
British Columbia Ferry Services Inc.

Annual Report
to the
British Columbia Ferries Commissioner

Year Ended March 31, 2010

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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, 2010 (the "fiscal year" or "2009/10"), 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 alternative service providers 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 as represented by the Ministry of Transportation and Infrastructure ("Ministry"). These ferry routes are regulated under the Act. 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 designated ferry routes.

In 2009/10, BC Ferries carried more than 8.3 million vehicles¹ and 21.0 million passengers on 186,000 sailings. During the fiscal year, the Company successfully maintained a high standard of service reliability, delivering 99.6% of the scheduled round trip sailings.

BC Ferries continued to make significant investments during the fiscal year in its fleet, terminals and information systems to improve customer service and operating efficiencies. BC Ferries' capital investments in the past 5 fiscal years have totalled over \$1.4 billion.

In 2009/10, BC Ferries continued its program to improve and upgrade its fleet. In April 2009, the 45-year-old *Queen of New Westminster*, which formerly operated on the Duke Point–Tsawwassen route, returned to service on the Tsawwassen–Swartz Bay route following an extensive \$52 million upgrade to prepare it for another 13 years of service. The 47-year-old *Queen of Vancouver* and the 43-year-old *Queen of Prince Rupert* were decommissioned. The *Queen of Vancouver* and the previously decommissioned *Queen of Saanich* were sold, while the *Queen of Prince Rupert* remains available for sale.

In May 2009, the new *Northern Expedition* made its inaugural voyage on the northern route through the Inside Passage from Port Hardy to Prince Rupert. This 150-metre vessel replaced the 43-year-old *Queen of Prince Rupert*.

¹ Equivalent to 9.3 million automobile equivalents (See Operations Report for more information)

All vessels now utilize biodiesel where the product is available. This fuel blend is 5% canola-based biodiesel with 95% low sulphur petroleum diesel. Biodiesel burns cleaner with significantly less unburned hydrocarbons, carbon monoxide and particulate matter in emissions. BC Ferries worked with the fuel supplier for over a year before implementing the new product in order to ensure that the safety and reliability of the vessels would not be compromised.

Safety continues to be the Company's highest priority. BC Ferries has voluntarily adopted and implemented a safety management system based on the International Maritime Organization's International Safety Management Code (ISM) and has chosen Det Norske Veritas, widely considered to be the leading authority on marine safety, to be its external auditors to ensure full compliance with the ISM Code. In addition, BC Ferries' operations are regulated and audited by Transport Canada.

The first phase of our SailSafe program, a partnership initiative with the BC Ferry & Marine Workers' Union to achieve world class safety performance, has been completed. More than 90% of the 48 action items identified to be completed in the first phase were implemented, with the balance deliberately carried forward into subsequent phases. Significant improvements in overall safety performance have been realized. The next phase, encompassing 41 action plan items, will focus on continuously improving and sustaining our safety performance.

BC Ferries actively pursued new, innovative initiatives to improve efficiency and productivity. This included:

- Continuing to expand the drop trailer service on the major routes to utilize spare vessel capacity, increasing competition in a marketplace otherwise dominated by a large, unregulated private sector company.
- Seeking prospective alternative service providers to deliver service to the mid-coast ports of Ocean Falls and Shearwater. BC Ferries concluded that having an alternative service provider deliver the service would generate significant savings on this route. However, the Province did not confirm that the service levels proposed under the initiative would meet Contract requirements and, consequently, BC Ferries cancelled the initiative.
- Developing a proposal to extend the northern service to Tsawwassen terminal over the summer season using the new *Northern Expedition*. This new service option was aimed at creating additional ridership and economic benefit to the north coast. The new service was expected to generate \$2 million in annual incremental revenue for the Company. However, after community consultation, BC Ferries was not able to receive unanimous support from the various northern communities. The Province indicated it was not, therefore, in a position to agree to the change in service and BC Ferries suspended efforts to launch this enhanced service.
- Continuing to review the feasibility of a cable ferry alternative for the Denman Island - Buckley Bay route.

- Pursuing Contract adjustments to the off-peak service on Saturdays on the Duke Point to Tsawwassen route to respond to low vessel capacity utilization. To realize efficiencies from these adjustments, modest changes to service levels for the major route group would be required. The Province declined to make the service level changes.
- Introducing BC Ferries' new Vacations Centre in downtown Vancouver offering unique ferry vacation packages.
- Achieving vessel maintenance savings with a new refit regime that consolidates refits to coincide with regulatory hull and underwater inspections and surveys.
- Continuing the successful "CoastSaver" program, a promotional fare incentive initiative providing mid-week price discounts on passenger and passenger-vehicle fares on the major routes. The discounts provide an incentive for customers to travel at less busy times, which can translate into operational savings for BC Ferries.
- Introducing into operation BC Ferries' new operations and security centre (OSC). The OSC is a central location for monitoring day-to-day operations and providing incident management support. The primary purpose of the OSC is to collect information from throughout the Company and to provide enhanced situational awareness and assessments, increased security monitoring and a coordinated response during any incidents.

BC Ferries will continue to focus on identifying opportunities to enhance the efficient and effective delivery of service in the year ahead.

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, it 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 includes an identical set of questions. In 2009 the Company achieved its highest overall customer satisfaction rating ever, with 91% of survey respondents indicating they were satisfied or very satisfied with their overall experience travelling on BC Ferries. A copy of the 2009 survey is attached as Part 2 of this report.

Part 3: Additional or Alternative Service Providers

BC Ferries is required to seek additional or alternative service providers to provide ferry services on the designated ferry routes in accordance with the provisions of section 69 of the Act. On June 3, 2010, the Province of British Columbia passed legislation – *Bill 20 Miscellaneous Statutes Amendment Act (No.3), 2010* (Bill 20) to amend several statutes, including the Act. The amendments to Section 69 were brought into force on June 24, 2010 and they eliminate the statutory requirement for BC Ferries to file an additional or alternative service providers plan with the Commissioner for a performance term and to seek ASPs in accordance with such plan. As amended, section 69

requires BC Ferries to seek ASPs to provide one or more ferry transportation services on one or more designated ferry routes where so ordered by the Commissioner, and to prepare, implement and report to the Commissioner on the results of the Company's plan for such action. Part 3 of this report provides information on the actions taken by BC Ferries in fiscal year 2009/10 in accordance with requirements of section 69 prior to its amendment by Bill 20. Included is a status report on the alternative service delivery initiatives identified in the additional or alternative service providers plan for performance term two (April 1, 2008 – March 31, 2012), including the specific actions undertaken by the Company in respect of those initiatives during 2009/10.

Part 1

Services on Designated Routes



Part 1: Services on Designated Routes

Overview

This section contains financial statistics, as well as information on traffic levels, and operating and performance statistics for 2009/10 for each of the designated ferry routes.

The following three reports are included:

Operations Report

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

➤ *Round Trips*

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

Overall, BC Ferries delivered a total of 83,667.5 round trips during the fiscal year, which exceeded by 404 the core service level requirements specified in the Contract, as amended for performance term two.

➤ *Vessel Capacity*

For each designated ferry route, the vessel capacity BC Ferries provided in the fiscal year is presented along with the calculation of capacity utilization. Capacity is calculated on the basis of automobile equivalents (AEQ). An AEQ represents the amount of vessel capacity occupied by a particular vehicle type expressed as the number of under height vehicles it displaces (e.g. a bus which displaces three under height vehicles (or cars) would have an AEQ of 3). In 2009/10, BC Ferries provided capacity sufficient to carry the traffic, with capacity utilization on the designated ferry routes ranging from 22.9% to 74.9%.

➤ *Traffic and Revenue*

Vehicle traffic (AEQs) and passenger traffic carried on each of the designated ferry routes during 2009/10 is presented and compared to the traffic carried in the previous fiscal year. The associated tariff revenue generated from each route is also shown.

Traffic levels have historically been relatively stable. However, during 2008/09, vehicle (AEQ) and passenger traffic were lower than the prior year by 5.2% and 4.9%, respectively. Dramatically higher vehicle fuel prices during the first part of fiscal 2009, lower levels of tourism, and the general economic decline all contributed to this reduction.

In 2009/10, BC Ferries experienced increases in vehicle (AEQ) and passenger traffic of 1.2% and 1.5% respectively, as economic conditions began to improve and vehicle fuel prices declined compared to the prior year.

Revenue from vehicle (AEQ) and passenger traffic on the designated ferry routes in 2009/10 totalled \$450.5 million. This includes revenue of \$332.2 million from the major routes and \$118.3 million from all other routes.

The price cap increase authorized by the Commissioner for the second performance term was 7.3% for the major route group and 4.0% for the other route groups effective April 1, 2008, starting from a level which included fuel surcharges in place at March 31, 2008. On each April 1 for the subsequent three years, the price cap increases by 2.7% plus 0.49 times the latest reported annual change in the British Columbia Consumer Price Index (CPI) for the major route group and 5.7% plus 0.73 times the change in the CPI for the other route groups. On April 1, 2009, the price cap increased by 3.74% (2.68% on April 1, 2010) for the major route group and 7.25% (5.68% on April 1, 2010) for the other route groups. These price cap increases reflect changes in the CPI of 2.13% applied April 1, 2009 and -0.03% applied April 1, 2010.

On July 15, 2009, fares were reduced as average fuel rebates were increased from 5% to 8% on many of the designated routes. On September 1, 2009, the fuel rebates were further increased to 10% on these routes and then subsequently reduced to 5% on January 25, 2010, due to higher fuel prices. On April 1, 2010, a fuel rebate of 2% was implemented on the major routes. Fuel rebates are not currently in place on the northern routes.

➤ **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 2009/10, 88.6%² 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.

² When calculated on the basis of arrival delays for the Northern routes and departure delays for all other routes, BC Ferries' on-time performance in 2009/10 was 88.0%.

For each designated ferry route, the cumulative and consecutive number of days for which round trips were missed and the causes of the missed round trips are noted. The cumulative information is reported on a calendar year basis, consistent with BC Ferries' reporting requirements under the Contract. As core service levels for most designated routes include the provision for modest scheduling flexibility on a daily basis, only those cancellations that resulted in the number of round trips provided on a designated route being less than the required daily minimum and/or annual round trips specified in the Contract are included in this report.

In 2009/10, BC Ferries exceeded its annual core service level commitments under the Contract by 404 net round trips. Most of these additional round trips were delivered in the summer on route 21 (Vancouver Island to Denman Island) and route 22 (Denman Island to Hornby Island) to accommodate peak period traffic demand.

BC Ferries continues to review its schedules to ensure that the Company is operating as efficiently as possible, within the core service level requirements of the Contract.

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, 8.9% of the sailings on the designated ferry routes were overloaded in 2009/10 as compared to 8.8% in 2008/09. From 2008/09 to 2009/10 the percentage of overloaded sailings on the major routes decreased from 36.0% to 33.8%, while the percentage of overloads on all other routes increased modestly from 5.4% to 5.8%.

Route Financial Report

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

The information is provided by individual route and is also summarized by the route groups specified in the Contract. Revenues and expenses are assigned directly to a route where possible or allocated to routes where direct assignment is not possible. Allocation to routes is based on various factors which reflect the activity that gave rise to the revenue or expense and has been consistently applied on a year over year basis. Included in operating expenses for each route, are the costs of refit and maintenance of vessels serving that route. Refit and maintenance costs for each vessel may vary significantly from year to year with a corresponding effect on route net income (loss).

Operations Reports

Year Ended March 31, 2010



Operations Summary Report for the Year Ended March 31, 2010

		A	B	C	D	E	F	G	
Route Group	Route	Actual Round Trips	Capacity Provided (AEQ's)	AEQ's Carried Fiscal 2010	Capacity Utilization (C / B)	AEQ's Carried Fiscal 2009	AEQ Growth (C - E)	AEQ Tariff Revenue Fiscal 2010	
1	1	3,898.0	2,934,335	2,198,587	74.9%	2,150,486	48,101	101,280,399	
1	2	3,073.0	2,238,516	1,377,577	61.5%	1,377,422	155	60,885,245	
1	30	2,757.0	1,777,962	876,057	49.3%	876,841	(784)	47,364,640	
Majors		9,728.0	6,950,813	4,452,221	64.1%	4,404,749	47,472	209,530,284	
2	3	3,065.0	2,207,725	1,245,599	56.4%	1,228,704	16,895	22,242,235	
3	10	122.5	33,140	15,708	47.4%	15,794	(86)	4,336,982	
3	11	177.0	35,568	19,449	54.7%	20,820	(1,371)	2,942,710	Note 1
3	40	39.0	8,970	3,002	33.5%	3,166	(164)	726,276	
Northern		338.5	77,678	38,159	49.1%	39,780	(1,621)	8,005,968	
4	4	2,924.0	557,848	328,382	58.9%	329,602	(1,220)	3,133,363	
4	5	3,497.0	705,394	278,538	39.5%	275,836	2,702	2,957,221	
4	6	5,039.0	704,684	278,310	39.5%	263,767	14,543	2,802,068	
4	7	2,871.0	716,330	201,443	28.1%	196,188	5,255	3,897,326	
4	8	5,563.0	971,380	497,889	51.3%	505,474	(7,585)	4,625,472	
4	9	824.0	356,912	169,052	47.4%	166,140	2,912	6,437,835	
4	12	3,195.0	102,240	75,839	74.2%	77,047	(1,208)	739,243	
4	13	4,132.0	Pass. Only	Pass. Only	Pass. Only	Pass. Only	Pass. Only	132	Note 2
4	17	1,445.0	543,407	181,530	33.4%	184,869	(3,339)	5,948,546	
4	18	3,633.0	344,824	93,650	27.2%	98,725	(5,075)	627,068	
4	19	5,721.0	800,940	391,943	48.9%	386,596	5,347	2,752,953	
4	20	4,002.0	278,672	89,209	32.0%	85,648	3,561	622,284	
4	21	6,293.0	629,250	259,607	41.3%	243,048	16,559	1,640,334	
4	22	4,754.0	285,240	118,615	41.6%	111,390	7,225	707,299	
4	23	6,255.0	875,700	403,746	46.1%	392,458	11,288	2,804,891	
4	24	2,122.0	127,320	63,005	49.5%	59,233	3,772	494,668	
4	25	3,957.0	237,420	97,214	40.9%	94,636	2,578	834,274	
4	26	4,309.0	224,830	51,395	22.9%	57,106	(5,711)	378,973	
Minors		70,536.0	8,462,391	3,579,367	42.3%	3,527,763	51,604	41,403,950	
Total		83,667.5	17,698,607	9,315,346	52.6%	9,200,996	114,350	281,182,437	

Note 1) Includes barge service provided during August 2009.

Note 2) Revenue arises from bike traffic and freight.

Operations Summary Report for the Year Ended March 31, 2010

Route Group	Route	H	I	J	K
		Passengers Fiscal 2010	Passengers Fiscal 2009	Passenger Growth (H - I)	Passenger Tariff Revenue Fiscal 2010
1	1	5,792,614	5,708,325	84,289	66,083,768
1	2	3,523,252	3,421,415	101,837	39,925,613
1	30	1,488,970	1,534,418	(45,448)	16,687,209
Majors		10,804,836	10,664,158	140,678	122,696,590
2	3	2,583,488	2,527,653	55,835	12,066,262
3	10	42,816	46,024	(3,208)	5,211,986
3	11	37,670	39,591	(1,921)	1,120,750
3	40	7,704	8,349	(645)	772,873
Northern		88,190	93,964	(5,774)	7,105,609
4	4	643,386	638,513	4,873	2,479,155
4	5	501,629	491,207	10,422	1,721,755
4	6	525,434	498,349	27,085	1,646,492
4	7	359,163	354,307	4,856	1,729,772
4	8	1,132,295	1,132,603	(308)	2,976,088
4	9	470,280	455,438	14,842	4,417,100
4	12	147,726	147,276	450	631,016
4	13	51,973	51,028	945	161,410
4	17	394,167	397,451	(3,284)	3,780,457
4	18	185,956	199,338	(13,382)	453,901
4	19	842,137	823,578	18,559	1,954,613
4	20	271,329	261,821	9,508	567,015
4	21	496,927	469,029	27,898	1,182,776
4	22	232,463	217,652	14,811	534,102
4	23	852,027	844,419	7,608	1,918,782
4	24	107,687	103,900	3,787	329,127
4	25	247,093	244,156	2,937	718,736
4	26	97,458	111,653	(14,195)	254,564
Minors		7,559,130	7,441,718	117,412	27,456,861
Total		21,035,644	20,727,493	308,151	169,325,322

% Sailings Departing Within 10 Min.		
Fiscal 2008	Fiscal 2009	Fiscal 2010
86.5%	80.4%	89.9%
74.5%	82.3%	81.6%
89.2%	91.4%	93.2%
83.4%	84.1%	88.2%
79.5%	81.7%	79.4%
71.8%	76.5%	83.4%
53.5%	77.5%	83.6%
71.9%	87.9%	81.9%
66.5%	79.0%	83.2%
95.0%	96.1%	91.0%
76.0%	74.1%	73.6%
82.5%	83.4%	79.0%
77.8%	76.5%	89.5%
78.7%	89.0%	89.9%
77.8%	80.3%	78.4%
95.6%	88.4%	88.5%
n/a	99.4%	98.8%
90.8%	94.3%	91.1%
94.4%	91.9%	93.0%
86.3%	81.8%	79.8%
76.9%	83.4%	82.2%
98.2%	99.7%	99.6%
97.5%	98.0%	98.8%
97.5%	97.6%	98.1%
93.7%	94.0%	92.2%
73.3%	81.4%	82.1%
98.5%	99.2%	99.2%
87.4%	89.4%	89.0%
86.5%	88.5%	88.6%

Temporary Service Disruptions Report

Year Ended March 31, 2010



CANCELLED ROUND TRIPS BY ROUTE AND ROUTE GROUP

(Coastal Ferry Services Contract, Schedule A, Article 2(a))

PERFORMANCE AGAINST CORE SERVICE LEVELS

2009/10 Year Ended March 31, 2010				Cancellations of Required Round Trips for Reasons Specified in Schedule A, 2(a) of the Coastal Ferry Services Contract													Cancellations of Round Trips for Other Reasons			Total Round Trips Cancelled	% of Required Round Trips Cancelled
Route Group (RG)		Terminal 1	Terminal 2	Major Incident	Weather	Emerg. Response	Medical Emerg.	Regulatory Issue	Terminal / Dock Mech. Failure	Terminal / Dock Maint.	Vessel Maint.	Vessel Mech. Failure	Vessel Sink / Ground	Fire	Labour Dispute	Allowed Cancels	Community Event	Traffic	Other Cancels		
	Route 01	Swartz Bay	Tsawwassen		4							2				6.0		1	1.0	7.0	1.00%
	Route 02	Horseshoe Bay	Departure Bay		3							2				5.0			0.0	5.0	0.79%
	Route 30	Duke Point	Tsawwassen		1							4				5.0			0.0	5.0	0.87%
RG 1 - Major Routes				0	8	0	0	0	0	0	0	8	0	0	0	16.0	0	1	1.0	17.0	0.89%
	Route 03	Langdale	Horseshoe Bay									1				1.0			0.0	1.0	0.16%
RG 2 - Route 3				0	0	0	0	0	0	0	0	1	0	0	0	1.0	0	0	0.0	1.0	0.16%
	Route 10	Port Hardy	Prince Rupert									1				1.0			0.0	1.0	5.00%
	Route 11	Skidegate	Prince Rupert		10							3				13.0			0.0	13.0	34.21%
	Route 40	Port Hardy	Mid-coast													0.0			0.0	0.0	n/a
RG 3 - Northern Routes				0	10	0	0	0	0	0	0	4	0	0	0	14.0	0	0	0.0	14.0	24.14%
	Route 04	Fulford Harbour	Swartz Bay													0.0			0.0	0.0	0.00%
	Route 05	Swartz Bay	Four SGLs		1			1								2.0			0.0	2.0	0.23%
	Route 06	Crofton	Vesuvius Bay					3				2				5.0		2	2.0	7.0	0.61%
	Route 07	Earls Cove	Saltery Bay		1	1		2				2				6.0			0.0	6.0	0.97%
	Route 08	Horseshoe Bay	Bowen Island		1			3			1	2				7.0			0.0	7.0	0.55%
	Route 09	Tsawwassen	Long Harbour		2			4								6.0			0.0	6.0	3.33%
	Route 12	Mill Bay	Brentwood Bay		18			1		1						20.0			0.0	20.0	2.86%
	Route 13	Langdale	Gambier/Keats													0.0			0.0	0.0	0.00%
	Route 17	Little River	Powell River		6						3	4				13.0			0.0	13.0	3.62%
	Route 18	Texada	Powell River		14		1									15.0			0.0	15.0	1.85%
	Route 19	Nanaimo Harbour	Gabriola Island					6	1							7.0		3	3.0	10.0	0.76%
	Route 20	Chemainus	Thetis Island				1					10				11.0			0.0	11.0	1.22%
	Route 21	Buckley Bay	Denman West													0.0			0.0	0.0	0.00%
	Route 22	Denman East	Hornby Island									2				2.0			0.0	2.0	0.20%
	Route 23	Campbell River	Quadra Island		19											19.0			0.0	19.0	1.31%
	Route 24	Quadra Island	Cortes Island		14											14.0			0.0	14.0	3.20%
	Route 25	Port McNeill	Alert Bay		4											4.0			0.0	4.0	0.45%
	Route 26	Skidegate	Alliford Bay		66							3				69.0			0.0	69.0	6.97%
RG 4 - Minor Routes				0	146	1	2	20	1	1	4	25	0	0	0	200.0	0	5	5.0	205.0	1.29%
TOTAL				0.0	164.0	1.0	2.0	20.0	1.0	1.0	4.0	38.0	0.0	0.0	0.0	231.0	0.0	6.0	6.0	237.0	1.28%

% of Required Round Trips Cancelled

0.00% 0.89% 0.01% 0.01% 0.11% 0.01% 0.01% 0.02% 0.21% 0.00% 0.00% 0.00% 1.25% 0.00% 0.03% 0.03% 1.28%

CANCELLED & EXTRA ROUND TRIPS BY ROUTE AND ROUTE GROUP

2009/10 Year Ended March 31, 2010			
Route Group		Terminal 1	Terminal 2
MJR	Route 01	Swartz Bay	Tsawwassen
	Route 02	Horseshoe Bay	Departure Bay
	Route 30	Duke Point	Tsawwassen
MJR Total			
R03	Route 03	Langdale	Horseshoe Bay
R03 Total			
NR	Route 10	Port Hardy	Prince Rupert
	Route 11	Skidegate	Prince Rupert
	Route 40	Port Hardy	Mid-coast
NR Total			
MNR	Route 04	Fulford Harbour	Swartz Bay
	Route 05	Swartz Bay	Four SGIs
	Route 06	Crofton	Vesuvius Bay
	Route 07	Earls Cove	Saltery Bay
	Route 08	Horseshoe Bay	Bowen Island
	Route 09	Tsawwassen	Long Harbour
	Route 12	Mill Bay	Brentwood Bay
	Route 13	Langdale	Gambier/Keats
	Route 17	Little River	Powell River
	Route 18	Texada	Powell River
	Route 19	Nanaimo Harbour	Gabriola Island
	Route 20	Chemainus	Thetis Island
	Route 21	Buckley Bay	Denman West
	Route 22	Denman East	Hornby Island
	Route 23	Campbell River	Quadra Island
	Route 24	Quadra Island	Cortes Island
	Route 25	Port McNeill	Alert Bay
	Route 26	Skidegate	Alliford Bay
MNR Total			
Company Total			

Performance Against CFSC Requirement Annual Core Service Levels Year Ended March 31, 2010				
Actual Round Trips (1)	Round Trips Required (2)	Variance - Net Extra / Short Round Trips	Required Round Trips Cancelled	Total Extra / Short Round Trips
3,898.0	9,745.0	-17.0	17.0	0.0
3,073.0				
2,757.0				
9,728.0	9,745.0	-17.0	17.0	0.0
3,065.0	2,988.0	77.0	1.0	78.0
3,065.0				
122.5				
177.0	190.0	-13.0	13.0	0.0
39.0				
338.5	352.5	-14.0	14.0	0.0
2,924.0	2,879.0	45.0	0.0	45.0
3,497.0				
5,039.0				
2,871.0	2,877.0	-6.0	6.0	0.0
5,563.0				
824.0				
3,195.0	3,215.0	-20.0	20.0	0.0
4,132.0				
1,445.0				
3,633.0	3,648.0	-15.0	15.0	0.0
5,721.0				
4,002.0				
6,293.0	6,149.0	144.0	0.0	144.0
4,754.0				
6,255.0				
2,122.0	2,136.0	-14.0	14.0	0.0
3,957.0				
4,309.0				
70,536.0	70,178.0	358.0	205.0	563.0
83,667.5	83,263.5	404.0	237.0	641.0

Notes:

(1) Route 11 includes barge service provided during August 2009.

