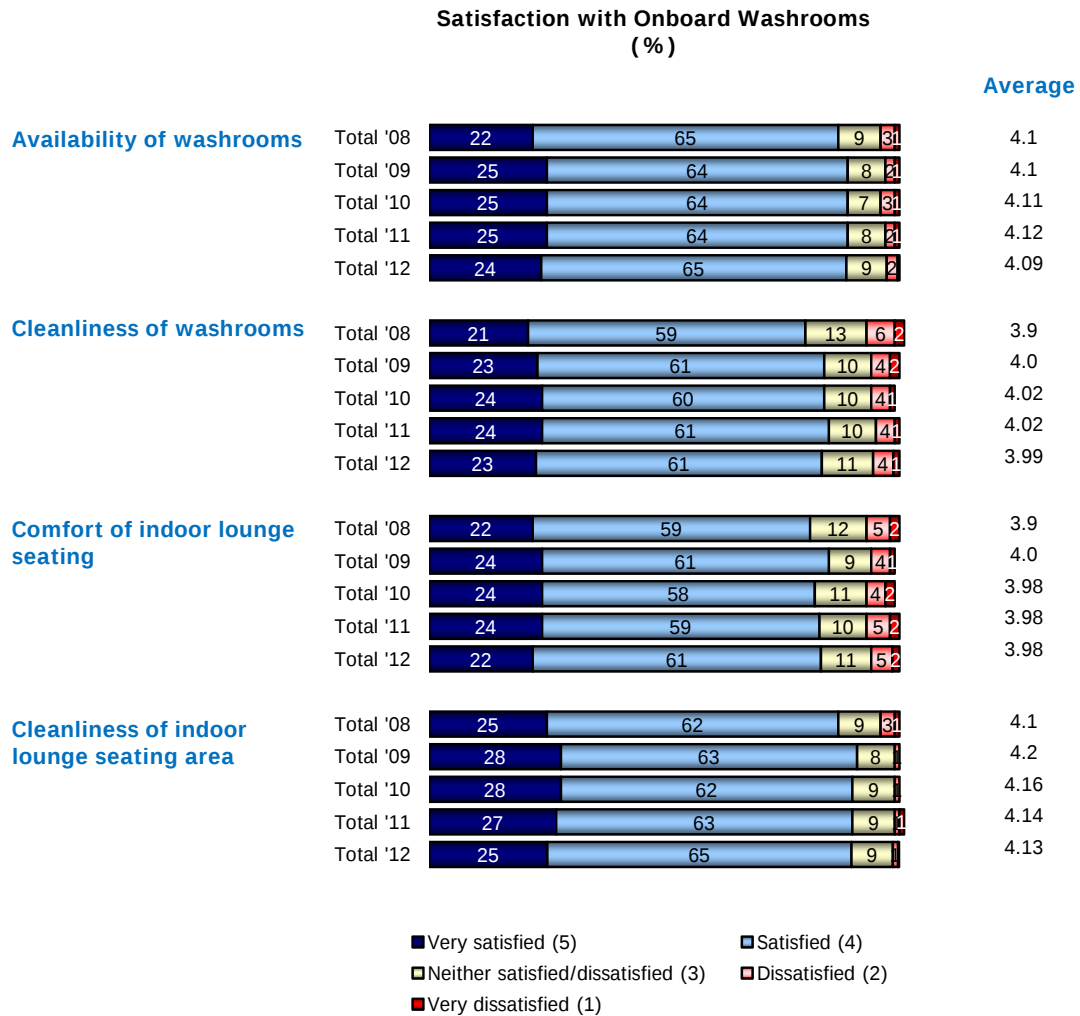
Satisfaction levels with all aspects of onboard food services also have been stable.



### ***Onboard Washrooms and Onboard Seating***

Ratings for *availability* and *cleanliness of washrooms* have been stable.

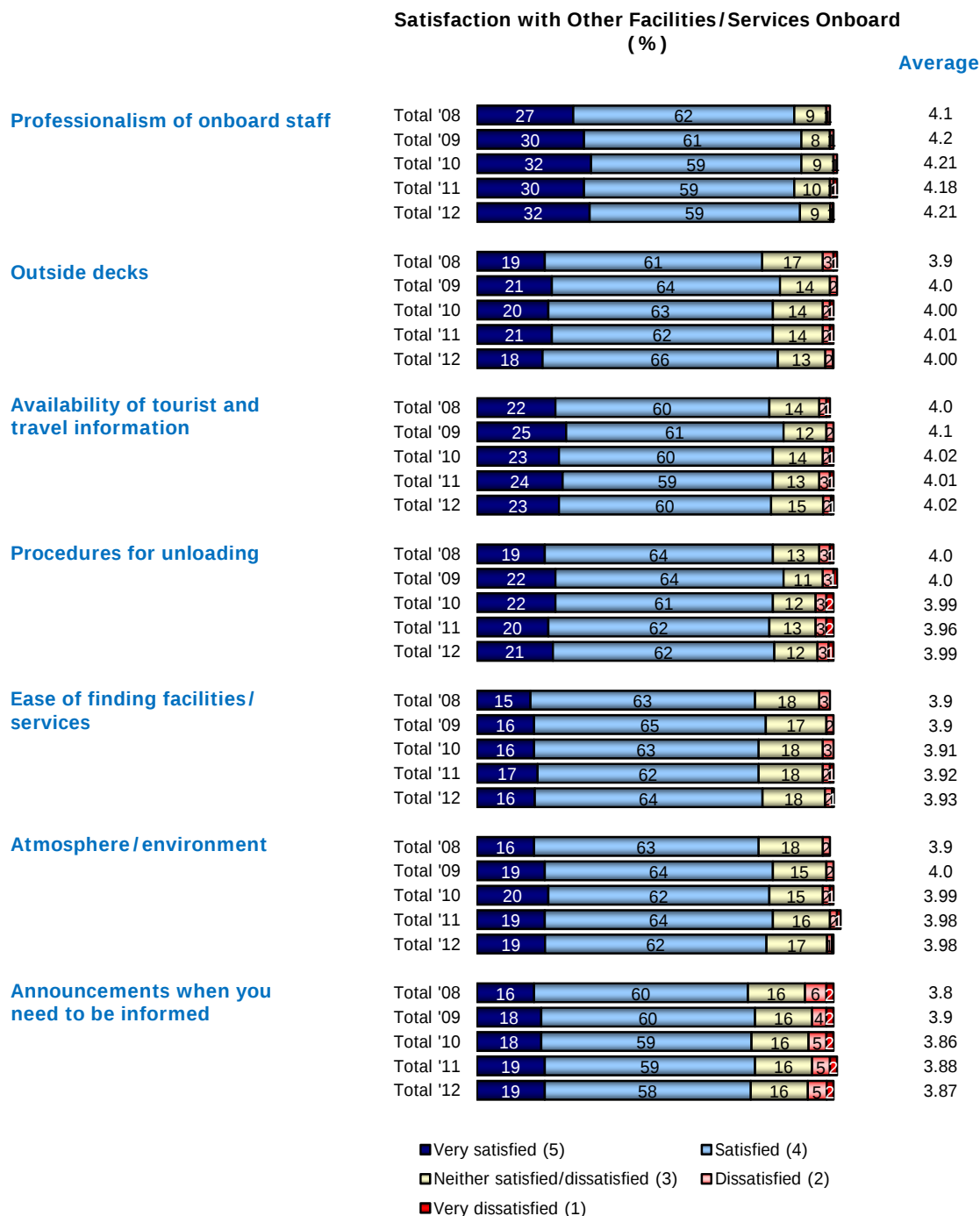
Ratings are also relatively unchanged for onboard seating.



