
British Columbia Ferry Services Inc.

Annual Report
to the
British Columbia Ferries Commissioner

Year Ended March 31, 2009

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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, 2009 (the “fiscal year” or “2008/09”), 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. 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 2008/09, BC Ferries carried more than 8.1 million vehicles¹ and 20.7 million passengers on 187,000 sailings. During the fiscal year, the Company successfully maintained a high standard of service reliability, delivering 99.8% 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 \$1.5 billion.

In 2008/09, BC Ferries added four new vessels to its fleet. Two additional Super C-class vessels, *Coastal Inspiration* and *Coastal Celebration*, were introduced into service on the major routes in June and November, 2008, respectively. This marked the successful completion of the Super C-class project ahead of schedule and \$26 million under budget. In February, 2009, the *Island Sky* commenced service on the Sunshine Coast. This was followed in May, 2009, by the introduction into service of the *Northern Expedition*, which offers a cruise-like experience for passengers on the northern routes. With the arrival of these ships, the Company has now completed the first phase of its major vessel replacement program that added seven new vessels to the fleet over a period of approximately 30 months.

¹ Equivalent to 9.2 million automobile equivalents (AEQs)

Also in 2008/09, the *Queen of New Westminster* was returned to service after a significant upgrade. The ship now operates between Swartz Bay and Tsawwassen. BC Ferries' significant investments in its fleet have allowed for the retirement of some of the Company's older ships. The *Queen of Esquimalt*, *Queen of Tsawwassen* and *Queen of Saanich* were retired during the fiscal year, and the *Queen of Vancouver* and *Queen of Prince Rupert* were retired in April, 2009.

For each of the designated ferry routes, 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 Lloyds Register, widely considered to be the foremost world 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.

In 2006/07 Mr. George Morfitt, former Auditor General of British Columbia, reviewed the Company's safety program and made 41 recommendations, all of which BC Ferries has committed to implement. As at June 2009, BC Ferries had implemented 19 of the recommendations while 22 recommendations are in progress and ongoing, of which sixteen are being addressed as part of the SailSafe program. SailSafe is a joint initiative of BC Ferries and the BC Ferry & Marine Workers' Union, and it was launched in 2007/08 to identify areas and methods for enhancing current safety practices at BC Ferries. The program incorporates international best practices with a goal to continuously improve our Safety Management System. The program has generated an increase in safety awareness throughout the Company and continues to focus on ensuring BC Ferries provides the best in safety for our customers and employees.

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. A copy of the 2008 survey is attached as Part 2 of this report.

Part 3: Additional or Alternative Service Providers

Under the Act, BC Ferries is required to seek additional or alternative service providers to provide ferry services on the designated ferry routes. Section 69 of the Act requires that BC Ferries file an Additional or Alternative Service Providers Plan ("ASP Plan") with the Commissioner for each performance term under the Contract. Part 3 of this report provides a status report on the alternative service delivery initiatives identified in the ASP 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 2008/09.

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 2008/09 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 84,592.5 round trips during the fiscal year, which exceeded by 1,333.5 the core service level requirements specified in the Contract, as amended for performance term two.

➤ **Vessel Capacity**

For each designated ferry route, the vessel capacity BC Ferries provided in the fiscal year is presented along with the calculation of capacity utilization. Capacity is calculated on the basis of automobile equivalents (AEQ). An AEQ represents the amount of vessel capacity occupied by a particular vehicle type expressed as the number of under height vehicles it displaces (e.g. a bus which displaces three under height vehicles (or cars) would have an AEQ of 3). In 2008/09, BC Ferries provided capacity sufficient to carry the traffic, with capacity utilization on the designated ferry routes ranging from 24.5% to 75.8%.

➤ **Traffic and Revenue**

Vehicle traffic (AEQs) and passenger traffic carried on each of the designated ferry routes during 2008/09 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, which had been relatively stable, decreased in 2008/09. On a year over year basis, the number of AEQs carried decreased by 5.2% and the number of passengers carried decreased by 4.9%. On the major routes, the number of AEQs and passengers carried each decreased by 5.7% from the previous fiscal year. On all other routes combined, the number of AEQs and

passengers carried decreased by 4.9% and 4.0%, respectively from the previous fiscal year.

The reductions in traffic levels are due at least in part to the declines in the British Columbia and local economies experienced during the fiscal year. BC Ferries believes that the decreasing level of economic activity, reduced levels of tourism, rising unemployment, reduced consumer confidence and higher vehicle fuel prices earlier in the fiscal year, have all negatively affected its commercial and discretionary travel markets. In addition, in the month of December, traditionally a busy month, the Company experienced a decrease of 10% in traffic mainly due to severe weather. For three weeks, BC Ferries' service areas were faced with high winds, record snowfalls, black ice, freezing rain and impassable roads. The Company continues to review and update its financial and operating plans to respond to the current economic uncertainties and reduced traffic levels.

Revenue from vehicle and passenger traffic on the designated ferry routes in 2008/09 totalled \$429.1 million. This includes revenue of \$320.8 million from the major routes and \$108.3 million from all other routes.

This fiscal year marked the first year of performance term two. The price cap increase authorized by the Commissioner effective April 1, 2008 was 7.3% on the major routes and 4.0% on all other routes, starting from a level that included fuel surcharges in place at March 31, 2008. On April 1 the Company implemented tariff increases in line with the authorized price cap adjustments.

As a result of the dramatic increase in fuel prices over the first part of the fiscal year, fuel surcharges were implemented on August 1, 2008. Subsequently, approval was received from the Commissioner to reduce these fuel surcharges by 50% on November 4, 2008, in order to reflect a subsequent drop in fuel prices. These fuel surcharges were further reduced to zero on the major routes on December 19, 2008 and all other routes on December 5, 2008. On February 12, 2009, fuel rebates of up to 5% were put into effect on the minor routes. These rebates were increased to 8% effective July 15, 2009.

➤ **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 2008/09, 88.5%² of BC Ferries' sailings, system-wide, departed within 10 minutes of schedule. Year-over-year increases in on-time performance were achieved on all four route groups. This record on-time performance was achieved despite serious issues the Company encountered during the fiscal year on route 1 (Swartz Bay to Tsawwassen) arising from a severe mechanical issue on the *Spirit of British Columbia* and the eight month late completion of the

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 2008/09 was 87.9%.

Queen of New Westminster upgrade by the external shipyard. These two issues were the principal reasons for the decrease in on-time performance experienced on route 1 during 2008/09.

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.

Effective April 1, 2008, core service levels for each designated route in performance term two are composed of two principal elements: a daily minimum number of round trips required, which in most cases is one less round trip per day than in performance term one (April 1, 2003 – March 31, 2008); and, an annual minimum number of round trips, which in most cases is equal to the number of round trips required in performance term one. For the major route group, the annual number of round trips required under the Contract is an aggregate total for the three major routes.

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 2008/09, BC Ferries exceeded its annual core service level commitments under the Contract by 1,333.5 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. For all route groups combined, BC Ferries delivered 101.6% of the round trips it was required to deliver under the Contract in 2008/09.

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. BC Ferries' plans for 2009/10 include some significant initiatives on the major routes to utilize the scheduling flexibility in the Contract for performance term two.

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, 8.8% of the sailings on the designated ferry routes were overloaded in 2008/09 down from 11.2% in 2007/08. From 2007/08 to 2008/09 the percentage of overloaded sailings on the major routes decreased from 45.0% to 36.0%, while the percentage of overloads on all other routes decreased from 6.8% to 5.4%.

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, 2009



Operations Summary Report for the Year Ended March 31, 2009

		A	B	C	D	E	F	G	
Route Group	Route	Actual Round Trips	Capacity Provided (AEQ's)	AEQ's Carried Fiscal 2009	Capacity Utilization (C / B)	AEQ's Carried Fiscal 2008	AEQ Growth (C - E)	AEQ Tariff Revenue Fiscal 2009	
1	1	3,916.0	2,835,330	2,150,486	75.8%	2,318,734	(168,248)	\$ 97,791,678	
1	2	3,118.0	2,278,800	1,377,422	60.4%	1,481,434	(104,012)	61,172,307	
1	30	2,771.0	1,776,358	876,841	49.4%	871,610	5,231	44,228,334	
Majors		9,805.0	6,890,488	4,404,749	63.9%	4,671,778	(267,029)	203,192,319	
2	3	3,042.0	2,199,767	1,228,704	55.9%	1,261,733	(33,029)	20,529,514	
3	10	120.5	22,644	15,794	69.7%	16,303	(509)	4,451,954	
3	11	191.0	29,008	20,820	71.8%	22,315	(1,495)	3,003,057	Note 1
3	40	38.0	8,740	3,166	36.2%	3,767	(601)	798,297	
Northern		349.5	60,392	39,780	65.9%	42,385	(2,605)	8,253,308	
4	4	2,892.0	578,400	329,602	57.0%	347,396	(17,794)	2,736,162	
4	5	3,503.0	715,342	275,836	38.6%	288,524	(12,688)	2,634,634	
4	6	5,026.0	703,640	263,767	37.5%	279,886	(16,119)	2,408,441	
4	7	2,863.0	699,916	196,188	28.0%	205,875	(9,687)	3,647,369	
4	8	5,562.0	950,776	505,474	53.2%	547,415	(41,941)	4,100,188	
4	9	809.0	348,244	166,140	47.7%	174,562	(8,422)	5,883,278	
4	12	3,183.0	101,856	77,047	75.6%	66,268	10,779	633,062	
7	13	4,098.0	Pass. Only	Pass. Only	Pass. Only	Pass. Only	Pass. Only	286	Note 2
4	17	1,454.0	544,320	184,869	34.0%	187,046	(2,177)	5,750,495	
4	18	3,641.0	356,742	98,725	27.7%	106,540	(7,815)	547,198	
4	19	5,716.0	800,240	386,596	48.3%	412,067	(25,471)	2,404,044	
4	20	4,003.0	277,236	85,648	30.9%	85,344	304	526,019	
4	21	7,047.0	611,646	243,048	39.7%	264,960	(21,912)	1,248,380	
4	22	4,836.0	290,160	111,390	38.4%	119,882	(8,492)	640,737	
4	23	6,272.0	878,080	392,458	44.7%	429,548	(37,090)	2,463,149	
4	24	2,140.0	128,400	59,233	46.1%	61,025	(1,792)	405,302	
4	25	3,961.0	237,660	94,636	39.8%	99,813	(5,177)	706,955	
4	26	4,390.0	232,908	57,106	24.5%	60,831	(3,725)	372,750	
Minors		71,396.0	8,455,566	3,527,763	41.7%	3,736,982	(209,219)	37,108,449	
Total		84,592.5	17,606,213	9,200,996	52.3%	9,712,878	(511,882)	269,083,590	

Note 1) Includes supplemental air and barge service during the period of the authorized temporary service disruption for dock modifications to accommodate the Northern Expedition.

Note 2) Revenue arises from bike traffic and freight.

Operations Summary Report for the Year Ended March 31, 2009

Route Group	Route	H	I	J	K
		Passengers Fiscal 2009	Passengers Fiscal 2008	Passenger Growth (H - I)	Passenger Tariff Revenue Fiscal 2009
1	1	5,708,325	6,175,111	(466,786)	63,751,049
1	2	3,421,415	3,652,347	(230,932)	39,063,606
1	30	1,534,418	1,476,584	57,834	14,802,170
Majors		10,664,158	11,304,042	(639,884)	117,616,825
2	3	2,527,653	2,611,402	(83,749)	10,853,348
3	10	46,024	49,852	(3,828)	5,279,680
3	11	39,591	42,084	(2,493)	1,067,005
3	40	8,349	9,815	(1,466)	886,775
Northern		93,964	101,751	(7,787)	7,233,460
4	4	638,513	648,445	(9,932)	2,157,390
4	5	491,207	511,740	(20,533)	1,482,948
4	6	498,349	520,218	(21,869)	1,395,189
4	7	354,307	369,871	(15,564)	1,584,615
4	8	1,132,603	1,210,249	(77,646)	2,582,926
4	9	455,438	476,922	(21,484)	4,023,290
4	12	147,276	124,050	23,226	552,553
4	13	51,028	54,755	(3,727)	144,104
4	17	397,451	405,586	(8,135)	3,516,298
4	18	199,338	202,905	(3,567)	402,914
4	19	823,578	862,416	(38,838)	1,677,127
4	20	261,821	264,573	(2,752)	490,725
4	21	469,029	503,763	(34,734)	929,893
4	22	217,652	235,538	(17,886)	484,847
4	23	844,419	895,015	(50,596)	1,689,132
4	24	103,900	106,299	(2,399)	269,570
4	25	244,156	263,805	(19,649)	635,930
4	26	111,653	115,116	(3,463)	256,651
Minors		7,441,718	7,771,266	(329,548)	24,276,102
Total		20,727,493	21,788,461	(1,060,968)	159,979,735

% Sailings Departing Within 10 Min.		
Fiscal 2007	Fiscal 2008	Fiscal 2009
88.0%	86.5%	80.4%
78.7%	74.5%	82.3%
92.2%	89.2%	91.4%
86.2 %	83.4 %	84.1 %
83.2 %	79.5 %	81.7 %
86.5%	71.8%	76.5%
82.6%	53.5%	77.5%
87.2%	71.9%	87.9%
85.5 %	66.5 %	79.0 %
95.8%	95.0%	96.1%
77.8%	76.0%	74.1%
78.1%	82.5%	83.4%
64.4%	77.8%	76.5%
82.7%	78.7%	89.0%
73.2%	77.8%	80.3%
89.3%	95.6%	88.4%
Not available		99.4%
92.1%	90.8%	94.3%
95.3%	94.4%	91.9%
93.7%	86.3%	81.8%
83.3%	76.9%	83.4%
88.4%	98.2%	99.7%
89.1%	97.5%	98.0%
97.8%	97.5%	97.6%
92.2%	93.7%	94.0%
76.6%	73.3%	81.4%
97.8%	98.5%	99.2%
86.5 %	87.4 %	89.4 %
86.3 %	86.5 %	88.5 %

Temporary Service Disruptions Report

Year Ended March 31, 2009



CANCELLED ROUND TRIPS BY ROUTE AND ROUTE GROUP

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

2008/09 Year Ended March 31, 2009				Cancels Allowed for in Schedule A, 2(a) of the Coastal Ferry Services Contract										Cancels Not Allowed for in Schedule A, 2(a) of the Coastal Ferry Services Contract			Required Round Trips Cancelled	% Required Round Trips Cancelled
				Force Majeure Round Trip Cancels		Force Majeure RT Total	Non Force Majeure Round Trip Cancels						Non Force Majeure RT Total	Other Round Trip Cancels		Other RT Total		
Route Group		Terminal 1	Terminal 2	Major Incident	Weather		Emerg. Response	Medical Emerg.	Regulatory Issue	Terminal Maint.	Vessel Maint.	Vessel Mech. Failure		Community Event	Traffic			
1: MJR	Route 01	Swartz Bay	Tsawwassen			0.0					1	1.0			0.0	1.0		
	Route 02	Horseshoe Bay	Departure Bay			0.0					2	2.0			0.0	2.0		
	Route 30	Duke Point	Tsawwassen			0.0					3	3.0			0.0	3.0		
MJR Total				0	0	0.0	0	0	0	0	6	6.0	0	0	0.0	6.0	0.06%	
2: R03	Route 03	Langdale	Horseshoe Bay			0.0			1		1	2.0			0.0	2.0	0.07%	
R03 Total				0	0	0.0	0	0	1	0	1	2.0	0	0	0.0	2.0	0.07%	
3: NR	Route 10	Port Hardy	Prince Rupert			0.0				2		2.0			0.0	2.0	1.63%	
	Route 11	Skidegate	Prince Rupert			0.0						0.0			0.0	0.0	0.00%	
	Route 40	Port Hardy	Mid-coast			0.0				1		1.0			0.0	1.0	2.56%	
NR Total				0	0	0.0	0	0	0	3	0	3.0	0	0	0.0	3.0	0.85%	
4: MNR	Route 04	Fulford Harbour	Swartz Bay			0.0						0.0			0.0	0.0	0.00%	
	Route 05	Swartz Bay	Four SGIs			0.0						0.0			0.0	0.0	0.00%	
	Route 06	Crofton	Vesuvius Bay			0.0			2	8	7	17.0		3	3.0	20.0	0.40%	
	Route 07	Earls Cove	Saltery Bay		2	2.0		4			6	10.0		2	2.0	14.0	0.49%	
	Route 08	Horseshoe Bay	Bowen Island		1	1.0			3		5	8.0			0.0	9.0	0.16%	
	Route 09	Tsawwassen	Long Harbour			0.0				21		21.0			0.0	21.0	2.53%	
	Route 12	Mill Bay	Brentwood Bay		10	10.0			1	3	18	22.0			0.0	32.0	1.00%	
	Route 13	Langdale	Gambier/Keats			0.0						0.0			0.0	0.0	0.00%	
	Route 17	Little River	Powell River		2	2.0					2	2.0			0.0	4.0	0.27%	
	Route 18	Texada	Powell River			0.0						9	9.0			0.0	9.0	0.25%
	Route 19	Nanaimo Harbour	Gabriola Island		10	10.0		1	3			1	5.0		1	1.0	16.0	0.28%
	Route 20	Chemainus	Thetis Island		1	1.0						5	5.0		2	2.0	8.0	0.20%
	Route 21	Buckley Bay	Denman West			0.0				2			2.0			0.0	2.0	0.03%
	Route 22	Denman East	Hornby Island			0.0						2	2.0			0.0	2.0	0.04%
	Route 23	Campbell River	Quadra Island		7	7.0						1	1.0			0.0	8.0	0.13%
	Route 24	Quadra Island	Cortes Island		7	7.0							0.0			0.0	7.0	0.33%
	Route 25	Port McNeill	Alert Bay		3	3.0							0.0			0.0	3.0	0.08%
	Route 26	Skidegate	Alliford Bay		8	8.0			3				3.0			0.0	11.0	0.25%
MNR Total				0	51	51.0	0	5	10	7	49	36	107.0	0	8	8.0	166.0	0.24%
Company Total				0.0	51.0	51.0	0.0	5.0	10.0	8.0	52.0	43.0	118.0	0.0	8.0	8.0	177.0	0.21%