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

(3) Route 26 includes barge service provided during the period October 5 through December 11, 2009 (inclusive) when the vessel underwent a quadrennial refit to meet regulatory requirements.

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

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

2009/10 Year Ended March 31, 2010				Performance Against CFSC Requirement Annual Core Service Levels	
Route Group (RG)		Terminal 1	Terminal 2	Calendar Year 2009	Fiscal Year 2009/10
				Cumulative Days When Round Trips Missed <i>Allowed 30 Days Per Route</i>	Highest Consecutive Days when Round Trips Missed <i>Allowed 20 Days per Route</i>
RG 1 - Major Routes	Route 01	Swartz Bay	Tsawwassen	4.0	1.0
	Route 02	Horseshoe Bay	Departure Bay	2.0	1.0
	Route 30	Duke Point	Tsawwassen	2.0	1.0
RG 2 - Route 3	Route 03	Langdale	Horseshoe Bay	1.0	1.0
RG 3 - Northern Routes	Route 10	Port Hardy	Prince Rupert	1.0	1.0
	Route 11	Skidegate	Prince Rupert	10.0	2.0
	Route 40	Port Hardy	Mid-coast	0.0	0.0
RG 4 - Minor Routes	Route 04	Fulford Harbour	Swartz Bay	0.0	0.0
	Route 05	Swartz Bay	Four SGIs	2.0	1.0
	Route 06	Crofton	Vesuvius Bay	8.0	1.0
	Route 07	Earls Cove	Saltery Bay	6.0	1.0
	Route 08	Horseshoe Bay	Bowen Island	7.0	3.0
	Route 09	Tsawwassen	Long Harbour	4.0	2.0
	Route 12	Mill Bay	Brentwood Bay	3.0	1.0
	Route 13	Langdale	Gambier/Keats	0.0	0.0
	Route 17	Little River	Powell River	7.0	2.0
	Route 18	Texada	Powell River	9.0	2.0
	Route 19	Nanaimo Harbour	Gabriola Island	7.0	1.0
	Route 20	Chemainus	Thetis Island	11.0	4.0
	Route 21	Buckley Bay	Denman West	1.0	0.0
	Route 22	Denman East	Hornby Island	2.0	1.0
	Route 23	Campbell River	Quadra Island	6.0	2.0
	Route 24	Quadra Island	Cortes Island	7.0	2.0
	Route 25	Port McNeill	Alert Bay	0.0	1.0
	Route 26	Skidegate	Alliford Bay	6.0	2.0

Note:

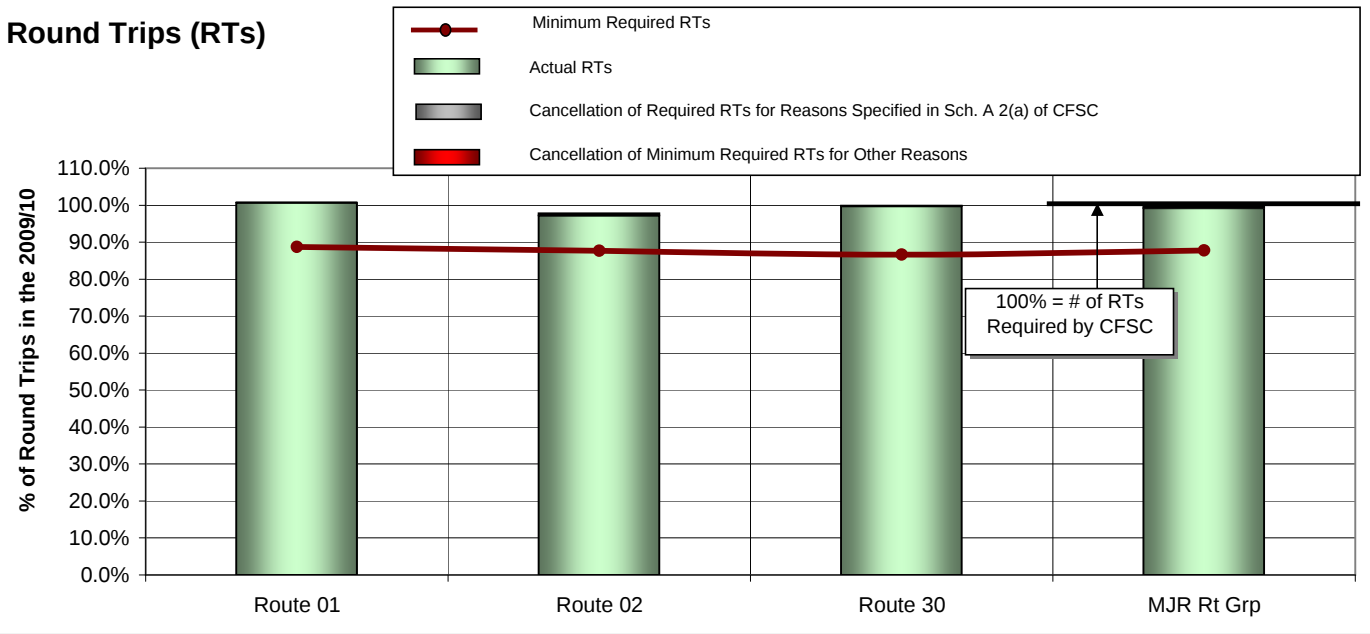
(1) The Coastal Ferry Services Contract requires reporting to Calendar Year for Cumulative Days and to Fiscal Year for Consecutive Days

Round Trip Service Delivery and On Time Performance

2009/10

Year Ended March 31, 2010

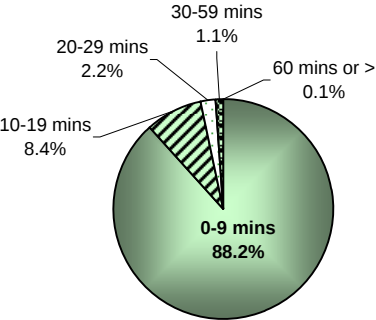
Route Group 1 - Major Routes



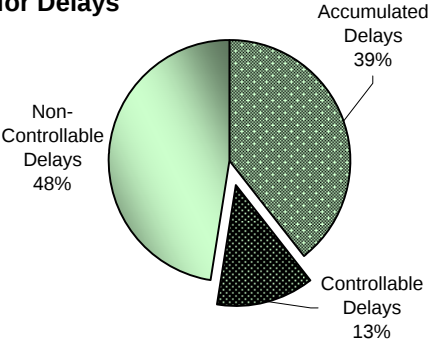
Routes	Major Route Description	Actual Round Trips	Round Trips Required ⁽¹⁾	Net Extra RT (Short RT)	% Sailings Overloaded
Route 01	Swartz Bay-Tsawwassen	3,898.0	9,745.0	-17.0	44.4%
Route 02	Horseshoe Bay-Departure Bay	3,073.0			32.8%
Route 30	Duke Point-Tsawwassen	2,757.0			19.9%
MAJOR Route Group Total		9,728.0	9,745.0	-17.0	33.8%

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

On Time Performance 2009/10

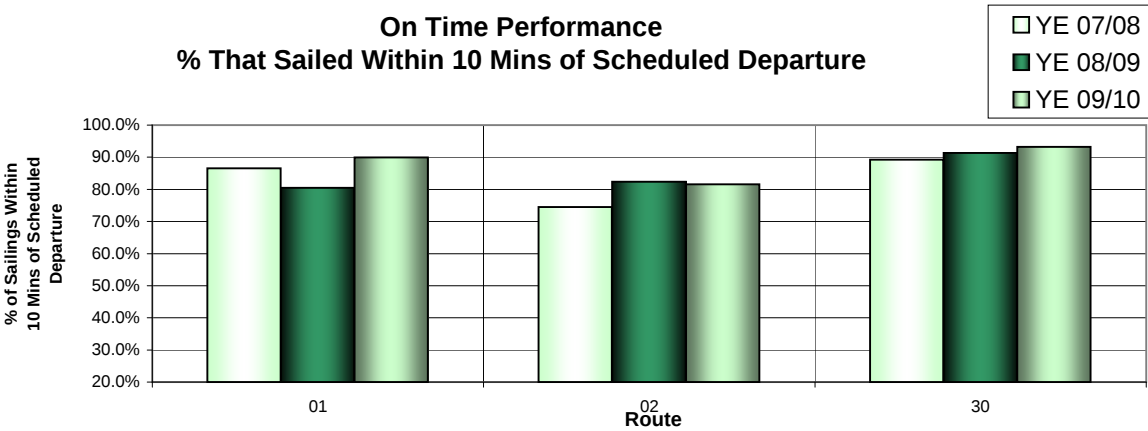


Reasons for Delays



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

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

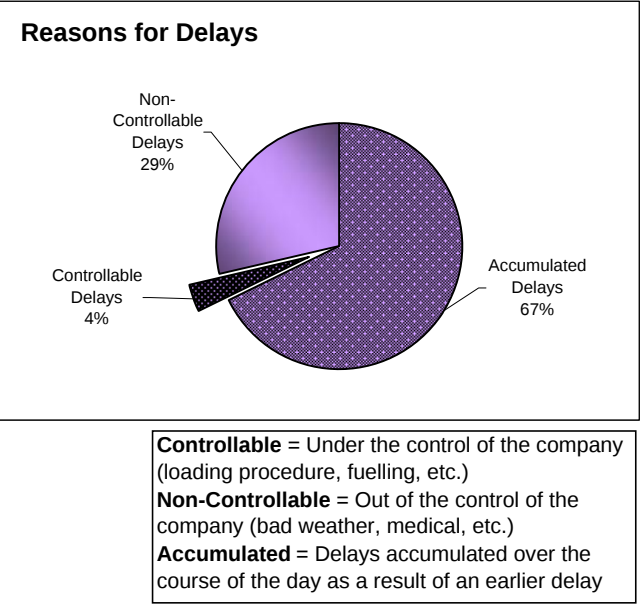
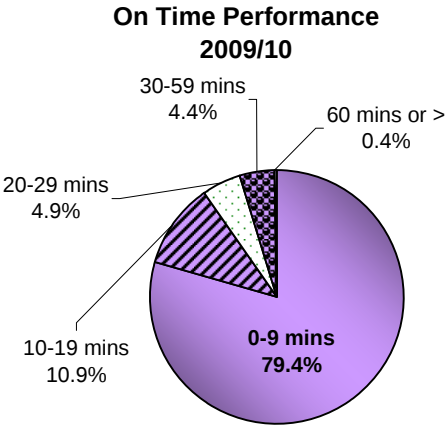
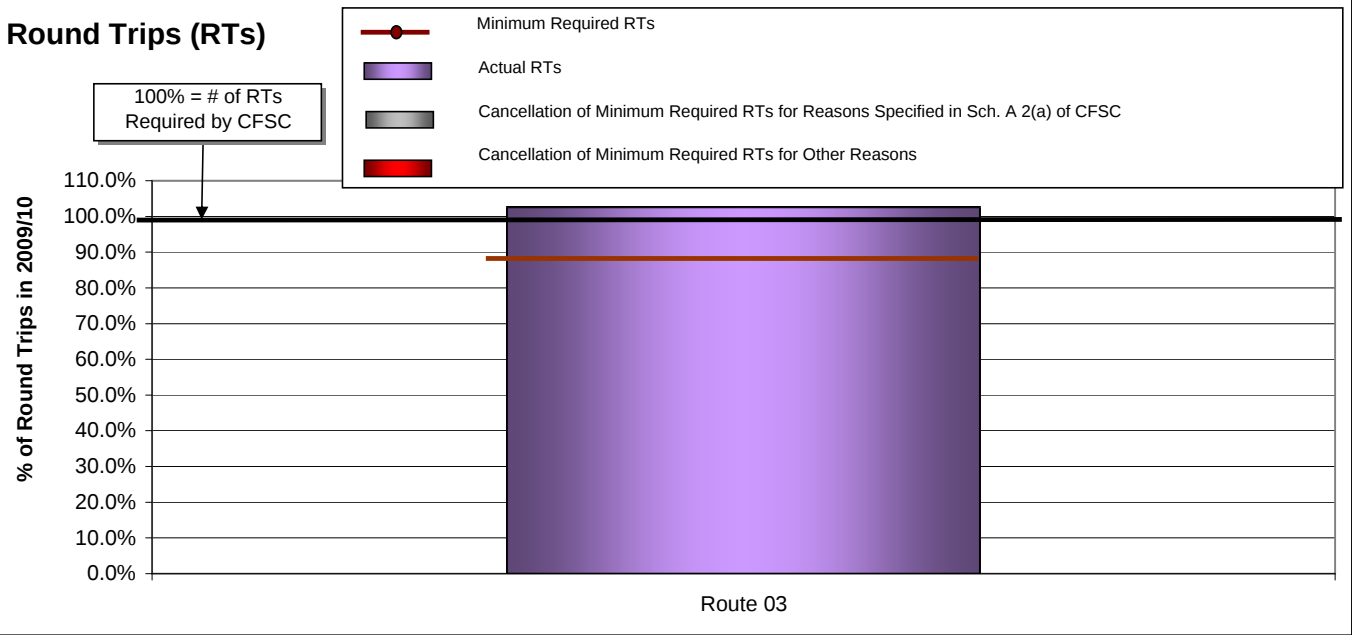


Round Trip Service Delivery and On Time Performance

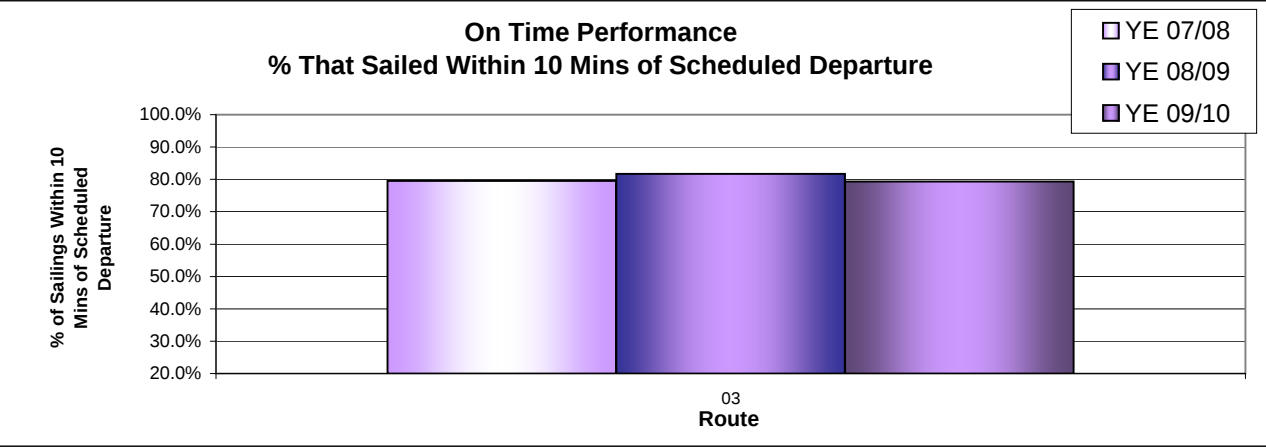
2009/10

Year Ended March 31, 2010

Route Group 2 - Route 3

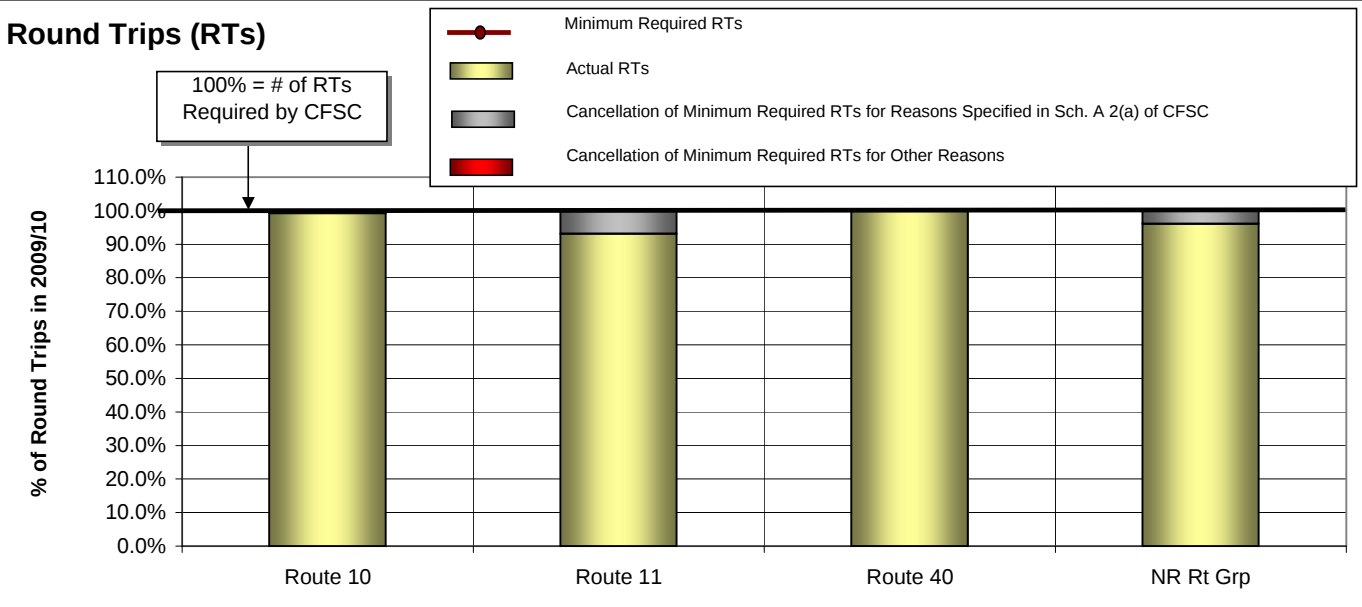


Routes	Route 3 Description	Actual Round Trips	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 03	Horseshoe Bay-Langdale	3,065.0	2,988.0	77.0	16.7%

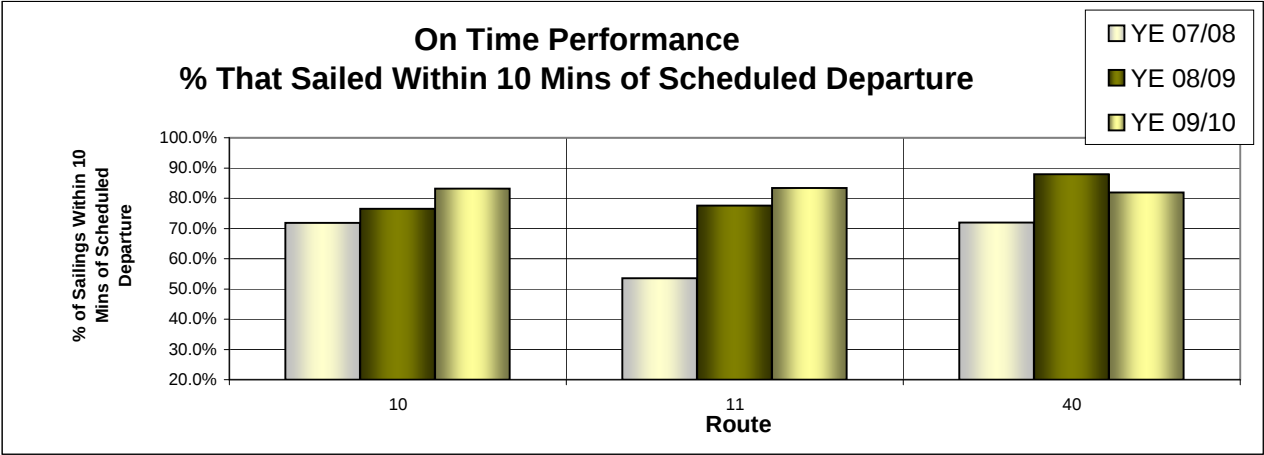
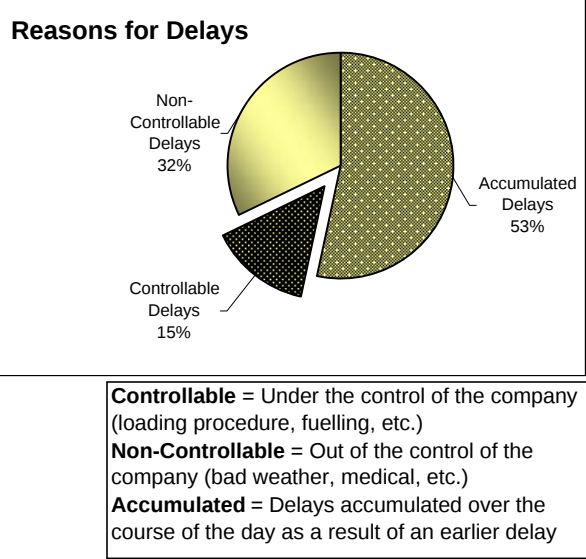
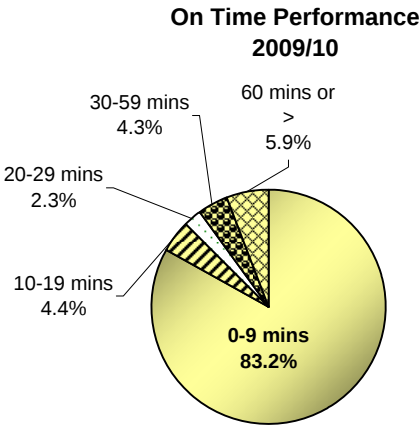


Round Trip Service Delivery and On Time Performance
2009/10
Year Ended March 31, 2010

Route Group 3 - Northern Routes

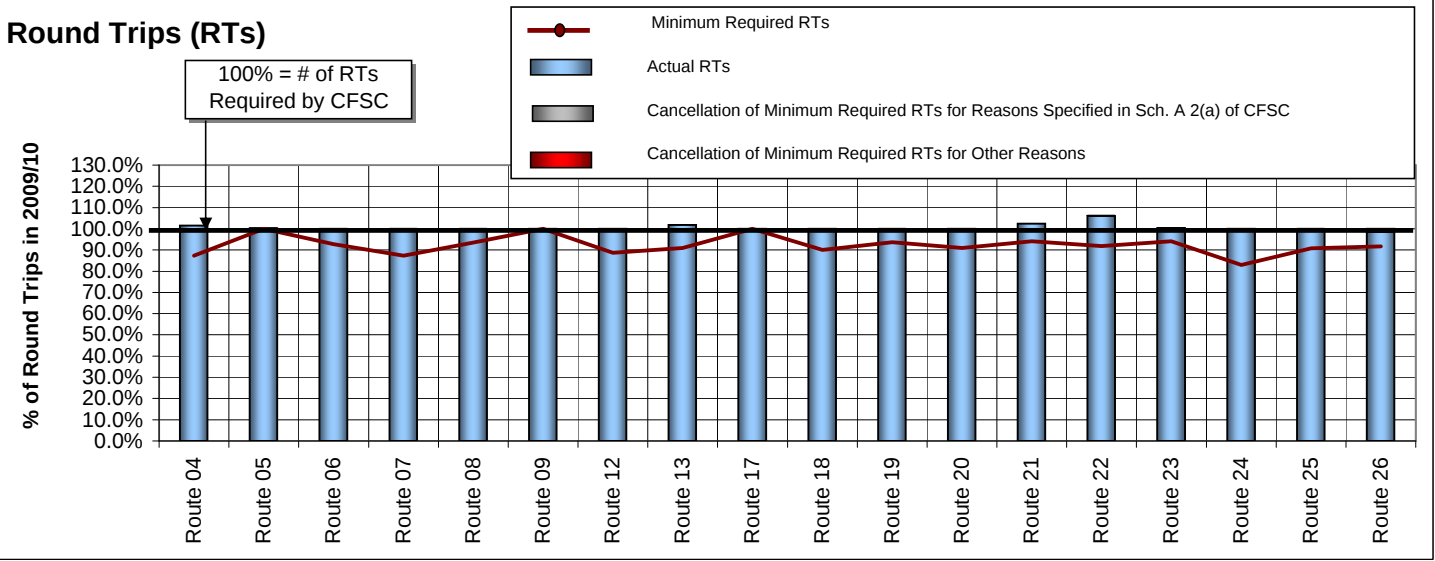


Routes	Northern Routes Description	Actual Round Trips	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 10	Port Hardy-Prince Rupert	122.5	123.5	-1.0	0.0%
Route 11	Skidegate-Prince Rupert	177.0	190.0	-13.0	2.0%
Route 40	Port Hardy - Mid Coast	39.0	39.0	0.0	0.0%
NORTHERN Route Group Total		338.5	352.5	-14.0	0.6%