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

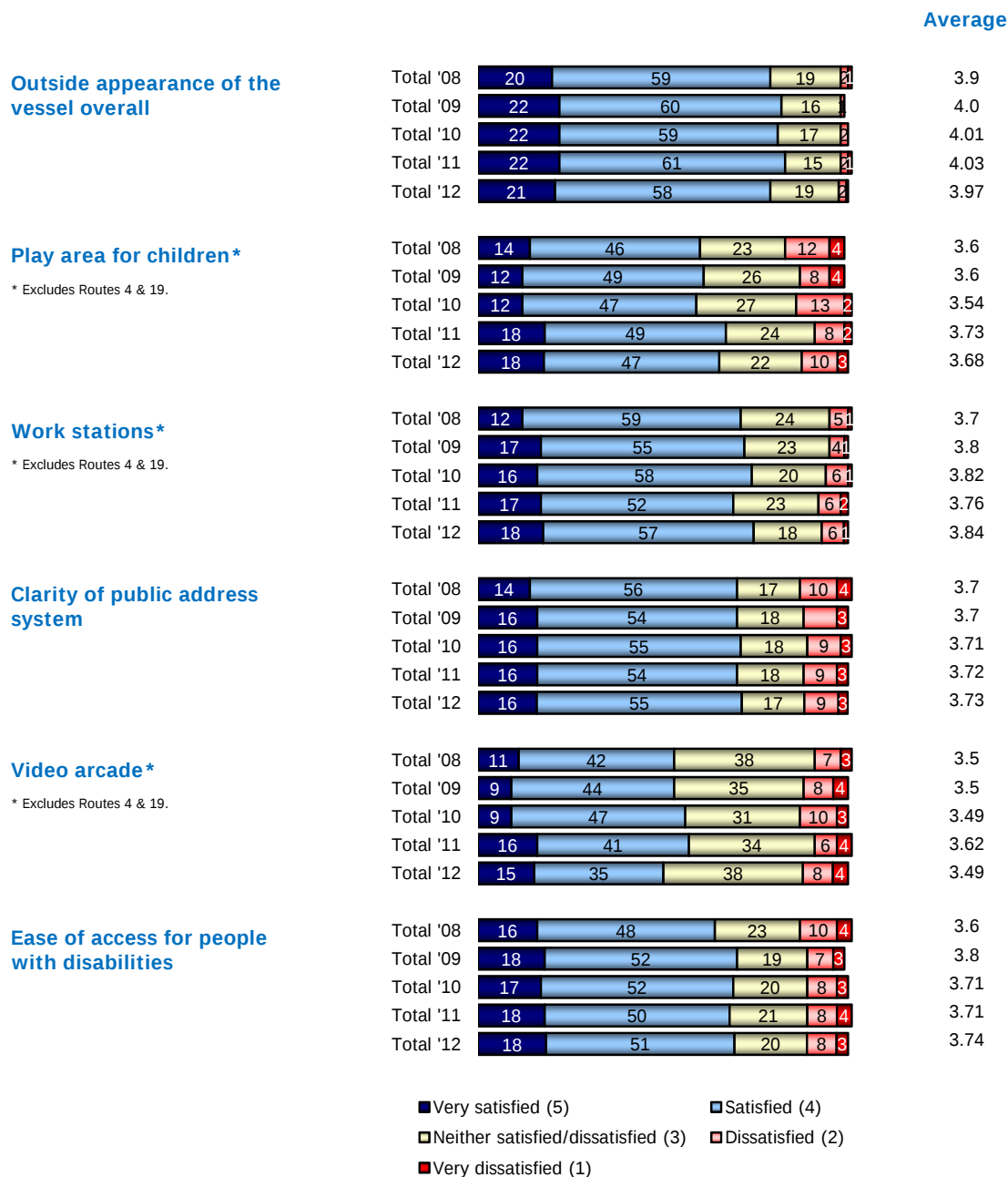
**Other Onboard Facilities/Services**

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



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

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

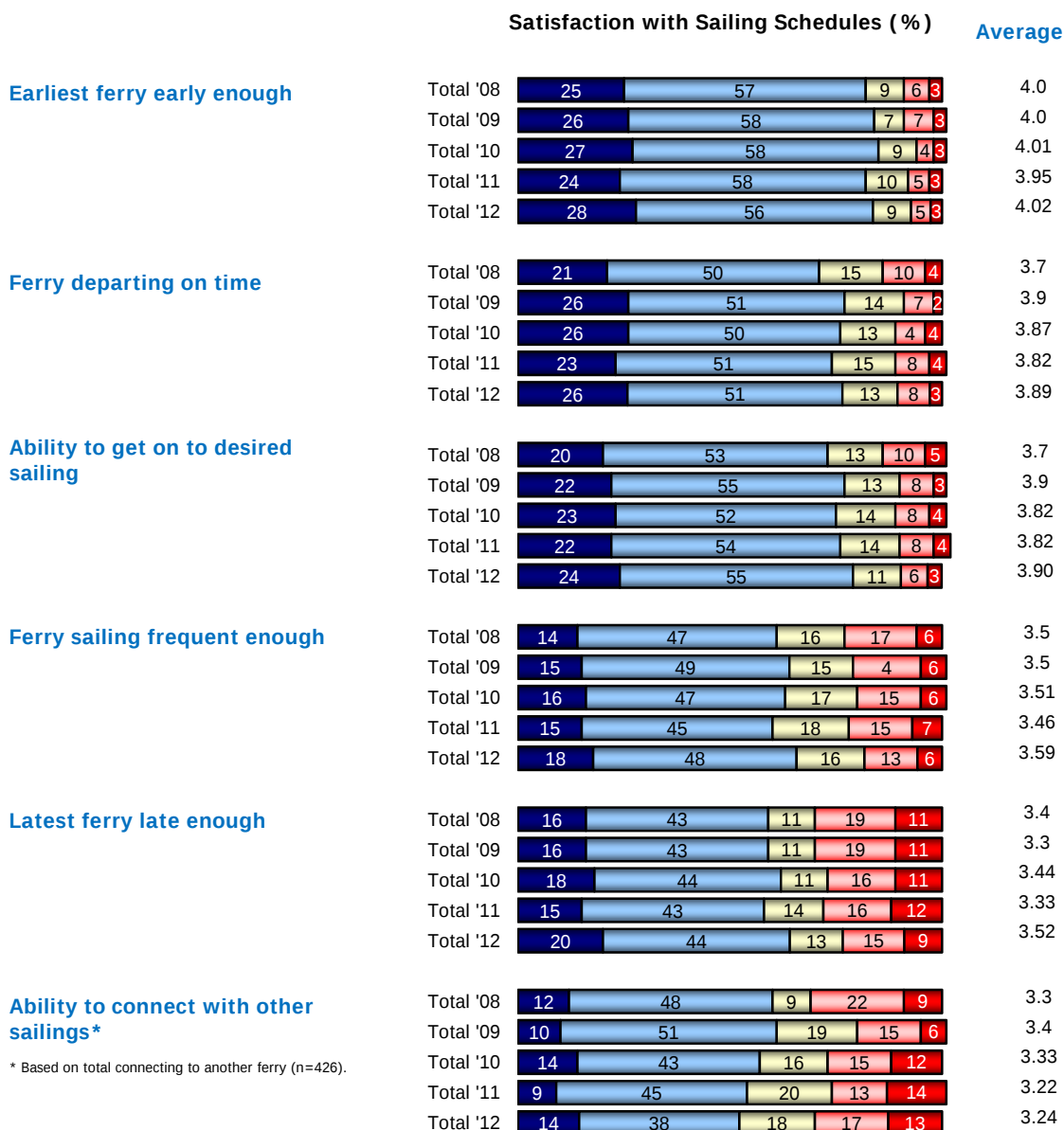


Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

## Sailing Schedules

### Various Aspects of Sailing Schedules

Satisfaction levels with many aspects of sailing schedules have improved this past year, particularly with respect to sailing frequency and timing of last ferry. Some improvement is also noted in perceptions of on-time departures, and timing of the earliest ferry.



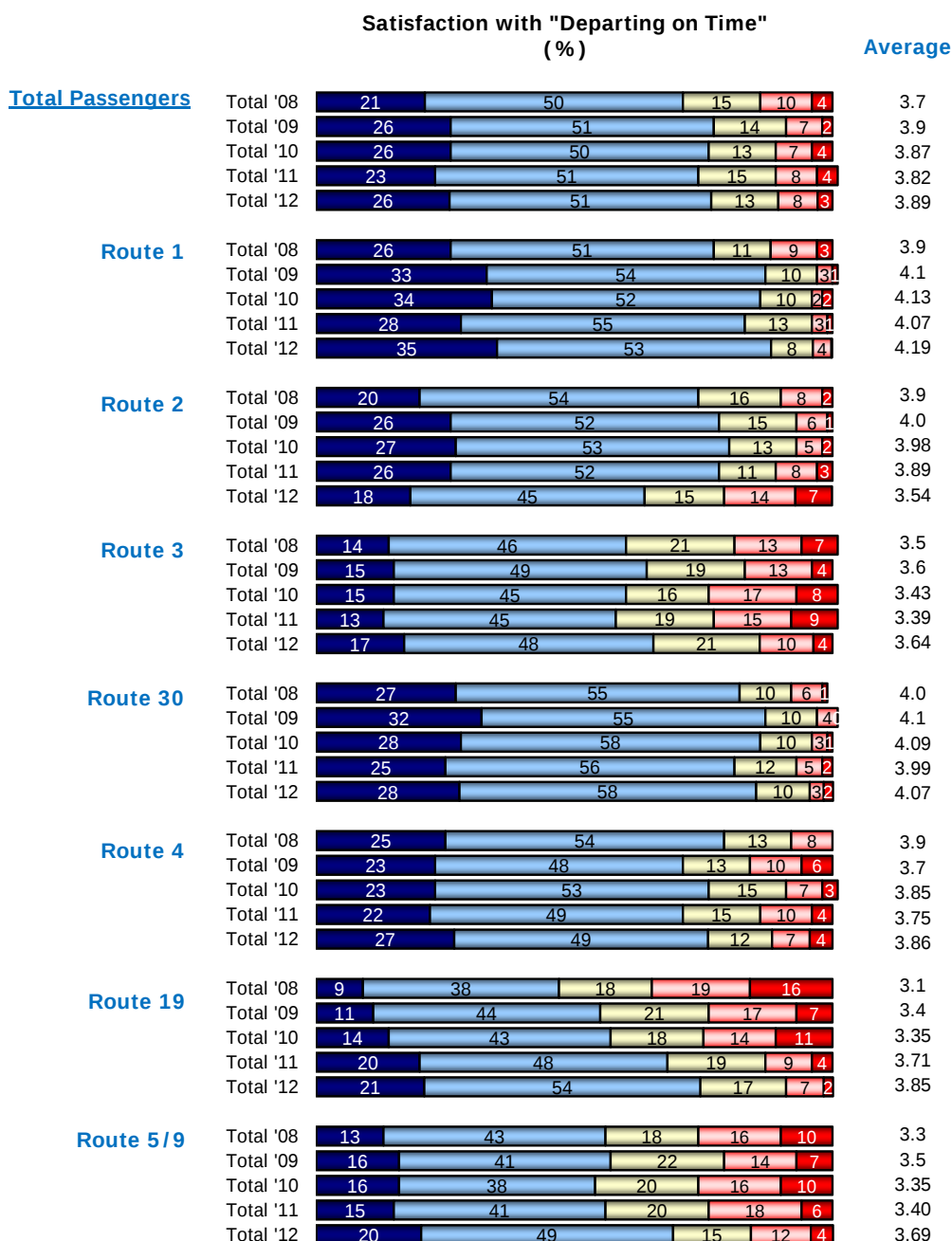
Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

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

**Departing on Time**

The following graph details the ratings for “departing on time” by route. Perceptions have strengthened on all Routes except Route 2 where ratings have declined from 3.89 in 2011 to 3.54.