% Required Round Trips Cancelled0.00%0.06%0.06%0.00%0.01%0.01%0.01%0.06%0.05%0.14%0.00%0.01%0.01%0.21%

CANCELLED & EXTRA ROUND TRIPS BY ROUTE AND ROUTE GROUP

2008/09 Year Ended March 31, 2009			
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, 2009				
Actual Round Trips (1)	Round Trips Required (2)	Variance - Net Extra / Short Round Trips	Required Round Trips Cancelled	Total Extra / Short Round Trips
3,916.0	9,741.0	64.0	6.0	70.0
3,118.0				
2,771.0				
9,805.0	9,741.0	64.0	6.0	70.0
3,042.0	2,988.0	54.0	2.0	56.0
3,042.0	2,988.0	54.0	2.0	56.0
120.5	122.5	-2.0	2.0	0.0
191.0	189.5	1.5	0.0	1.5
38.0	39.0	-1.0	1.0	0.0
349.5	351.0	-1.5	3.0	1.5
2,892.0	2,880.0	12.0	0.0	12.0
3,503.0	3,494.0	9.0	0.0	9.0
5,026.0	5,046.0	-20.0	20.0	0.0
2,863.0	2,877.0	-14.0	14.0	0.0
5,562.0	5,571.0	-9.0	9.0	0.0
809.0	830.0	-21.0	21.0	0.0
3,183.0	3,215.0	-32.0	32.0	0.0
4,098.0	4,058.0	40.0	0.0	40.0
1,454.0	1,458.0	-4.0	4.0	0.0
3,641.0	3,648.0	-7.0	9.0	2.0
5,716.0	5,732.0	-16.0	16.0	0.0
4,003.0	4,011.0	-8.0	8.0	0.0
7,047.0	6,149.0	898.0	2.0	900.0
4,836.0	4,482.0	354.0	2.0	356.0
6,272.0	6,253.0	19.0	8.0	27.0
2,140.0	2,136.0	4.0	7.0	11.0
3,961.0	3,961.0	0.0	3.0	3.0
4,390.0	4,378.0	12.0	11.0	23.0
71,396.0	70,179.0	1,217.0	166.0	1,383.0
84,592.5	83,259.0	1,333.5	177.0	1,510.5

Notes:

(1) Route 11 includes supplemental air and barge service provided during the period of the authorized temporary service disruption for dock modifications to accommodate the Northern Expedition

(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)

CANCELLED ROUND TRIPS (by ***Days***) FOR ROUTE AND ROUTE GROUPS

(for cancels on days for allowed reasons only)

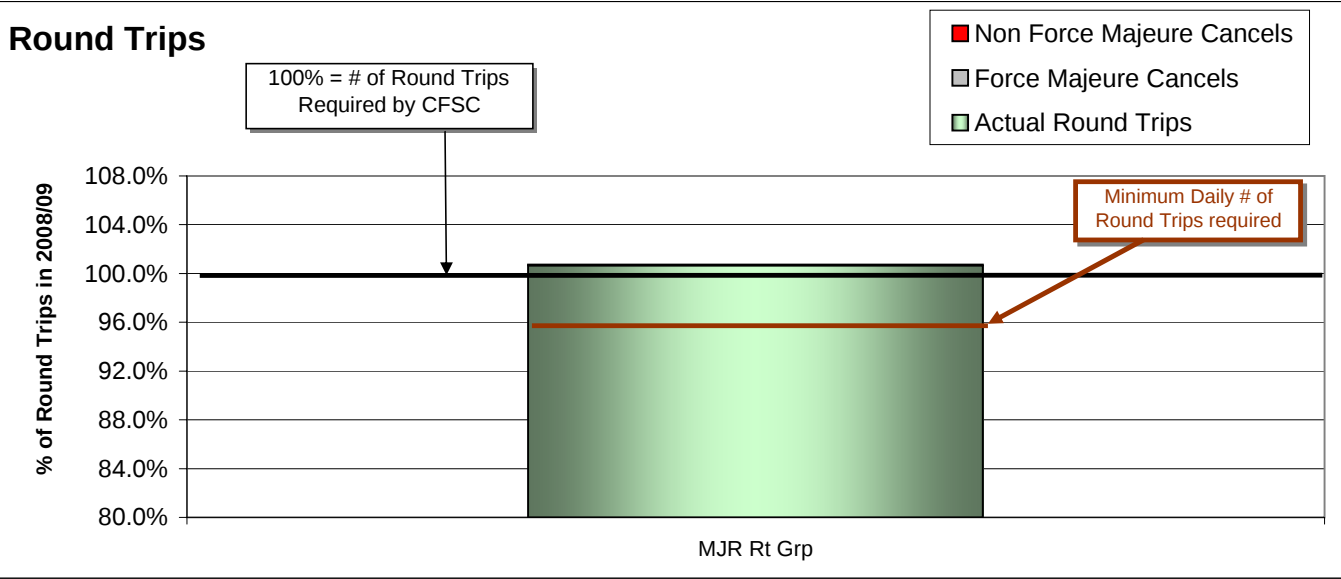
Year Ended March 31, 2009				Performance Against CFSC Requirement Annual Core Service Levels			
				Calendar Year 2008			Fiscal Year 2008/09
Route Group		Terminal 1	Terminal 2	Force Majeure DAYS when Round Trips Missed	Non Force Majeure DAYS when Round Trips Missed	Cumulative Days When Round Trips Missed (Allowed 30 Days per Route)	Highest Consecutive Days when Round Trips Missed (Allowed 20 Days per Route)
MJR	Route 01	Swartz Bay	Tsawwassen	4	1	5	1
	Route 02	Horseshoe Bay	Departure Bay	0	1	1	1
	Route 30	Duke Point	Tsawwassen	4	4	8	1
RO3	Route 03	Langdale	Horseshoe Bay	0	4	4	1
NR	Route 10	Port Hardy	Prince Rupert	0	5	5	4
	Route 11	Skidegate	Prince Rupert	3	1	4	0
	Route 40	Port Hardy	Mid-coast	0	2	2	2
MNR	Route 04	Fulford Harbour	Swartz Bay	0	0	0	0
	Route 05	Swartz Bay	Four SGIs	0	1	1	0
	Route 06	Crofton	Vesuvius Bay	0	2	2	2
	Route 07	Earls Cove	Saltery Bay	1	7	8	2
	Route 08	Horseshoe Bay	Bowen Island	1	7	8	2
	Route 09	Tsawwassen	Long Harbour	0	10	10	5
	Route 12	Mill Bay	Brentwood Bay	7	8	15	2
	Route 13	Langdale	Gambier/Keats	0	0	0	0
	Route 17	Little River	Powell River	2	3	5	1
	Route 18	Texada	Powell River	1	1	2	1
	Route 19	Nanaimo Harbour	Gabriola Island	3	5	8	3
	Route 20	Chemainus	Thetis Island	0	1	1	2
	Route 21	Buckley Bay	Denman West	0	0	0	1
	Route 22	Denman East	Hornby Island	0	2	2	1
	Route 23	Campbell River	Quadra Island	2	0	2	1
	Route 24	Quadra Island	Cortes Island	4	0	4	1
	Route 25	Port McNeill	Alert Bay	2	0	2	1
	Route 26	Skidegate	Alliford Bay	7	3	10	1

Note: For calendar year reporting prior to April 1, 2008, the Performance Term 1 CFSC applies

Round Trip Service Delivery and On Time Performance
2008/09
Year Ended March 31, 2009

Major Routes Group

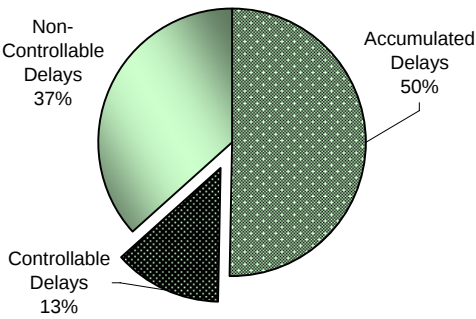
Round Trips



Routes	Major Route Description	Actual Round Trips	Round Trips Required ⁽¹⁾	Net Extra RT (Short RT)	% Sailings Overloaded
Route 01	Swartz Bay-Tsawwassen	3,916.0	9,741.0	64.0	44.3%
Route 02	Horseshoe Bay-Departure Bay	3,118.0			31.2%
Route 30	Duke Point-Tsawwassen	2,771.0			29.6%
MAJOR Route Group Total		9,805.0	9,741.0	64.0	36.0%

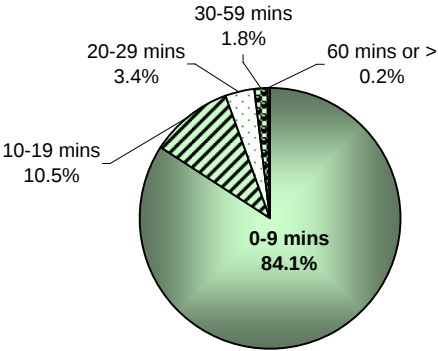
Note 1:
For the Major Routes, the annual number of round trips required under the Contract is an aggregate total for the three routes (Routes 1,2 and 30)

Reasons for Delays

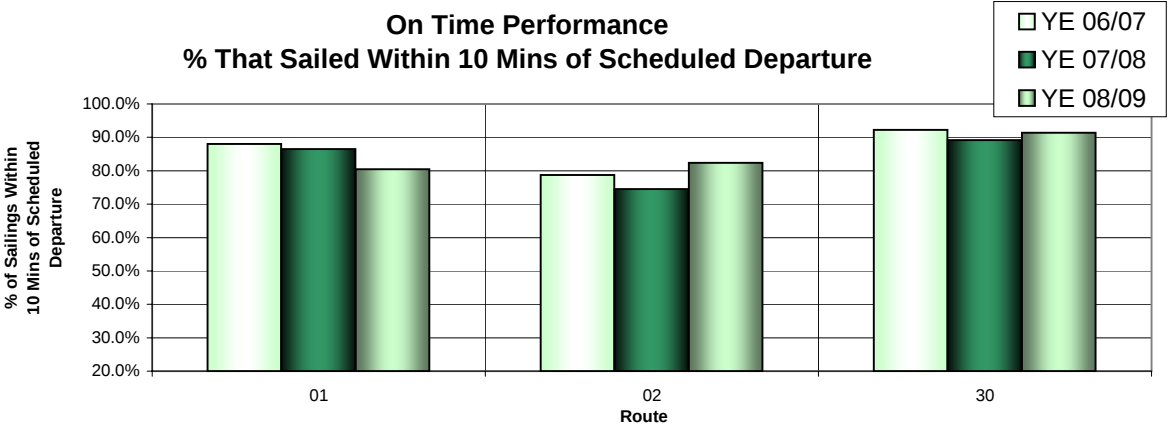


Controllable = Under the control of the company (loading procedure, crewing level, etc.)
Non-Controllable = Out of the control of the company (bad weather, medical, etc.)
Accumulated = Delays accumulated over the course of the day as a result of an earlier delay

On Time Performance
2008/09

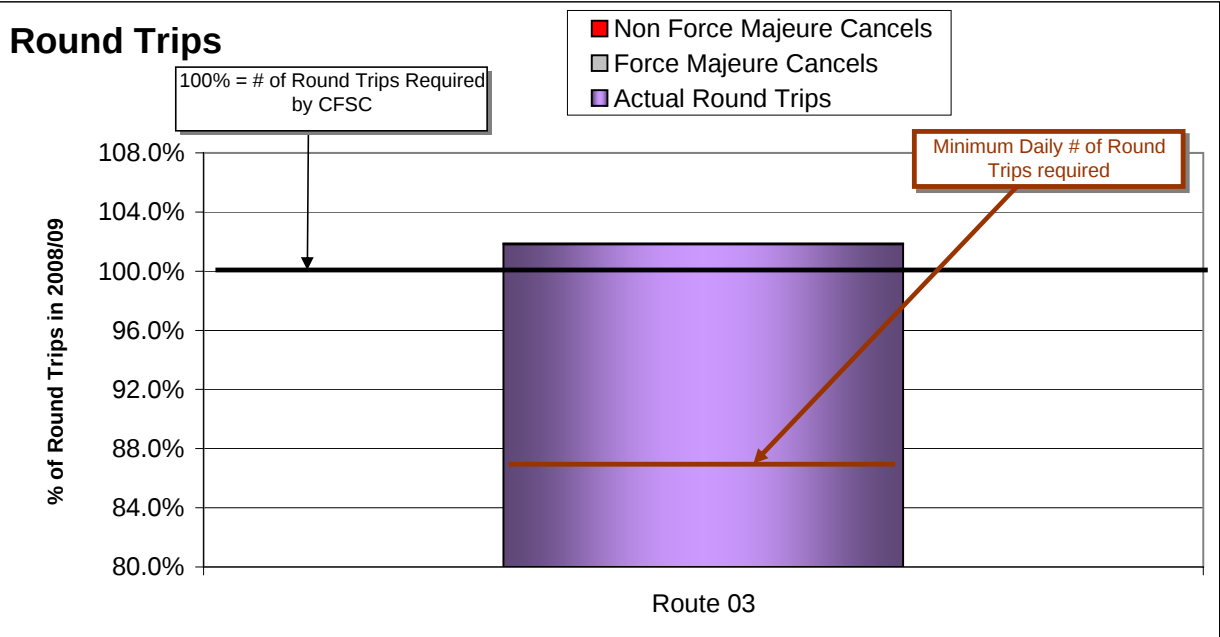


On Time Performance
% That Sailed Within 10 Mins of Scheduled Departure



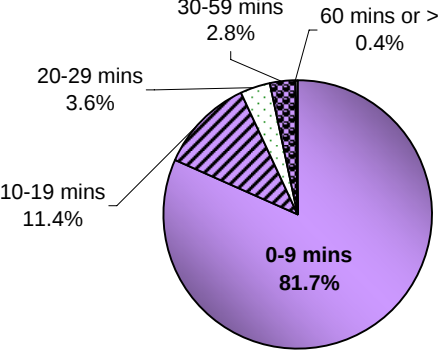
Round Trip Service Delivery and On Time Performance
2008/09
Year Ended March 31, 2009

Route 03 Group

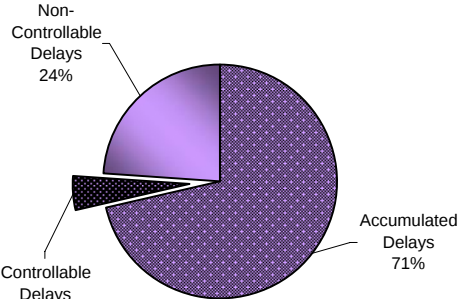


Routes	Route 3 Description	Actual Round Trips	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 03	Horseshoe Bay-Langdale	3,042.0	2,988.0	54.0	15.0%

On Time Performance
2008/09

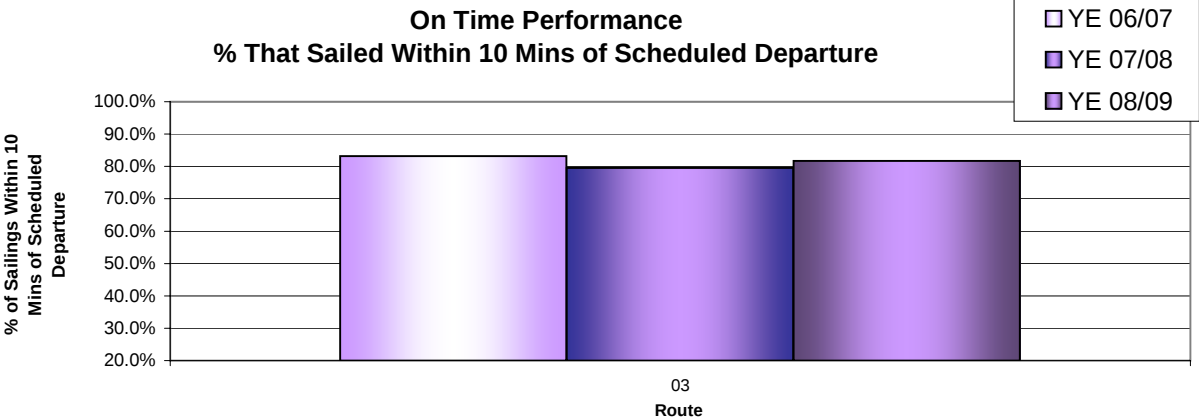


Reasons for Delays



Controllable = Under the control of the company (loading procedure, crewing level, 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