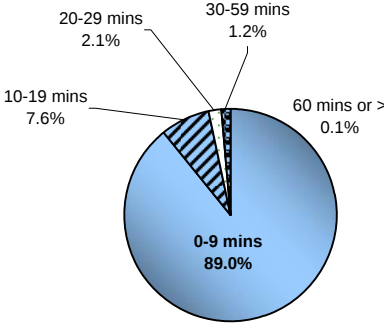


Round Trip Service Delivery and On Time Performance
2009/10
Year Ended March 31, 2010

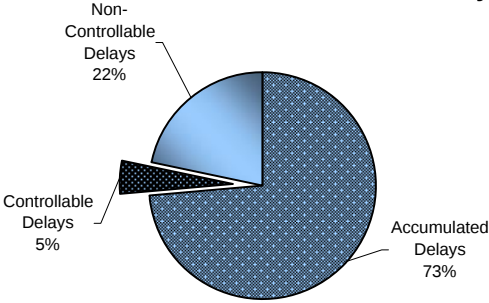
Route Group 4 - Minor Routes



On Time Performance
2009/10



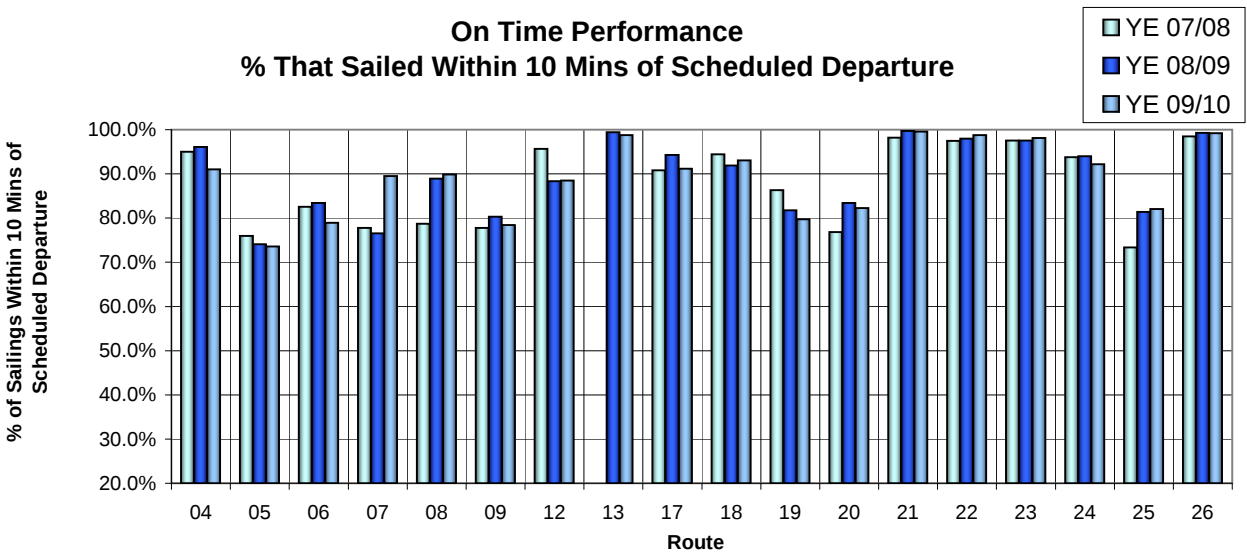
Reasons for Delays



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

Routes	Minor Routes Description	Actual Round Trips	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 04	Swartz Bay-Fulford Harbour	2,924.0	2,879.0	45.0	10.7%
Route 05	Swartz Bay-Southern Gulf Islands	3,497.0	3,491.0	6.0	3.9%
Route 06	Crofton-Vesuvius Bay	5,039.0	5,046.0	-7.0	3.8%
Route 07	Earls Cove-Saltery Bay	2,871.0	2,877.0	-6.0	1.2%
Route 08	Horseshoe Bay-Bowen Island	5,563.0	5,570.0	-7.0	8.3%
Route 09	Tsawwassen-Long Harbour	824.0	830.0	-6.0	3.3%
Route 12	Mill Bay-Brentwood Bay	3,195.0	3,215.0	-20.0	13.8%
Route 13	Langdale - Keats - Gambier Island	4,132.0	4,061.0	71.0	Pass only
Route 17	Little River (Comox)-Powell River	1,445.0	1,458.0	-13.0	2.6%
Route 18	Westview (Powell River)-Blubber Bay (Texada)	3,633.0	3,648.0	-15.0	0.7%
Route 19	Nanaimo Harbour-Descanso Bay (Gabriola)	5,721.0	5,731.0	-10.0	5.3%
Route 20	Chemainus-Thetis-Kuper	4,002.0	4,013.0	-11.0	1.8%
Route 21	Buckley Bay-Denman West	6,293.0	6,149.0	144.0	5.6%
Route 22	Gravelley Bay (Denman East)-Shingle Spit (Hornby)	4,754.0	4,482.0	272.0	9.7%
Route 23	Campbell River-Quathiaski Cove (Quadra)	6,255.0	6,253.0	2.0	8.2%
Route 24	Heriot Bay (Quadra)-Whaletown (Cortes)	2,122.0	2,136.0	-14.0	8.9%
Route 25	Port McNeill-Sointula-Alert Bay	3,957.0	3,961.0	-4.0	3.4%
Route 26	Skidegate-Alliford Bay	4,309.0	4,378.0	-69.0	0.9%
MINOR Route Group Total		70,536.0	70,178.0	358.0	5.4%

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



Route Financial Report

Year Ended March 31, 2010





British Columbia Ferry Services Inc.
Route Statement
For the Twelve Months Ended March 31, 2010
(in 000's)

	Group 1				Group 2		Group 3		Group 4			
	Corporate Total		Major Routes		03-Horseshoe Bay - Langdale		Northern Routes		Minor Routes		Unregulated Routes	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Tariff Revenue	450,508	429,063	332,227	320,809	34,308	31,383	15,112	15,487	68,861	61,384	-	-
Ancillary Revenue	74,949	72,327	61,325	59,027	6,339	6,070	2,955	2,776	4,330	4,454	-	-
Social Program Fees	22,060	19,252	10,774	9,907	2,598	2,055	874	565	7,814	6,725	-	-
Contracted Routes Fee	1,849	1,939	-	-	-	-	-	-	-	-	1,849	1,939
Total Operating Revenue	549,366	522,581	404,326	389,743	43,245	39,508	18,941	18,828	81,005	72,563	1,849	1,939
Total Operating Expenses	514,268	501,180	286,108	281,341	36,079	36,369	45,146	41,150	145,086	140,381	1,849	1,939
Earnings (Loss) from Operations	35,098	21,401	118,218	108,402	7,166	3,139	(26,205)	(22,322)	(64,081)	(67,818)	-	-
Amortization	(115,175)	(93,088)	(71,580)	(60,413)	(6,652)	(6,436)	(15,535)	(8,576)	(21,408)	(17,663)	-	-
Financing Expense	(67,638)	(50,111)	(42,285)	(34,500)	(3,567)	(3,604)	(12,453)	(4,390)	(9,333)	(7,617)	-	-
Cost of Capital	(182,813)	(143,199)	(113,865)	(94,913)	(10,219)	(10,040)	(27,988)	(12,966)	(30,741)	(25,280)	-	-
(Loss) Gain on Disposal of Capital Assets	(1,386)	1,239	(415)	865	119	191	(1,320)	221	230	(38)	-	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(149,101)	(120,559)	3,938	14,354	(2,934)	(6,710)	(55,513)	(35,067)	(94,592)	(93,136)	-	-
Ferry Transportation Fees	125,599	103,294	-	-	3,665	3,665	47,590	25,283	74,344	74,346	-	-
Federal-Provincial Subsidy Agreement	26,924	26,294	-	-	966	943	6,660	6,505	19,298	18,846	-	-
Net Route Earnings (Loss)	3,422	9,029	3,938	14,354	1,697	(2,102)	(1,263)	(3,279)	(950)	56	-	-
Fuel Costs Deferred (note 1)	(17,005)	29,456	(10,599)	18,618	(1,222)	1,840	(1,438)	2,620	(3,746)	6,378	-	-
Net Fuel Rebates (Surcharges) (note 1)	6,298	(16,531)	153	(11,950)	776	(1,013)	-	-	5,369	(3,568)	-	-

Note 1: The British Columbia Ferries Commissioner has authorized the use of deferred fuel cost accounts whereby differences between actual fuel costs and approved fuel costs used to develop regulated price caps are deferred for settlement in future tariffs. Also as authorized by the Commissioner, the Company collects fuel surcharges or provides fuel rebates which are applied against deferred fuel cost account balances.

Included in the amounts disclosed in the above statement are fuel surcharges, net of fuel rebates received, paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2010, the Province received fuel rebates of \$0.5 million (March 31, 2009 - paid fuel surcharges of \$0.7 million).



British Columbia Ferry Services Inc.
Route Statement
Group 1 - Major Routes
For the Twelve Months Ended March 31, 2010
(in 000's)

	01-Tsawwassen - Swartz Bay		02-Horseshoe Bay - Nanaimo		30-Nanaimo - Tsawwassen		Major Routes	
	2010	2009	2010	2009	2010	2009	2010	2009
Tariff Revenue	167,364	161,543	100,811	100,236	64,052	59,030	332,227	320,809
Ancillary Revenue	33,336	31,841	18,894	18,072	9,095	9,114	61,325	59,027
Social Program Fees	4,600	4,305	4,394	4,138	1,780	1,464	10,774	9,907
Contracted Routes Fee	-	-	-	-	-	-	-	-
Total Operating Revenue	205,300	197,689	124,099	122,446	74,927	69,608	404,326	389,743
Total Operating Expenses	132,676	127,507	85,041	86,781	68,391	67,053	286,108	281,341
Earnings (Loss) from Operations	72,624	70,182	39,058	35,665	6,536	2,555	118,218	108,402
Amortization	(31,194)	(23,379)	(22,057)	(21,254)	(18,329)	(15,780)	(71,580)	(60,413)
Financing Expense	(16,326)	(10,362)	(13,747)	(12,900)	(12,212)	(11,238)	(42,285)	(34,500)
Cost of Capital	(47,520)	(33,741)	(35,804)	(34,154)	(30,541)	(27,018)	(113,865)	(94,913)
(Loss) Gain on Disposal of Capital Assets	(749)	100	318	194	16	571	(415)	865
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	24,355	36,541	3,572	1,705	(23,989)	(23,892)	3,938	14,354
Ferry Transportation Fees	-	-	-	-	-	-	-	-
Federal-Provincial Subsidy Agreement	-	-	-	-	-	-	-	-
Net Route Earnings (Loss)	24,355	36,541	3,572	1,705	(23,989)	(23,892)	3,938	14,354
Fuel Costs Deferred (note 1)	(4,399)	7,387	(3,189)	5,864	(3,011)	5,367	(10,599)	18,618
Net Fuel (Surcharges) Rebates (note 1)	153	(5,909)	-	(3,750)	-	(2,291)	153	(11,950)

Note 1: The British Columbia Ferries Commissioner has authorized the use of deferred fuel cost accounts whereby differences between actual fuel costs and approved fuel costs used to develop regulated price caps are deferred for settlement in future tariffs. Also as authorized by the Commissioner, the Company collects fuel surcharges or provides fuel rebates which are applied against deferred fuel cost account balances.

Included in the amounts disclosed in the above statement are fuel surcharges, net of fuel rebates received, paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2010, the Province received fuel rebates of \$0.5 million (March 31, 2009 - paid fuel surcharges of \$0.7 million).



British Columbia Ferry Services Inc.
Route Statement
Group 3 - Northern Routes
For the Twelve Months Ended March 31, 2010
(in 000's)

	10-Bear Cove - Bella Bella - Prince Rupert		11-Prince Rupert - Skidegate		40-Bear Cove - Mid-Coast		Northern Routes	
	2010	2009	2010	2009	2010	2009	2010	2009
Tariff Revenue	9,549	9,732	4,064	4,070	1,499	1,685	15,112	15,487
Ancillary Revenue	1,886	1,911	868	679	201	186	2,955	2,776
Social Program Fees	506	328	347	216	21	21	874	565
Contracted Routes Fee	-	-	-	-	-	-	-	-
Total Operating Revenue	11,941	11,971	5,279	4,965	1,721	1,892	18,941	18,828
Total Operating Expenses	25,963	25,705	13,857	11,723	5,326	3,722	45,146	41,150
Earnings (Loss) from Operations	(14,022)	(13,734)	(8,578)	(6,758)	(3,605)	(1,830)	(26,205)	(22,322)
Amortization	(10,787)	(7,127)	(4,361)	(1,238)	(387)	(211)	(15,535)	(8,576)
Financing Expense	(9,349)	(4,052)	(3,028)	(301)	(76)	(37)	(12,453)	(4,390)
Cost of Capital	(20,136)	(11,179)	(7,389)	(1,539)	(463)	(248)	(27,988)	(12,966)
(Loss) Gain on Disposal of Capital Assets	(634)	95	(691)	126	5	-	(1,320)	221
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(34,792)	(24,818)	(16,658)	(8,171)	(4,063)	(2,078)	(55,513)	(35,067)
Motor Fuel Tax Subsidy (adjustment to pre 2004)	-	-	-	-	-	-	-	-
Ferry Transportation Fees	25,369	11,161	21,217	13,118	1,004	1,004	47,590	25,283
Federal-Provincial Subsidy Agreement	1,030	1,006	5,366	5,241	264	258	6,660	6,505
Net Route Earnings (Loss)	(8,393)	(12,651)	9,925	10,188	(2,795)	(816)	(1,263)	(3,279)
Fuel Costs Deferred (note 1)	(848)	1,494	(456)	878	(134)	248	(1,438)	2,620
Net Fuel (Surcharges) Rebates (note 1)	-	-	-	-	-	-	-	-

Note 1: The British Columbia Ferries Commissioner has authorized the use of deferred fuel cost accounts whereby differences between actual fuel costs and approved fuel costs used to develop regulated price caps are deferred for settlement in future tariffs. Also as authorized by the Commissioner, the Company collects fuel surcharges or provides fuel rebates which are applied against deferred fuel cost account balances.

Included in the amounts disclosed in the above statement are fuel surcharges, net of fuel rebates received, paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2010, the Province received fuel rebates of \$0.5 million (March 31, 2009 - paid fuel surcharges of \$0.7 million).



British Columbia Ferry Services Inc.
Route Statement
Group 4 - Minor Routes
For the Twelve Months Ended March 31, 2010
(in 000's)

	04-Swartz Bay - Fulford Harbour		05-Swartz Bay - Gulf Islands		06-Vesuvius Bay - Crofton		07-Salter Bay - Earls Cove		08-Horseshoe Bay - Snug Cove		09-Tsawwassen - Gulf Islands	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Tariff Revenue	5,612	4,894	4,679	4,117	4,448	3,804	5,627	5,232	7,602	6,683	10,855	9,907
Ancillary Revenue	286	294	410	424	93	84	430	523	369	429	1,685	1,595
Social Program Fees	512	431	722	620	509	407	427	308	818	733	470	501
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	6,410	5,619	5,811	5,161	5,050	4,295	6,484	6,063	8,789	7,845	13,010	12,003
Total Operating Expenses	11,049	8,872	17,696	16,579	4,979	4,472	11,402	13,729	10,784	12,117	16,554	20,104
Earnings (Loss) from Operations	(4,639)	(3,253)	(11,885)	(11,418)	71	(177)	(4,918)	(7,666)	(1,995)	(4,272)	(3,544)	(8,101)
Amortization	(1,825)	(1,644)	(1,865)	(1,719)	(605)	(569)	(3,079)	(1,137)	(1,710)	(1,608)	(3,052)	(2,960)
Financing Expense	(1,123)	(1,050)	(1,074)	(1,078)	(209)	(235)	(376)	926	(1,148)	(1,148)	(903)	(974)
Cost of Capital	(2,948)	(2,694)	(2,939)	(2,797)	(814)	(804)	(3,455)	(211)	(2,858)	(2,756)	(3,955)	(3,934)
(Loss) Gain on Disposal of Capital Assets	18	(13)	16	(12)	14	-	18	(1)	24	-	36	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(7,569)	(5,960)	(14,808)	(14,227)	(729)	(981)	(8,355)	(7,878)	(4,829)	(7,028)	(7,463)	(12,035)
Ferry Transportation Fees	2,191	2,191	13,669	13,670	2,191	2,191	9,069	9,069	4,605	4,605	8,008	8,008
Federal-Provincial Subsidy Agreement	1,144	1,117	3,601	3,517	11	11	2,389	2,333	1,213	1,185	2,109	2,060
Net Route Earnings (Loss)	(4,234)	(2,652)	2,462	2,960	1,473	1,221	3,103	3,524	989	(1,238)	2,654	(1,967)
Fuel Costs Deferred (note 1)	(272)	510	(712)	1,194	(62)	99	(466)	839	(421)	659	(532)	871
Net Fuel (Surcharges) Rebates (note 1)	430	(272)	376	(249)	365	(228)	446	(295)	533	(416)	816	(499)

Note 1: The British Columbia Ferries Commissioner has authorized the use of deferred fuel cost accounts whereby differences between actual fuel costs and approved fuel costs used to develop regulated price caps are deferred for settlement in future tariffs. Also as authorized by the Commissioner, the Company collects fuel surcharges or provides fuel rebates which are applied against deferred fuel cost account balances.

Included in the amounts disclosed in the above statement are fuel surcharges, net of fuel rebates received, paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2010, the Province received fuel rebates of \$0.5 million (March 31, 2009 - paid fuel surcharges of \$0.7 million).



British Columbia Ferry Services Inc.
Route Statement
Group 4 - Minor Routes
For the Twelve Months Ended March 31, 2010
(in 000's)

	12-Mill Bay - Brentwood		13-Langdale - Gambier Island -		17-Comox - Powell River		18-Texada Island - Powell River		19-Gabriola Island - Nanaimo Harbour		20-Thetis Island - Kuper Island -	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Tariff Revenue	1,370	1,186	162	144	9,729	9,267	1,081	950	4,708	4,081	1,189	1,017
Ancillary Revenue	9	4	20	20	850	865	12	17	50	45	14	32
Social Program Fees	120	99	54	52	1,291	929	270	235	720	609	283	253
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	1,499	1,289	236	216	11,870	11,061	1,363	1,202	5,478	4,735	1,486	1,302
Total Operating Expenses	1,675	1,597	553	532	16,761	15,797	6,275	4,276	7,433	7,457	3,779	3,880
Earnings (Loss) from Operations	(176)	(308)	(317)	(316)	(4,891)	(4,736)	(4,912)	(3,074)	(1,955)	(2,722)	(2,293)	(2,578)
Amortization	(550)	(526)	(9)	(8)	(1,729)	(1,460)	(490)	(442)	(1,025)	(718)	(835)	(898)
Financing Expense	(12)	(50)	(4)	(18)	(470)	(506)	(215)	(235)	(543)	(329)	(659)	(707)
Cost of Capital	(562)	(576)	(13)	(26)	(2,199)	(1,966)	(705)	(677)	(1,568)	(1,047)	(1,494)	(1,605)
(Loss) Gain on Disposal of Capital Assets	4	(1)	1	-	32	-	4	(1)	15	-	4	(1)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(734)	(885)	(329)	(342)	(7,058)	(6,702)	(5,613)	(3,752)	(3,508)	(3,769)	(3,783)	(4,184)
Ferry Transportation Fees	1,090	1,091	249	249	6,278	6,278	3,503	3,503	2,322	2,322	3,447	3,447
Federal-Provincial Subsidy Agreement	-	-	65	64	1,654	1,615	923	901	612	597	908	887
Net Route Earnings (Loss)	356	206	(15)	(29)	874	1,191	(1,187)	652	(574)	(850)	572	150
Fuel Costs Deferred (note 1)	(10)	17	9	30	(475)	792	(90)	168	(175)	293	(74)	130
Net Fuel (Surcharges) Rebates (note 1)	130	(67)	15	(7)	749	(506)	91	(67)	353	(264)	104	(68)

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British Columbia Ferry Services Inc.
Route Statement
Group 4 - Minor Routes
For the Twelve Months Ended March 31, 2010
(in 000's)

	21-Denman Island - Buckley Bay		22-Hornby Island - Denman Island		23-Quadra Island - Campbell River		24-Cortes Island - Quadra Island		25-Alert Bay - Sointula - Port		26-Skidegate - Alliford Bay		Minor Routes	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Tariff Revenue	2,823	2,178	1,241	1,125	4,724	4,152	824	675	1,553	1,343	634	629	68,861	61,384
Ancillary Revenue	26	35	3	4	44	42	5	7	16	18	8	16	4,330	4,454
Social Program Fees	363	294	150	225	698	624	143	146	224	210	40	49	7,814	6,725
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	3,212	2,507	1,394	1,354	5,466	4,818	972	828	1,793	1,571	682	694	81,005	72,563
Total Operating Expenses	4,423	5,968	3,145	3,852	8,609	7,591	8,759	2,775	4,859	7,403	6,351	3,380	145,086	140,381
Earnings (Loss) from Operations	(1,211)	(3,461)	(1,751)	(2,498)	(3,143)	(2,773)	(7,787)	(1,947)	(3,066)	(5,832)	(5,669)	(2,686)	(64,081)	(67,818)
Amortization	(1,380)	(1,275)	(278)	(189)	(1,332)	(1,149)	(384)	(282)	(503)	(490)	(757)	(589)	(21,408)	(17,663)
Financing Expense	(923)	(815)	(114)	(101)	(519)	(474)	(113)	(117)	(246)	(269)	(682)	(437)	(9,333)	(7,617)
Cost of Capital	(2,303)	(2,090)	(392)	(290)	(1,851)	(1,623)	(497)	(399)	(749)	(759)	(1,439)	(1,026)	(30,741)	(25,280)
(Loss) Gain on Disposal of Capital Assets	(17)	-	4	-	25	(6)	2	(1)	28	(1)	2	(1)	230	(38)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(3,531)	(5,551)	(2,139)	(2,788)	(4,969)	(4,402)	(8,282)	(2,347)	(3,787)	(6,592)	(7,106)	(3,713)	(94,592)	(93,136)
Ferry Transportation Fees	3,311	3,311	2,769	2,769	2,467	2,467	2,182	2,182	3,545	3,545	3,448	3,448	74,344	74,346
Federal-Provincial Subsidy Agreement	872	852	730	712	650	635	575	561	934	912	908	887	19,298	18,846
Net Route Earnings (Loss)	652	(1,388)	1,360	693	(1,852)	(1,300)	(5,525)	396	692	(2,135)	(2,750)	622	(950)	56
Fuel Costs Deferred (note 1)	(52)	84	(29)	58	(157)	255	(79)	110	(120)	204	(29)	65	(3,746)	6,378
Net Fuel (Surcharges) Rebates (note 1)	244	(152)	99	(71)	386	(252)	63	(44)	124	(74)	45	(37)	5,369	(3,568)

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Part 2

Service Quality



Customer Satisfaction Tracking Annual Report 2009

**British Columbia Ferry
Services Inc.**

Presented to:

British Columbia Ferry Services Inc.
Victoria, British Columbia



MUSTEL GROUP

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Executive Overview

Background

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

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

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

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

In addition to graphs showing the overall scores, the Appendix in this report includes detailed tables by route showing satisfaction scores for each of the service attributes for 2009. The Appendix also includes detailed satisfaction scores for each of the terminal-related attributes, shown separately for each of the main terminals.

Methodology

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

Interviews are distributed across nine routes in total, both larger and smaller, during three different time periods: June, August and November. In 2009, a total of 12,700 screeners were completed and 5,076 questionnaires returned. A more detailed explanation of the research design is included in the *Research Methodology* section, in the Appendix of this report.

Findings

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

Satisfaction with BC Ferries Overall

- A total of 91% of passengers in 2009 reported to be satisfied overall with their experience travelling on BC Ferries, an increase from 86% in 2008. An overall score of 4.3 has been achieved (on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'), the highest average score recorded since the inception of the Customer Satisfaction Tracking research in 2002.
- Ratings have improved among virtually all passenger segments (e.g. frequent travellers, business travellers, etc.) and on virtually all routes, except Route 4 which experienced delays in sailings during the June measure, impacting overall satisfaction levels.

Satisfaction before Arriving at Terminal

- Ratings of the BC Ferries web site have been stable while satisfaction with the phone service and specifically the reservation's system, as well as highway signage has improved slightly.

Satisfaction at the Terminal

- Overall satisfaction with the experience at the terminal before boarding has also strengthened with 86% satisfied in contrast to 81% a year ago, resulting in an increase in the average score from 4.0 to 4.1.
- The most notable improvement was at Horseshoe Bay but minor increases in ratings also were recorded at Tsawwassen and Departure Bay.
- Ratings have been stable with respect to the food and retail services at the terminal but have improved for the *overall look and décor inside terminal* and *outside appearance*. Ratings also have reached their highest point for *professionalism of terminal staff*, *availability of washrooms*, and for *cleanliness of washrooms*.
- In addition, scores have improved among foot passengers for *cleanliness of pre-boarding lounges*, *ease of using passenger drop-off and pick-up areas* and for *usefulness of TV information screens*.