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

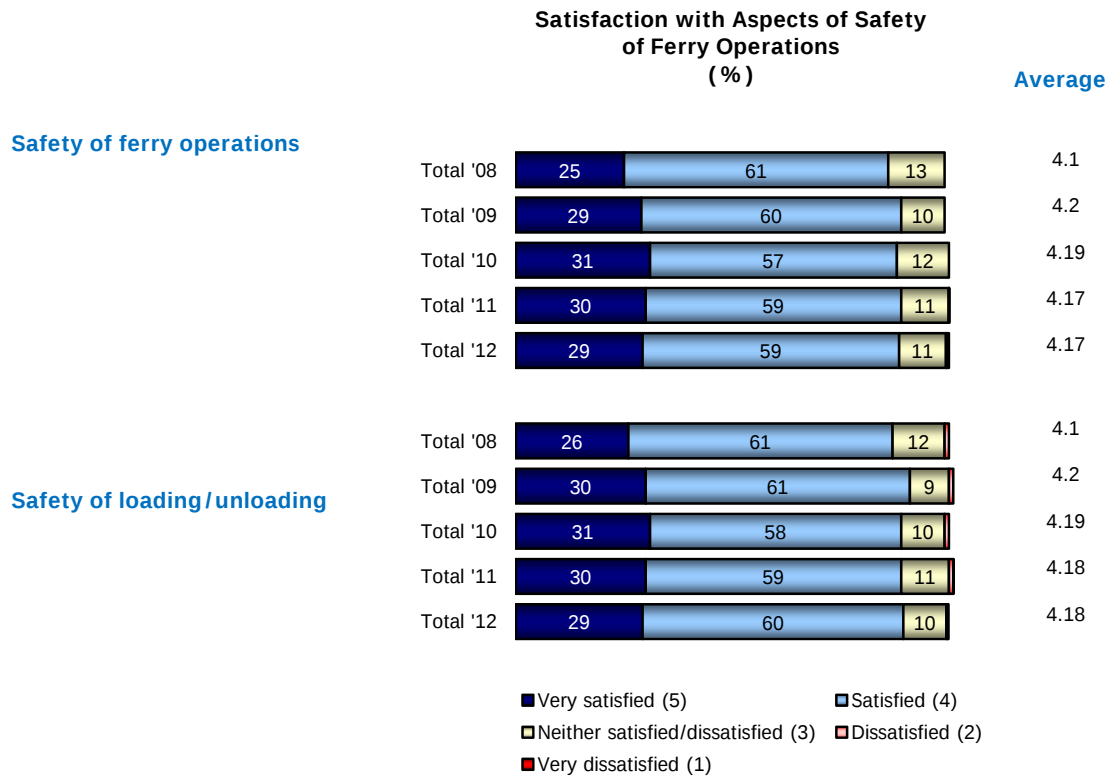


Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

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

## Safety

Perceptions of safety continue to be strong.

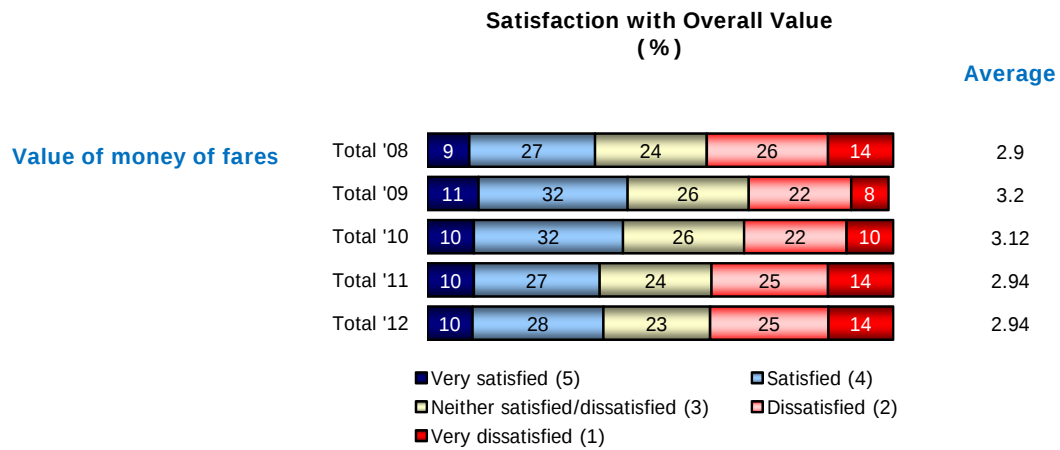


Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

## Overall Value

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Satisfaction levels with *value for money of fares* are identical to last year after declining in 2011.



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

## Appendices

### Route-by-Route Satisfaction Score for Each Attribute

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| Ferry Routes Included in Customer Satisfaction Survey - 2012 |                                                         |
|--------------------------------------------------------------|---------------------------------------------------------|
| 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 2012<br>(see page 27 for Route Number Codes) |       |               |      |      |      |            |                |      |      |      |
|------------------------------------------------------------------------------------------------|-------|---------------|------|------|------|------------|----------------|------|------|------|
|                                                                                                |       | Larger Routes |      |      |      | Route<br>3 | Smaller Routes |      |      |      |
|                                                                                                | Total | Total         | 1    | 2    | 30   |            | Total          | 4    | 19   | 5/9  |
| OVERALL EXPERIENCE                                                                             |       |               |      |      |      |            |                |      |      |      |
| Trip overall                                                                                   | 4.19  | 4.23          | 4.32 | 4.07 | 4.21 | 4.11       | 4.13           | 4.18 | 4.11 | 4.12 |
| BEFORE ARRIVING AT TERMINAL                                                                    |       |               |      |      |      |            |                |      |      |      |
| Usefulness of BC Ferries website                                                               | 4.13  | 4.14          | 4.16 | 4.13 | 4.11 | 4.12       | 4.09           | 4.12 | 4.01 | 4.11 |
| Ease of using on-line reservations                                                             | 3.81  | 3.82          | 3.85 | 3.71 | 3.92 | 3.73       | 3.85           | 3.77 | 3.72 | 3.92 |
| Usefulness of BC Ferries phone service                                                         | 3.54  | 3.60          | 3.67 | 3.57 | 3.43 | 3.22       | 3.64           | 3.50 | 3.19 | 3.84 |
| Ease of using automated phone service                                                          | 3.33  | 3.39          | 3.52 | 3.32 | 3.09 | 3.17       | 3.26           | 3.23 | 2.79 | 3.46 |
| Highway signage                                                                                | 3.98  | 4.00          | 4.06 | 3.92 | 3.96 | 3.91       | 3.94           | 4.00 | 3.86 | 3.94 |
| TERMINAL EXPERIENCE                                                                            |       |               |      |      |      |            |                |      |      |      |
| Terminal overall                                                                               | 4.08  | 4.13          | 4.17 | 4.05 | 4.15 | 3.90       | 4.04           | 4.03 | 3.96 | 4.09 |
| Outside appearance of the terminal                                                             | 4.03  | 4.10          | 4.09 | 4.06 | 4.16 | 3.80       | 4.00           | 4.00 | 3.88 | 4.07 |
| Ticket Purchase                                                                                |       |               |      |      |      |            |                |      |      |      |
| Efficiency of the transaction                                                                  | 4.42  | 4.47          | 4.52 | 4.38 | 4.46 | 4.25       | 4.40           | 4.40 | 4.38 | 4.41 |
| Staff courtesy                                                                                 | 4.44  | 4.45          | 4.48 | 4.38 | 4.45 | 4.38       | 4.46           | 4.39 | 4.53 | 4.45 |
| Clarity of staff directions                                                                    | 4.38  | 4.42          | 4.49 | 4.33 | 4.39 | 4.22       | 4.36           | 4.32 | 4.42 | 4.36 |
| Food & Beverage Services at the Terminal                                                       |       |               |      |      |      |            |                |      |      |      |
| Food beverages offered                                                                         | 3.59  | 3.66          | 3.74 | 3.52 | 3.61 | 3.43       | 3.36           | 3.14 | -    | 3.45 |
| Value for money                                                                                | 2.98  | 3.02          | 3.11 | 2.86 | 2.98 | 2.85       | 2.95           | 2.82 | -    | 3.01 |
| Gift Shop/ News Stand at the Terminal                                                          |       |               |      |      |      |            |                |      |      |      |
| Variety/ selection of merchandise                                                              | 3.87  | 3.90          | 3.95 | 3.87 | 3.83 | 3.93       | 3.50           | 3.30 | -    | 3.59 |
| Value for money                                                                                | 3.40  | 3.41          | 3.48 | 3.32 | 3.37 | 3.46       | 3.18           | 3.14 | -    | 3.20 |
| Outdoor Market Area at the Terminal                                                            |       |               |      |      |      |            |                |      |      |      |
| Variety/ selection of merchandise                                                              | 3.57  | 3.67          | 3.76 | 3.50 | 3.67 | 3.18       | 3.57           | 3.56 | -    | 3.57 |
| Value for money                                                                                | 3.30  | 3.36          | 3.45 | 3.19 | 3.32 | 3.03       | 3.35           | 3.34 | -    | 3.36 |
| Other Terminal Services                                                                        |       |               |      |      |      |            |                |      |      |      |
| Clarity of public address system                                                               | 3.55  | 3.60          | 3.62 | 3.51 | 3.70 | 3.43       | 3.46           | 3.55 | 3.22 | 3.51 |
| Announcements when you need to be informed                                                     | 3.74  | 3.79          | 3.85 | 3.65 | 3.85 | 3.66       | 3.66           | 3.68 | 3.50 | 3.71 |
| Overall look & décor inside terminal                                                           | 3.86  | 3.91          | 3.91 | 3.90 | 3.94 | 3.66       | 3.83           | 3.79 | -    | 3.86 |
| Availability of washrooms                                                                      | 4.07  | 4.10          | 4.13 | 4.02 | 4.16 | 3.97       | 4.05           | 4.05 | 3.95 | 4.09 |
| Cleanliness of washrooms                                                                       | 4.00  | 4.02          | 4.07 | 3.88 | 4.13 | 3.90       | 4.03           | 3.93 | 4.01 | 4.10 |
| Procedures for loading                                                                         | 4.06  | 4.10          | 4.15 | 3.96 | 4.14 | 3.96       | 4.01           | 4.03 | 3.99 | 4.02 |
| Professionalism of terminal staff                                                              | 4.17  | 4.18          | 4.24 | 4.06 | 4.21 | 4.08       | 4.21           | 4.13 | 4.30 | 4.20 |

continued...