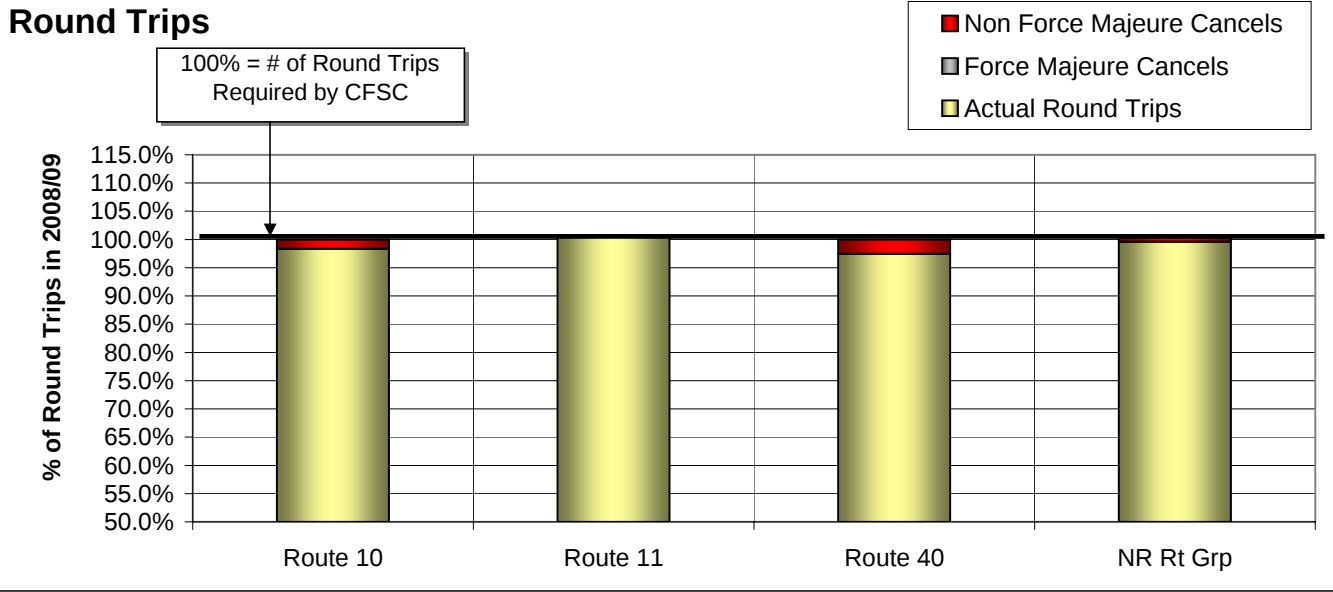
On Time Performance
% That Sailed Within 10 Mins of Scheduled Departure



Round Trip Service Delivery and On Time Performance
2008/09
Year Ended March 31, 2009

Northern Routes Group

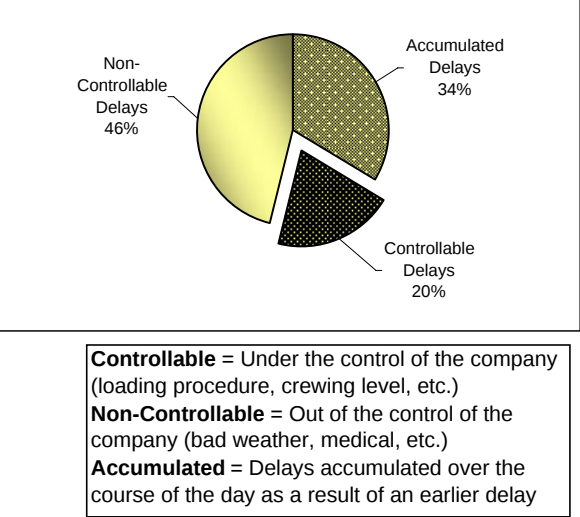
Round Trips



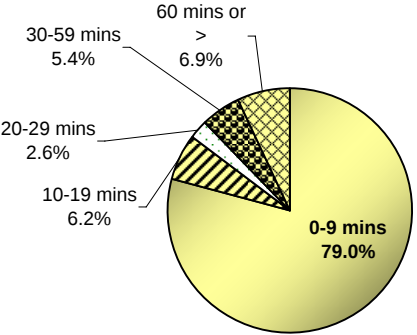
Routes	Northern Routes Description	Actual Round Trips ⁽¹⁾	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 10	Port Hardy-Prince Rupert	120.5	122.5	-2.0	0.0%
Route 11	Skidegate-Prince Rupert	191.0	189.5	1.5	3.4%
Route 40	Port Hardy - Mid Coast	38.0	39.0	-1.0	0.0%
NORTHERN Route Group Total		349.5	351.0	-1.5	1.2%

Note 1:
Route 11 includes supplemental air and barge service provided during the period of the authorized temporary service disruption for dock modifications to accommodate the Northern Expedition

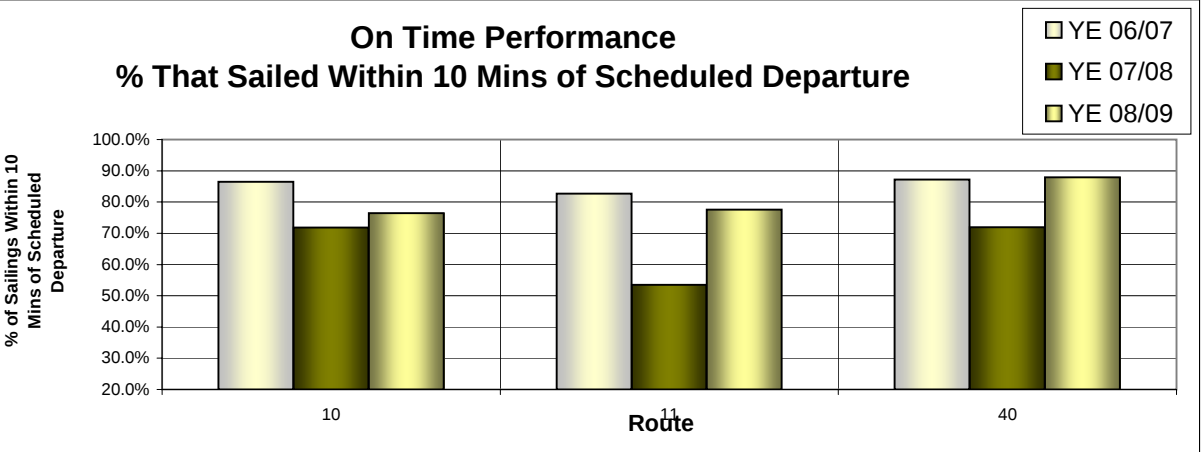
Reasons for Delays



On Time Performance
2008/09



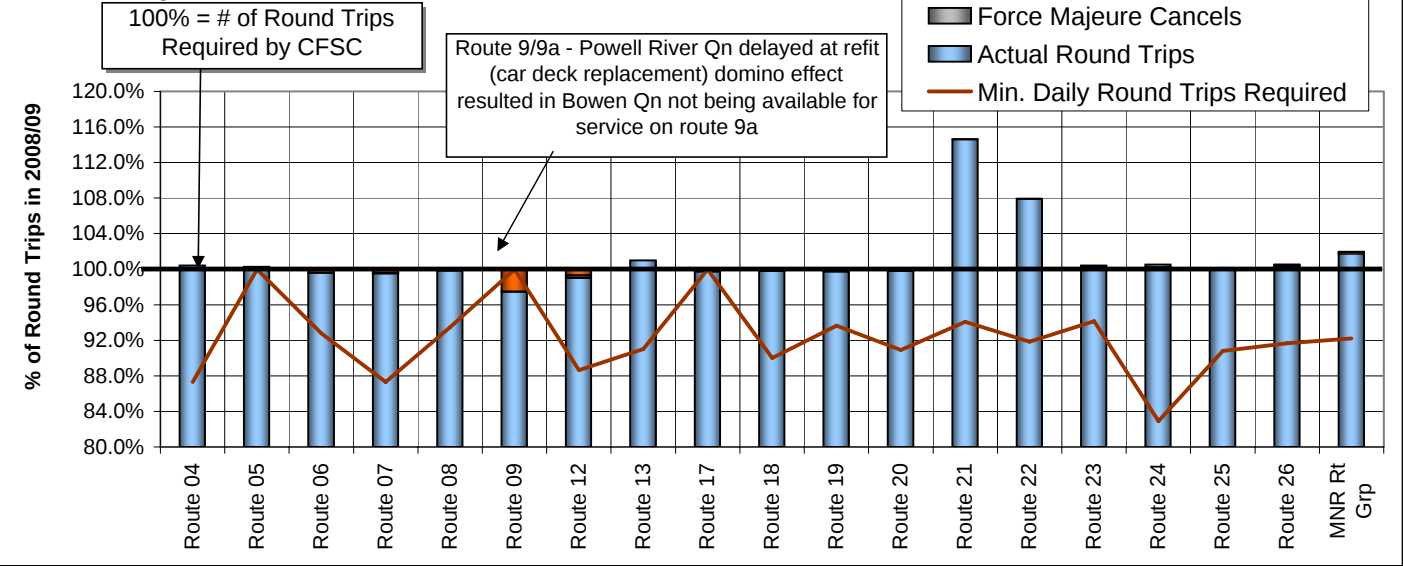
On Time Performance
% That Sailed Within 10 Mins of Scheduled Departure



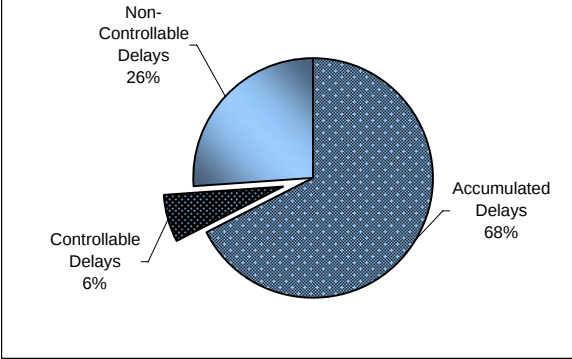
Round Trip Service Delivery and On Time Performance
2008/09
Year Ended March 31, 2009

Minor Routes Group

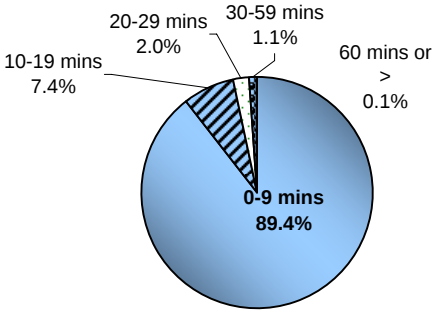
Round Trips



Reasons for Delays



On Time Performance
2008/09

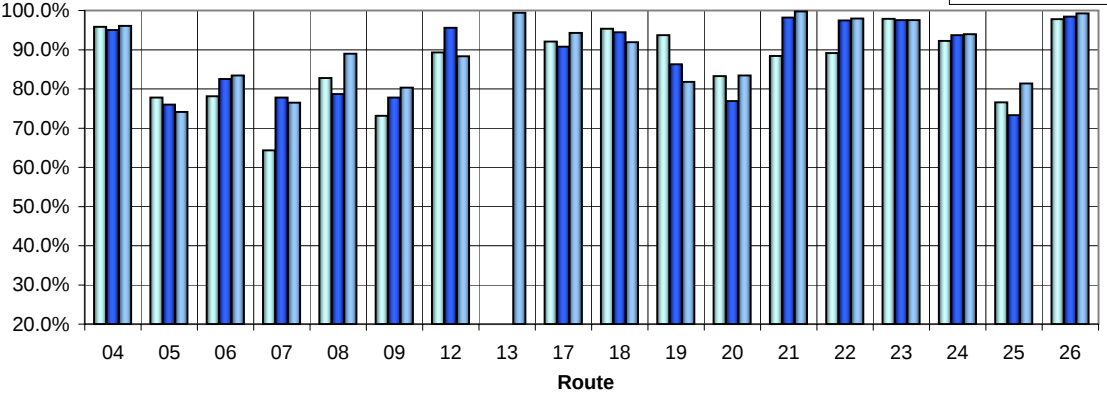


Controllable = Under the control of the company (loading procedure, crewing level, etc.)
Non-Controllable = Out of the control of the company (bad weather, medical, etc.)
Accumulated = Delays accumulated over the course of the day as a result of an earlier delay

Routes	Minor Routes Description	Actual Round Trips	Round Trips Required	Net Extra RT (Short RT)	% Sailings Overloaded
Route 04	Swartz Bay-Fulford Harbour	2,892.0	2,880.0	12.0	6.9%
Route 05	Swartz Bay-Southern Gulf Islands	3,503.0	3,494.0	9.0	3.6%
Route 06	Crofton-Vesuvius Bay	5,026.0	5,046.0	-20.0	3.0%
Route 07	Earls Cove-Saltery Bay	2,863.0	2,877.0	-14.0	2.3%
Route 08	Horseshoe Bay-Bowen Island	5,562.0	5,571.0	-9.0	9.3%
Route 09	Tsawwassen-Long Harbour	809.0	830.0	-21.0	4.0%
Route 12	Mill Bay-Brentwood Bay	3,183.0	3,215.0	-32.0	15.0%
Route 13	Langdale - Keats - Gambier Island	4,098.0	4,058.0	40.0	n/a
Route 17	Little River (Comox)-Powell River	1,454.0	1,458.0	-4.0	0.9%
Route 18	Westview (Powell River)-Blubber Bay (Texada)	3,641.0	3,648.0	-7.0	0.6%
Route 19	Nanaimo Harbour-Descanso Bay (Gabriola)	5,716.0	5,732.0	-16.0	4.7%
Route 20	Chemainus-Thetis-Kuper	4,003.0	4,011.0	-8.0	1.7%
Route 21	Buckley Bay-Denman West	7,047.0	6,149.0	898.0	6.5%
Route 22	Gravelley Bay (Denman East)-Shingle Spit (Hornby)	4,836.0	4,482.0	354.0	7.2%
Route 23	Campbell River-Quathiaski Cove (Quadra)	6,272.0	6,253.0	19.0	5.8%
Route 24	Heriot Bay (Quadra)-Whaletown (Cortes)	2,140.0	2,136.0	4.0	10.3%
Route 25	Port McNeill-Sointula-Alert Bay	3,961.0	3,961.0	0.0	2.6%
Route 26	Skidegate-Alliford Bay	4,390.0	4,378.0	12.0	1.4%
MINOR Route Group Total		71,396.0	70,179.0	1,217.0	5.0%

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

% of Sailings Within 10 Mins of Scheduled Departure



Route Financial Report

Year Ended March 31, 2009





British Columbia Ferry Services Inc.
Route Statement
For the Twelve Months Ended March 31, 2009
(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	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Tariff Revenue	429,063	382,229	320,809	286,571	31,383	28,596	15,487	13,334	61,384	53,728	-	-
Ancillary Revenue	72,327	79,496	59,027	64,291	6,070	6,502	2,776	3,257	4,454	5,446	-	-
Social Program Fees	19,252	17,248	9,907	8,790	2,055	1,980	565	581	6,725	5,897	-	-
Contracted Routes Fee	1,939	1,700	-	-	-	-	-	-	-	-	1,939	1,700
Total Operating Revenue	522,581	480,673	389,743	359,652	39,508	37,078	18,828	17,172	72,563	65,071	1,939	1,700
Total Operating Expenses	501,180	472,280	281,341	262,529	36,369	31,921	41,150	44,390	140,381	131,658	1,939	1,782
Earnings (Loss) from Operations	21,401	8,393	108,402	97,123	3,139	5,157	(22,322)	(27,218)	(67,818)	(66,587)	-	(82)
Amortization	(93,088)	(66,793)	(60,413)	(39,966)	(6,436)	(5,526)	(8,576)	(7,694)	(17,663)	(13,607)	-	-
Financing Expense	(50,111)	(33,127)	(34,500)	(19,753)	(3,604)	(1,754)	(4,390)	(4,237)	(7,617)	(7,383)	-	-
Cost of Capital	(143,199)	(99,920)	(94,913)	(59,719)	(10,040)	(7,280)	(12,966)	(11,931)	(25,280)	(20,990)	-	-
(Loss) Gain on Disposal of Capital Assets	1,239	(989)	865	(579)	191	(51)	221	1	(38)	(360)	-	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(120,559)	(92,516)	14,354	36,825	(6,710)	(2,174)	(35,067)	(39,148)	(93,136)	(87,937)	-	(82)
Motor Fuel Tax Subsidy (adjustment to pre 2004)	-	(47)	-	(2)	-	(3)	-	(11)	-	(31)	-	-
Ferry Transportation Fees	103,294	103,801	-	-	3,665	5,005	25,283	27,349	74,346	71,447	-	-
Federal-Provincial Subsidy Agreement	26,294	25,856	-	-	943	1,431	6,505	4,389	18,846	20,036	-	-
Net Route Earnings (Loss)	9,029	37,094	14,354	36,823	(2,102)	4,259	(3,279)	(7,421)	56	3,515	-	(82)
Fuel Costs Deferred (note 1)	29,456	33,361	18,618	19,521	1,840	2,066	2,620	4,316	6,378	7,458	-	-
Net Fuel (Surcharges) Rebates (note 1)	(16,531)	(39,423)	(11,950)	(24,085)	(1,013)	(3,298)	-	(2,231)	(3,568)	(9,809)	-	-

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, 2009, the Province paid \$0.7 million (March 31, 2008 - \$1.8 million) of such amounts.