Satisfaction Onboard

[NOTE: For route-specific results that follow, please refer to page 5 for all the route number codes]

- A total of 90% of passengers in 2009 were satisfied with their overall experience onboard, for an overall rating of 4.2 on the 5-point scale, which is the highest score achieved to-date. Most routes with the exception of Route 4 have slightly improved scores.
- Satisfaction levels have been trending upwards with respect to all aspects of the gift shop/ news stand and food services, with the exception of value for money (stable in food services but slight decline in the gift shop/ news stand).
- Furthermore, scores have improved for cleanliness of washrooms, for both *cleanliness and comfort of lounge seating*, and for a number of other onboard facilities and services, most notably *ease of access for those with disabilities*.

Satisfaction with Sailing Schedules

- Ratings have strengthened on many aspects of the sailing schedules—*ability to get on desired sailing, sailing frequency*, and in particular *departing on time*.

Satisfaction with Safety

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

Satisfaction with Overall Value

- Ratings had declined for *value for money of fares* in 2007 and 2008; however, in the past year ratings have rebounded to a level witnessed in earlier years. The decrease in fuel surcharges and introduction of the CoastSaver program, combined with improvement to services have likely contributed to this upturn.

Key Conclusions

Satisfaction levels overall, and on a number of specific attributes and services at the terminal and onboard have improved over the past year or have continued to trend upwards. The key areas of success have been in the following areas:

- Staff at the terminal and onboard
- The web site and specifically on-line reservations
- 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
- Onboard atmosphere and environment
- Outside decks
- Procedures for loading and unloading
- Safety of ferry operations and loading/unloading

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

- Ease of using automated phone system (but improvements are noted)
- Value for money of fares, parking, food/beverages, and retail merchandise both at the terminal and onboard
- Food/beverages offered at the terminal
- Variety/selection at outdoor market
- Clarity of public address system
- Sailing frequency
- Latest ferry late enough
- Ability to connect
- Problem resolution

The key drivers of satisfaction continue to be related to on-time departures, ability to get on the desired sailing, sailing frequency, and perceived value for money of fares and food. With improvements in customer satisfaction in a number of these particular areas, as well as improvements in many other areas, the overall satisfaction score has strengthened to its highest level.

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 - 2009	
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 21	Denman-Buckley Bay
Route 5/9	Southern Gulf Islands (from Swartz Bay/from Tsawwassen)
Route 23	Campbell River-Quathiaski Cove, Quadra Island

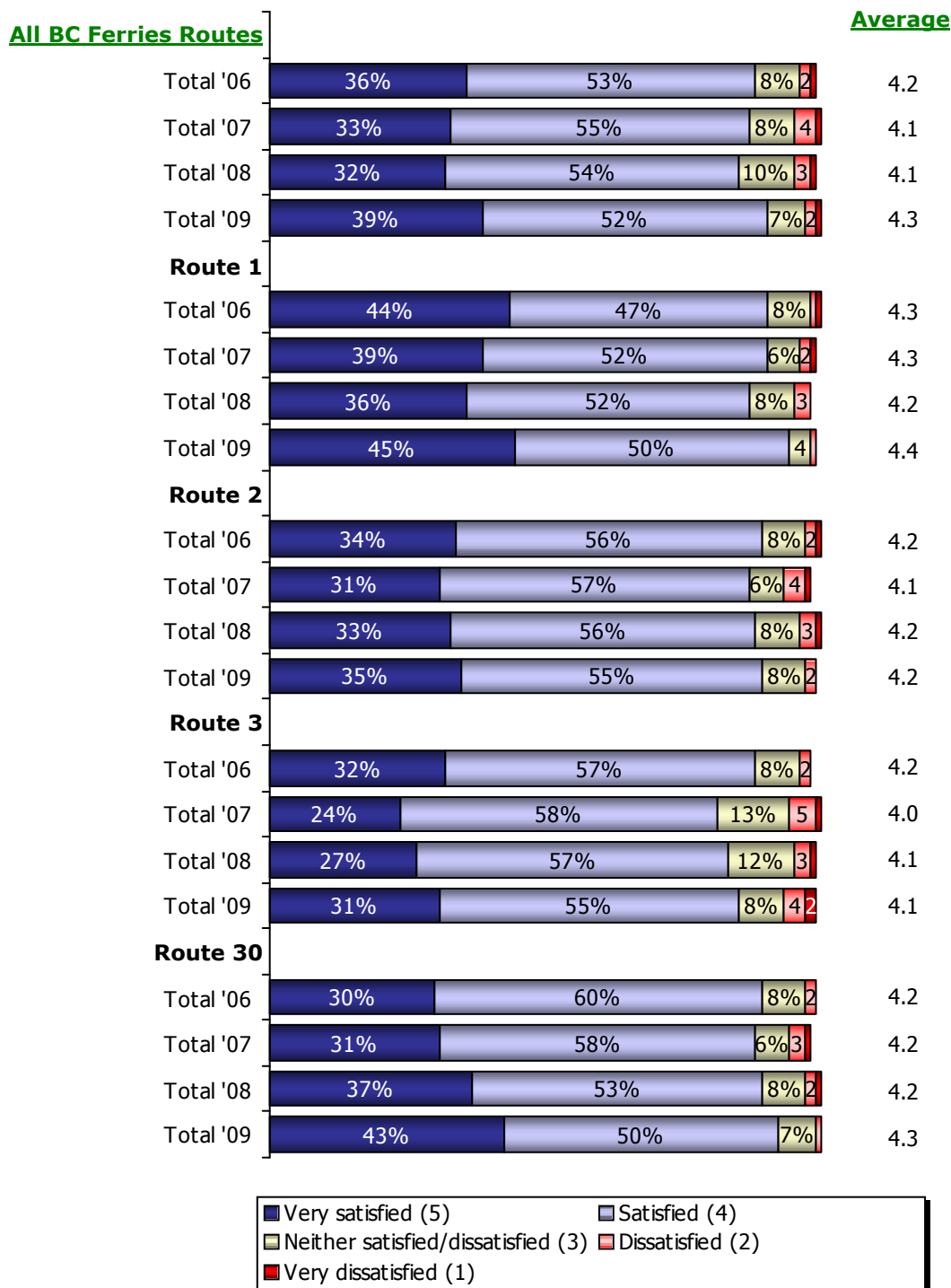
Overall Satisfaction with BC Ferries

A total of 91% of passengers in 2009 reported to be satisfied overall with their experience travelling on BC Ferries, an increase from 86% in 2008. An overall score of 4.3 has been achieved (on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'), the highest average score recorded since the inception of the Customer Satisfaction Tracking research in 2002.

Ratings have improved on virtually all routes except Route 4 which experienced delays in sailings during the June measure impacting overall satisfaction levels.

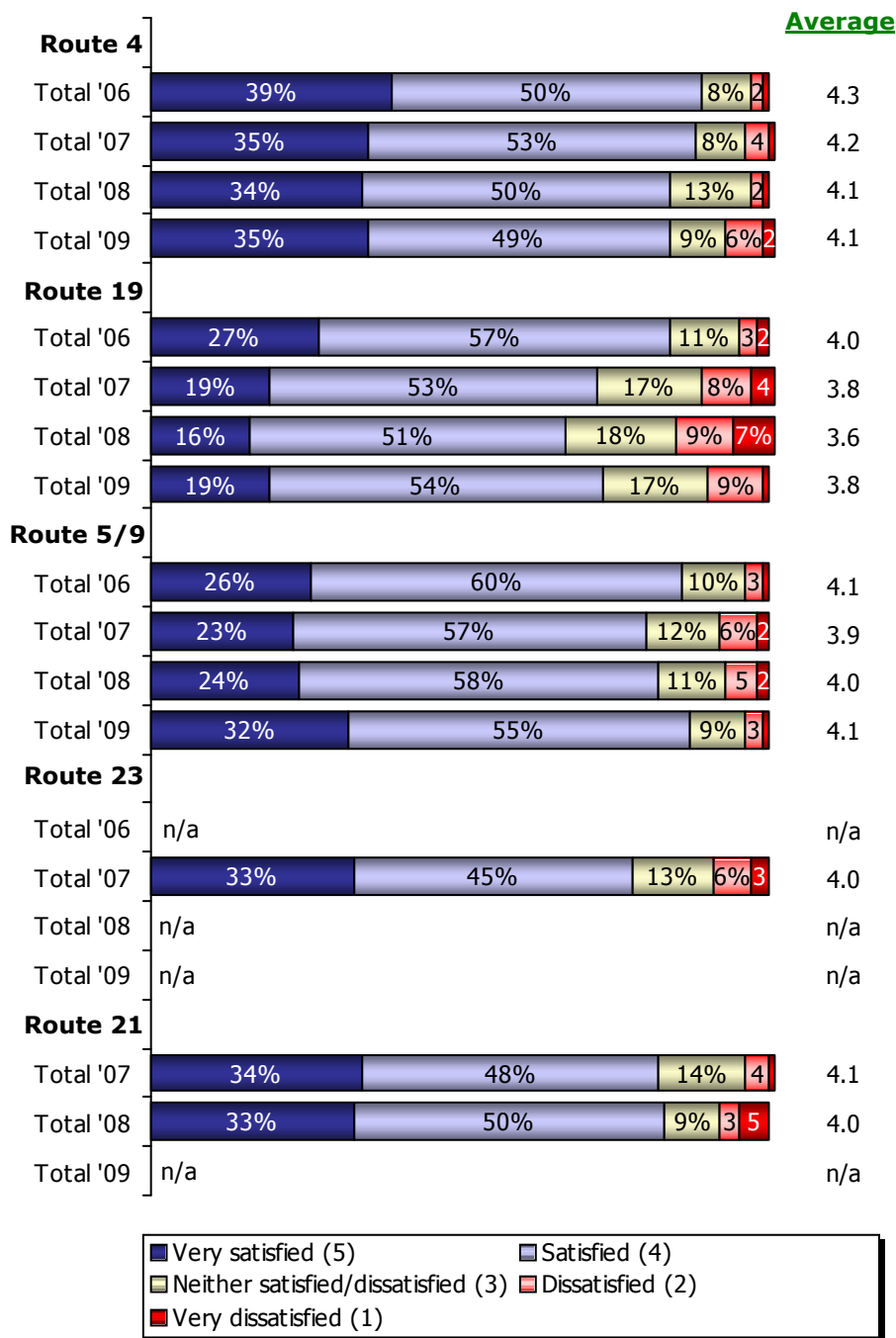
[NOTE: Refer to page 5 for route number codes]

Overall Satisfaction Level with Recent Experience Travelling with BC Ferries



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

Overall Satisfaction Level with Recent Experience Travelling with BC Ferries (cont'd)

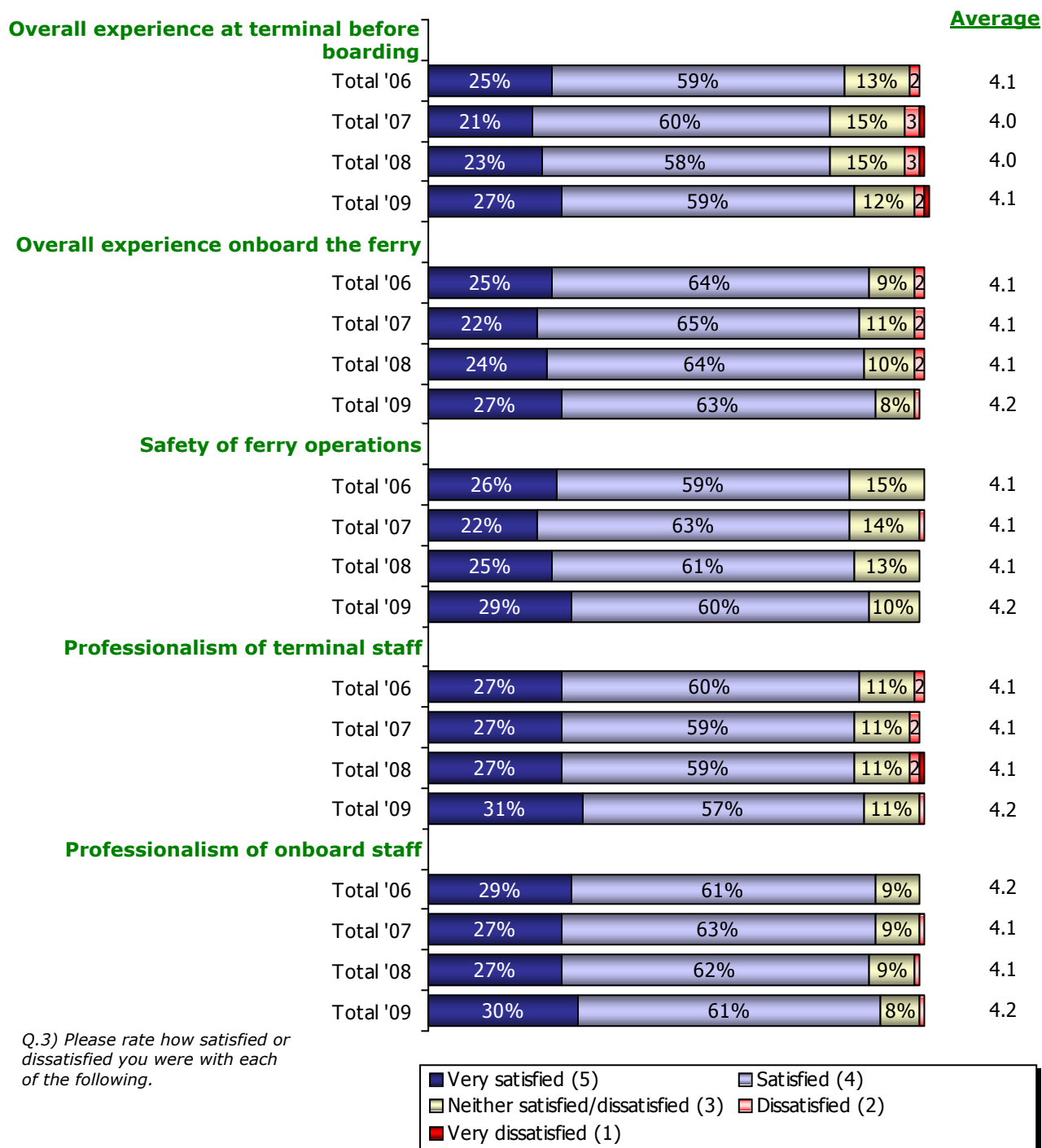


Q.1) How satisfied or dissatisfied were you, overall, with your recent experience travelling with BC Ferries?

Note: Route 23 not surveyed in 2006, 2008 and 2009; Route 21 not surveyed in 2009.

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

Summary of Main Satisfaction Scores



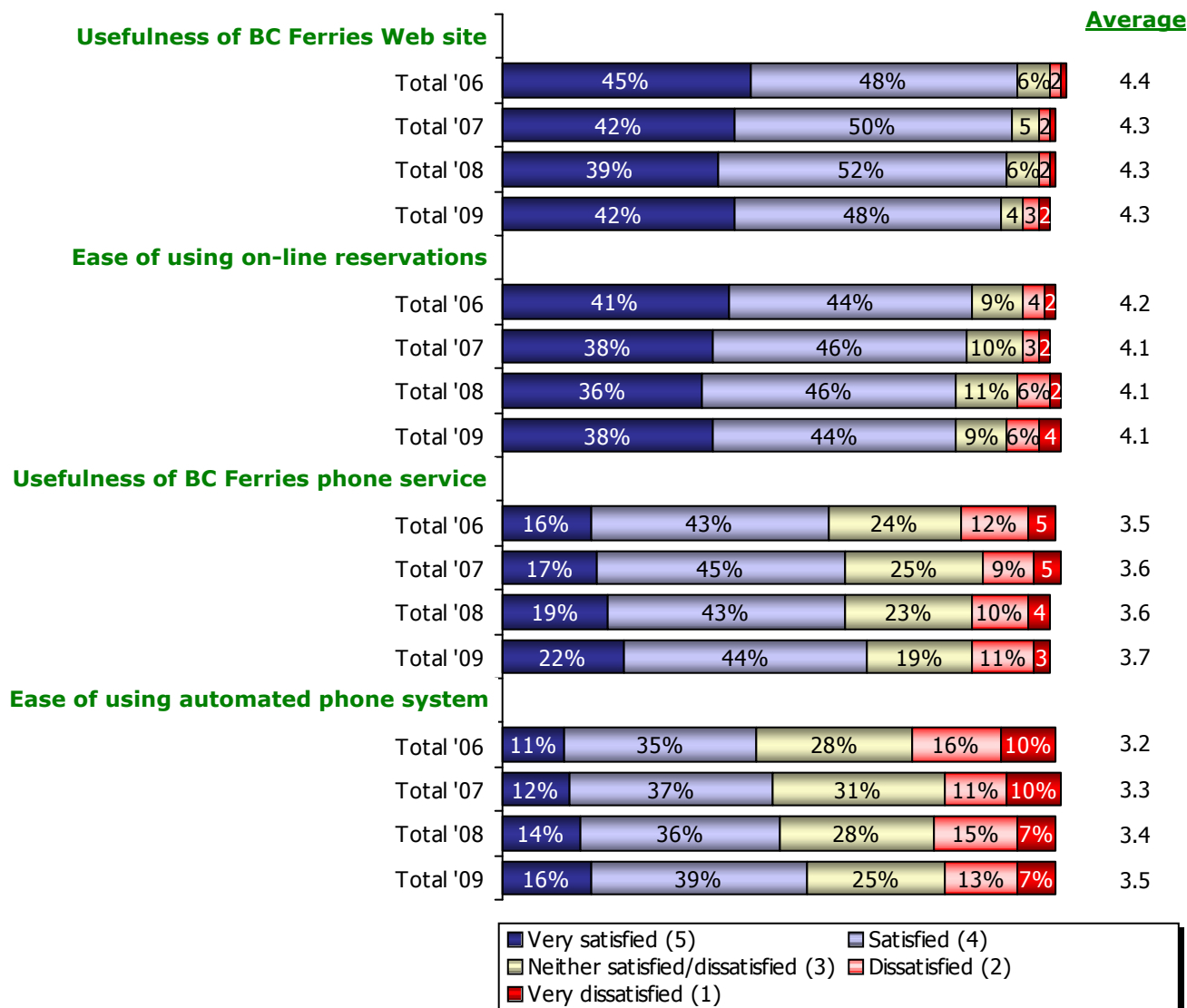
Before Arriving at Terminal

Web site and Phone Contact

Ratings are stable with respect to the *usefulness of BC Ferries web site* and to the *ease of making on-line reservations*.

Passengers are slightly more complimentary than in the past of the *usefulness of BC Ferries phone service*, and specifically with the *ease of using the automated system*. Since 2008, ratings have increased for the phone service from 3.6 to 3.7, and for the automated system from 3.4 to 3.5.

Satisfaction with Aspects of Web site* and Phone Contact**



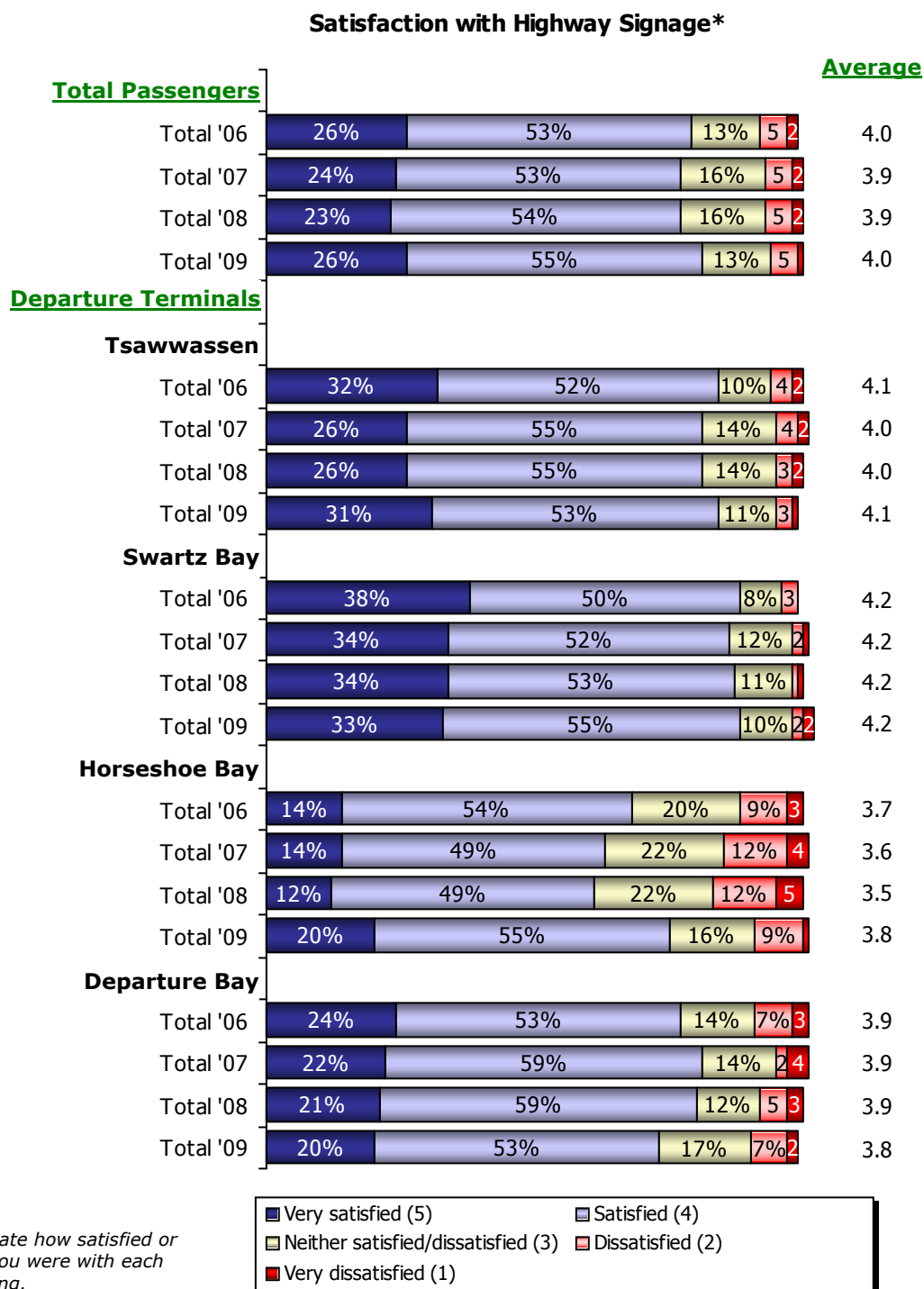
Q.2) Please rate how satisfied or dissatisfied you were with each of the following.

* 68% usage Web site, 36% for on-line reservations

** 26% usage phone service, 21% for automated system

Highway Signage

Satisfaction levels with highway signage also have improved slightly since 2008, most notably at Horseshoe Bay.