| Average Satisfaction Ratings by Route – All Waves 2012<br>(see page 27 for Route Number Codes) |       |               |      |      |      |            |                |      |      |      |
|------------------------------------------------------------------------------------------------|-------|---------------|------|------|------|------------|----------------|------|------|------|
|                                                                                                | Total | Larger Routes |      |      |      | Route<br>3 | Smaller Routes |      |      |      |
|                                                                                                |       | Total         | 1    | 2    | 30   |            | Total          | 4    | 19   | 5/9  |
| Foot Passenger Services at the Terminal                                                        |       |               |      |      |      |            |                |      |      |      |
| Usefulness of TV info screens                                                                  | 3.71  | 3.75          | 3.75 | 3.61 | 3.96 | 3.56       | 3.60           | 3.60 | -    | -    |
| Availability of parking spaces                                                                 | 3.67  | 3.81          | 3.87 | 3.57 | 4.12 | 3.86       | 3.04           | 3.09 | 2.39 | 3.76 |
| Parking value for money                                                                        | 2.86  | 2.72          | 2.77 | 2.56 | 2.86 | 3.38       | 2.91           | 2.58 | 3.21 | 2.70 |
| Ease of using passenger drop-off/ pick-up area                                                 | 3.88  | 3.97          | 3.99 | 3.83 | 4.18 | 3.89       | 3.57           | 3.60 | 3.24 | 3.89 |
| Availability of seating in pre-boarding lounge at terminal                                     | 3.72  | 3.71          | 3.65 | 3.75 | 3.98 | 3.65       | 3.85           | 3.96 | 3.72 | 3.89 |
| Comfort of seating in pre-boarding lounge at terminal                                          | 3.67  | 3.71          | 3.72 | 3.68 | 3.72 | 3.58       | 3.58           | 3.75 | 3.27 | 3.76 |
| Cleanliness of pre-boarding lounge                                                             | 4.02  | 4.04          | 4.02 | 4.00 | 4.25 | 3.91       | 4.03           | 4.05 | 4.02 | 4.03 |
| ONBOARD EXPERIENCE                                                                             |       |               |      |      |      |            |                |      |      |      |
| Onboard overall                                                                                | 4.02  | 4.04          | 4.02 | 4.00 | 4.25 | 3.91       | 4.03           | 4.05 | 4.02 | 4.03 |
| Gift Shop/ News Stand                                                                          |       |               |      |      |      |            |                |      |      |      |
| Variety/ selection of merchandise                                                              | 4.04  | 4.04          | 4.06 | 4.00 | 4.03 | 4.14       | 3.80           | -    | -    | 3.80 |
| Staff courtesy                                                                                 | 4.19  | 4.19          | 4.19 | 4.16 | 4.24 | 4.21       | 4.21           | -    | -    | 4.21 |
| Ease of moving around inside shop                                                              | 3.62  | 3.64          | 3.69 | 3.51 | 3.68 | 3.55       | 3.66           | -    | -    | 3.66 |
| Value for money                                                                                | 3.38  | 3.36          | 3.39 | 3.30 | 3.40 | 3.47       | 3.30           | -    | -    | 3.30 |
| Food Services                                                                                  |       |               |      |      |      |            |                |      |      |      |
| Length of time in line for food services                                                       | 3.64  | 3.60          | 3.65 | 3.52 | 3.62 | 3.74       | 3.84           | -    | -    | 3.84 |
| Food/ beverages offered                                                                        | 3.60  | 3.63          | 3.67 | 3.55 | 3.65 | 3.55       | 3.43           | -    | -    | 3.43 |
| Staff courtesy                                                                                 | 4.19  | 4.19          | 4.23 | 4.09 | 4.25 | 4.20       | 4.21           | -    | -    | 4.21 |
| Availability of seating                                                                        | 4.03  | 4.00          | 4.01 | 3.94 | 4.12 | 4.13       | 4.09           | -    | -    | 4.09 |
| Comfort of seating                                                                             | 3.86  | 3.85          | 3.86 | 3.80 | 3.95 | 3.92       | 3.84           | -    | -    | 3.84 |
| Cleanliness of seating area                                                                    | 4.08  | 4.08          | 4.07 | 4.05 | 4.17 | 4.10       | 4.09           | -    | -    | 4.09 |
| Value for money                                                                                | 3.14  | 3.18          | 3.27 | 2.99 | 3.21 | 3.01       | 3.05           | -    | -    | 3.05 |
| Washrooms                                                                                      |       |               |      |      |      |            |                |      |      |      |
| Availability of washrooms                                                                      | 4.09  | 4.12          | 4.15 | 4.02 | 4.21 | 4.06       | 4.03           | 3.96 | 3.96 | 4.09 |
| Cleanliness of washrooms                                                                       | 3.99  | 4.02          | 4.06 | 3.86 | 4.17 | 3.91       | 3.98           | 3.78 | 3.97 | 4.07 |
| Lounge Seating                                                                                 |       |               |      |      |      |            |                |      |      |      |
| Comfort of indoor lounge seating                                                               | 3.98  | 4.03          | 4.08 | 3.91 | 4.06 | 4.04       | 3.71           | 3.37 | 3.62 | 3.89 |
| Cleanliness of indoor lounge seating area                                                      | 4.13  | 4.15          | 4.19 | 4.05 | 4.21 | 4.15       | 4.04           | 3.84 | 4.04 | 4.13 |

continued...

| Average Satisfaction Ratings by Route – All Waves 2012<br>(see page 27 for Route Number Codes) |       |               |      |      |      |            |                |      |      |      |
|------------------------------------------------------------------------------------------------|-------|---------------|------|------|------|------------|----------------|------|------|------|
|                                                                                                | Total | Larger Routes |      |      |      | Route<br>3 | Smaller Routes |      |      |      |
|                                                                                                |       | Total         | 1    | 2    | 30   |            | Total          | 4    | 19   | 5/9  |
| Other Onboard Facilities/ Services                                                             |       |               |      |      |      |            |                |      |      |      |
| Play area for children                                                                         | 3.68  | 3.75          | 3.79 | 3.71 | 3.64 | 3.66       | 3.23           | -    | -    | 3.23 |
| Video arcade                                                                                   | 3.49  | 3.48          | 3.49 | 3.27 | 3.77 | 3.60       | 3.30           | -    | -    | 3.30 |
| Work stations                                                                                  | 3.84  | 3.86          | 3.95 | 3.66 | 3.74 | 3.83       | 3.71           | -    | -    | 3.71 |
| Outside decks                                                                                  | 4.00  | 4.07          | 4.14 | 3.95 | 4.01 | 3.91       | 3.88           | 3.91 | 3.75 | 3.97 |
| Outside appearance of the vessel overall                                                       | 3.97  | 4.05          | 4.14 | 3.87 | 4.05 | 3.83       | 3.83           | 3.95 | 3.80 | 3.79 |
| Availability of tourist and travel information                                                 | 4.02  | 4.05          | 4.10 | 3.95 | 4.03 | 4.12       | 3.80           | 3.76 | 3.35 | 3.98 |
| Ease of access, overall, for people with disabilities                                          | 3.74  | 3.84          | 3.93 | 3.65 | 3.86 | 3.73       | 3.42           | 3.57 | 3.11 | 3.54 |
| Ease of finding facilities/ services                                                           | 3.93  | 3.95          | 3.98 | 3.87 | 4.01 | 3.97       | 3.83           | 3.78 | 3.75 | 3.91 |
| Clarity of public address system                                                               | 3.73  | 3.76          | 3.78 | 3.66 | 3.88 | 3.82       | 3.50           | 3.55 | 3.06 | 3.70 |
| Announcements when you need to be informed                                                     | 3.87  | 3.88          | 3.91 | 3.78 | 3.95 | 3.95       | 3.73           | 3.72 | 3.44 | 3.85 |
| Atmosphere/ environment                                                                        | 3.98  | 4.01          | 4.05 | 3.92 | 4.02 | 3.99       | 3.87           | 3.78 | 3.80 | 3.95 |
| Procedures for unloading                                                                       | 3.99  | 4.01          | 4.09 | 3.87 | 4.01 | 3.94       | 3.95           | 3.99 | 3.85 | 3.99 |
| Professionalism with onboard staff                                                             | 4.21  | 4.22          | 4.29 | 4.10 | 4.20 | 4.19       | 4.20           | 4.15 | 4.23 | 4.20 |
| Experience with the Sailing Schedule                                                           |       |               |      |      |      |            |                |      |      |      |
| Earliest ferry earliest enough                                                                 | 4.02  | 3.99          | 4.00 | 3.97 | 4.03 | 4.06       | 4.05           | 4.01 | 4.41 | 3.90 |
| Latest ferry late enough                                                                       | 3.52  | 3.58          | 3.64 | 3.35 | 3.78 | 3.12       | 3.69           | 3.27 | 4.25 | 3.60 |
| Ferry sailing frequent enough                                                                  | 3.59  | 3.70          | 3.89 | 3.43 | 3.52 | 3.23       | 3.53           | 3.50 | 4.14 | 3.20 |
| Ability to get onto desired ferry                                                              | 3.90  | 3.94          | 4.09 | 3.69 | 3.86 | 3.73       | 3.94           | 3.96 | 3.79 | 4.02 |
| Ability to connect with other sailings<br>(based on those connecting)                          | 3.24  | 3.12          | 3.42 | 2.93 | 2.97 | 3.06       | 3.64           | 3.53 | 3.18 | 3.94 |
| Ferry departing on time                                                                        | 3.89  | 3.98          | 4.19 | 3.54 | 4.07 | 3.64       | 3.78           | 3.86 | 3.85 | 3.69 |
| Safety                                                                                         |       |               |      |      |      |            |                |      |      |      |
| Safety of ferry operations                                                                     | 4.17  | 4.18          | 4.24 | 4.05 | 4.21 | 4.10       | 4.18           | 4.19 | 4.16 | 4.18 |
| Safety of loading/unloading                                                                    | 4.18  | 4.19          | 4.26 | 4.07 | 4.21 | 4.12       | 4.19           | 4.21 | 4.19 | 4.18 |
| OVERALL VALUE                                                                                  |       |               |      |      |      |            |                |      |      |      |
| Value for money of fares                                                                       | 2.94  | 2.96          | 3.05 | 2.82 | 2.91 | 2.87       | 2.95           | 3.04 | 2.98 | 2.90 |