British Columbia Ferry Services Inc.
Route Statement
Group 1 - Major Routes
For the Twelve Months Ended March 31, 2009
(in 000's)

	01-Tsawwassen - Swartz Bay		02-Horseshoe Bay - Nanaimo		30-Nanaimo - Tsawwassen		Major Routes	
	2009	2008	2009	2008	2009	2008	2009	2008
Tariff Revenue	161,543	147,185	100,236	89,585	59,030	49,801	320,809	286,571
Ancillary Revenue	31,841	35,277	18,072	20,360	9,114	8,654	59,027	64,291
Social Program Fees	4,305	3,844	4,138	3,742	1,464	1,204	9,907	8,790
Contracted Routes Fee	-	-	-	-	-	-	-	-
Total Operating Revenue	197,689	186,306	122,446	113,687	69,608	59,659	389,743	359,652
Total Operating Expenses	127,507	123,504	86,781	80,211	67,053	58,814	281,341	262,529
Earnings (Loss) from Operations	70,182	62,802	35,665	33,476	2,555	845	108,402	97,123
Amortization	(23,379)	(18,358)	(21,254)	(12,179)	(15,780)	(9,429)	(60,413)	(39,966)
Financing Expense	(10,362)	(8,641)	(12,900)	(6,810)	(11,238)	(4,302)	(34,500)	(19,753)
Cost of Capital	(33,741)	(26,999)	(34,154)	(18,989)	(27,018)	(13,731)	(94,913)	(59,719)
(Loss) Gain on Disposal of Capital Assets	100	(267)	194	(202)	571	(110)	865	(579)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	36,541	35,536	1,705	14,285	(23,892)	(12,996)	14,354	36,825
Motor Fuel Tax Subsidy (adjustment to pre 2004)	-	(1)	-	(1)	-	-	-	(2)
Ferry Transportation Fees	-	-	-	-	-	-	-	-
Federal-Provincial Subsidy Agreement	-	-	-	-	-	-	-	-
Net Route Earnings (Loss)	36,541	35,535	1,705	14,284	(23,892)	(12,996)	14,354	36,823
Fuel Costs Deferred	7,387	8,126	5,864	5,753	5,367	5,642	18,618	19,521
Net Fuel (Surcharges) Rebates (note 1)	(5,909)	(12,235)	(3,750)	(7,399)	(2,291)	(4,451)	(11,950)	(24,085)

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, 2009, the Province paid \$0.7 million (March 31, 2008 - \$1.8 million) of such amounts.



British Columbia Ferry Services Inc.
Route Statement
Group 3 - Northern Routes
For the Twelve Months Ended March 31, 2009
(in 000's)

	10-Bear Cove - Bella Bella - Prince Rupert		11-Prince Rupert - Skidegate		40-Bear Cove - Mid-Coast		Northern Routes	
	2009	2008	2009	2008	2009	2008	2009	2008
Tariff Revenue	9,732	8,258	4,070	3,585	1,685	1,491	15,487	13,334
Ancillary Revenue	1,911	2,199	679	864	186	194	2,776	3,257
Social Program Fees	328	308	216	253	21	20	565	581
Contracted Routes Fee	-	-	-	-	-	-	-	-
Total Operating Revenue	11,971	10,765	4,965	4,702	1,892	1,705	18,828	17,172
Total Operating Expenses	25,705	24,059	11,723	15,515	3,722	4,816	41,150	44,390
Earnings (Loss) from Operations	(13,734)	(13,294)	(6,758)	(10,813)	(1,830)	(3,111)	(22,322)	(27,218)
Amortization	(7,127)	(5,298)	(1,238)	(2,264)	(211)	(132)	(8,576)	(7,694)
Financing Expense	(4,052)	(3,279)	(301)	(936)	(37)	(22)	(4,390)	(4,237)
Cost of Capital	(11,179)	(8,577)	(1,539)	(3,200)	(248)	(154)	(12,966)	(11,931)
(Loss) Gain on Disposal of Capital Assets	95	-	126	-	-	1	221	1
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(24,818)	(21,871)	(8,171)	(14,013)	(2,078)	(3,264)	(35,067)	(39,148)
Motor Fuel Tax Subsidy (adjustment to pre 2004)	-	(5)	-	(5)	-	(1)	-	(11)
Ferry Transportation Fees	11,161	11,459	13,118	13,997	1,004	1,893	25,283	27,349
Federal-Provincial Subsidy Agreement	1,006	1,518	5,241	2,330	258	541	6,505	4,389
Net Route Earnings (Loss)	(12,651)	(8,899)	10,188	2,309	(816)	(831)	(3,279)	(7,421)
Fuel Costs Deferred	1,494	2,612	878	1,346	248	358	2,620	4,316
Net Fuel (Surcharges) Rebates (note 1)	-	(1,345)	-	(650)	-	(236)	-	(2,231)

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, 2009, the Province paid \$0.7 million (March 31, 2008 - \$1.8 million) of such amounts.

British Columbia Ferry Services Inc.
Route Statement
Group 4 - Minor Routes
For the Twelve Months Ended March 31, 2009
(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	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Tariff Revenue	4,894	4,404	4,117	3,764	3,804	3,414	5,232	4,736	6,683	5,968	9,907	8,606
Ancillary Revenue	294	431	424	550	84	99	523	572	429	555	1,595	1,741
Social Program Fees	431	385	620	542	407	349	308	305	733	605	501	476
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	5,619	5,220	5,161	4,856	4,295	3,862	6,063	5,613	7,845	7,128	12,003	10,823
Total Operating Expenses	8,872	7,885	16,579	15,752	4,472	7,207	13,729	14,424	12,117	10,158	20,104	16,184
Earnings (Loss) from Operations	(3,253)	(2,665)	(11,418)	(10,896)	(177)	(3,345)	(7,666)	(8,811)	(4,272)	(3,030)	(8,101)	(5,361)
Amortization	(1,644)	(1,529)	(1,719)	(1,529)	(569)	(303)	(1,137)	(482)	(1,608)	(1,411)	(2,960)	(2,684)
Financing Expense	(1,050)	(1,047)	(1,078)	(1,012)	(235)	(159)	926	(381)	(1,148)	(1,185)	(974)	(479)
Cost of Capital	(2,694)	(2,576)	(2,797)	(2,541)	(804)	(462)	(211)	(863)	(2,756)	(2,596)	(3,934)	(3,163)
(Loss) Gain on Disposal of Capital Assets	(13)	(32)	(12)	(57)	-	(17)	(1)	(24)	-	(18)	-	(29)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(5,960)	(5,273)	(14,227)	(13,494)	(981)	(3,824)	(7,878)	(9,698)	(7,028)	(5,644)	(12,035)	(8,553)
Motor Fuel Tax Subsidy (adjustment to pre 2004)	-	(2)	-	(5)	-	(1)	-	(4)	-	(2)	-	(3)
Ferry Transportation Fees	2,191	5,049	13,670	10,900	2,191	1,400	9,069	9,382	4,605	5,174	8,008	6,900
Federal-Provincial Subsidy Agreement	1,117	1,444	3,517	3,126	11	413	2,333	2,682	1,185	1,480	2,060	1,967
Net Route Earnings (Loss)	(2,652)	1,218	2,960	527	1,221	(2,012)	3,524	2,362	(1,238)	1,008	(1,967)	311
Fuel Costs Deferred	510	563	1,194	1,348	99	221	839	951	659	760	871	1,006
Net Fuel (Surcharges) Rebates (note 1)	(272)	(680)	(249)	(592)	(228)	(585)	(295)	(533)	(416)	(1,199)	(499)	(1,220)

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, 2009, the Province paid \$0.7 million (March 31, 2008 - \$1.8 million) of such amounts.

British Columbia Ferry Services Inc.
Route Statement
Group 4 - Minor Routes
For the Twelve Months Ended March 31, 2009
(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 -	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Tariff Revenue	1,186	1,048	144	148	9,267	7,807	950	944	4,081	3,465	1,017	830
Ancillary Revenue	4	15	20	19	865	888	17	45	45	74	32	173
Social Program Fees	99	79	52	51	929	1,005	235	186	609	484	253	188
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	1,289	1,142	216	218	11,061	9,700	1,202	1,175	4,735	4,023	1,302	1,191
Total Operating Expenses	1,597	2,242	532	542	15,797	14,897	4,276	4,168	7,457	6,796	3,880	3,701
Earnings (Loss) from Operations	(308)	(1,100)	(316)	(324)	(4,736)	(5,197)	(3,074)	(2,993)	(2,722)	(2,773)	(2,578)	(2,510)
Amortization	(526)	(502)	(8)	(5)	(1,460)	(1,101)	(442)	(425)	(718)	(476)	(898)	(789)
Financing Expense	(50)	(52)	(18)	-	(506)	(489)	(235)	(228)	(329)	(237)	(707)	(711)
Cost of Capital	(576)	(554)	(26)	(5)	(1,966)	(1,590)	(677)	(653)	(1,047)	(713)	(1,605)	(1,500)
(Loss) Gain on Disposal of Capital Assets	(1)	-	-	-	-	(19)	(1)	(19)	-	(20)	(1)	(22)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(885)	(1,654)	(342)	(329)	(6,702)	(6,806)	(3,752)	(3,665)	(3,769)	(3,506)	(4,184)	(4,032)
Motor Fuel Tax Subsidy (adjustment to pre 2004)	-	(1)	-	-	-	(3)	-	(1)	-	(1)	-	(1)
Ferry Transportation Fees	1,091	1,425	249	500	6,278	6,289	3,503	3,245	2,322	2,549	3,447	2,484
Federal-Provincial Subsidy Agreement	-	-	64	151	1,615	1,798	901	928	597	729	887	710
Net Route Earnings (Loss)	206	(230)	(29)	322	1,191	1,278	652	507	(850)	(229)	150	(839)
Fuel Costs Deferred	17	17	30	-	792	940	168	230	293	311	130	153
Net Fuel (Surcharges) Rebates (note 1)	(67)	71	(7)	-	(506)	(1,477)	(67)	(229)	(264)	(902)	(68)	(219)

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British Columbia Ferry Services Inc.
Route Statement
Group 4 - Minor Routes
For the Twelve Months Ended March 31, 2009
(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	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Tariff Revenue	2,178	1,902	1,125	915	4,152	3,449	675	602	1,343	1,211	629	515	61,384	53,728
Ancillary Revenue	35	93	4	19	42	56	7	22	18	43	16	51	4,454	5,446
Social Program Fees	294	227	225	185	624	448	146	120	210	218	49	44	6,725	5,897
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	2,507	2,222	1,354	1,119	4,818	3,953	828	744	1,571	1,472	694	610	72,563	65,071
Total Operating Expenses	5,968	6,756	3,852	2,875	7,591	7,525	2,775	2,573	7,403	4,243	3,380	3,730	140,381	131,658
Earnings (Loss) from Operations	(3,461)	(4,534)	(2,498)	(1,756)	(2,773)	(3,572)	(1,947)	(1,829)	(5,832)	(2,771)	(2,686)	(3,120)	(67,818)	(66,587)
Amortization	(1,275)	(752)	(189)	(188)	(1,149)	(439)	(282)	(255)	(490)	(287)	(589)	(450)	(17,663)	(13,607)
Financing Expense	(815)	(508)	(101)	(97)	(474)	(183)	(117)	(108)	(269)	(211)	(437)	(296)	(7,617)	(7,383)
Cost of Capital	(2,090)	(1,260)	(290)	(285)	(1,623)	(622)	(399)	(363)	(759)	(498)	(1,026)	(746)	(25,280)	(20,990)
(Loss) Gain on Disposal of Capital Assets	-	(11)	-	(24)	(6)	(15)	(1)	(14)	(1)	(22)	(1)	(17)	(38)	(360)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(5,551)	(5,805)	(2,788)	(2,065)	(4,402)	(4,209)	(2,347)	(2,206)	(6,592)	(3,291)	(3,713)	(3,883)	(93,136)	(87,937)
Motor Fuel Tax Subsidy (adjustment to pre 2004)	-	(1)	-	(1)	-	(1)	-	(1)	-	(2)	-	(1)	-	(31)
Ferry Transportation Fees	3,311	2,693	2,769	2,100	2,467	2,894	2,182	2,647	3,545	3,168	3,448	2,648	74,346	71,447
Federal-Provincial Subsidy Agreement	852	770	712	590	635	828	561	757	912	906	887	757	18,846	20,036
Net Route Earnings (Loss)	(1,388)	(2,343)	693	624	(1,300)	(488)	396	1,197	(2,135)	781	622	(479)	56	3,515
Fuel Costs Deferred	84	118	58	69	255	306	110	119	204	231	65	115	6,378	7,458
Net Fuel (Surcharges) Rebates (note 1)	(152)	(556)	(71)	(254)	(252)	(931)	(44)	(132)	(74)	(239)	(37)	(132)	(3,568)	(9,809)

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Part 2

Service Quality



Customer Satisfaction Tracking Annual Report 2008

British Columbia Ferry Services Inc.

Presented to:

British Columbia Ferry Services Inc.
Victoria, British Columbia



MUSTEL GROUP

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July 31, 2009

2008/09 Annual Report to the British Columbia Ferries Commissioner

Page 28

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 2008. 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 eight routes in total, both larger and smaller, during three different time periods: June, August and November. In 2008, a total of 13,545 screeners were completed and 5,152 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 86% of passengers in 2008 reported to be satisfied overall with their experience travelling on BC Ferries, similar to the satisfaction level measured in 2007 (88%) with an overall score of 4.1 on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'.
- Ratings are relatively consistent by route with the exception that satisfaction levels have improved on Route 30 with the top box score ('very satisfied') increasing from 31% in 2007 to 37%, likely in response to the addition of the new vessel on this route.
- Although overall satisfaction levels are unchanged from 2007, business travellers are less satisfied this year (77% satisfied compared to 83% in 2007 and 86% in 2006).

Satisfaction before Arriving at Terminal

- Ratings of BC Ferries web site, phone service, reservation's system and highway signage are similar to levels attained in 2007.

Satisfaction at the Terminal

- Overall satisfaction levels with the experience at the terminal before boarding also are similar to a year ago (81% satisfied; 4.0 average score).
- As in the past, passengers who did not get on their desired sailing were less satisfied with their terminal experience, as were those travelling for business purposes, and frequent travellers (who tend to overlap).
- Satisfaction levels with specific terminal services are also quite consistent with 2007 measures.

Satisfaction Onboard

[NOTE: For route-specific results that follow, please refer to page 33 for all the route number codes]

- A total of 88% of passengers in 2008 were satisfied with their overall experience onboard, similar to the 2007 level (87%) for an overall rating of 4.1 on the 5-point scale. Ratings which declined slightly in 2007 on Routes 1, 2, 3 and 19 have rebounded on all routes except Route 19 on which ratings have fallen further (3.7 in comparison to 3.9 in the past). Late departures is likely the key reason.
- Further improvements are noted on Route 30 (4.2 average rating in comparison to 4.0 in 2007) with year to year ratings improving most significantly in November. The introduction of the Coastal Inspiration to this route has likely contributed to this increase.
- The new vessels, Coast Renaissance and Coastal Inspiration, receive average satisfaction scores of 4.2 with approximately 30% being 'very' satisfied with their onboard experience.

(Note that sufficient interviews have not been completed on Coastal Celebration for separate reporting.)

- Satisfaction levels with all aspects of onboard services have been stable with the exception that ratings have strengthened slightly for 'ease of moving around the gift shop' with the new vessels posting slightly higher scores (3.7-3.8) than other vessels.

Satisfaction with Sailing Schedules

- Ratings have been relatively consistent to 2007 with respect to sailing schedule attributes, although there were challenges in August with on-time departures.