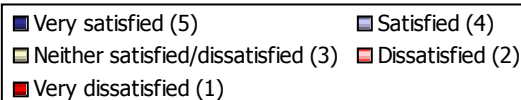
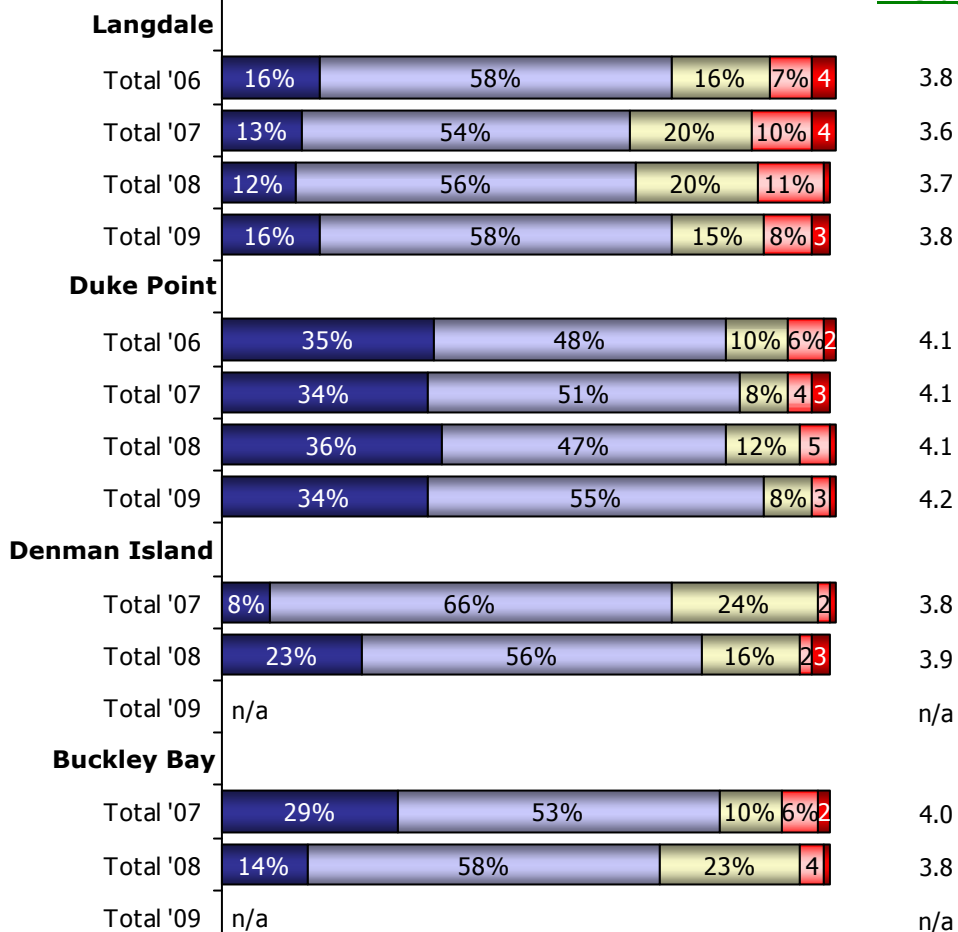


* Usage: 79%

Satisfaction with Highway Signage* (cont'd)

Departure Terminals

Average



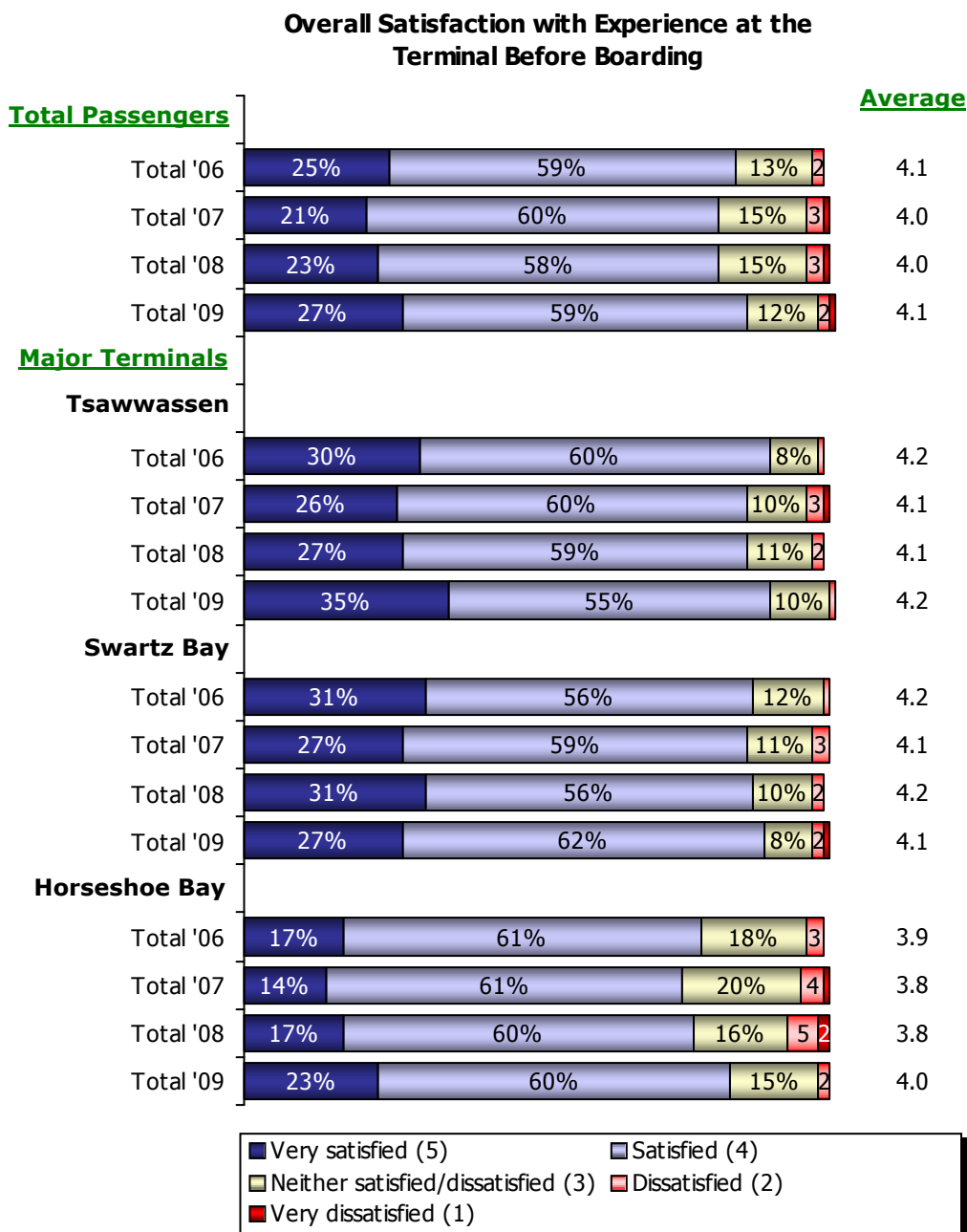
Q.2) Please rate how satisfied or dissatisfied you were with each of the following.

* Usage: 79%

At the Terminal

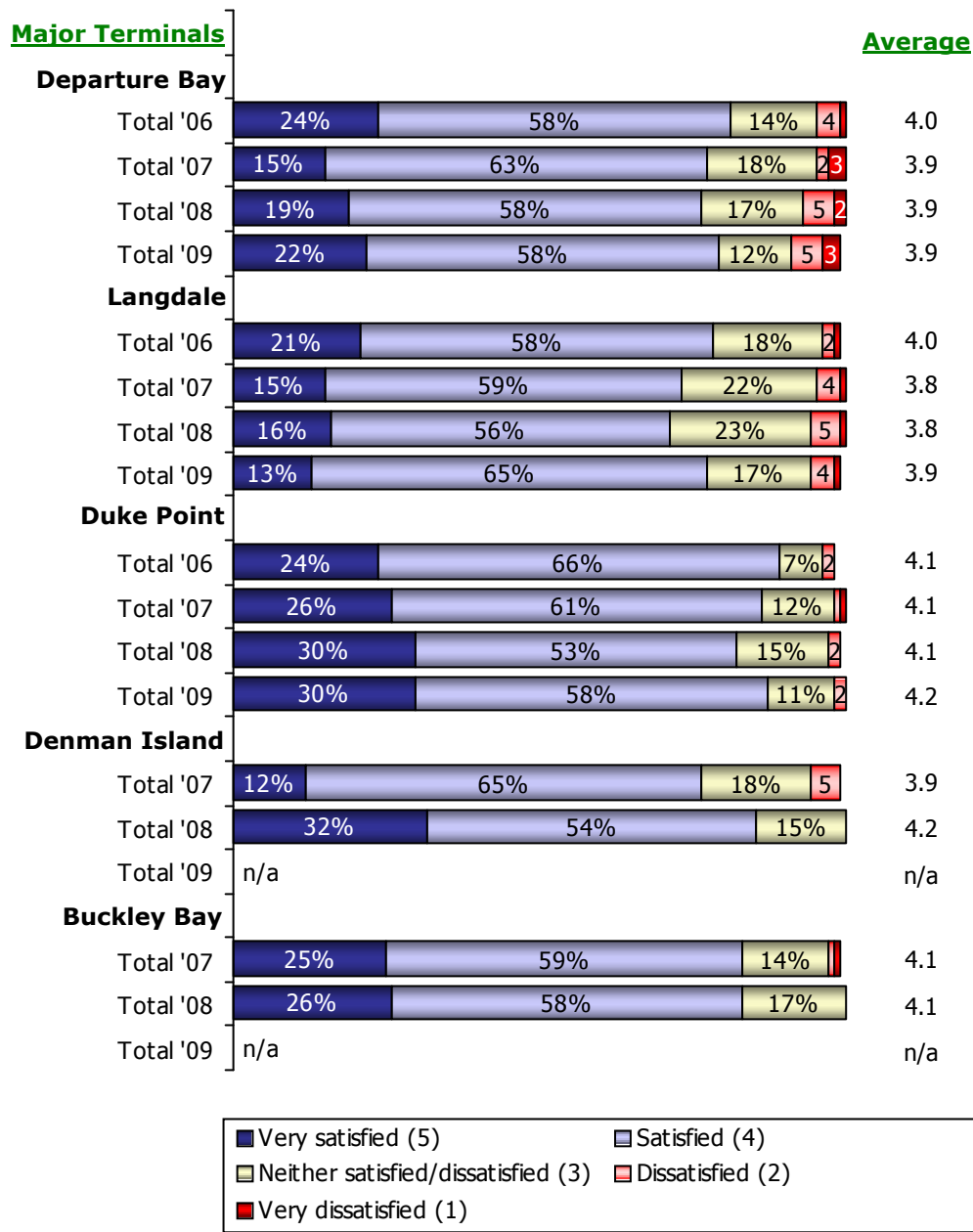
Overall Experience at the Terminal

Overall satisfaction with the experience at the terminal before boarding has also strengthened with 86% satisfied in contrast to 81% a year ago, resulting in an increase in the average score from 4.0 to 4.1. The most notable improvement was at Horseshoe Bay but minor increases in ratings also were recorded at Tsawwassen and Departure Bay.



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

Overall Satisfaction with Experience at the Terminal Before Boarding (cont'd)

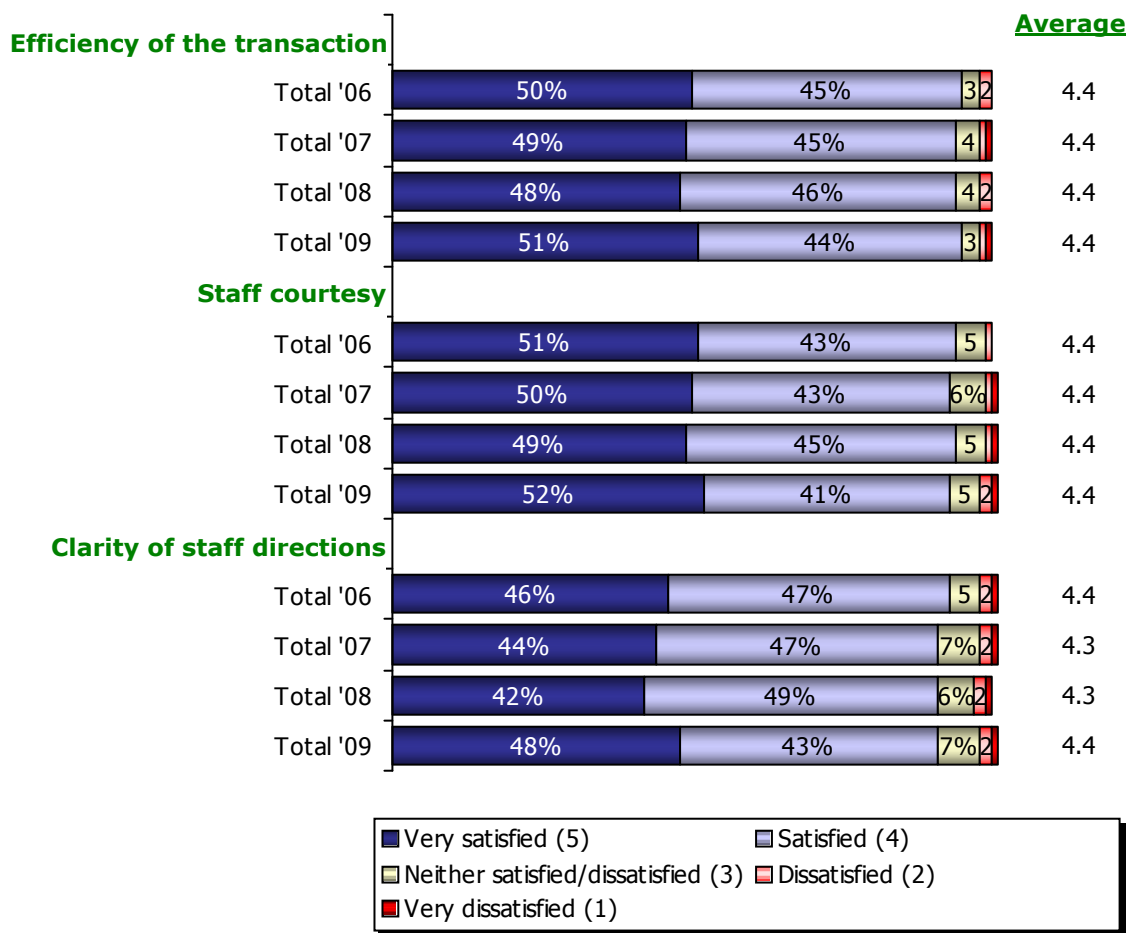


Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

Ticket Purchase

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

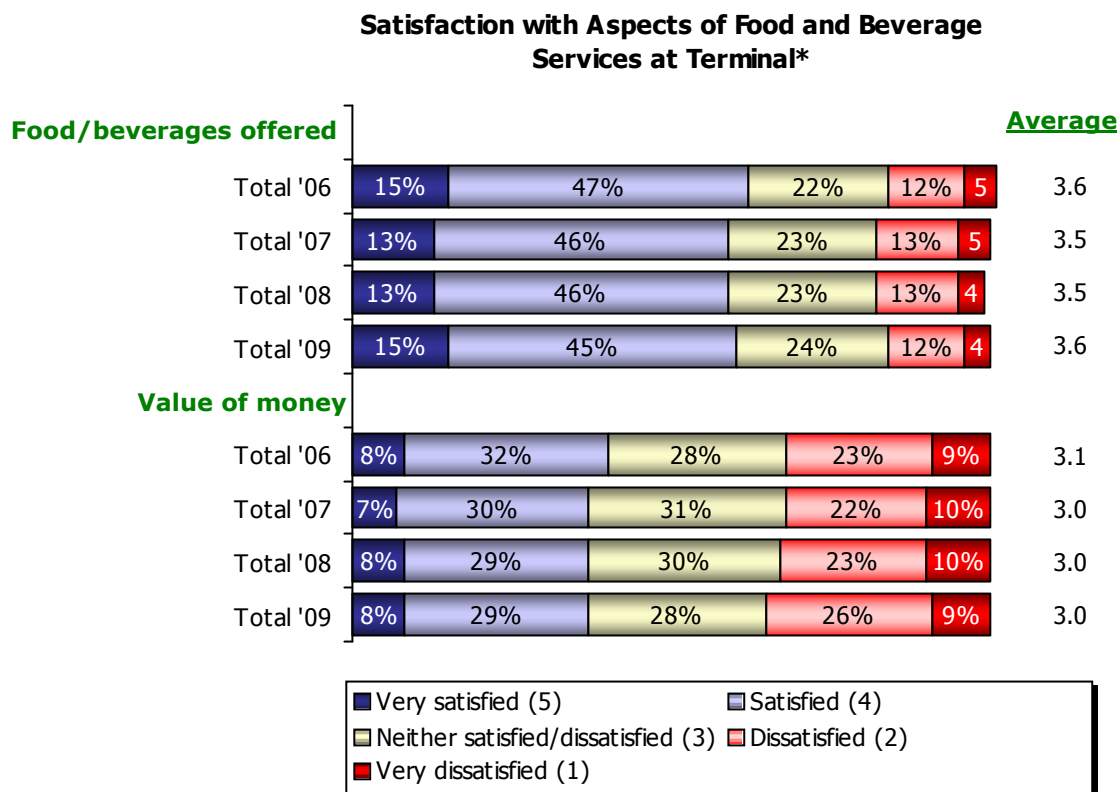
Satisfaction with Aspects of Ticket Purchase



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 are relatively unchanged.



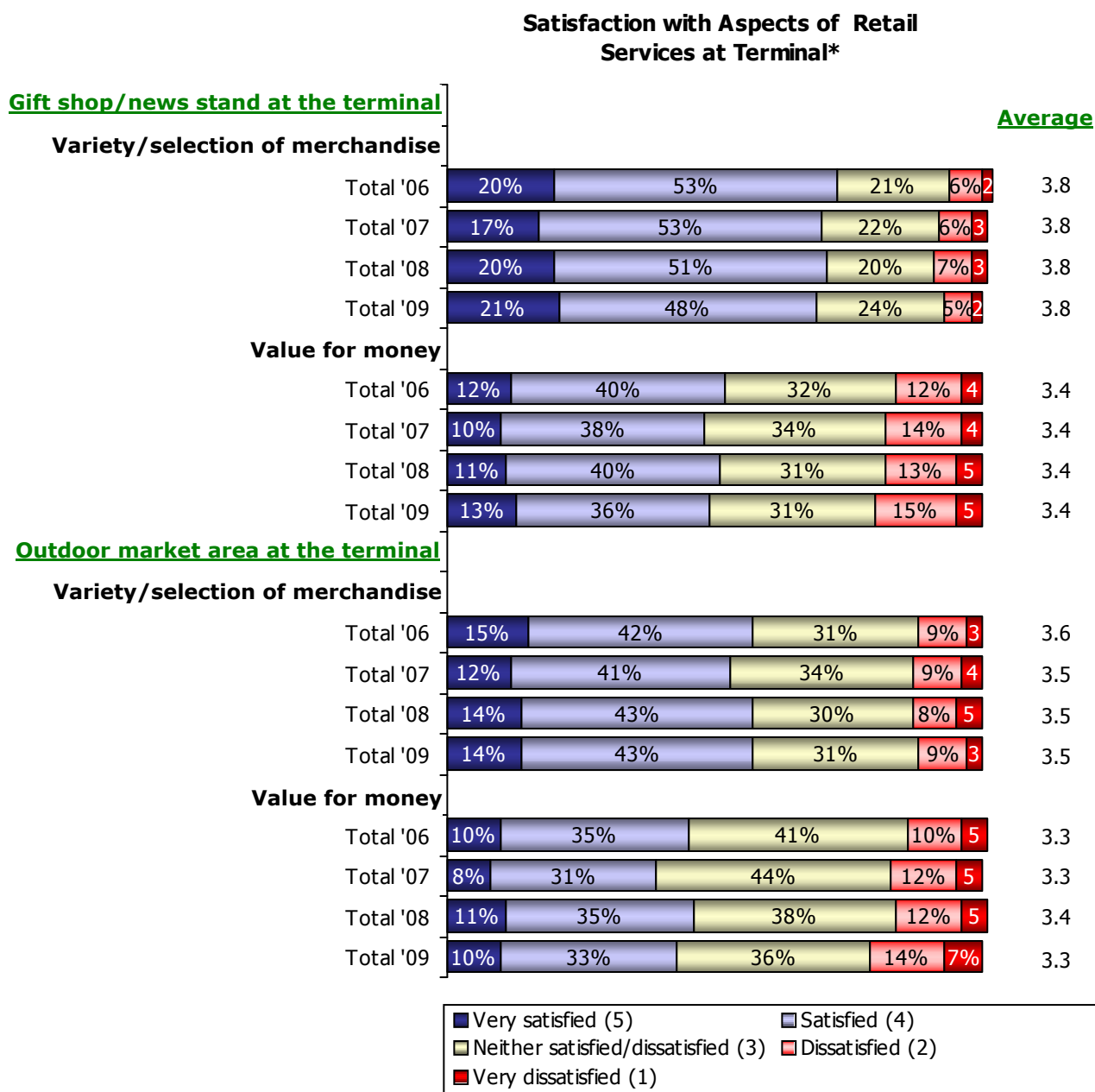
Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

*** 46% usage overall; excluding routes 19, 21 and 23.**

Retail Services at Terminal

Similarly, satisfaction ratings are not statistically different from 2008 with respect to the gift shop/news stand services at the terminals, in terms of both *variety/selection* and *value for money*.

Satisfaction levels are also relatively stable with respect to the outdoor market areas.



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

*** 37% usage gift shop, 23% usage outdoor market; excludes route 19, 21 and route 23.**

Foot Passenger Services

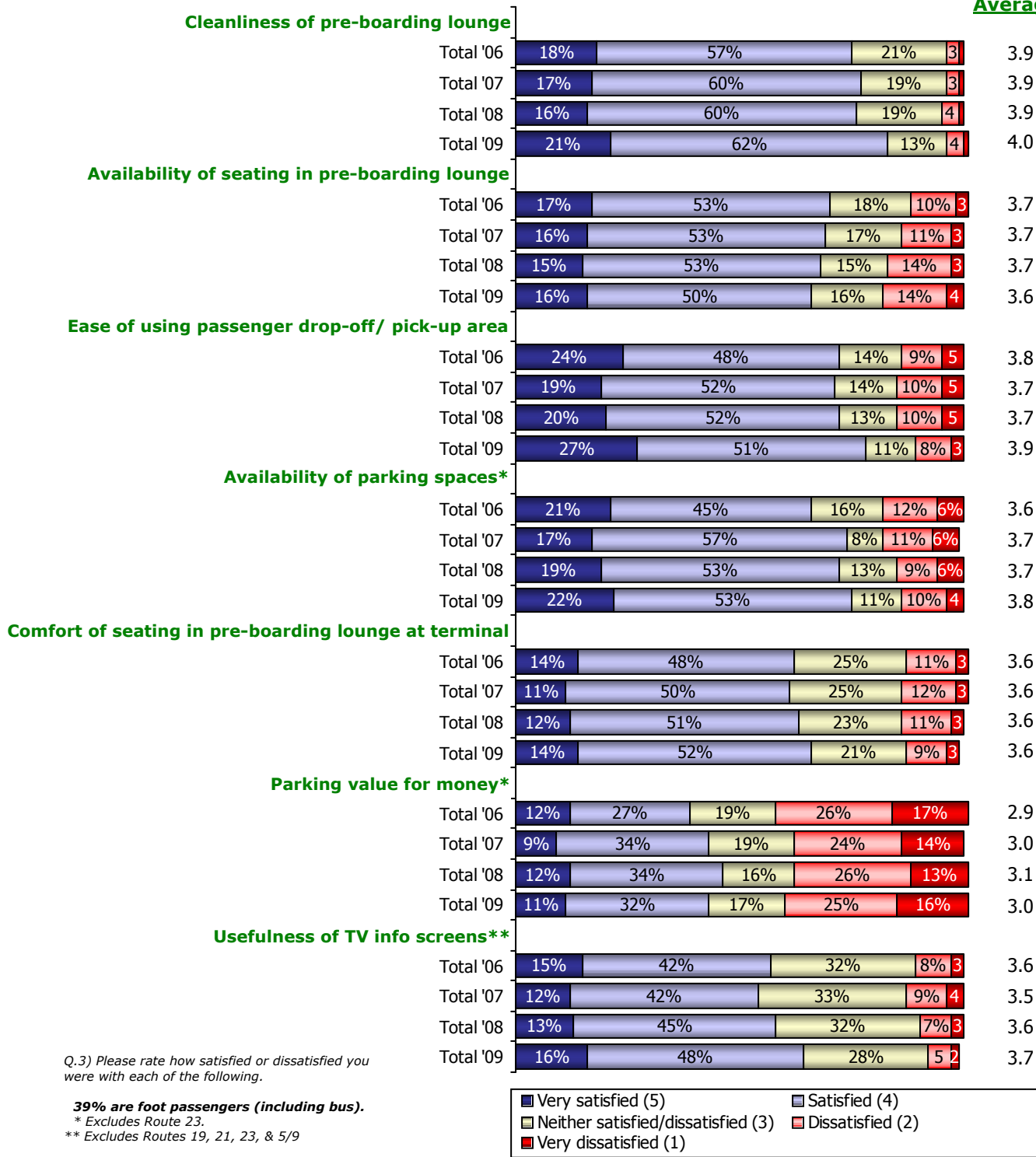
Foot passengers are reporting higher levels of satisfaction with the *cleanliness of pre-boarding lounges*, with *ease of using the passenger drop-off and pick-up areas* and with the *usefulness of TV information screens*, with ratings increasing at most major terminals.

In addition, passengers at Departure Bay are providing higher ratings for *availability of parking spaces*.

Satisfaction levels, however, have softened with respect to *parking value for money*.