| <b>TERMINAL ATTRIBUTES ONLY - Satisfaction Ratings by Terminal</b><br><b>- All Waves 2012 -</b> |              |                   |                   |                      |                      |                 |                   |
|-------------------------------------------------------------------------------------------------|--------------|-------------------|-------------------|----------------------|----------------------|-----------------|-------------------|
|                                                                                                 | <b>Total</b> | <b>Terminals</b>  |                   |                      |                      |                 |                   |
|                                                                                                 |              | <b>Tsawwassen</b> | <b>Swartz Bay</b> | <b>Horseshoe Bay</b> | <b>Departure Bay</b> | <b>Langdale</b> | <b>Duke Point</b> |
| <b>OVERALL EXPERIENCE</b>                                                                       |              |                   |                   |                      |                      |                 |                   |
| Trip overall                                                                                    | 4.19         | 4.29              | 4.32              | 4.08                 | 4.07                 | 4.13            | 4.15              |
| <b>TERMINAL EXPERIENCE</b>                                                                      |              |                   |                   |                      |                      |                 |                   |
| Terminal overall                                                                                | 4.08         | 4.17              | 4.16              | 3.96                 | 4.12                 | 3.86            | 4.13              |
| Outside appearance of the terminal                                                              | 4.03         | 4.12              | 4.07              | 3.93                 | 4.20                 | 3.68            | 4.12              |
| <b>Ticket Purchase</b>                                                                          |              |                   |                   |                      |                      |                 |                   |
| Efficiency of the transaction                                                                   | 4.42         | 4.50              | 4.53              | 4.33                 | 4.38                 | 4.22            | 4.41              |
| Staff courtesy                                                                                  | 4.44         | 4.48              | 4.48              | 4.35                 | 4.45                 | 4.36            | 4.41              |
| Clarity of staff directions                                                                     | 4.38         | 4.48              | 4.47              | 4.26                 | 4.39                 | 4.20            | 4.36              |
| <b>Food &amp; Beverage Services at the Terminal</b>                                             |              |                   |                   |                      |                      |                 |                   |
| Food beverages offered                                                                          | 3.59         | 3.78              | 3.60              | 3.42                 | 3.60                 | 3.45            | 3.53              |
| Value for money                                                                                 | 2.98         | 3.11              | 3.06              | 2.79                 | 2.97                 | 2.84            | 2.90              |
| <b>Gift Shop/ News Stand at the Terminal</b>                                                    |              |                   |                   |                      |                      |                 |                   |
| Variety/ selection of merchandise                                                               | 3.87         | 3.97              | 3.85              | 3.88                 | 3.88                 | 3.94            | 3.69              |
| Value for money                                                                                 | 3.40         | 3.51              | 3.41              | 3.30                 | 3.38                 | 3.52            | 3.22              |
| <b>Outdoor Market Area at the Terminal</b>                                                      |              |                   |                   |                      |                      |                 |                   |
| Variety/ selection of merchandise                                                               | 3.57         | 3.85              | 3.66              | 3.28                 | 3.57                 | 3.24            | 3.51              |
| Value for money                                                                                 | 3.30         | 3.56              | 3.33              | 3.00                 | 3.27                 | 3.16            | 3.18              |
| <b>Other Terminal Services</b>                                                                  |              |                   |                   |                      |                      |                 |                   |
| Clarity of Public address system                                                                | 3.55         | 3.62              | 3.61              | 3.43                 | 3.55                 | 3.47            | 3.86              |
| Announcements when you need to be informed                                                      | 3.74         | 3.82              | 3.84              | 3.62                 | 3.66                 | 3.71            | 3.96              |
| Overall look & décor inside terminal                                                            | 3.86         | 3.94              | 3.89              | 3.76                 | 4.04                 | 3.53            | 3.90              |
| Usefulness of TV info screens                                                                   | 3.71         | 3.76              | 3.80              | 3.57                 | 3.73                 | 3.45            | 3.99              |
| Availability of washrooms                                                                       | 4.07         | 4.10              | 4.17              | 3.98                 | 4.13                 | 3.89            | 4.19              |
| Cleanliness of washrooms                                                                        | 4.00         | 4.04              | 4.10              | 3.82                 | 3.98                 | 3.92            | 4.16              |
| Procedures for loading                                                                          | 4.06         | 4.13              | 4.16              | 3.90                 | 4.02                 | 4.01            | 4.21              |
| Professionalism of terminal staff                                                               | 4.17         | 4.21              | 4.25              | 4.05                 | 4.11                 | 4.07            | 4.24              |
| <b>Foot Passenger Services at the Terminal</b>                                                  |              |                   |                   |                      |                      |                 |                   |
| Availability of parking spaces                                                                  | 3.67         | 3.98              | 3.79              | 3.48                 | 3.65                 | 4.11            | 4.13              |
| Parking value for money                                                                         | 2.86         | 2.90              | 2.63              | 2.55                 | 2.78                 | 3.72            | 2.86              |
| Ease of using passenger drop-off/ pick-up area                                                  | 3.88         | 4.07              | 3.89              | 3.71                 | 3.94                 | 4.04            | 4.33              |
| Availability of seating in pre-boarding lounge at terminal                                      | 3.72         | 3.68              | 3.70              | 3.60                 | 3.98                 | 3.60            | 4.02              |
| Comfort of seating in pre-boarding lounge at terminal                                           | 3.67         | 3.64              | 3.77              | 3.64                 | 3.81                 | 3.45            | 3.93              |
| Cleanliness of pre-boarding lounge                                                              | 4.02         | 4.02              | 4.03              | 3.86                 | 4.15                 | 3.94            | 4.44              |
| <b>OVERALL VALUE</b>                                                                            |              |                   |                   |                      |                      |                 |                   |
| Value for money of fares                                                                        | 2.94         | 2.98              | 3.08              | 2.86                 | 2.83                 | 2.82            | 2.90              |

## Research Methodology

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### ***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:

|                                                         | <b>All Waves 2012</b> |                |
|---------------------------------------------------------|-----------------------|----------------|
|                                                         | <b>Screeners</b>      | <b>Returns</b> |
| Route 1: Tsawwassen-Swartz Bay                          | 1,850                 | 765            |
| Route 2: Horseshoe Bay-Departure Bay                    | 2,206                 | 859            |
| Route 3: Horseshoe Bay-Langdale                         | 1,202                 | 515            |
| Route 30: Tsawwassen-Duke Point                         | 1,590                 | 663            |
| Route 4: Swartz Bay-Fulford Harbour, Salt Spring Island | 1,116                 | 504            |
| Route 19: Departure Bay–Descanso Bay, Gabriola Island   | 1,021                 | 368            |
| Route 5/9: Southern Gulf Islands                        | 2,315                 | 1,344          |
| <b>TOTAL</b>                                            | <b>11,219</b>         | <b>5,018</b>   |

### ***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<br>–All Waves 2012 – |                                |                                  |                               |                                 |
|-------------------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------|---------------------------------|
|                                                                   | Screeners                      |                                  | Returns                       |                                 |
|                                                                   | <u>Actual</u><br>(11,219)<br>% | <u>Weighted</u><br>(11,219)<br>% | <u>Actual</u><br>(5,018)<br>% | <u>Weighted</u><br>(5,018)<br>% |
| <b>Weekend</b><br>Route:                                          |                                |                                  |                               |                                 |
| 1                                                                 | 6                              | 13                               | 5                             | 13                              |
| 2                                                                 | 6                              | 8                                | 6                             | 7                               |
| 3                                                                 | 3                              | 6                                | 3                             | 6                               |
| 30                                                                | 4                              | 3                                | 4                             | 3                               |
| 4                                                                 | 3                              | 1                                | 3                             | 1                               |
| 19                                                                | 3                              | 1                                | 2                             | 1                               |
| 5/9                                                               | 7                              | 2                                | 9                             | 2                               |
| <b>Weekday</b><br>Route:                                          |                                |                                  |                               |                                 |
| 1                                                                 | 11                             | 23                               | 10                            | 24                              |
| 2                                                                 | 14                             | 15                               | 12                            | 13                              |
| 3                                                                 | 8                              | 11                               | 7                             | 12                              |
| 30                                                                | 10                             | 7                                | 9                             | 7                               |
| 4                                                                 | 7                              | 3                                | 7                             | 3                               |
| 19                                                                | 6                              | 4                                | 5                             | 4                               |
| 5/9                                                               | 14                             | 4                                | 18                            | 6                               |

### ***Data Collection***

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

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

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

### ***Data Analysis***

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

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

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

### ***Response Rate***

The following outlines the response rates achieved in the June 2012 measure.

| Response Rates          |                      |
|-------------------------|----------------------|
|                         | <u>All Waves '12</u> |
| Route 1                 | 41                   |
| Route 2                 | 39                   |
| Route 3                 | 43                   |
| Route 30                | 44                   |
| Route 4                 | 45                   |
| Route 19                | 36                   |
| Route 5/9               | 58                   |
| <b>Overall response</b> | <b>45</b>            |