Satisfaction with Safety

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

Satisfaction with Overall Value

- Satisfaction levels continue to decline with respect to value for money of fares, with the 2008 average rating falling to 2.9 from 3.0 in 2007 and from 3.2 in 2006.

Key Conclusions

Satisfaction levels overall and on specific attributes and services have been stable with BC Ferries continuing to perform particularly well in the following areas:

- Staff in all areas
- Usefulness of the web site
- Ease of using on-line reservations
- Highway signage
- All aspects of the ticket purchase
- Availability of terminal and onboard washrooms
- Variety/selection in onboard gift shop/ news stand
- Availability and cleanliness of seating area of onboard food/beverage services
- Cleanliness of onboard lounge seating
- Availability of tourist and travel info
- Procedures for loading and unloading
- Safety of ferry operations and loading/unloading

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

- Value for money of fares, parking, food/beverages, and retail merchandise
- On-time departures
- Sailing frequency
- Latest ferry late enough
- Ability to connect
- Ease of using automated phone system
- Look/décor inside terminal
- Clarity of public address system
- Usefulness of TV screens
- Comfort/availability of seating for foot passengers
- Food/beverages offered at the terminal and onboard
- Ease of access for people with disabilities
- Problem resolution

The key drivers of dissatisfaction continue to be related to late departures, sailing frequency, and perceived value for money. Perceptions of the value of fares in particular declined following two significant tariff adjustments in 2008. In April 2008 fares were increased by 7.3% on major routes and 4.0% on minor routes followed in August 2008 by implementation of a fuel surcharge of 10.3% on major routes and 17.6% on minor routes.

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 - 2008	
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

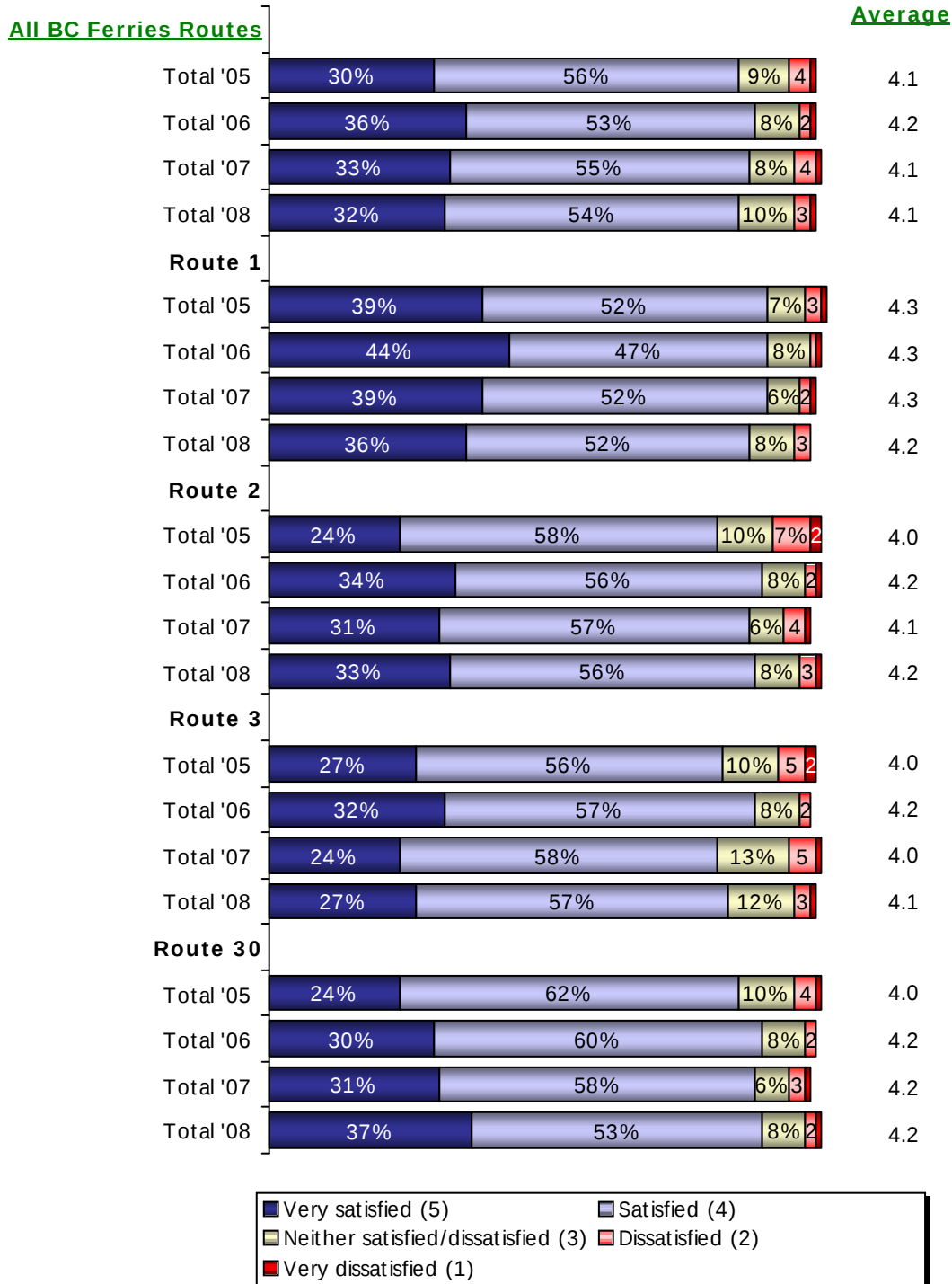
Overall Satisfaction with BC Ferries

A total of 86% of passengers in 2008 reported to be satisfied overall with their experience travelling on BC Ferries, similar to the satisfaction level measured in 2007 (88%) with an overall score of 4.1 (on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied').

Ratings are relatively consistent by route with the exception that satisfaction levels have improved on Route 30 with the top box score ('very satisfied') increasing from 31% in 2007 to 37%, likely in response to the addition of the new vessel on this route.

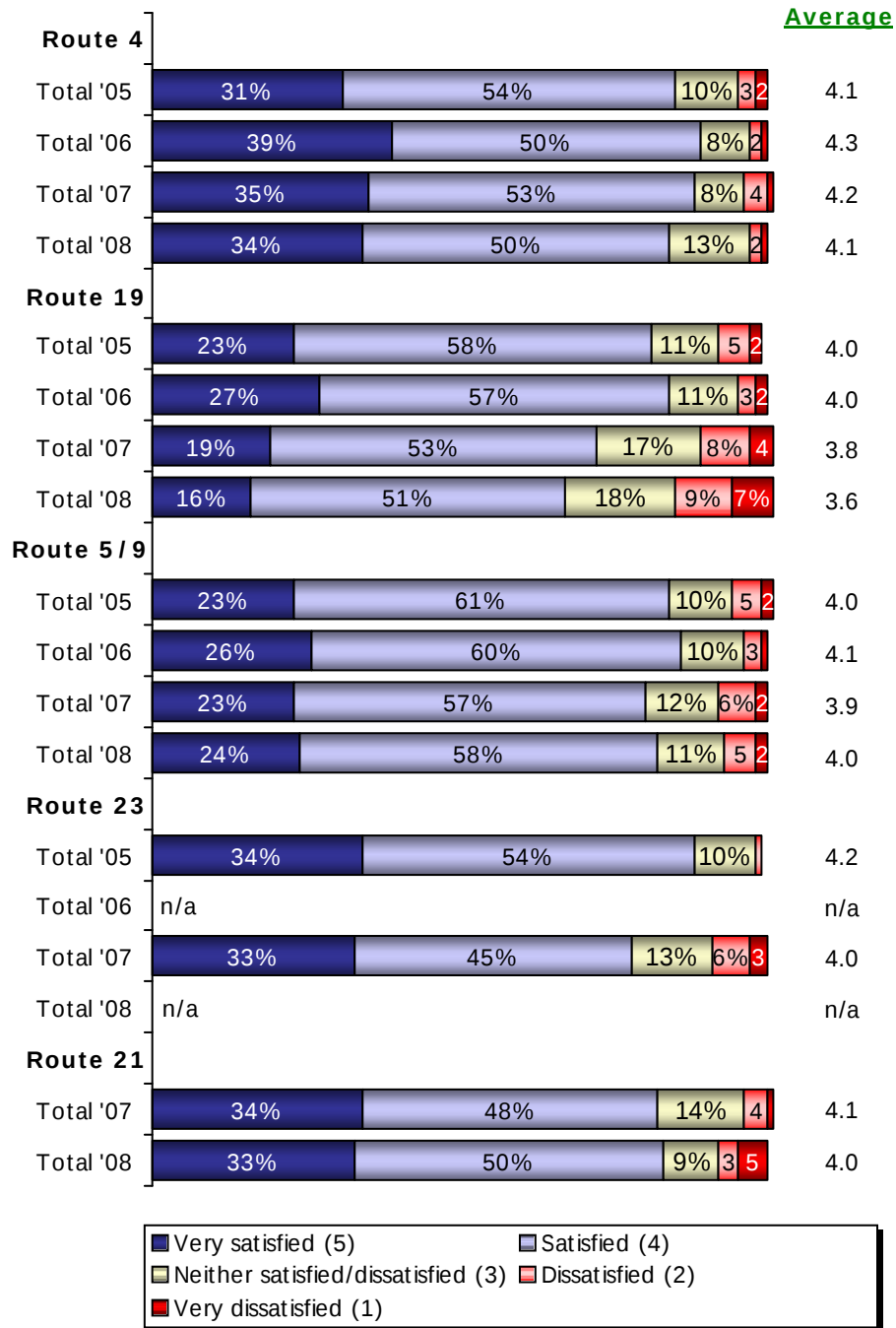
[NOTE: Refer to page 33 for route number codes]

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)**

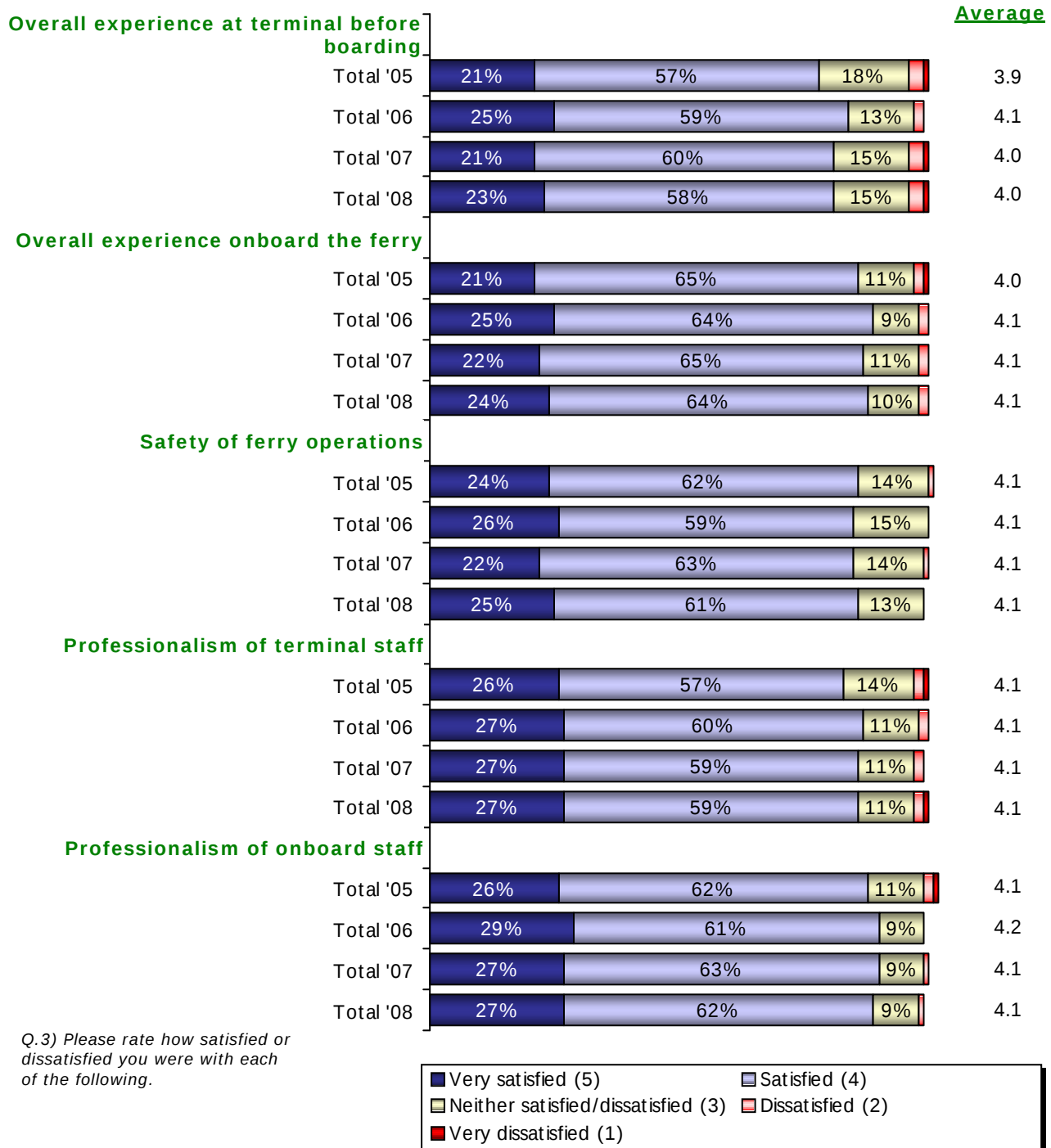


Q.1) How satisfied or dissatisfied were you, overall, with your recent experience travelling with BC Ferries?

Note: Route 23 not surveyed in 2006 and 2008.

The following chart summarizes the results from overall measures of each main point of contact and specifically with BC Ferries staff. As a whole, performance ratings have remained stable on most key measures.

Summary of Main Satisfaction Scores



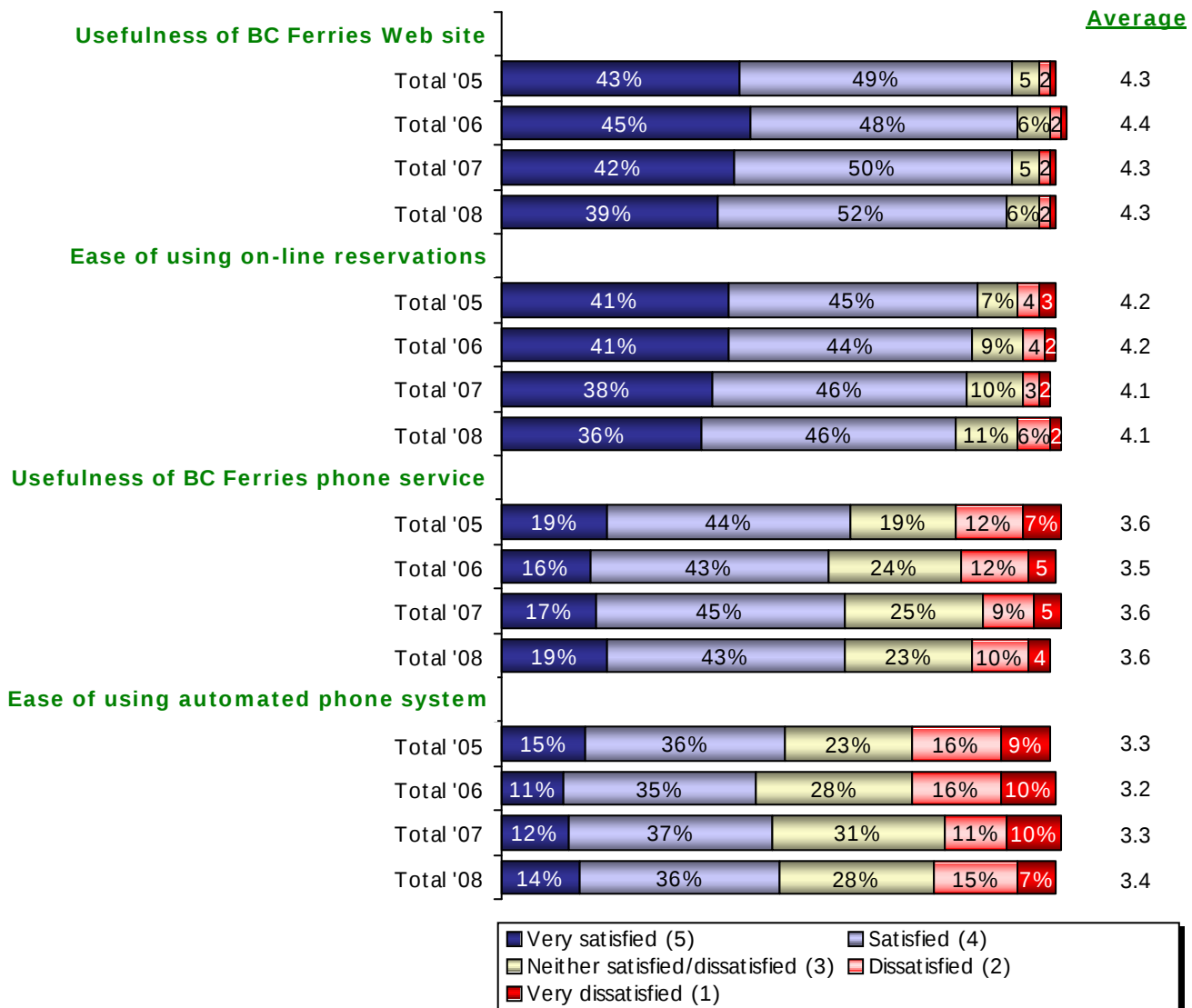
Before Arriving at Terminal

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 making phone contact with BC Ferries continue to be less complimentary of the *usefulness of BC Ferries phone service*, and specifically with *ease of using the automated system*, with ratings unchanged from a year ago.