Satisfaction with Foot Passenger Services

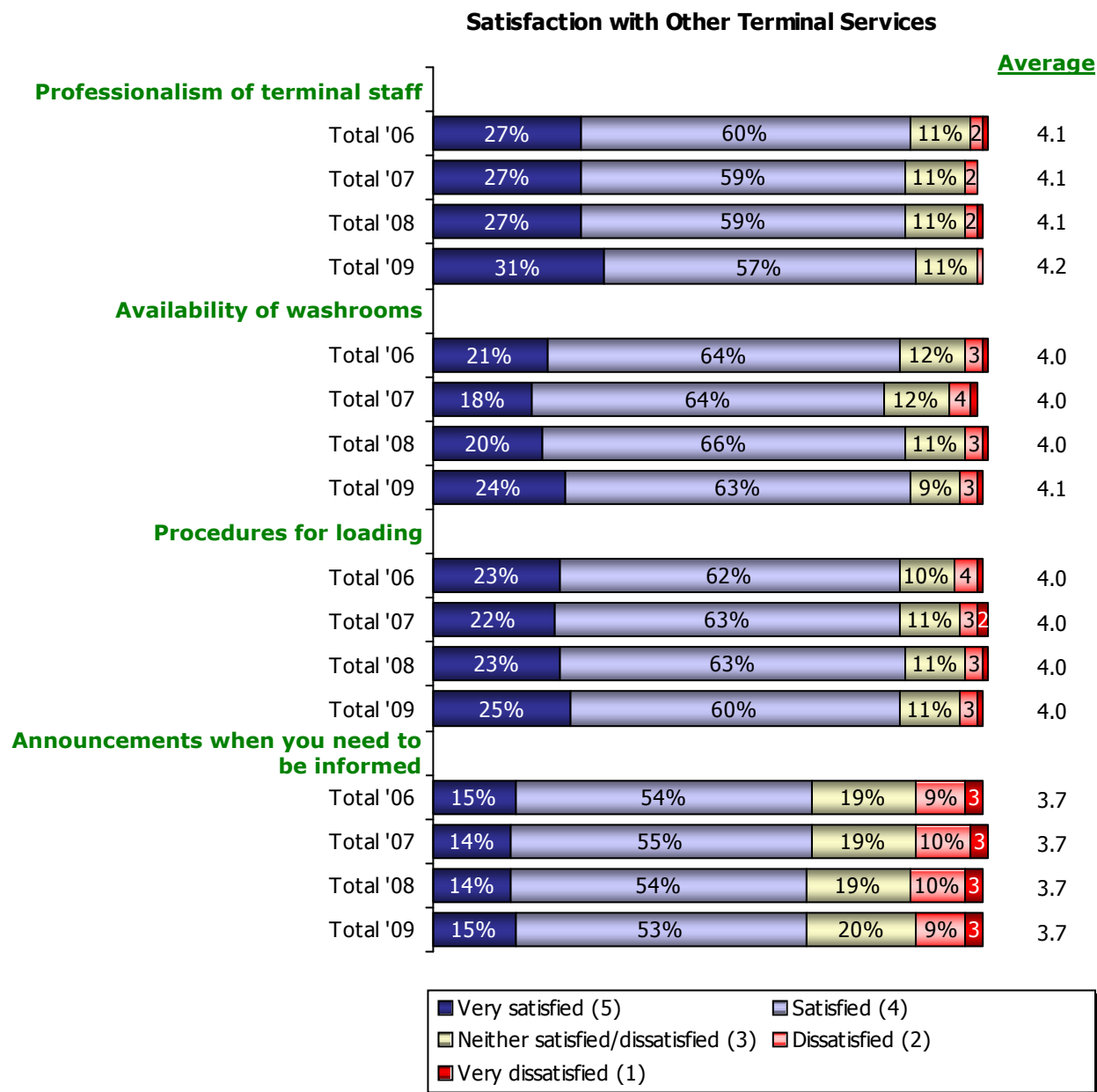
Average



Other Terminal Services

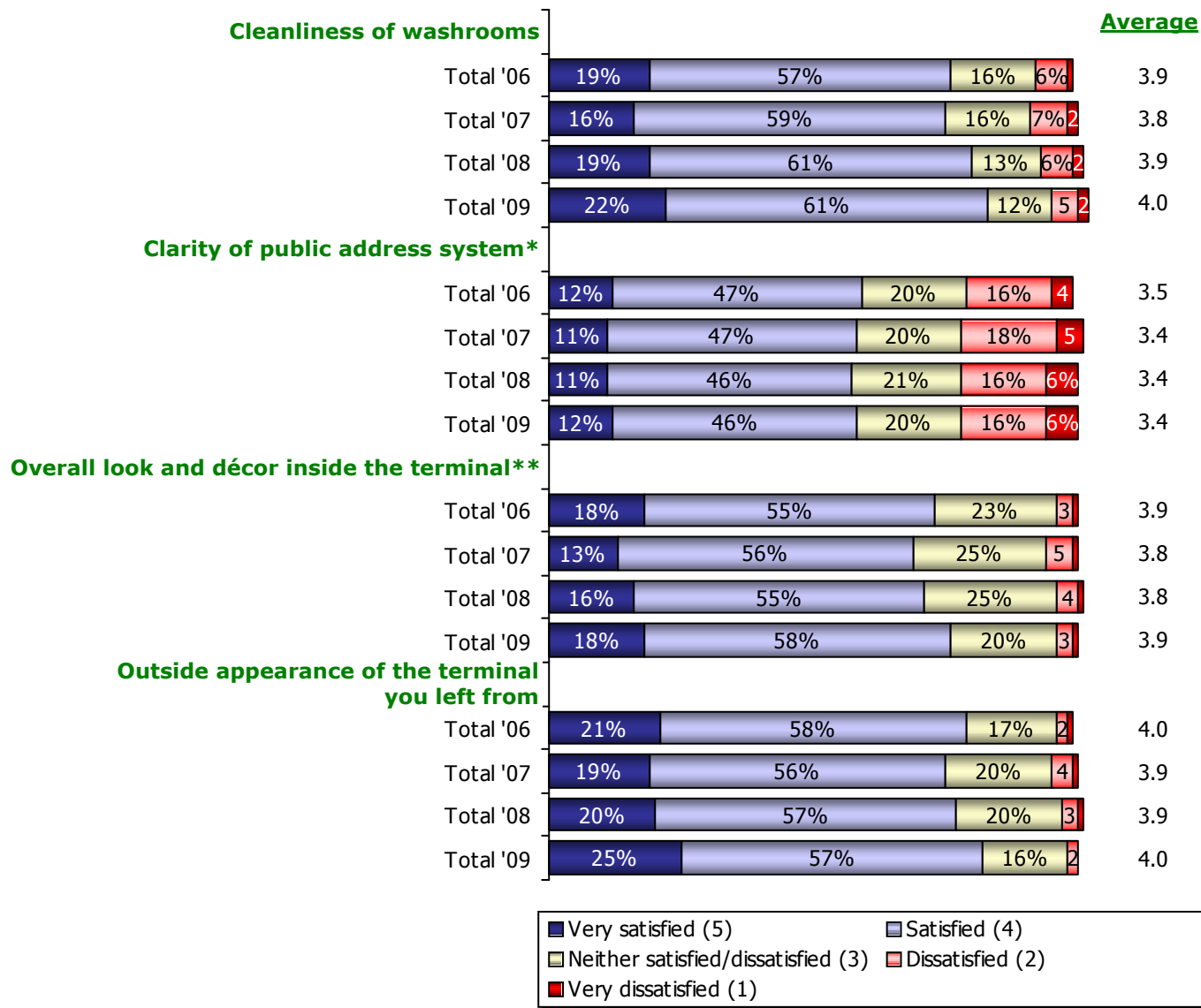
Passengers are more complimentary of the *overall look and décor of the inside terminal and outside appearance* than a year ago (ratings up 5 percentage points over the year) with ratings again improving at almost all major terminals.

Ratings have also reached their highest point for *professionalism of terminal staff, availability of washrooms*, and for *cleanliness of washrooms*.



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

Satisfaction with Other Terminal Services (cont'd)



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

*** Excludes Route 21 & 23.**

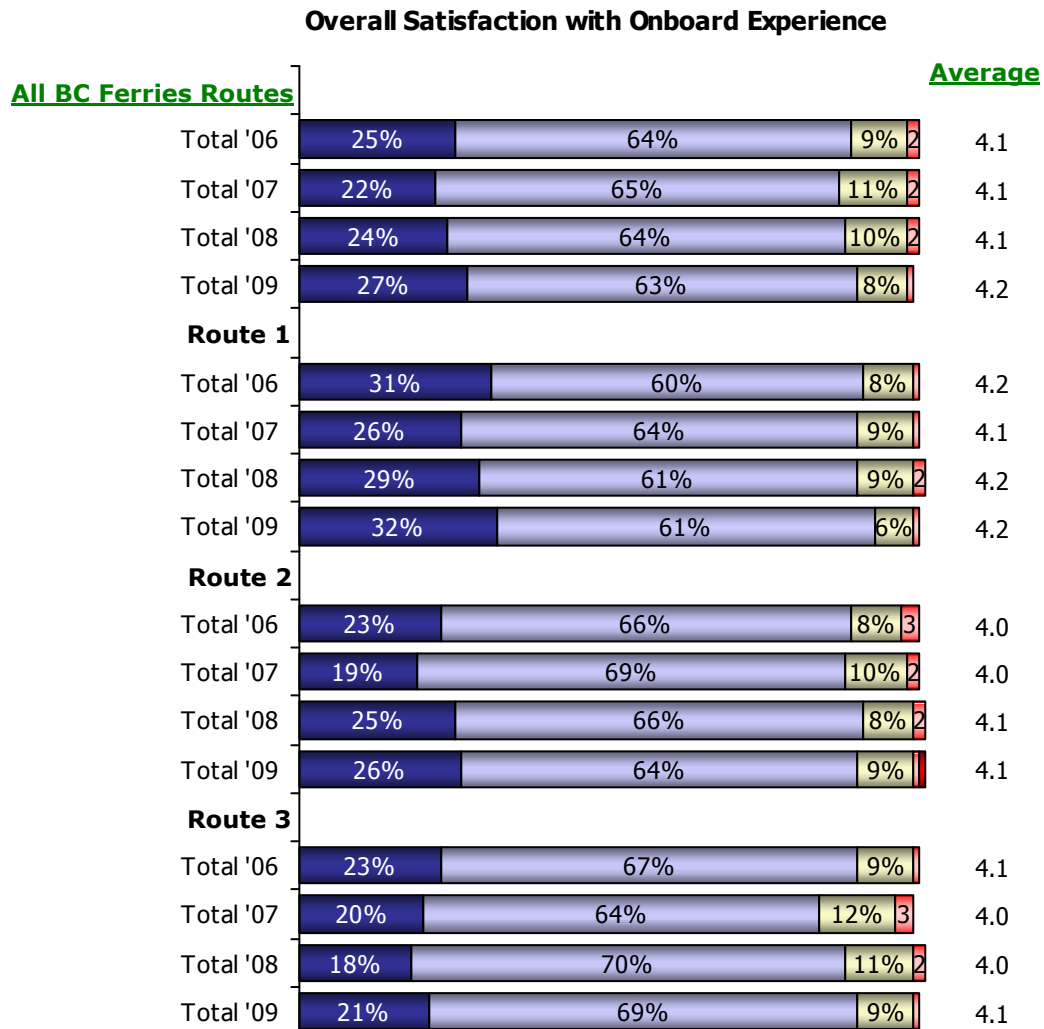
**** Excludes Route 19, 21 & 23.**

Onboard Experience

Overall Onboard Experience

A total of 90% of passengers in 2009 were satisfied with their overall experience onboard, for an overall rating of 4.2 on the 5-point scale, which is the highest score achieved to-date. Most routes with the exception of Route 4 have slightly improved scores.

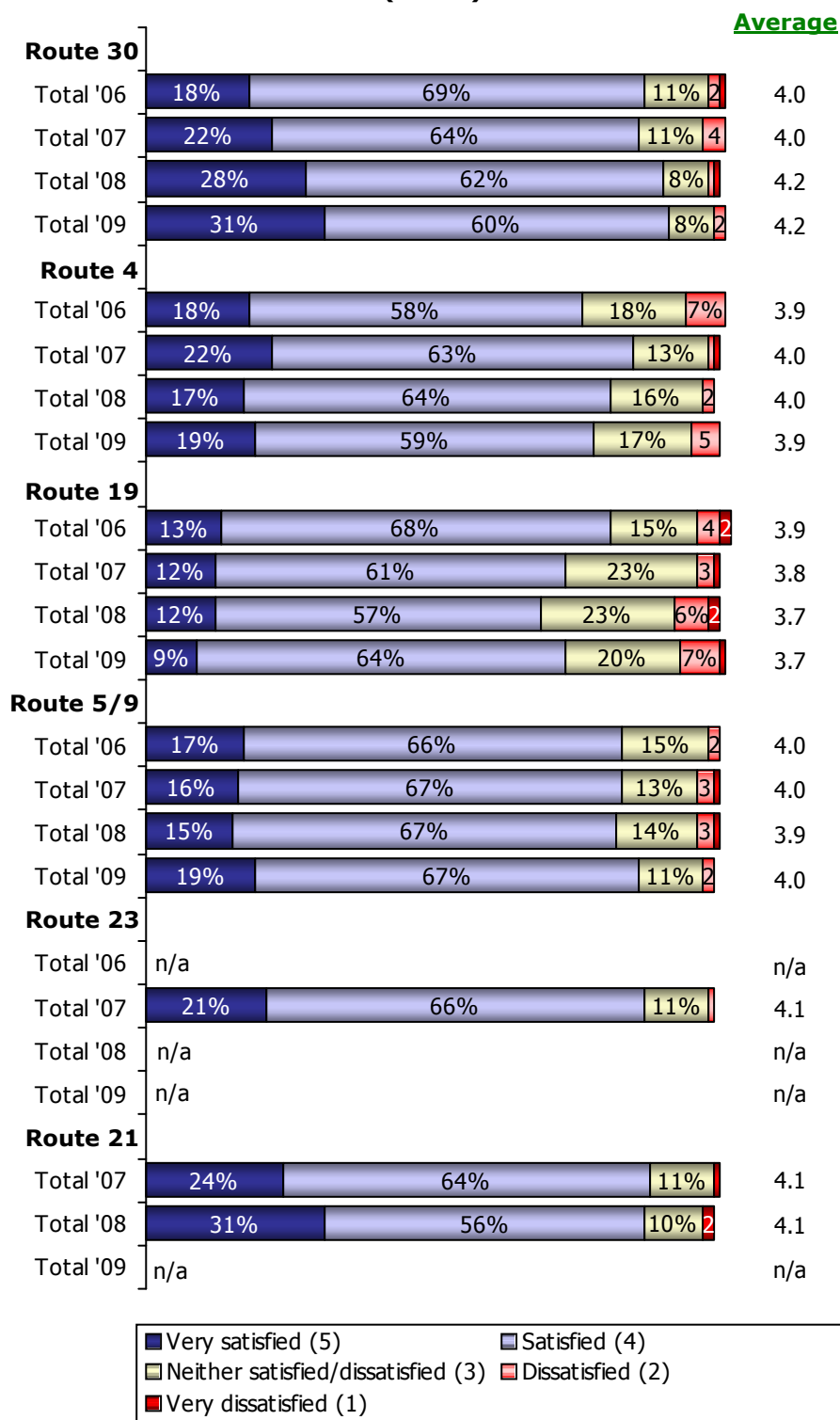
[NOTE: Refer to page 5 or page 34 for Route number codes]



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

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

Overall Satisfaction with Onboard Experience (cont'd)



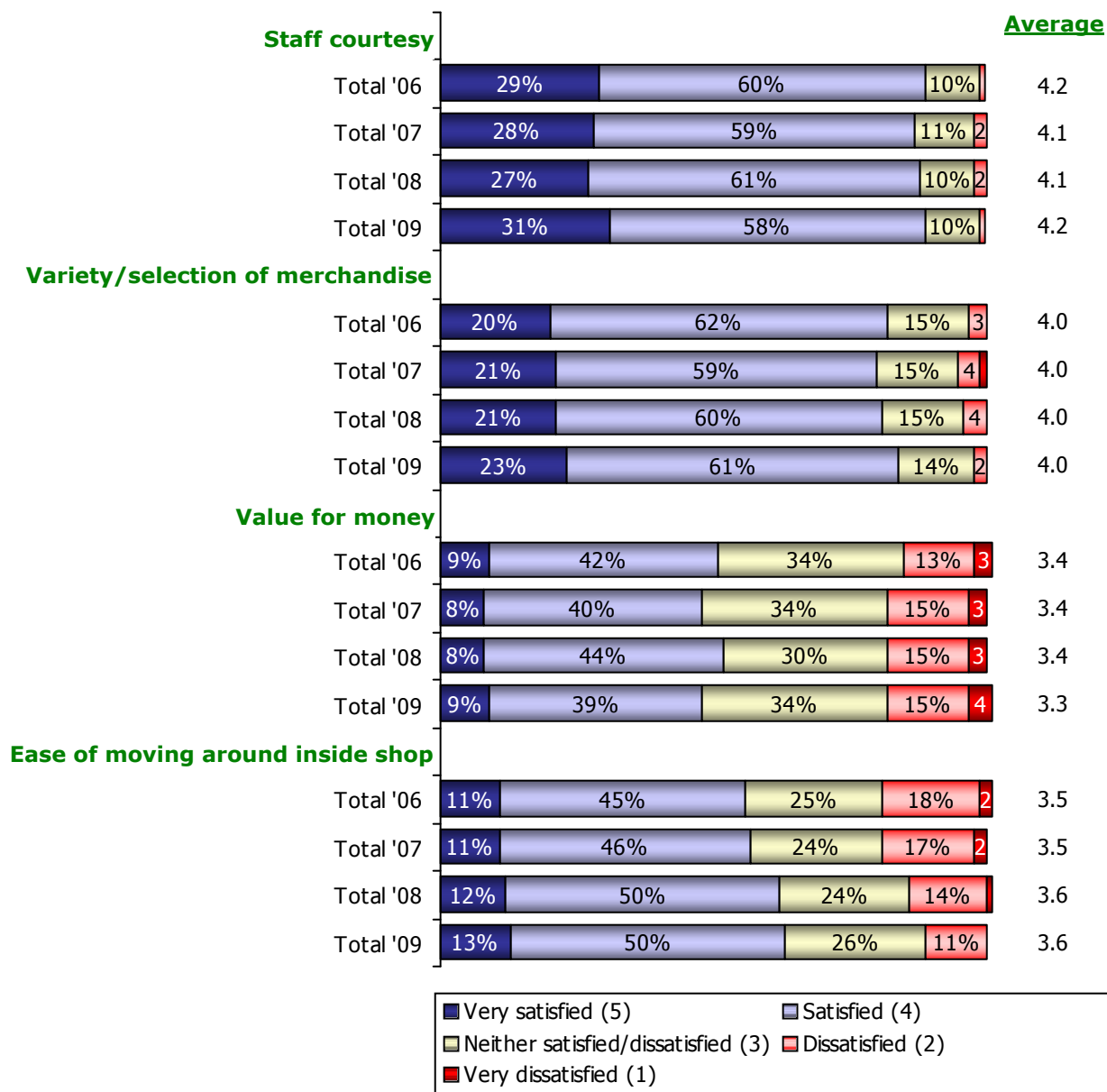
Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

Note: Route 23 not surveyed in 2006, 2008 and 2009. Route 21 not surveyed in 2009.

Onboard Gift Shop/News Stand

Satisfaction levels with different aspects of the onboard gift shop/news stand have been stable but trending upward over the years, with the exception of *value for money*, which shows a slight decline in ratings this year (3.4 to 3.3)

Satisfaction with Aspects of Gift Shop/News Stand Onboard*



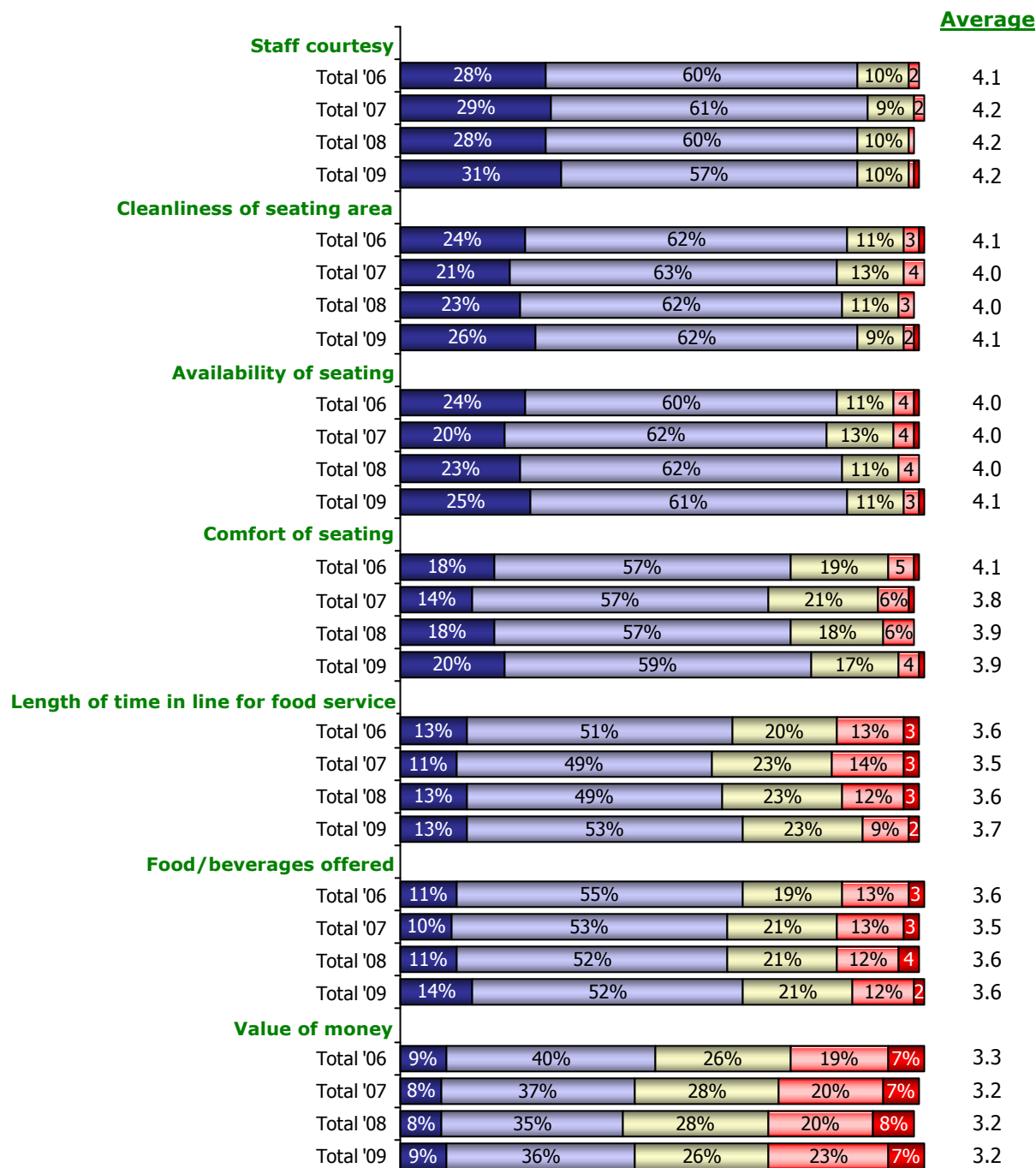
Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

* 57% usage; .excludes Routes 4, 19, 21 and 23.

Onboard Food Services

Satisfaction levels with all aspects of onboard food services also continue to trend upwards, with exception of *value for money* for which ratings have been relatively unchanged.

Satisfaction with Aspects of Food and Beverage Services Onboard*



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

* Usage 73%; excludes Routes 4, 19, 21 and 23.