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 2012 |                               |                                                      |
|----------------------------------|-------------------------------|------------------------------------------------------|
|                                  | <u>Actual<br/>Sample Size</u> | <u>Approximate<br/>Tolerance Limits<br/>% Points</u> |
| Total Screeners                  | 11,219                        | +/- .9                                               |
| Total Returns                    | 5,018                         | +/- 1.4                                              |
| <b>Individual Route Returns</b>  |                               |                                                      |
| Route 1                          | 765                           | +/- 3.5                                              |
| Route 2                          | 859                           | +/- 3.3                                              |
| Route 3                          | 515                           | +/- 4.3                                              |
| Route 30                         | 663                           | +/- 3.8                                              |
| Route 4                          | 504                           | +/- 4.4                                              |
| Route 19                         | 368                           | +/- 5.1                                              |
| Route 5/9                        | 1,344                         | +/- 2.7                                              |

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# **Complaints Resolution Report**

**Year Ended March 31, 2013**

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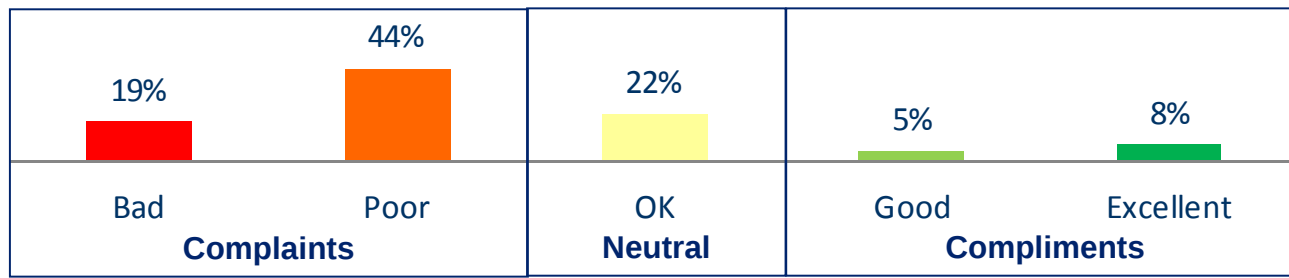


# Complaints Resolution Report Fiscal 2012/2013

# Feedback Summary

- During the 2012/13 fiscal year 19.9 million customers travelled with BC Ferries.
  - BC Ferries received 8,234 comments in 2012/13

**Distribution of Comments by Rating**

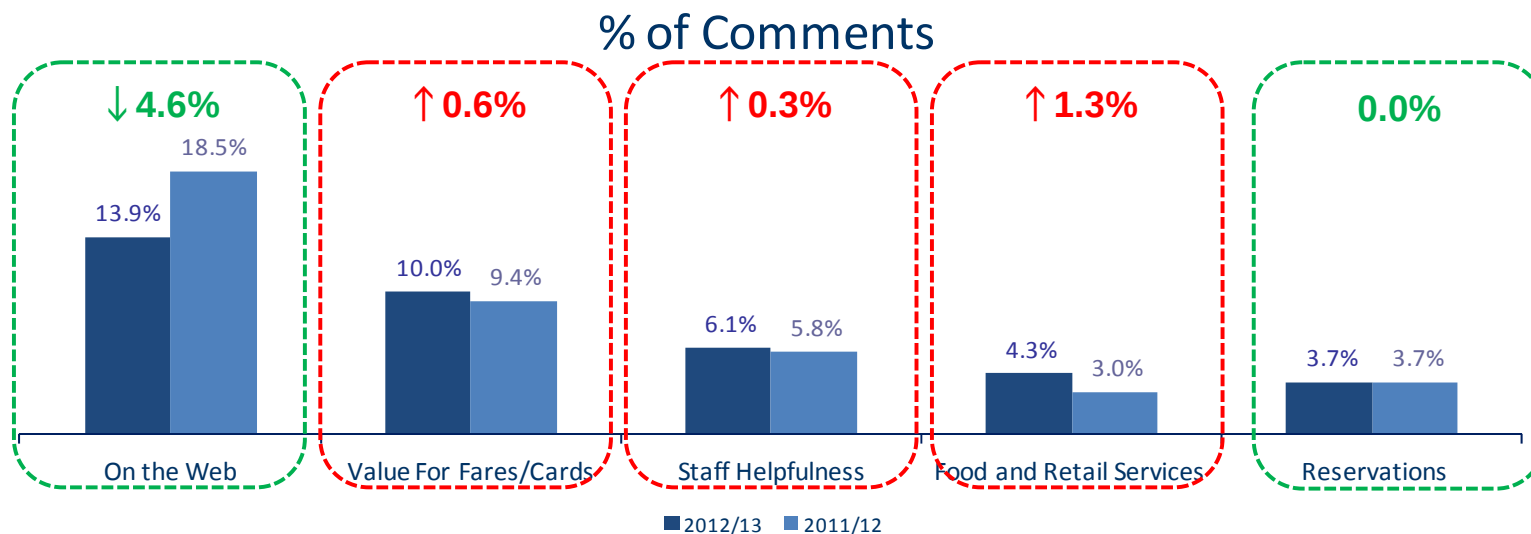


- Customer initiated feedback tends to be negative. Thirteen percent (13%) of all customer feedback received in 2012/13 was complimentary.
- “On the Web” was the top issue: 1,141 complaints\* were made, representing 13.9% of the total comments received in 2012/13.
  - Top 5 complaints combined represent 38% of all complaints received in 2012/13
- “General” comments are excluded from this analysis:
  - 922 “General” comments were received which were primarily made up of suggestions (351) and company information (255)

\*Complaints = “bad” or “poor” rating accompanied by a comment  
 Note: 2012/13 = April 1, 2012 to March 31, 2013

# Top Complaints\*: Corporate

| # | Complaint                | 2012/13     |                         | 2011/12     |                         |
|---|--------------------------|-------------|-------------------------|-------------|-------------------------|
|   |                          | Complaints* | % of Comments (n=8,234) | Complaints* | % of Comments (n=9,005) |
| 1 | On the Web               | 1,141       | 13.9%                   | 1,665       | 18.5%                   |
| 2 | Value For Fares/Cards    | 827         | 10.0%                   | 844         | 9.4%                    |
| 3 | Staff Helpfulness        | 499         | 6.1%                    | 524         | 5.8%                    |
| 4 | Food and Retail Services | 356         | 4.3%                    | 271         | 3.0%                    |
| 5 | Reservations             | 303         | 3.7%                    | 329         | 3.7%                    |



\*Complaints = "bad" or "poor" rating accompanied by a comment  
 Note: 2012/13 = April 1, 2012 to March 31, 2013  
 2011/12 = April 1, 2011 to March 31, 2012

# On The Web

## Sample of Customer Comments:

### Complaints

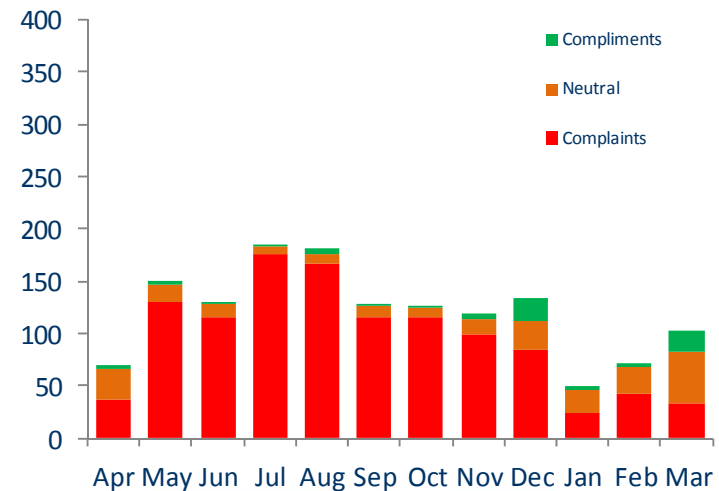
- “I tried numerous times today to use the online reservations tab on your web site but every time I selected to show availability the web page locked up and I had to close out and log back in. I finally found a link on your home page that allowed me to book but honestly if there was another option for me I would not have booked with BC Ferries because of the extra 45 minutes it took me to complete this task. I’m sure others are having the same issue.”
- “I am no longer able to access my Experience Card. I get a message that I need to enable cookies but I have a) made [www.bcferrries.com](http://www.bcferrries.com) “save” and to allow cookies at all times, b) temporarily reduced my security settings so that cookies are allowed. Neither of these have worked. Any suggestions? I am using the newest version of Internet Explorer.”

### Compliments

- “It was a delay for the Lions Gate due to an accident that put us behind. You had nothing to do with us missing the ferry. Your website and tweets were great.”
- “Kudos to @BCFerries for getting us home last night through some nasty weather! And for such a great twitter feed.”

## On the Web includes:

| Group/Attribute                   | Complaints   | Neutral     | Compliments |
|-----------------------------------|--------------|-------------|-------------|
| On the Web: Login/Passwords       | 586          | 115         | 12          |
| On the Web: Design and Usability  | 287          | 24          | 4           |
| Reservations: Online Reservations | 114          | 6           | 3           |
| On the Web: Service Notices       | 64           | 25          | 3           |
| On the Web: Information/General   | 42           | 37          | 26          |
| On the Web: Travel Planning       | 23           | 9           | 3           |
| On the Web: Current Conditions    | 21           | 4           | 15          |
| On the Web: Online Giftshop       | 4            | 13          | 8           |
| <b>% of all comments (8,234)</b>  | <b>13.9%</b> | <b>2.8%</b> | <b>0.9%</b> |



\*Complaints = “bad” or “poor” rating accompanied by a comment  
 Note: 2012/13 = April 1, 2012 to March 31, 2013

# 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, a number of releases and “spot fixes” were implemented with varying degrees of success. The ultimate answer, arrived at following extensive technical review and heuristic evaluation, was to change the overall design and user workflow of the online reservation system and update the server infrastructure of the website as a whole.

Both initiatives were completed successfully on April 30, 2013, with the launch of a more efficient and intuitive website experience.