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



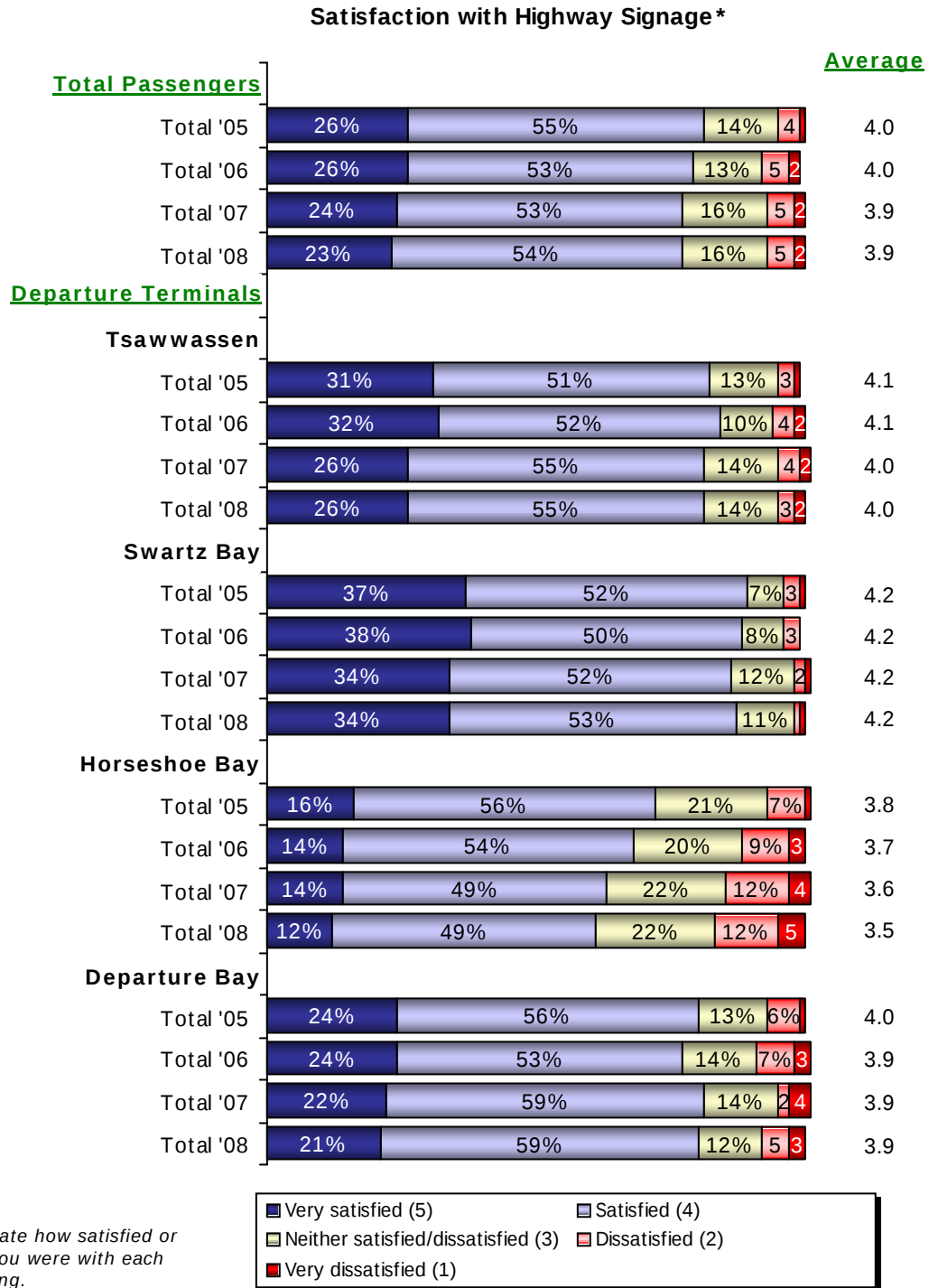
Q.2) Please rate how satisfied or dissatisfied you were with each of the following.

* 65% usage Web site, 36% for on-line reservations

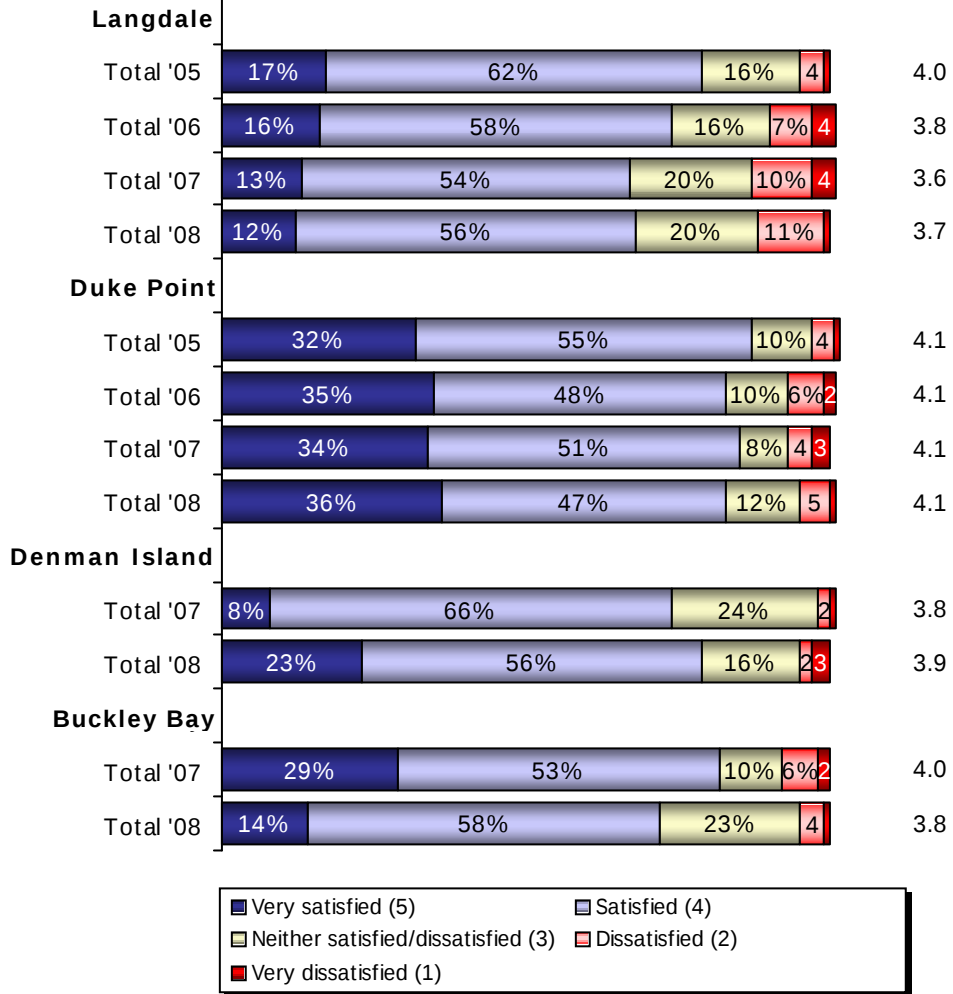
** 25% usage phone service, 22% for automated system

Highway Signage

Satisfaction levels with highway signage also have been stable with passengers continuing to be most critical of signage at Horseshoe Bay and Langdale. (Note that due to limited base sizes, changes in ratings at Denman Island and Buckley Bay are not statistically significant.)



Satisfaction with Highway Signage*
(cont'd)

Departure TerminalsAverage

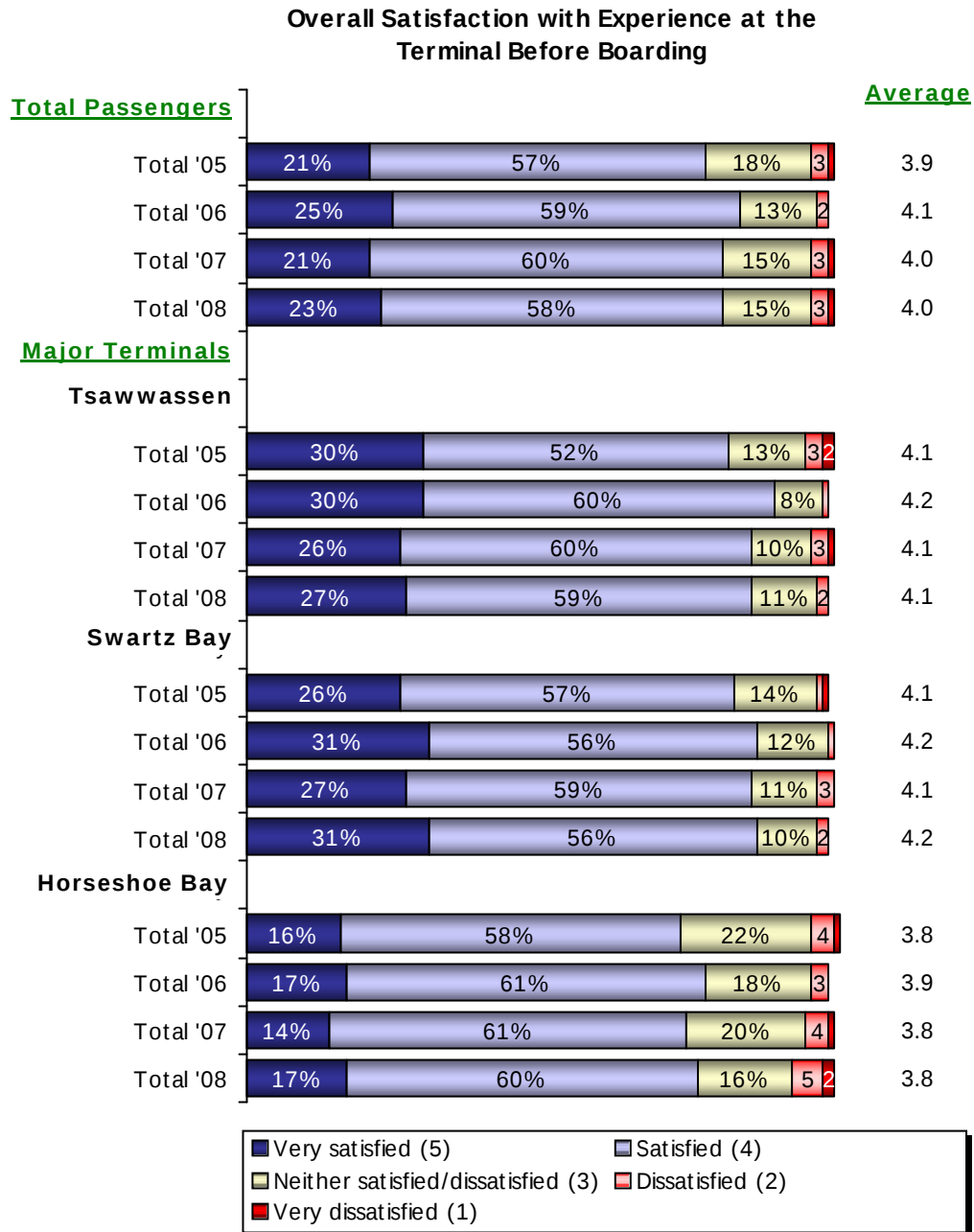
Q.2) Please rate how satisfied or dissatisfied you were with each of the following.

* Usage: 78%

At the Terminal

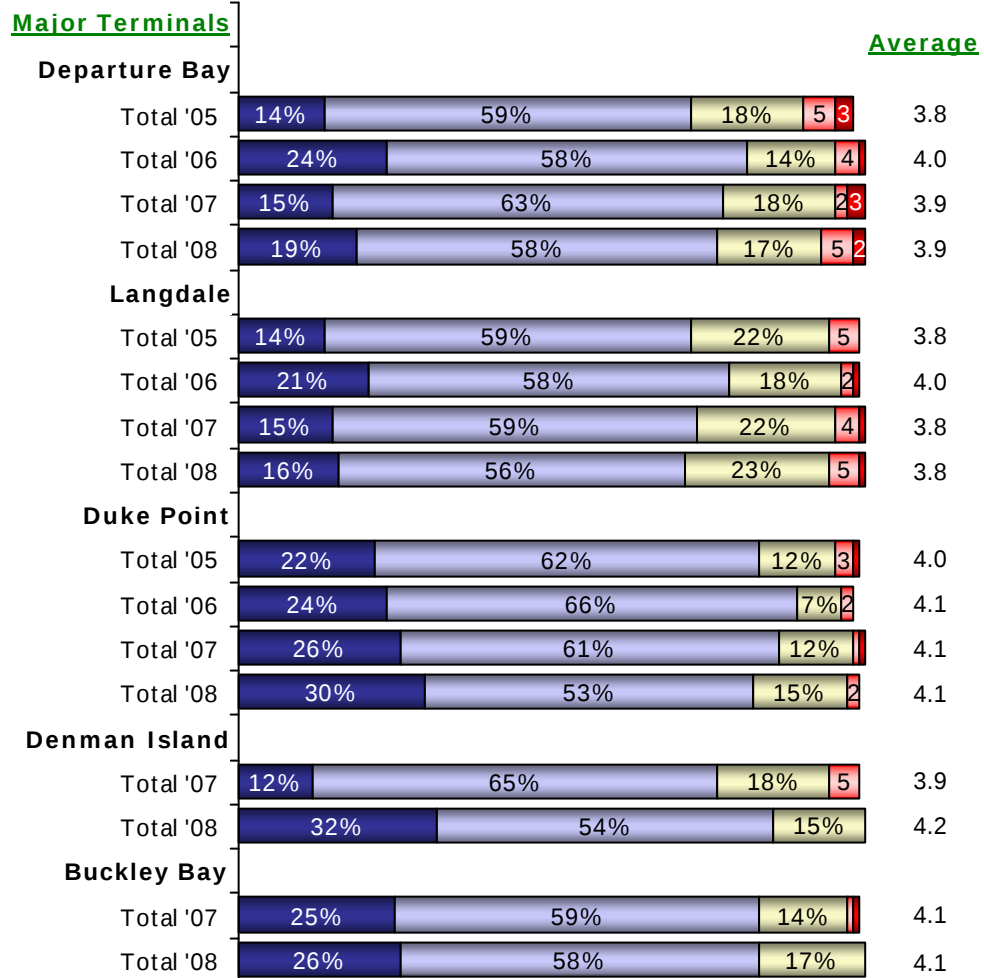
Overall Experience at the Terminal

Overall satisfaction levels with experience at the terminal before boarding are similar to a year ago (81% satisfied; 4.0 average score). Furthermore ratings are relatively consistent by terminal to previous years.