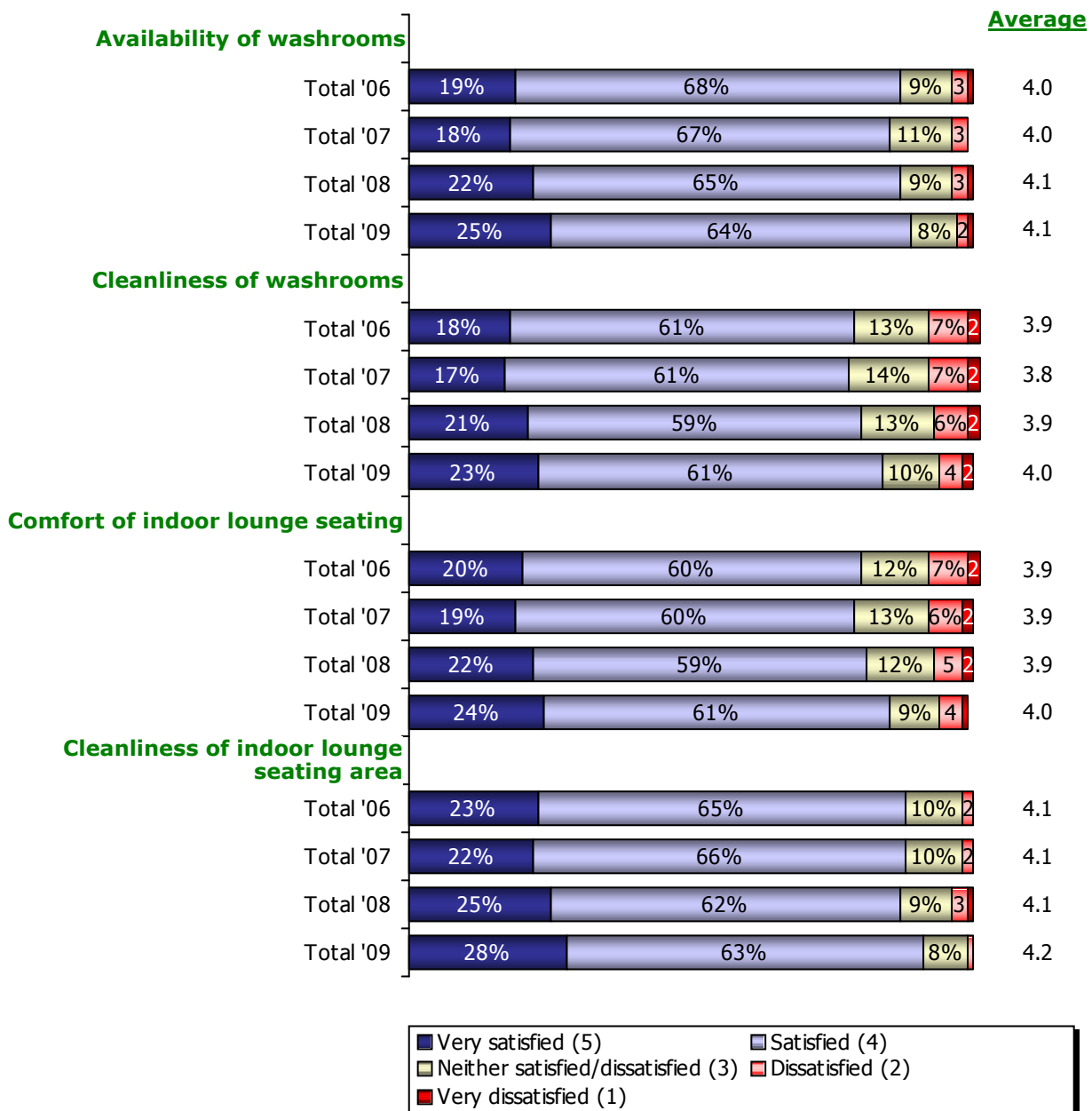
■ Very satisfied (5) ■ Satisfied (4)
 ■ Neither satisfied/dissatisfied (3) ■ Dissatisfied (2)
 ■ Very dissatisfied (1)

Onboard Washrooms and Onboard Seating

Ratings for *availability of washrooms* have been relatively stable but have improved for *cleanliness* achieving an all time high average score of 4.0.

Ratings have improved for both *comfort* and *cleanliness* of indoor lounge seating reaching average scores of 4.0 and 4.2 respectively.

Satisfaction with Onboard Washrooms and Onboard Seating

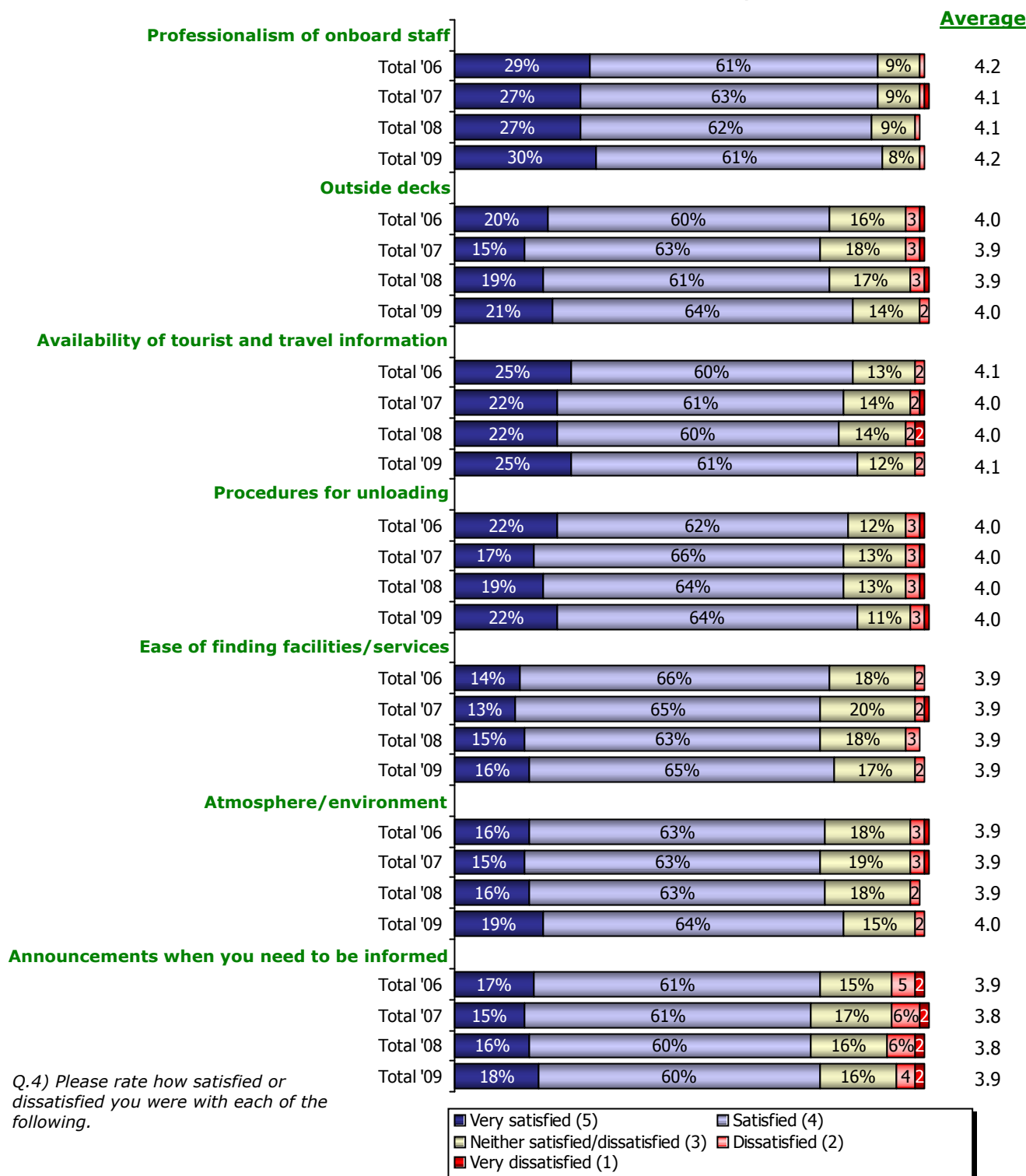


Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

Other Onboard Facilities/Services

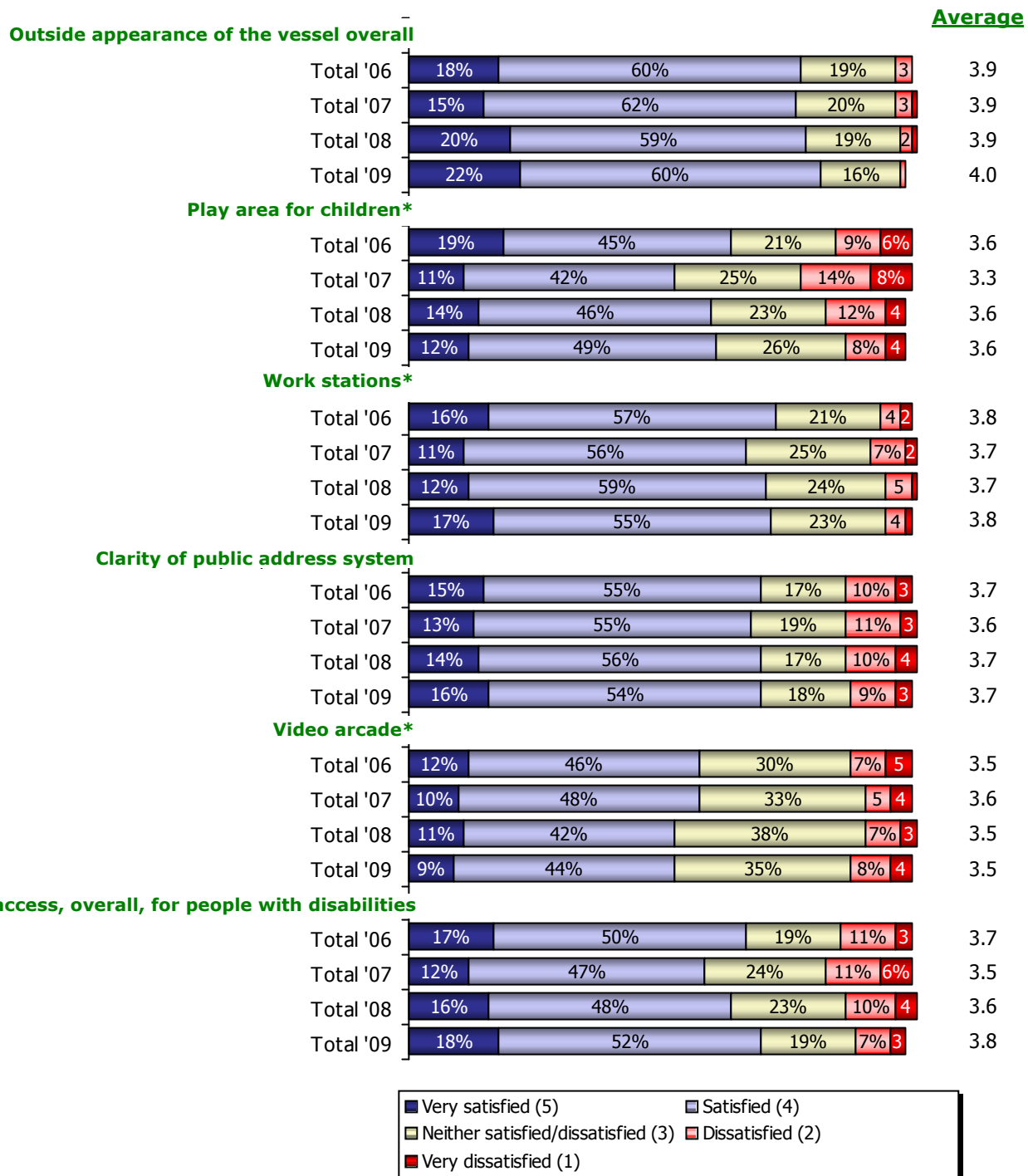
Satisfaction ratings have improved on virtually all other onboard facilities and services, in particular for ease of access for those with disabilities.

Satisfaction with Other Facilities/Services Onboard



Other Onboard Facilities/Services (cont'd)

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



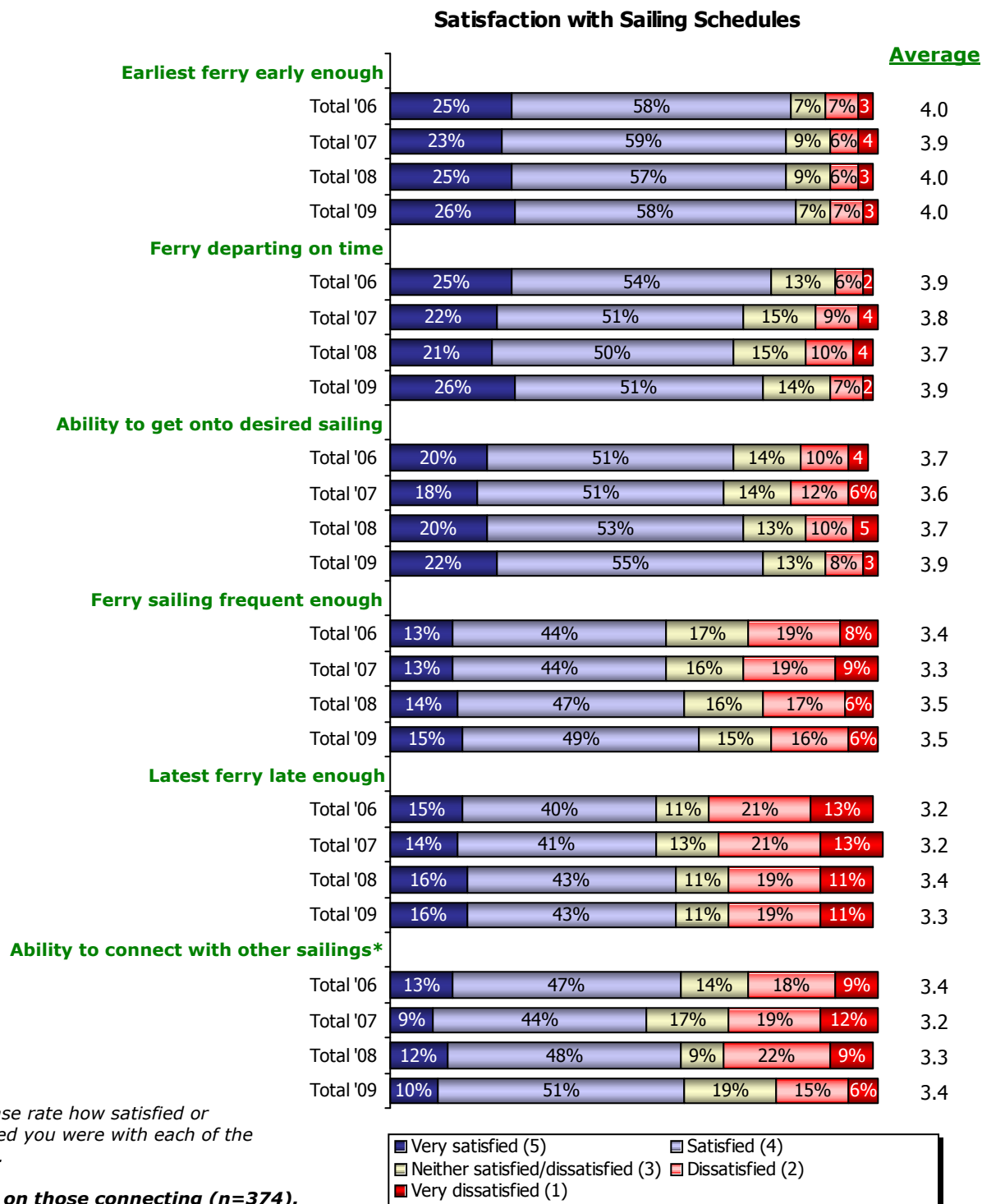
Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

* Excludes routes 4, 19, 21 and 23.

Sailing Schedules

Various Aspects of Sailing Schedules

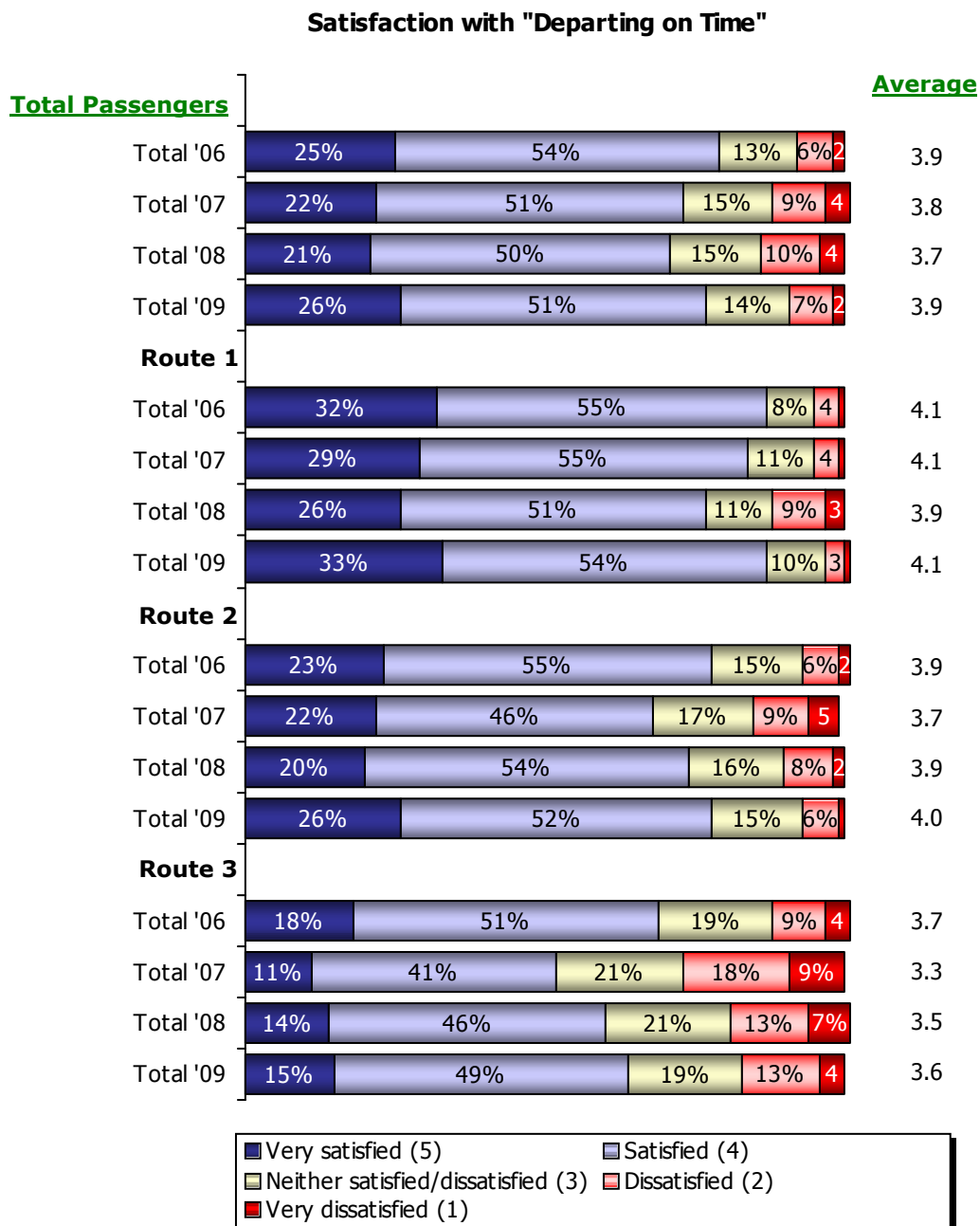
Ratings have strengthened on many aspects of sailing schedules, most notably for *on-time departures*. But ratings have been static for *earliest ferry early enough* and *latest late enough*.



Departing on Time

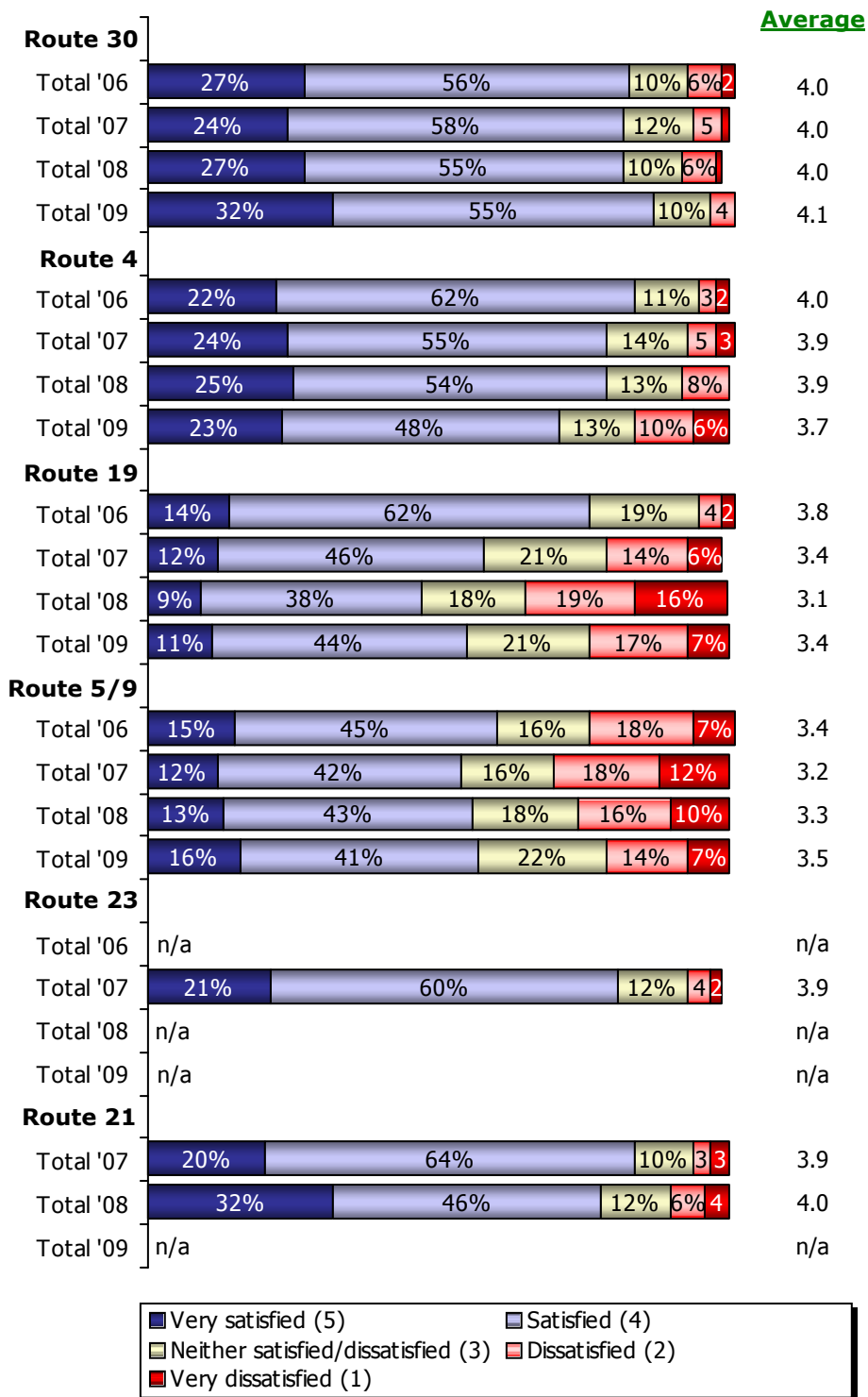
The following graph details the ratings for "departing on time" by route. Improvements have been made on virtually all routes with the exception of Route 4 where in fact ratings have slipped.

[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.

Satisfaction with "Departing on Time" (cont'd)



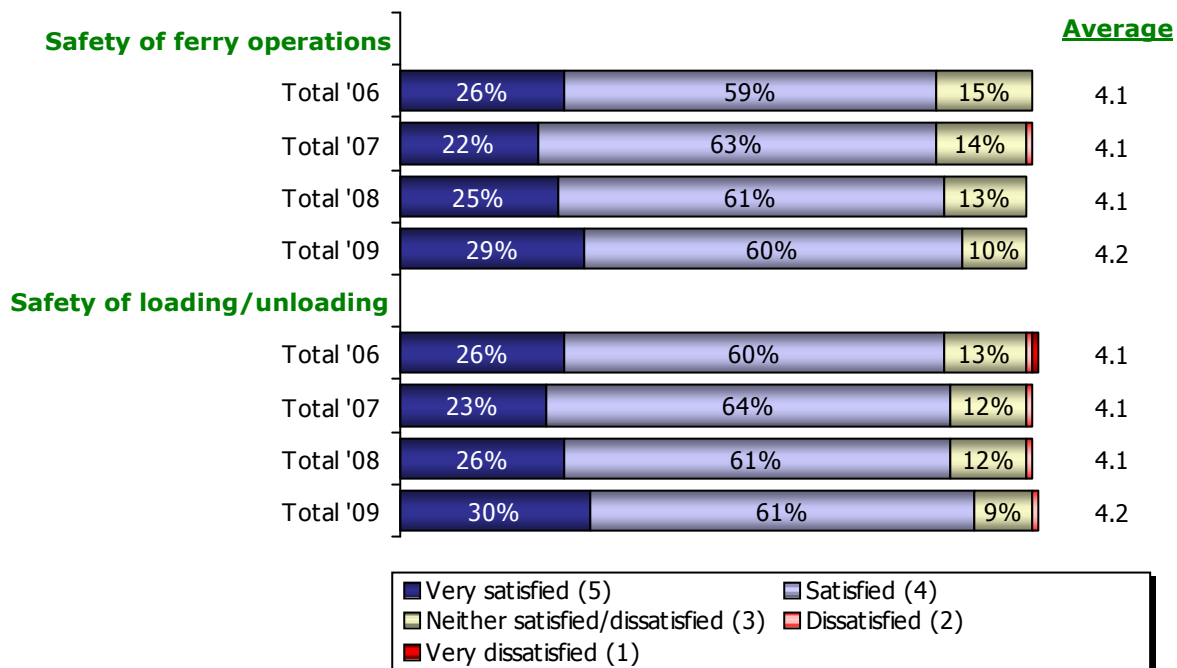
Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

Note: Route 23 not surveyed in 2006, 2008 and 2009. Route 21 not surveyed in 2009

Safety

Perceptions of safety continue to be relatively strong with average scores in fact increasing over the past year to their highest level ever (4.2).