# Value For Fares/Cards

## Sample of Customer Comments:

### Complaints

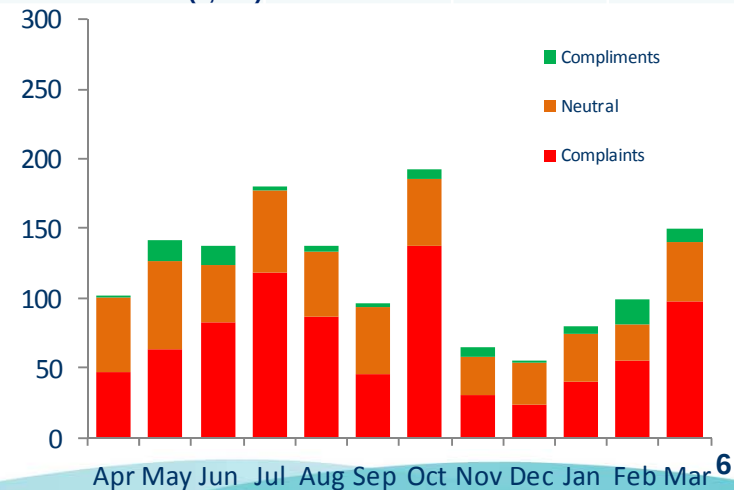
- “Your continued price increases are criminal. The more you raise your prices, the less people can use your service. Congratulations, I will be relocating to the city from the Sunshine Coast as I can no longer afford your services. Better raise your price again.”
- “I don’t understand why you get to decide how much money we load onto our Experience Cards and why there needs to be a minimum? Obviously we are going to load the correct amount needed onto the card. What if we don’t need to load \$105 on the card? This is just another lovely reason why my hate for BC Ferries is growing! Sincerely, Stranded because of ferry costs.”
- “How about some Coast Saver savings? Too costly to use the ferry on a whim, lower the cost, raise the ridership, pretty simple.”

### Compliments

- “I really appreciate that you no longer have over height prices from Tsawwassen-Swartz Bay. It makes a difference for me because I travel with a motor home occasionally. Thank you!”
- “I am very thankful that your DSI [Disabled Status Identification] program accepts other documentation instead of having to go through my family physician who charges me for each form that requires filling out. As you can understand, when on disability all of the pennies count.”

## Value For Fares/Cards includes:

| Group/Attribute                  | Complaints   | Neutral     | Compliments |
|----------------------------------|--------------|-------------|-------------|
| Fares: Value for Fares Paid      | 268          | 24          | 16          |
| Fares: Experience Card           | 114          | 89          | 11          |
| Fares: Discount Fares            | 110          | 71          | 8           |
| Fares: Other Fares               | 106          | 89          | 21          |
| Fares: Coast Card                | 74           | 109         | 8           |
| Fares: Errors                    | 48           | 20          | 0           |
| Fares: Refunds                   | 34           | 74          | 4           |
| Fares: Promotions                | 32           | 25          | 20          |
| Fares: Credit/Debit Card         | 20           | 4           | 2           |
| Fares: Frequent Travel           | 17           | 11          | 2           |
| Fares: SailPass/CirclePac        | 4            | 3           | 0           |
| <b>% of all comments (8,234)</b> | <b>10.9%</b> | <b>6.3%</b> | <b>1.1%</b> |



\*Complaints = “bad” or “poor” rating accompanied by a comment  
 Note: 2012/13 = April 1, 2012 to March 31, 2013

# Value For Fares/Cards

## Root Cause:

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 (PT3) 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. On September 30, 2012, the British Columbia Ferries Commissioner (Commissioner) issued Order 12-02 which established the price cap increases for the remainder of PT3: 4.1% at April 1, 2013; 4.0% at April 1, 2014; and 3.9% at April 1, 2015. BC Ferries implemented tariff increases April 1, 2013 to the new levels authorized.

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 rigidity of 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.

Minimum buy-in level for Experience™ Card discount: The option of pre-purchasing fares in order to gain access to discounted fares was established in conjunction with the commuter route designation in place since 1961 for all Gulf Islands and since 1972 for the Sunshine Coast. While the Experience Card™ replaced the pre-paid paper books of 5 or 10 ferry tickets in 2008, the principle of pre-purchasing fares for discounted travel remained intact with the added benefit of the Experience™ Card being applicable to all routes with commuter discounts. In addition, the Experience™ Card provides registered customers with loss protection, which was not available with the pre-paid paper books. The minimum buy-in level generally increases with the annual price cap adjustment, and is established at a minimum to cover two round trips for car and driver on any route which has an Experience™ Card discount. The logic for this is simply that the card is intended for frequent users, and two round trips is the most basic level of 'frequent'.

## 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:

- A CoastSaver Fares promotion was offered on the Tsawwassen – Swartz Bay, Tsawwassen – Duke Point and Horseshoe Bay – Departure Bay routes, Friday through Monday from May 25 - June 25, 2012.
- Effective July 20, 2012 the fuel surcharge was reduced and as per November 20, 2012 BC Ferries was in a position to eliminate the fuel surcharge altogether.
- For the introduction of British Columbia's new Family Day long weekend, BC Ferries offered free travel for all children 11 years of age and under from Friday, February 8, 2013 through to Monday, February 11, 2013.
- BC Ferries is continuing to grow the non-tariff revenue through catering, retail, drop trailer business and vacation packages, generating revenue that can be re-invested into the company to help keep fares down.
- BC Ferries has continued its aggressive cost containment program with the result that in 2012/13, operating expenses, excluding fuel costs, were \$27.2 million below previously planned levels as outlined in BC Ferries' published business plan for the year.
- On January 24, 2012, the British Columbia Ferries Commissioner issued his report to the British Columbia Minister of Transportation and Infrastructure as to how the *Coastal Ferry Act* could be amended to balance the interest of ferry users with the financial sustainability of BC Ferries. The report makes 24 substantive recommendations covering a wide range of ferry related issues. In May 2012, the Province responded to the Commissioner's recommendations, enacting the Coastal Ferry Amendment Act 2012 (Bill 47). On May 9, 2012, the Province announced the introduction of amendments to the Act, as well as payment of \$25.0 million relating to 2011/12 and a further \$54.5 million over the following four fiscal years to reduce the pressure for higher fares. As well, government announced its intention to make 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. The Province solicited public input to develop strategies to support a vision for connecting coastal communities. BC Ferries provided technical assistance and subject matter support through the process. The process concluded in December 2012 and in March 2013, the Province released its report summarizing the public input it received.
- Amendments to the CFSC, which took effect April 1, 2012, included target net savings of \$30 million from service level adjustments over PT3. Savings of \$4 million will be realized through service level adjustments on three of the major routes. Adjustments in service levels to realize the remaining \$26 million in savings were to be identified by June 30, 2013. Through a subsequent amendment to the CFSC the deadline for identifying the additional service level adjustments was extended to March 31, 2014. Funding of \$7.1 million was received from the Province to compensate BC Ferries for this deferral. Ferry service levels are a public policy decision of the Province and the Company will await direction from the government regarding future adjustments to service levels to achieve the remaining \$18.9 million in net savings, and the resulting impact on fares.

# Staff Helpfulness

## Sample of Customer Comments:

### Complaints

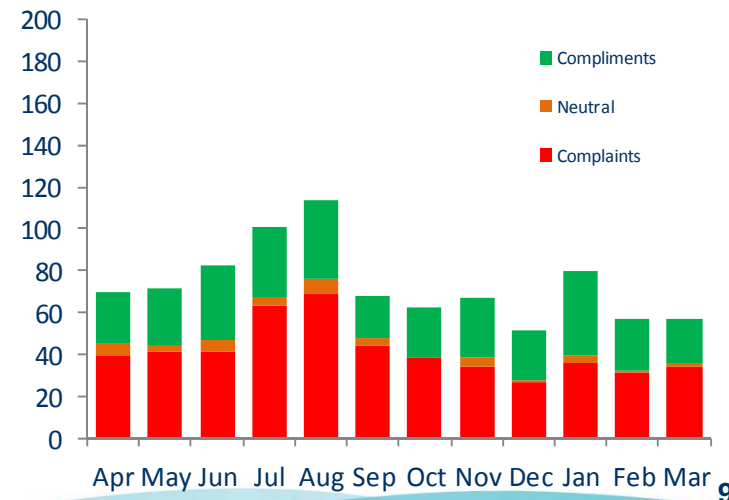
- “I was travelling with my baby and I asked a ferry worker on the ship to help me and they advised me they couldn’t and to give them a minute. Upon waiting for 5 minutes and watching them text I walked away in frustration without any help.”
- “The cashier from Victoria to Salt Spring was very rude and unhelpful. We didn’t know that we had to buy a “pass” to get our connecting ferry and she charged us another \$54 after already paying \$100 for our previous ferry. Very frustrating!!!”
- “Clerk at check in was on phone. Didn’t assist me. Told me sailing had closed yet I had made 10 min cut off. I requested I walk on once cars loaded, employee refused again.”

### Compliments

- “We wish to express our thanks and praise for a recent trip on BC Ferries. The voyage was on the MV Klitsa and the crew did an excellent job in customer service and made everyone feel welcome aboard!”
- “Today on the Powell River – Comox run I locked keys in van. The great staff made my day with a little help. Great crew! Big thanks!”