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

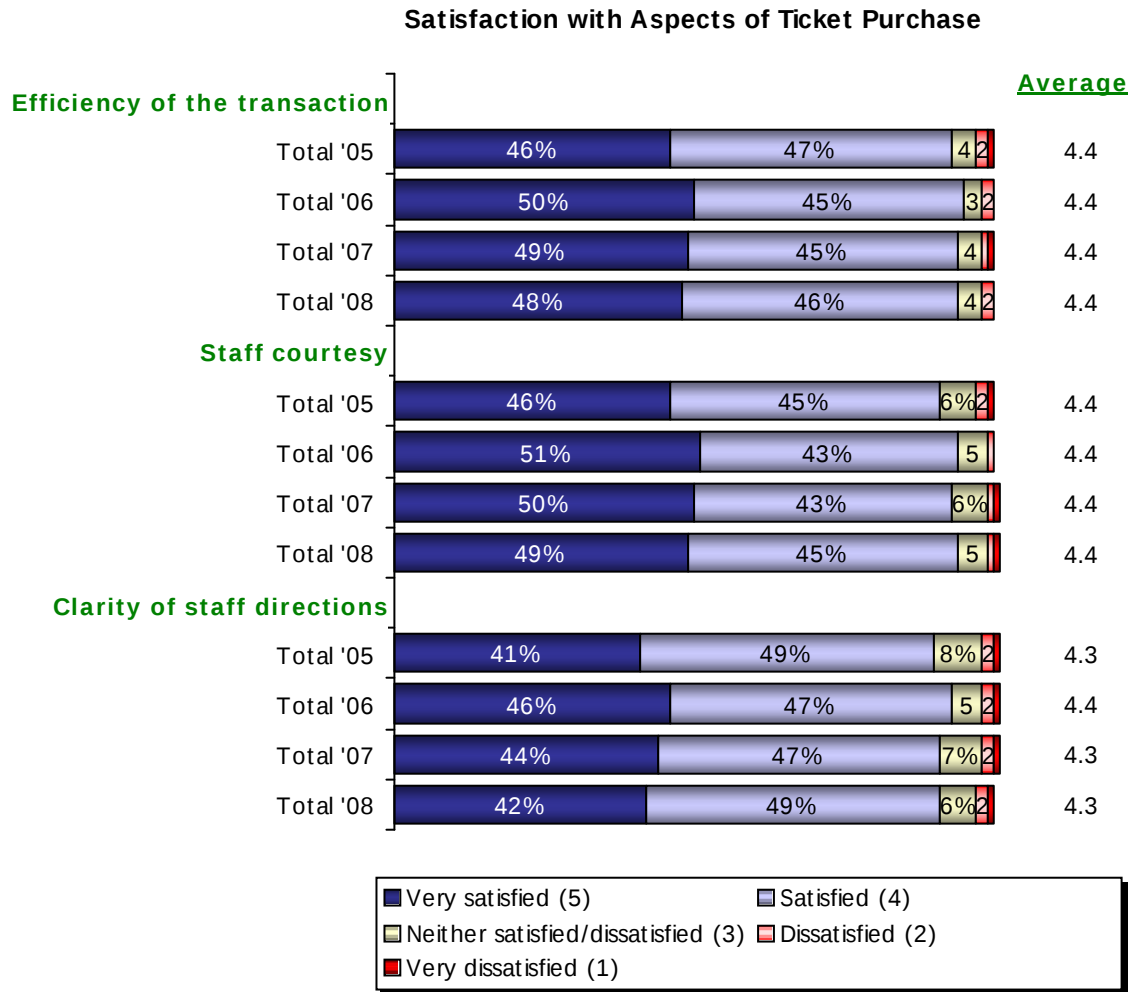
Overall Satisfaction with Experience at the Terminal Before Boarding (cont'd)



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

Ticket Purchase

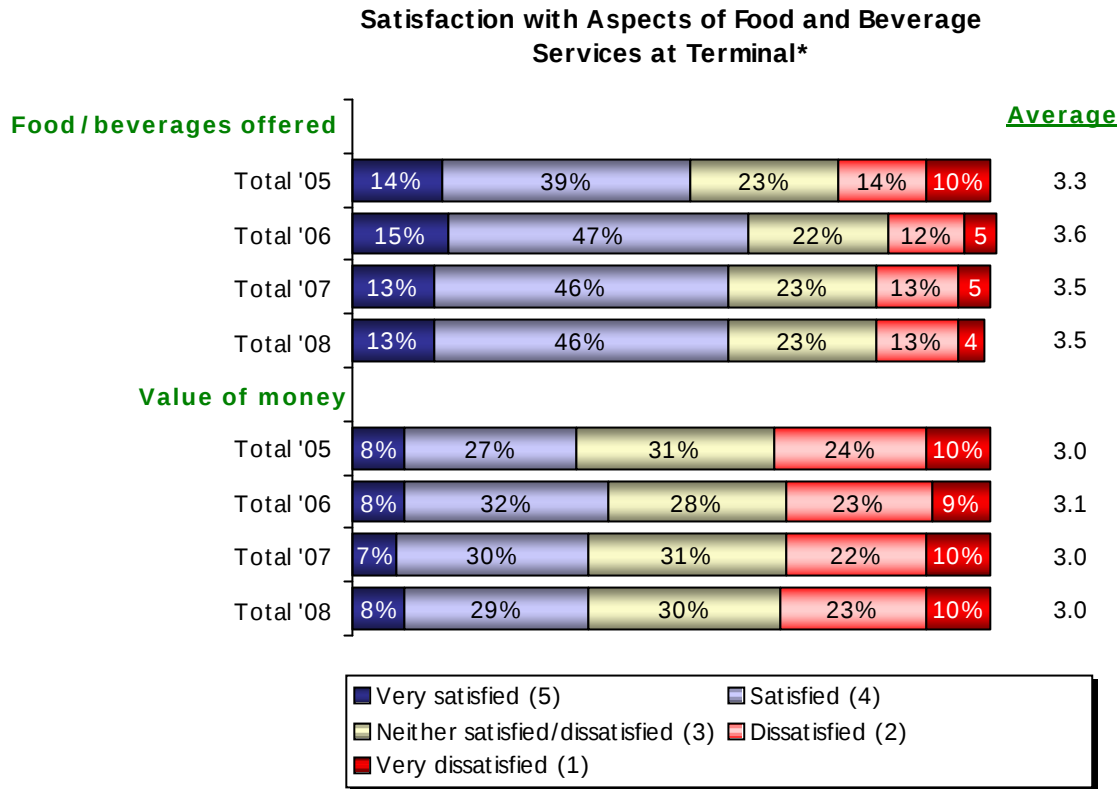
Satisfaction levels continue to be high with all aspects of the ticket purchase process with average ratings more or less similar to a year ago.



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.



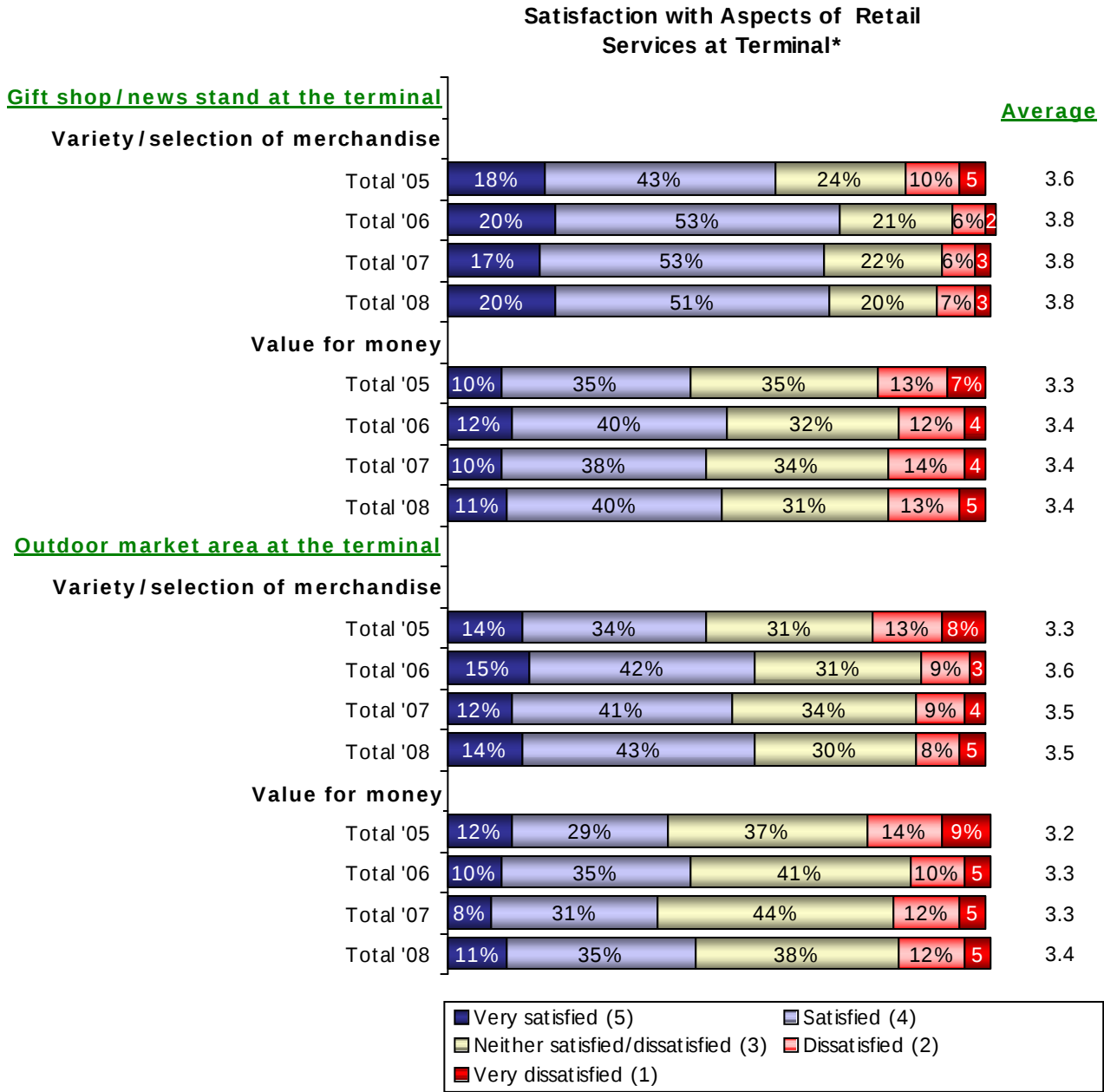
Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

* 44% usage overall; excluding routes 19, 21 and 23.

Retail Services at Terminal

Similarly, satisfaction ratings are not statistically different from 2007 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, however we do note a slight improvement in value perceptions.



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

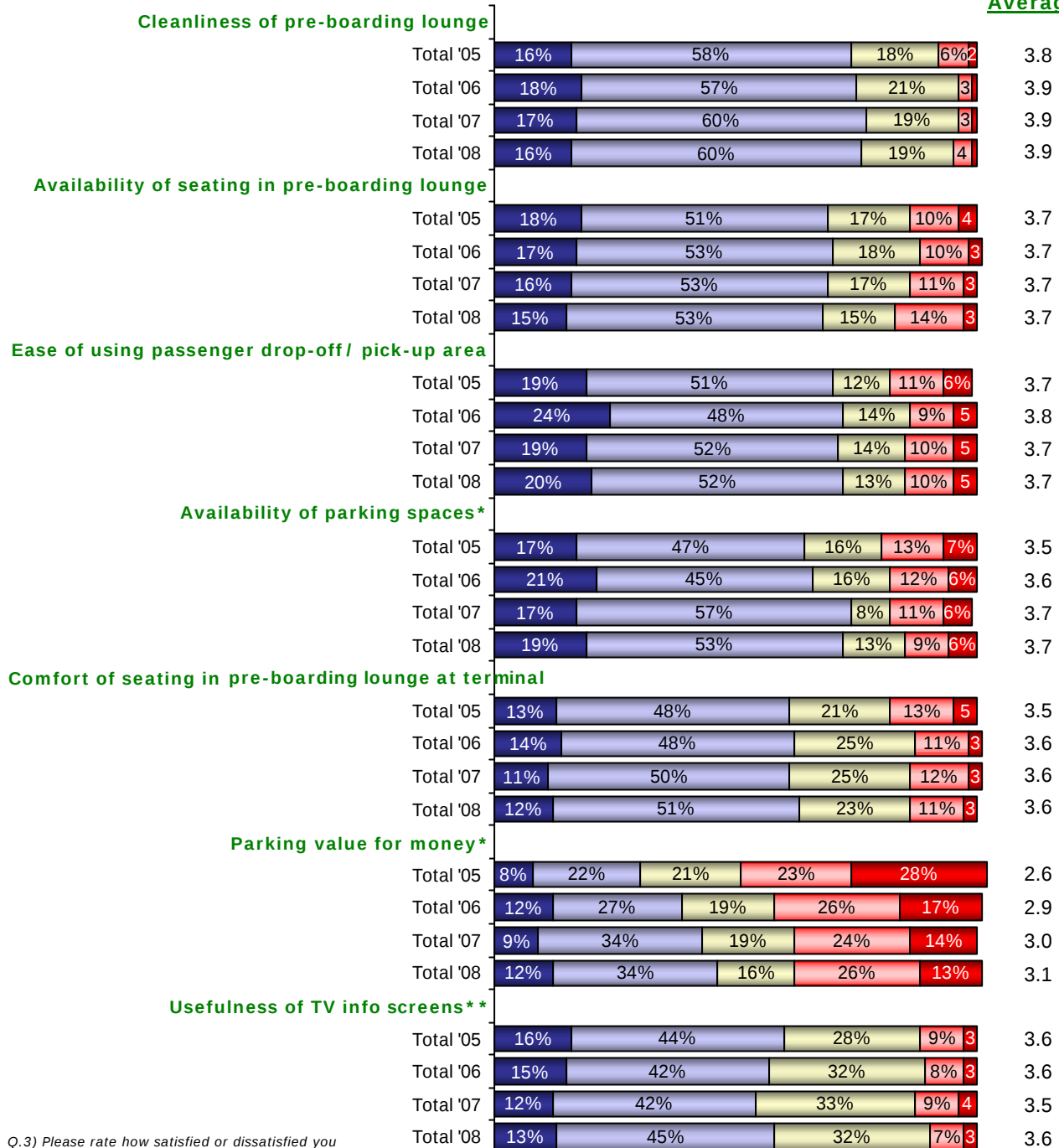
* 36% usage gift shop, 23% usage outdoor market; excludes route 19, 21 and route 23.

Foot Passenger Services

Overall, there have been no dramatic changes in satisfaction levels with foot passenger services since 2007.

Satisfaction with Foot Passenger Services*

Average



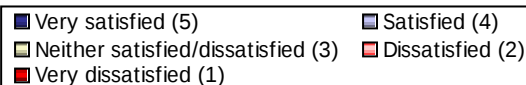
Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

39% are foot passengers (including bus).

* Excludes Route 23.