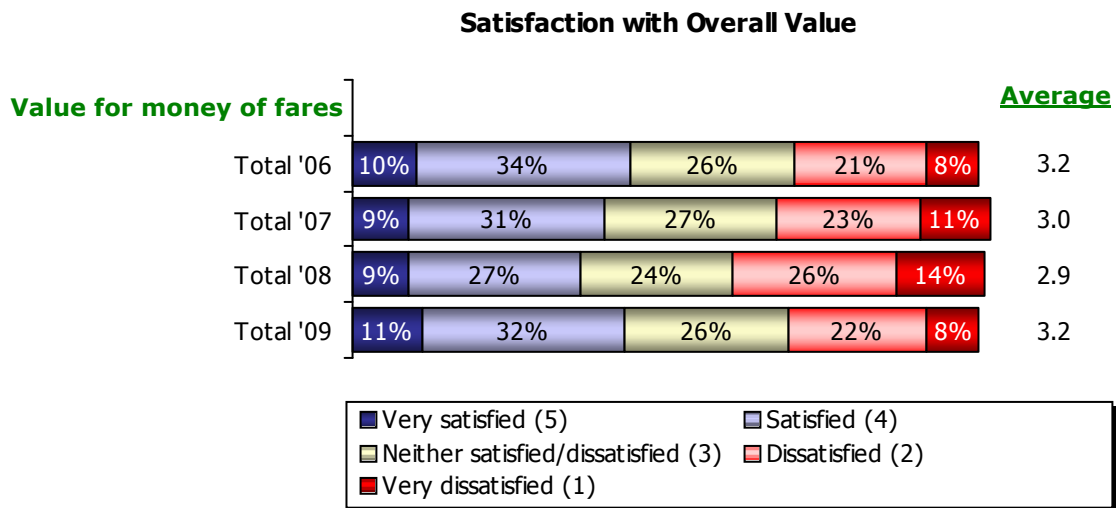
Satisfaction with Aspects of Safety



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

Overall Value

Ratings declined for *value for money of fares* in 2007 and 2008; however, in the past year the rating has rebounded to a level witnessed in earlier years. The decrease in fuel surcharges and introduction of the CoastSaver program, combined with improvement to services have likely contributed to this upturn.



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

Appendices

Route-by-Route Satisfaction Score for Each Attribute:

Ferry Routes Included in Customer Satisfaction Survey - 2009	
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 21	Denman-Buckley Bay
Route 5/9	Southern Gulf Islands (from Swartz Bay/from Tsawwassen)
Route 23	Campbell River-Quathiaski Cove, Quadra Island

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

Average Satisfaction Ratings by Route – All Waves 2009
(See page 34 for Route Number Codes)

	Total	Larger Routes				Route 3	Smaller Routes						
		Total	1	2	30		Total	4	19	21	5/9	23	
OVERALL EXPERIENCE													
Trip overall	4.3	4.3	4.4	4.2	4.3	4.1	4.1	4.1	3.8	-	4.1	-	
BEFORE ARRIVING AT TERMINAL													
Usefulness of BC Ferries website	4.3	4.3	4.3	4.2	4.3	4.2	4.2	4.3	4.1	-	4.2	-	
Ease of using on-line reservations	4.1	4.1	4.1	3.9	4.2	4.1	4.1	4.0	3.8	-	4.1	-	
Usefulness of BC Ferries phone service	3.7	3.7	3.8	3.7	3.6	3.7	3.7	3.7	3.2	-	3.8	-	
Ease of using automated phone service	3.5	3.5	3.5	3.4	3.4	3.5	3.3	3.2	3.0	-	3.5	-	
Highway signage	4.0	4.1	4.1	3.8	4.2	3.8	4.0	3.9	3.8	-	4.0	-	
TERMINAL EXPERIENCE													
Terminal overall	4.1	4.1	4.2	4.0	4.2	3.9	4.0	4.0	3.6	-	4.1	-	
Outside appearance of the terminal	4.0	4.1	4.2	4.0	4.2	3.8	3.9	3.9	3.3	-	4.1	-	
Ticket Purchase													
Efficiency of the transaction	4.4	4.5	4.5	4.4	4.5	4.4	4.4	4.4	4.3	-	4.4	-	
Staff courtesy	4.4	4.4	4.4	4.4	4.5	4.4	4.4	4.4	4.4	-	4.5	-	
Clarity of staff directions	4.4	4.4	4.4	4.3	4.5	4.3	4.3	4.2	4.3	-	4.3	-	
Food & Beverage Services at the Terminal													
Food beverages offered	3.6	3.6	3.7	3.5	3.6	3.3	3.3	3.2	-	-	3.3	-	
Value for money	3.0	3.1	3.1	2.9	3.1	2.8	2.8	2.8	-	-	2.9	-	
Gift Shop/ News Stand at the Terminal													
Variety/ selection of merchandise	3.8	3.8	3.9	3.8	3.9	3.8	3.5	3.3	-	-	3.6	-	
Value for money	3.4	3.4	3.4	3.3	3.5	3.4	3.1	3.1	-	-	3.1	-	
Outdoor Market Area at the Terminal													
Variety/ selection of merchandise	3.5	3.6	3.7	3.5	3.5	3.4	3.4	3.4	-	-	3.4	-	
Value for money	3.3	3.3	3.3	3.2	3.3	3.1	3.2	3.2	-	-	3.2	-	
Other Terminal Services													
Clarity of Public address system	3.4	3.5	3.6	3.5	3.5	3.1	3.2	3.4	3.1	-	3.1	-	
Announcements when you need to be informed	3.7	3.8	3.8	3.7	3.8	3.4	3.5	3.6	3.3	-	3.5	-	
Overall look & décor inside terminal	3.9	4.0	4.0	3.8	4.0	3.6	3.8	3.8	-	-	3.8	-	
Usefulness of TV info screens	3.7	3.8	3.8	3.7	3.7	3.6	3.6	3.6	-	-	-	-	
Availability of washrooms	4.1	4.1	4.1	4.1	4.1	4.0	3.9	4.0	3.3	-	4.0	-	
Cleanliness of washrooms	4.0	4.0	4.0	3.9	4.1	3.9	3.9	4.0	3.1	-	4.0	-	
Procedures for loading	4.0	4.1	4.2	4.0	4.1	3.9	3.9	4.0	3.9	-	3.9	-	
Professionalism of terminal staff	4.2	4.2	4.2	4.2	4.2	4.1	4.1	4.1	4.2	-	4.1	-	

continued...

Average Satisfaction Ratings by Route – <u>All Waves 2009</u> (See page 34 for Route Number Codes)												
	Total	Larger Routes				Route 3	Smaller Routes					
		Total	1	2	30		Total	4	19	21	5/9	23
Foot Passenger Services at the Terminal												
Availability of parking spaces	3.8	4.0	4.0	3.8	4.1	3.5	3.3	3.2	2.3	-	3.7	-
Parking value for money	3.0	2.8	2.8	2.8	3.1	3.6	2.9	2.8	3.4	-	2.8	-
Ease of using passenger drop-off/ pick-up area	3.9	3.9	4.0	3.8	4.0	3.9	3.8	3.9	3.1	-	3.9	-
Availability of seating in pre-boarding lounge at terminal	3.6	3.6	3.7	3.4	3.7	3.6	3.7	3.9	3.0	-	3.9	-
Comfort of seating in pre-boarding lounge at terminal	3.6	3.7	3.8	3.4	3.6	3.6	3.5	3.7	2.6	-	3.7	-
Cleanliness of pre-boarding lounge	4.0	4.0	4.1	3.8	4.1	3.9	3.9	4.0	3.3	-	4.0	-
ONBOARD EXPERIENCE												
Onboard overall	4.2	4.2	4.2	4.1	4.2	4.1	4.0	3.9	3.7	-	4.0	-
Gift Shop/ News Stand												
Variety/ selection of merchandise	4.0	4.1	4.0	4.0	4.1	4.1	3.8	-	-	-	3.8	-
Staff courtesy	4.2	4.2	4.2	4.3	4.2	4.2	4.1	-	-	-	4.1	-
Ease of moving around inside shop	3.6	3.6	3.7	3.5	3.8	3.7	3.5	-	-	-	3.5	-
Value for money	3.3	3.3	3.3	3.3	3.5	3.4	3.2	-	-	-	3.2	-
Food Services												
Length of time in line for food services	3.7	3.7	3.6	3.6	3.7	3.6	3.7	-	-	-	3.7	-
Food/ beverages offered	3.6	3.7	3.7	3.6	3.7	3.6	3.3	-	-	-	3.3	-
Staff courtesy	4.2	4.2	4.2	4.1	4.3	4.2	4.1	-	-	-	4.1	-
Availability of seating	4.1	4.1	4.0	4.0	4.2	4.1	4.0	-	-	-	4.0	-
Comfort of seating	3.9	3.9	3.9	3.9	4.0	4.0	3.7	-	-	-	3.7	-
Cleanliness of seating area	4.1	4.1	4.1	4.1	4.2	4.1	4.0	-	-	-	4.0	-
Value for money	3.2	3.2	3.2	3.2	3.3	3.1	3.0	-	-	-	3.0	-
Washrooms												
Availability of washrooms	4.1	4.2	4.2	4.1	4.2	4.1	3.7	3.5	3.0	-	4.0	-
Cleanliness of washrooms	4.0	4.1	4.1	3.9	4.2	4.0	3.7	3.7	2.9	-	4.0	-
Lounge Seating												
Comfort of indoor lounge seating	4.0	4.1	4.2	4.0	4.2	4.0	3.5	3.3	3.1	-	3.7	-
Cleanliness of indoor lounge seating area	4.2	4.2	4.2	4.1	4.3	4.2	3.9	3.8	3.3	-	4.0	-

continued...

Average Satisfaction Ratings by Route – <u>All Waves 2009</u> (See page 34 for Route Number Codes)												
	Total	Larger Routes				Route 3	Smaller Routes					
		Total	1	2	30		Total	4	19	21	5/9	23
Other Onboard Facilities/ Services												
Play area for children	3.6	3.6	3.7	3.7	3.3	3.5	3.1	-	-	-	3.1	-
Video arcade	3.5	3.5	3.6	3.5	3.3	3.4	3.2	-	-	-	3.2	-
Work stations	3.8	3.9	4.0	3.8	3.8	3.8	3.5	-	-	-	3.5	-
Outside decks	4.0	4.1	4.1	4.1	4.1	3.8	3.9	3.8	3.6	-	4.0	-
Outside appearance of the vessel overall	4.0	4.1	4.2	4.0	4.1	3.9	3.8	3.8	3.6	-	3.8	-
Availability of tourist and travel information	4.1	4.1	4.2	4.1	4.2	4.1	3.9	3.8	3.5	-	4.0	-
Ease of access, overall, for people with disabilities	3.8	3.9	3.9	3.8	3.9	3.8	3.2	3.1	2.6	-	3.4	-
Ease of finding facilities/ services	3.9	4.0	4.0	3.9	4.0	4.0	3.7	3.6	3.5	-	3.9	-
Clarity of public address system	3.7	3.8	3.8	3.8	3.8	3.7	3.4	3.4	3.1	-	3.5	-
Announcements when you need to be informed	3.9	4.0	3.9	3.9	4.0	3.9	3.6	3.6	3.3	-	3.7	-
Atmosphere/ environment	4.0	4.1	4.1	4.0	4.1	4.0	3.7	3.6	3.5	-	3.9	-
Procedures for unloading	4.0	4.1	4.1	4.0	4.1	3.9	3.9	3.9	3.8	-	3.8	-
Professionalism with onboard staff	4.2	4.2	4.3	4.2	4.2	4.1	4.1	4.1	4.1	-	4.1	-
Experience with the Sailing Schedule												
Earliest ferry earliest enough	4.0	4.0	4.0	4.1	3.9	4.1	3.9	3.9	4.1	-	3.8	-
Latest ferry late enough	3.3	3.5	3.5	3.4	3.7	2.9	3.3	2.9	3.5	-	3.5	-
Ferry sailing frequent enough	3.5	3.7	3.8	3.5	3.6	3.1	3.2	3.3	3.8	-	3.0	-
Ability to get onto desired ferry	3.9	3.9	4.0	3.8	3.9	3.7	3.7	3.7	3.4	-	3.9	-
Ability to connect with other sailings (based on those connecting)	3.4	3.5	3.6	3.4	3.7	3.3	3.5	3.3	2.4	-	3.8	-
Ferry departing on time	3.9	4.1	4.1	4.0	4.1	3.6	3.5	3.7	3.4	-	3.5	-
Safety												
Safety of ferry operations	4.2	4.2	4.2	4.2	4.2	4.1	4.1	4.1	4.0	-	4.1	-
Safety of loading/unloading	4.2	4.2	4.3	4.2	4.3	4.1	4.1	4.1	4.1	-	4.1	-
OVERALL VALUE												
Value for money of fares	3.2	3.2	3.2	3.1	3.2	3.1	3.1	3.2	2.9	-	3.1	-

TERMINAL ATTRIBUTES ONLY - Satisfaction Ratings by Terminal- <u>All Waves 2009</u> -									
	Total	Terminals							
		<u>Tsawwassen</u>	<u>Swartz Bay</u>	<u>Horseshoe Bay</u>	<u>Departure Bay</u>	<u>Langdale</u>	<u>Duke Point</u>	<u>Denman Island</u>	<u>Buckley Bay</u>
OVERALL EXPERIENCE									
Trip overall	4.3	4.4	4.4	4.2	4.2	4.1	4.3	-	-
TERMINAL EXPERIENCE									
Terminal overall	4.1	4.2	4.1	4.0	3.9	3.9	4.2	-	-
Outside appearance of the terminal	4.0	4.2	4.1	4.0	3.9	3.7	4.1	-	-
Ticket Purchase									
Efficiency of the transaction	4.4	4.5	4.5	4.4	4.4	4.3	4.5	-	-
Staff courtesy	4.4	4.4	4.4	4.4	4.4	4.4	4.5	-	-
Clarity of staff directions	4.4	4.4	4.3	4.3	4.4	4.3	4.5	-	-
Food & Beverage Services at the Terminal									
Food beverages offered	3.6	3.8	3.6	3.4	3.4	3.4	3.4	-	-
Value for money	3.0	3.2	3.0	2.8	2.9	2.9	3.0	-	-
Gift Shop/ News Stand at the Terminal									
Variety/ selection of merchandise	3.8	3.9	3.8	3.8	3.7	4.0	3.8	-	-
Value for money	3.4	3.5	3.3	3.4	3.2	3.5	3.5	-	-
Outdoor Market Area at the Terminal									
Variety/ selection of merchandise	3.5	3.8	3.5	3.4	3.5	3.4	3.3	-	-
Value for money	3.3	3.4	3.3	3.0	3.3	3.1	3.3	-	-
Other Terminal Services									
Clarity of Public address system	3.4	3.5	3.6	3.4	3.5	3.1	3.7	-	-
Announcements when you need to be informed	3.7	3.8	3.8	3.6	3.7	3.5	3.9	-	-
Overall look & décor inside terminal	3.9	4.1	4.0	3.7	3.9	3.5	4.0	-	-
Usefulness of TV info screens	3.7	3.8	3.8	3.6	3.6	3.6	3.7	-	-
Availability of washrooms	4.1	4.1	4.1	4.1	4.0	4.0	4.2	-	-
Cleanliness of washrooms	4.0	4.0	4.0	3.8	4.0	3.9	4.1	-	-
Procedures for loading	4.0	4.1	4.2	4.0	4.0	3.9	4.1	-	-
Professionalism of terminal staff	4.2	4.3	4.2	4.1	4.2	4.1	4.2	-	-
Foot Passenger Services at the Terminal									
Availability of parking spaces	3.8	4.0	3.9	3.6	4.1	3.5	4.0	-	-
Parking value for money	3.0	2.8	2.9	3.0	2.9	3.8	2.9	-	-
Ease of using passenger drop-off/ pick-up area	3.9	4.0	4.0	3.9	3.7	3.9	4.0	-	-
Availability of seating in pre-boarding lounge at terminal	3.6	3.6	3.8	3.5	3.4	3.5	4.0	-	-
Comfort of seating in pre-boarding lounge at terminal	3.6	3.7	3.9	3.5	3.4	3.5	3.7	-	-
Cleanliness of pre-boarding lounge	4.0	4.0	4.2	3.8	3.8	3.9	4.2	-	-
OVERALL VALUE									
Value for money of fares	3.2	3.2	3.2	3.1	3.1	3.2	3.2	-	-

Research Methodology

Background

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

Project Overview

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

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

Research Objectives

The specific objectives are as follows:

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

Quantitative Tracking Research

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

Immediately following this “screener”, passengers were asked to complete a survey *after* they disembarked and left the terminal area. The completed survey was returned in a postage pre-paid envelope. Respondents were instructed to complete the survey within 48 hours of receiving it to ensure top-of-mind experiences were 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 2009 are as follows:

	All Waves 2009	
	<u>Screeners</u>	<u>Returns</u>
Route 1: Tsawwassen-Swartz Bay	2,038	912
Route 2: Horseshoe Bay-Departure Bay	1,951	667
Route 3: Horseshoe Bay-Langdale	1,193	503
Route 30: Tsawwassen-Duke Point	1,915	789
Route 4: Swartz Bay-Fulford Harbour, Salt Spring Island	1,385	563
Route 19: Departure Bay-Descanso Bay, Gabriola Island	960	220
Route 21: Denman-Buckley Bay	n/a	n/a
Route 5/9: Southern Gulf Islands	3,258	1,422
Route 23: Campbell River-Quadra Island	n/a	n/a
TOTAL	12,700	5,076

Sample Validation and Weighting

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

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

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

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

Actual & Weighted Distribution of the Sample – All Waves 2009 –				
	Screeners		Returns	
	<u>Actual</u> (12,700) %	<u>Weighted</u> (12,700) %	<u>Actual</u> (5,076) %	<u>Weighted</u> (5,076) %
Weekend				
Route:				
1	5	13	6	15
2	5	7	4	6
3	3	5	3	6
30	4	3	4	4
4	3	1	3	1
19	2	1	1	<1
21	n/a	n/a	n/a	n/a
5/9	7	2	7	2
23	n/a	n/a	n/a	n/a
Weekday				
Route:				
1	11	24	12	26
2	11	15	10	13
3	7	12	7	11
30	11	6	11	6
4	8	3	8	3
19	5	3	3	2
21	n/a	n/a	n/a	n/a
5/9	18	5	21	5
23	n/a	n/a	n/a	n/a

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.
- 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.

Interviewing and questionnaire placements for the November 2009 Wave was completed between November 24 and December 7, 2009.

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 2009.

Response Rates	
	<u>All Waves 2009</u>
Route 1	45
Route 2	34
Route 3	42
Route 30	41
Route 4	41
Route 19	23
Route 21	n/a
Route 5/9	44
Route 23	n/a
Overall response	40

Margin of Error

Overall, the tolerance limits for the 2009 research year 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 2009		
	<u>Actual Sample Size</u>	<u>Approximate Tolerance Limits % Points</u>
Total Screeners	12,700	+/- 0.9%
Total Returns	5,076	+/- 1.4%
Individual Route Returns		
Route 1	912	+/- 3.2%
Route 2	667	+/- 3.8%
Route 3	503	+/- 4.4%
Route 30	789	+/- 3.5%
Route 4	563	+/- 4.1%
Route 19	220	+/- 6.6%
Route 21	n/a	n/a
Route 5/9	1,422	+/- 2.6%
Route 23	n/a	n/a

These tolerance limits apply to a true random sample typically achieved through a general population telephone survey. However, in similar studies, we have found that our sampling rigours have consistently produced an accuracy level well within the tolerance limits described here.

Part 3

Additional or Alternative Service Providers



Part 3: Additional or Alternative Service Providers

Overview

This section provides a review, in summary form, of the proposals received and actions taken by BC Ferries in accordance with the requirements of section 69 of the Act prior to its amendment by Bill 20.³

Second Performance Term Additional or Alternative Service Providers Plan

In March 2008, BC Ferries submitted its Second Performance Term Additional or Alternative Service Providers Plan to the Commissioner ("PT2 ASP Plan").

The current status of the initiatives included in the PT2 ASP Plan, including the specific actions undertaken by BC Ferries in 2009/10 in respect of those initiatives, is as follows:

➤ **Route 12 - Mill Bay to Brentwood Bay**

BC Ferries' process to seek alternative service providers ("ASPs") to deliver ferry service on route 12 was completed in 2008/09. The final stage of the process involved the issuance of a Request for Proposal ("RFP"), to which BC Ferries received a single proposal. BC Ferries performed an extensive assessment of the proposal received from the potential ASP and engaged an external independent party to review the Company's evaluation. In June 2008, BC Ferries concluded that it can operate route 12 in a more cost-effective manner than that proposed by the potential ASP and BC Ferries continues to be the provider of ferry service on route 12. The process for seeking ASPs on route 12 is complete.

➤ **Northern Gulf Islands**

Routes 23 - Campbell River to Quadra Island Route

24 - Quadra Island to Cortes Island Route

25 - Port McNeil to Sointula to Alert Bay

In August 2008, BC Ferries issued a Request for Expressions of Interest ("RFEOI") as the first step in the process for seeking an ASP for three Northern Gulf Island routes - routes 23, 24 and 25. No respondent to the RFEOI elected to proceed, and consequently, the process is complete. BC Ferries continues to be the provider of ferry service on these routes.

³ The amendments to section 69 of the Act were brought into force on June 24, 2010, following fiscal 2009/10 year-end.

➤ **Northern Routes**

Route 10 – Port Hardy to Prince Rupert

Route 11 – Queen Charlotte Islands to Prince Rupert

Route 40 – Discovery Coast Passage (Port Hardy to Mid Coast)

Route 26 – Skidegate to Alliford Bay

The Northern Routes were chosen in performance term one (2003 – 2008) as candidates for alternative service delivery (“ASD”) in part because the three existing vessels, *Queen of Prince Rupert*, *Queen of the North* and the *Queen of Chilliwack*, were nearing the end of their useful lives, and faced potential compliance issues in respect of future Transport Canada regulations. In addition, the Contract required BC Ferries to provide a number of deliverables for the Northern Routes in performance term one, including the development of a long term strategy to improve customer service and enhance operational efficiencies. BC Ferries believed that an ASD initiative would help to respond to these imperatives.

An RFEOI was issued by the Company on August 2, 2005 to identify ASPs interested in delivering ferry services on the Northern Routes. Plans to implement the next phase of the procurement process, a combined Request for Qualifications (“RFQ”) and RFP, was deferred as a result of the loss of the *Queen of the North* on March 22, 2006. Instead, BC Ferries elected to devote its limited resources to restoring service to the Northern Routes and ensuring timely acquisition of replacement vessels for the northern service.

The imperatives underlying BC Ferries’ original decision to seek ASPs for the northern routes have lessened in the period since the loss of the *Queen of the North*. The original concept for the Northern Routes ASD initiative contemplated the ASP providing replacement vessels for BC Ferries’ northern vessels. However, BC Ferries has since brought two primary replacement vessels, *Northern Adventure* and *Northern Expedition*, into service on the northern routes. In addition, the *Queen of Chilliwack* will be refit to enable it to continue operating safely until 2016/17. In view of the foregoing, the Company has deferred action on the Northern Routes ASD initiative.

However, supplemental to the PT2 ASP Plan, the Company undertook an ASD process for the two mid-coast ports of Shearwater and Ocean Falls. BC Ferries issued an RFP for this service in June 2009, and based on the proposals received, concluded that sub-contracting with an ASP to provide the service would generate significant savings. However, the Province was not in a position to confirm that BC Ferries could proceed as per the Contract and, consequently, the Company cancelled the initiative in December 2009. BC Ferries continues to be the provider of ferry service to these ports.

➤ ***Sunshine Coast***

Route 17 – Comox to Powell River

Route 18 – Powell River to Texada Island

As required by the Contract, BC Ferries developed a vessel and service strategy with respect to routes 17 and 18. This strategy was developed after extensive consultation with the community and was submitted to the Ministry in September 2005. In February 2010, the Ministry responded, advising BC Ferries that the strategy is under consideration by the Province. As it is five years since BC Ferries submitted the strategy, the Ministry requested that BC Ferries update the report with current information. This work is underway. The viability of pursuing ASD arrangements for these routes will be considered once a response is received from the Province.