## Staff Helpfulness includes:

| Group/Attribute                         | Complaints  | Neutral     | Compliments |
|-----------------------------------------|-------------|-------------|-------------|
| Check-In: Staff Helpfulness             | 194         | 8           | 44          |
| Inside the Terminal: Staff Helpfulness  | 148         | 13          | 103         |
| On the Ship: Staff Helpfulness          | 106         | 12          | 163         |
| Outside the Terminal: Staff Helpfulness | 20          | 1           | 3           |
| On the Phone: Information Accuracy      | 19          | 3           | 0           |
| On the Phone: Agent Helpfulness         | 9           | 3           | 27          |
| On the Phone: Resolution of Issues      | 3           | 2           | 1           |
| <b>% of all comments (8,234)</b>        | <b>6.1%</b> | <b>0.5%</b> | <b>4.1%</b> |



\*Complaints = “bad” or “poor” rating accompanied by a comment  
 Note: 2012/13 = April 1, 2012 to March 31, 2013

# 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.

# Food and Retail Services

## Sample of Customer Comments:

### Complaints

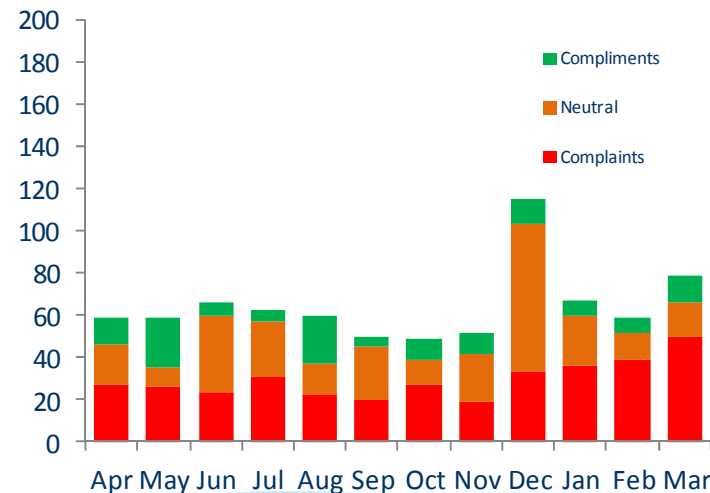
- “Can’t imagine experiencing pirates in coastal waters? Try buying lunch on BC Ferries. \$16 for frozen and fried!”
- “We travel to Nanaimo and back to Horseshoe Bay fairly regularly. Often it is during meal time. The menu is very limited and it would be good to see a regular or daily special or variation from the same old same old.”
- “Why are Skype and UTube blocked? There are technical tutorials I would like to watch while sitting for an hour waiting for the ferry. Thank you.”

### Compliments

- “Your gluten free burrito is delicious! Also today’s coastal café service onboard this super busy boat was wonderful!”
- “I was on the 5pm sailing from Tsawwassen to Swartz Bay on March 11/2013. It had been about 10 years since I had been to the Pacific Buffet for a dinner meal but one of my friends had said the food had really changed. I was very impressed. The roast beef was perfect. The Padang prawns were spicy and delicious. The salmon bone free and perfect and the best mashed potatoes. The salad bar and dessert bar looked great but after seeing the main course options, I didn’t want to bother with anything else. I’ve been missing out! Will be back to the PB next week!”

## Reservations includes:

| Group/Attribute                                    | Complaints  | Neutral     | Compliments |
|----------------------------------------------------|-------------|-------------|-------------|
| On the Ship: Amenities                             | 163         | 80          | 21          |
| Food and Retail Services: Food Selection/Quality   | 87          | 34          | 26          |
| Food and Retail Services: Food Value               | 30          | 2           | 1           |
| Food and Retail Services: Staff Helpfulness        | 28          | 2           | 16          |
| Food and Retail Services: Lounge/Buffer/Coffee Bar | 17          | 11          | 9           |
| Food and Retail Services: Retail Value             | 15          | 20          | 3           |
| Food and Retail Services: Retail Selection         | 13          | 103         | 57          |
| Food and Retail Services: Online Giftshop          | 3           | 34          | 3           |
| <b>% of all comments (8,234)</b>                   | <b>4.3%</b> | <b>3.5%</b> | <b>1.7%</b> |



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\*Complaints = “bad” or “poor” rating accompanied by a comment  
Note: 2012/13 = April 1, 2012 to March 31, 2013

# Food and Retail Services

## Root Cause:

### Amenities / Wi-Fi:

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

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

## Lessons Learned:

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

## Action Taken:

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

# Food and Retail Services

## Root Cause:

### Food Selection/Cost:

Food services onboard BC Ferries are offered within a high cost venue including costs not traditionally required for restaurants such as vessel upkeep, life saving equipment, crew training in emergency evacuation, etc. Therefore food services onboard are offered at a slightly higher price when compared to fast food venues on land.

Consumer behavior demonstrated loyalty towards favorite menu items and in the past BC Ferries was hesitant to remove such items in favor of new and unproven menu options.

## Lessons Learned:

Through customer feedback BC Ferries has recognized that frequent customers are expecting more frequent changes to the menu options.

## Action Taken:

In order to determine customers' interest, BC Ferries offered additional White Spot menu items onboard vessels servicing the Departure Bay – Horseshoe Bay route on a trial basis and conducted a survey after completion of the trial. Customer feedback was positive and BC Ferries gradually expanded the popular White Spot menu options onboard vessels servicing the Swartz Bay – Tsawwassen, Departure Bay – Horseshoe Bay and the Duke Point – Tsawwassen routes starting April 17, 2013.

The renewed partnership with White Spot enables BC Ferries to offer greater flexibility to make periodic changes to the menu options in future.

# Reservation General

## Sample of Customer Comments:

### Complaints

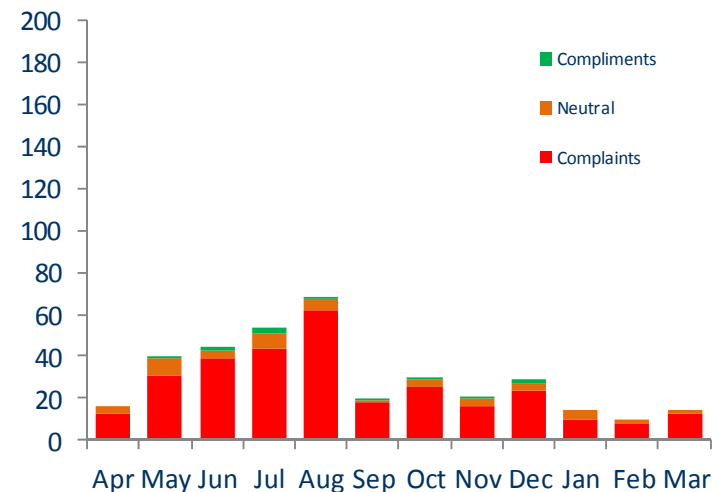
- “I made a reservation yesterday, then called today in an attempt to change it to 2 hours earlier. You’d like an extra \$9 for the change? Brutal! Not only will I not make this change, I WILL NOT make future reservations outside of expected busy times...”
- “Why do I need to be at the terminal 45-60 minutes before the sailing when I have a reservation? If I can be at the terminal 60 minutes before the sailing I do not need a reservation. I want a reservation because I will arrive 15 minutes before a sailing.”
- “I had reservations for the 6:00 pm ferry leaving from Tsawwassen to Swartz Bay and arrived 15 minutes late and the lady at the booth would not accept my reservation. I missed the ferry. The reason for my e-mail is to express tremendous disappointment with which I felt I have been treated.”

### Compliments

- “I appreciate the option to be able to speak to an agent.”
- “I made a reservation to travel from Tsawwassen – Village Bay to pick up my father who had had a motorcycle accident. It turned out that he had to come back earlier to go to the hospital... I phoned back a couple of hours after making the reservation to cancel it. I explained the situation and the staff member was very kind and helpful and cancelled my reservation and then extended his hope that everything would work out...”

## Reservation General includes:

| Group/Attribute                                  | Complaints  | Neutral     | Compliments |
|--------------------------------------------------|-------------|-------------|-------------|
| Reservations: Policies                           | 106         | 14          | 1           |
| Check-In: Reservations                           | 69          | 7           | 4           |
| Reservations: General                            | 32          | 11          | 1           |
| Reservations: Flexibility/Changes                | 30          | 2           | 0           |
| Reservations: Cost                               | 27          | 1           | 1           |
| Reservations: Availability                       | 20          | 9           | 0           |
| Reservations: Booking with an Agent              | 10          | 1           | 5           |
| Reservations: Automated Phone Reservations (IVR) | 9           | 1           | 0           |
| <b>% of all comments (8,234)</b>                 | <b>3.7%</b> | <b>0.6%</b> | <b>0.1%</b> |



\*Complaints = “bad” or “poor” rating accompanied by a comment  
Note: 2012/13 = April 1, 2012 to March 31, 2013

# 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.

A fee to change reservations was implemented in December 2007 as an enhancement to the previous strict “no refund / no changes” policy.

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 honored and they must travel on standby. Customers requiring a change to an existing reservation sometimes express disappointment with the additional cost.

## 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 dissatisfaction. 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/change 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 the roll out of the new Express Reservation system on April 30, 2013, improvements have been made on how policy information is displayed online.

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## **Part 3**

# **Additional or Alternative Service Providers**

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## 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 that Order. During the fiscal year, no Orders were issued by the Commissioner for BC Ferries to seek ASPs.

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 2012/13 in this area focussed on seeking ASPs for a cable ferry service on route 21 (Buckley Bay to Denman Island).

### ➤ **Route 21 - Cable Ferry**

In the last four years, BC Ferries has undertaken extensive review of the feasibility of using cable ferry technology on one of its shortest routes – route 21. Based on the results of this review, the Company believes that a cable ferry on this route is both technically and financially feasible.

The design and analysis conducted to date by BC Ferries on the route 21 cable ferry system has included: validation of environmental conditions; hydrodynamic testing of the vessel; cable load analysis and dynamic interaction of the ferry and berths; and the determination of operational criteria, cable specification and safety factors. Regulatory approvals for the cable ferry have been obtained, including approval from the Department of Fisheries and Oceans under the *Canadian Environmental Assessment Act* and Transport Canada approval under the *Navigable Waters Protection 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 in November 2011, to provide BC Ferries with a proposal to design, build, operate and maintain a cable ferry system for route 21. The RFP closed in August 2012. The responses did not demonstrate the potential for BC Ferries to realize cost savings from having the route 21 cable ferry system designed, built, operated and maintained by an ASP. Accordingly, the RFP process was terminated in November 2012 without issuance of a contract with an ASP. This marked the conclusion of the alternative service delivery initiative for the cable ferry. BC Ferries is now proceeding with the view that it will itself design and build, operate and maintain the route 21 cable ferry system.