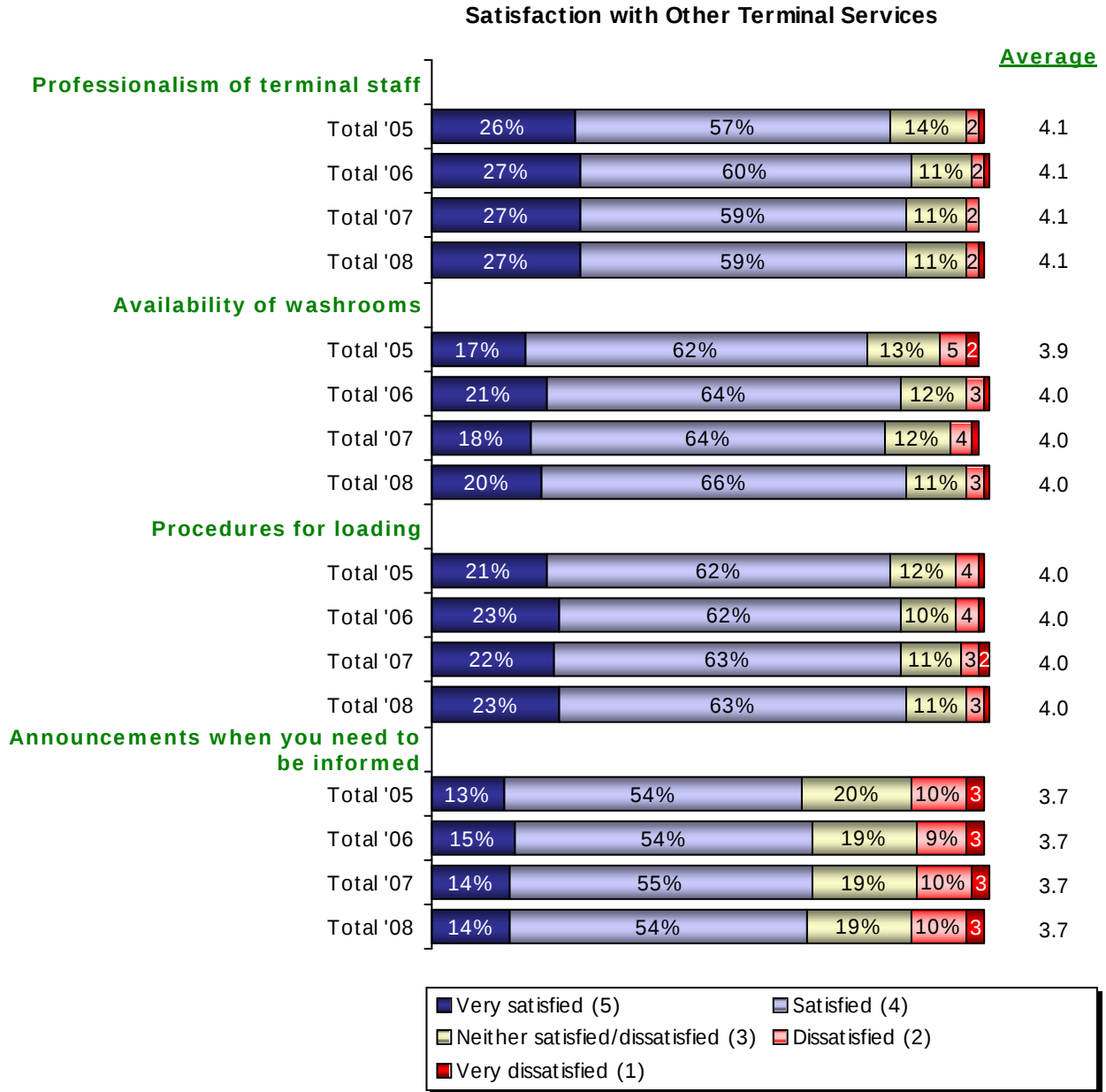
** Includes Routes 1, 2 3 & 30 & 4

** Excludes Routes 19, 21, 23, & 5/9 Wave 1 foot passengers only, Wave 2 & 3 all passengers) 2005



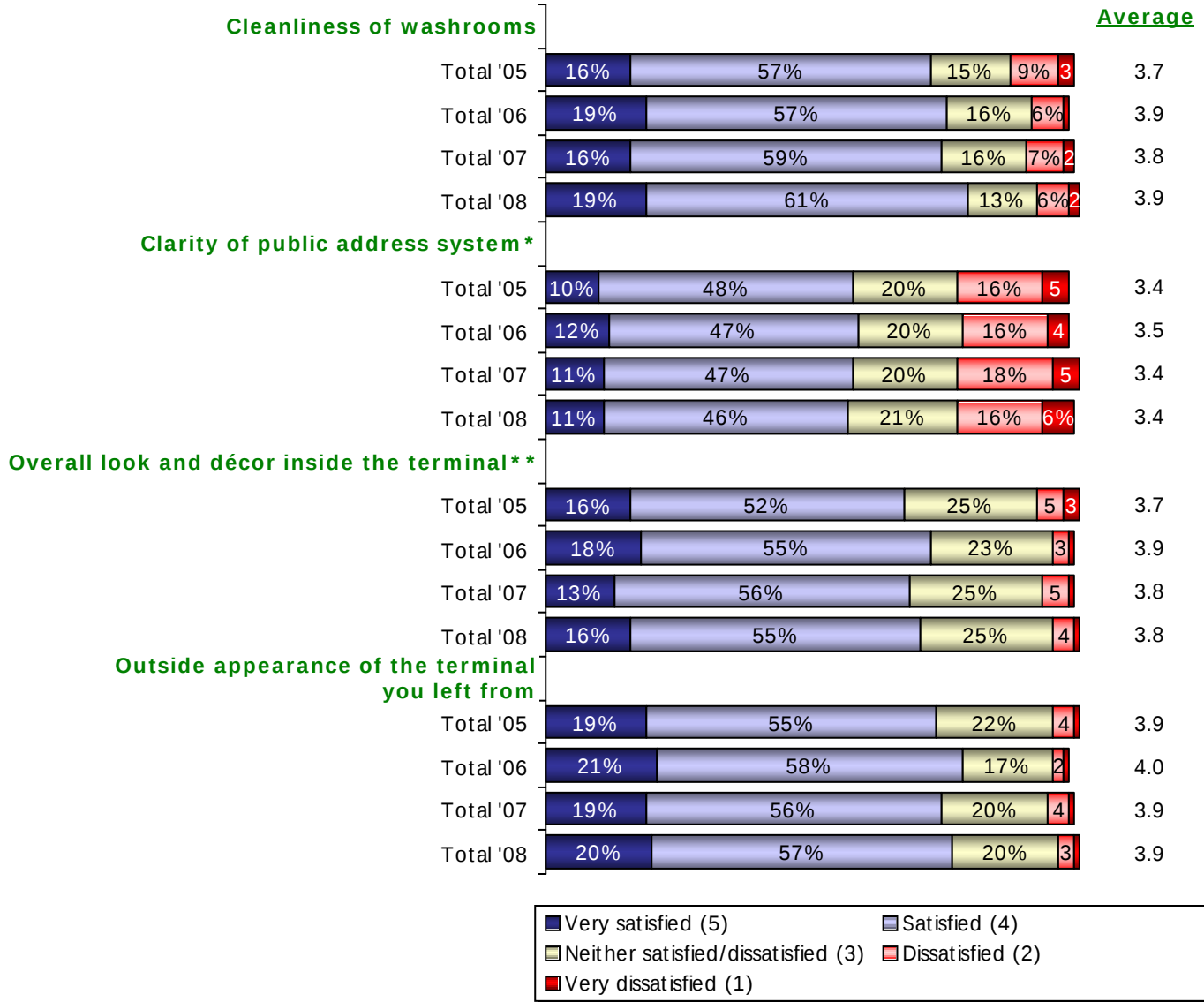
Other Terminal Services

Satisfaction levels with other terminal services are quite consistent with past measures.



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.

* Excluding Route 21 & 23.

** Excludes Route 19, 21 & 23.

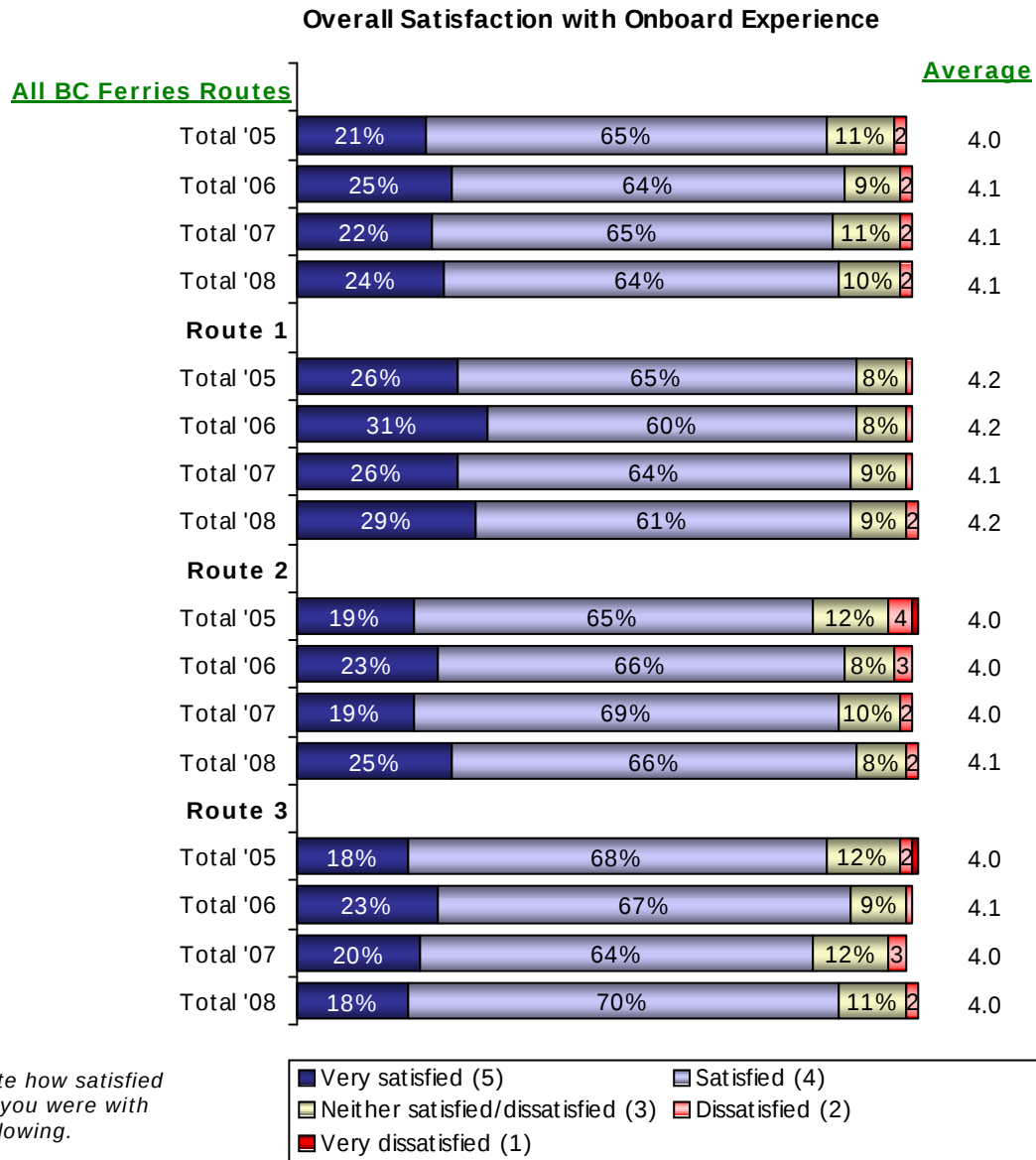
Onboard Experience

Overall Onboard Experience

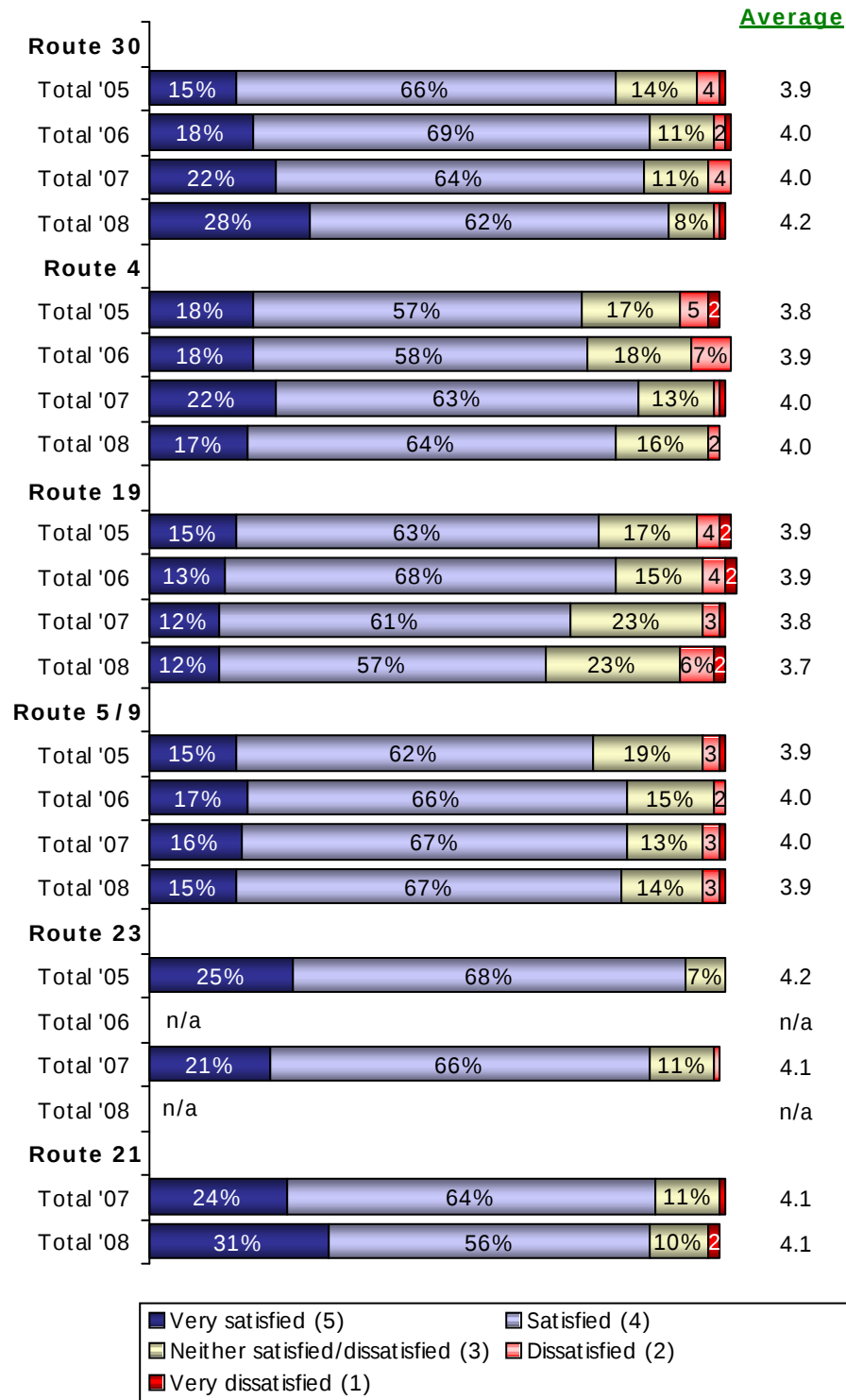
A total of 88% of passengers in 2008 were satisfied with their overall experience onboard, similar to the 2007 level (87%) for an overall rating of 4.1 on the 5-point scale. Ratings which declined slightly in 2007 on Routes 1, 2, 3 and 19 have rebounded on all routes except Route 19 on which ratings have fallen further (3.7 in comparison to 3.9 in the past).

Further improvements are noted on Route 30 (4.2 average rating in comparison to 4.0 in 2007) with year to year ratings improving most significantly in November. The introduction of the Coastal Inspiration to this route has likely contributed to this increase.

[NOTE: Refer to page 33 for Route number codes]



Overall Satisfaction with Onboard Experience (cont'd)



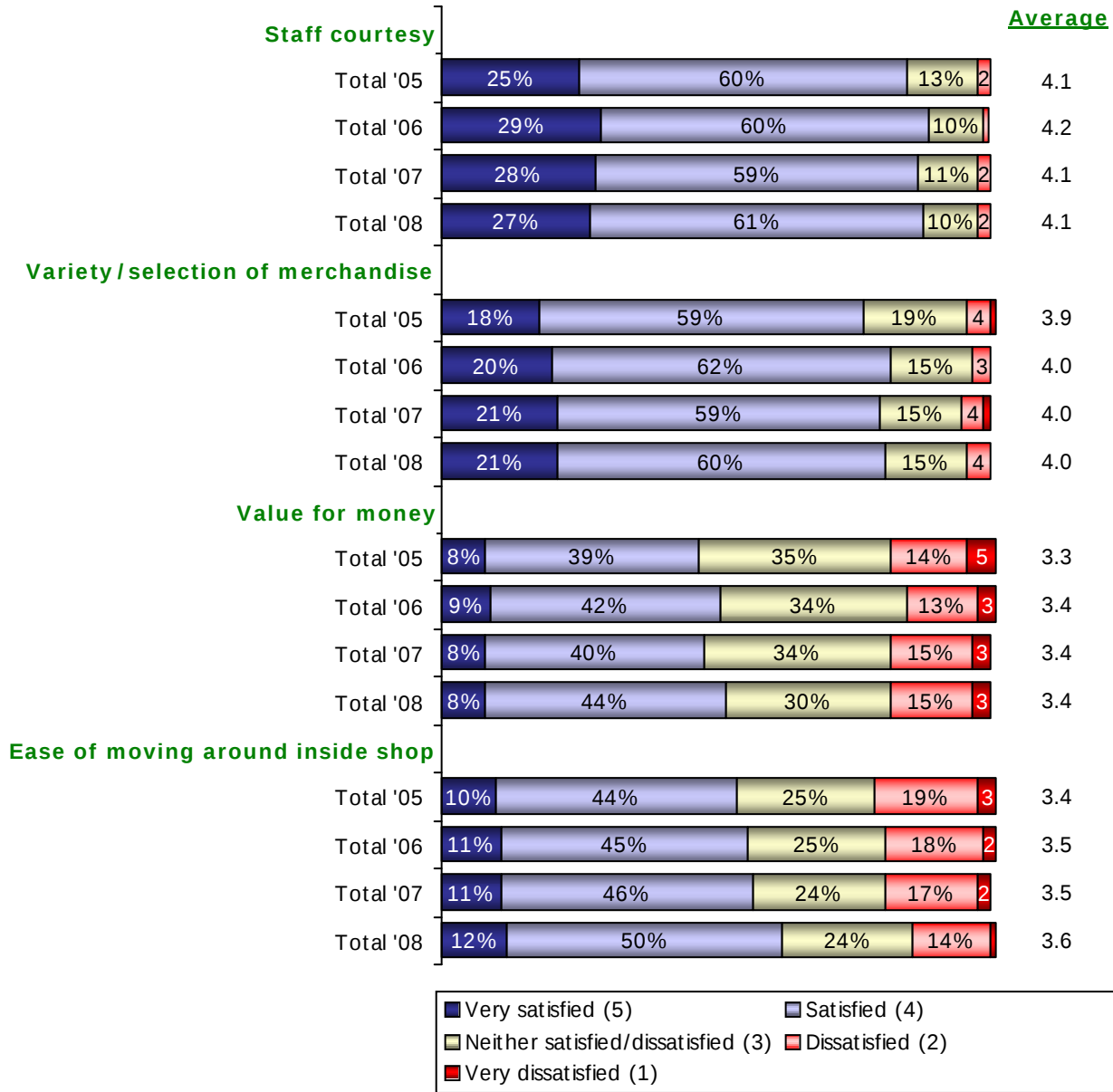
Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

Note: Route 23 not surveyed in 2006 or 2008.

Onboard Gift Shop/News Stand

Satisfaction levels with all aspects of the onboard gift shop/news stand have been stable over the past year with the exception that ratings have strengthened slightly for 'ease of moving around' with the new vessels posting slightly higher scores (3.7-3.8) than other vessels.

Satisfaction with Aspects of Gift Shop/News Stand Onboard*



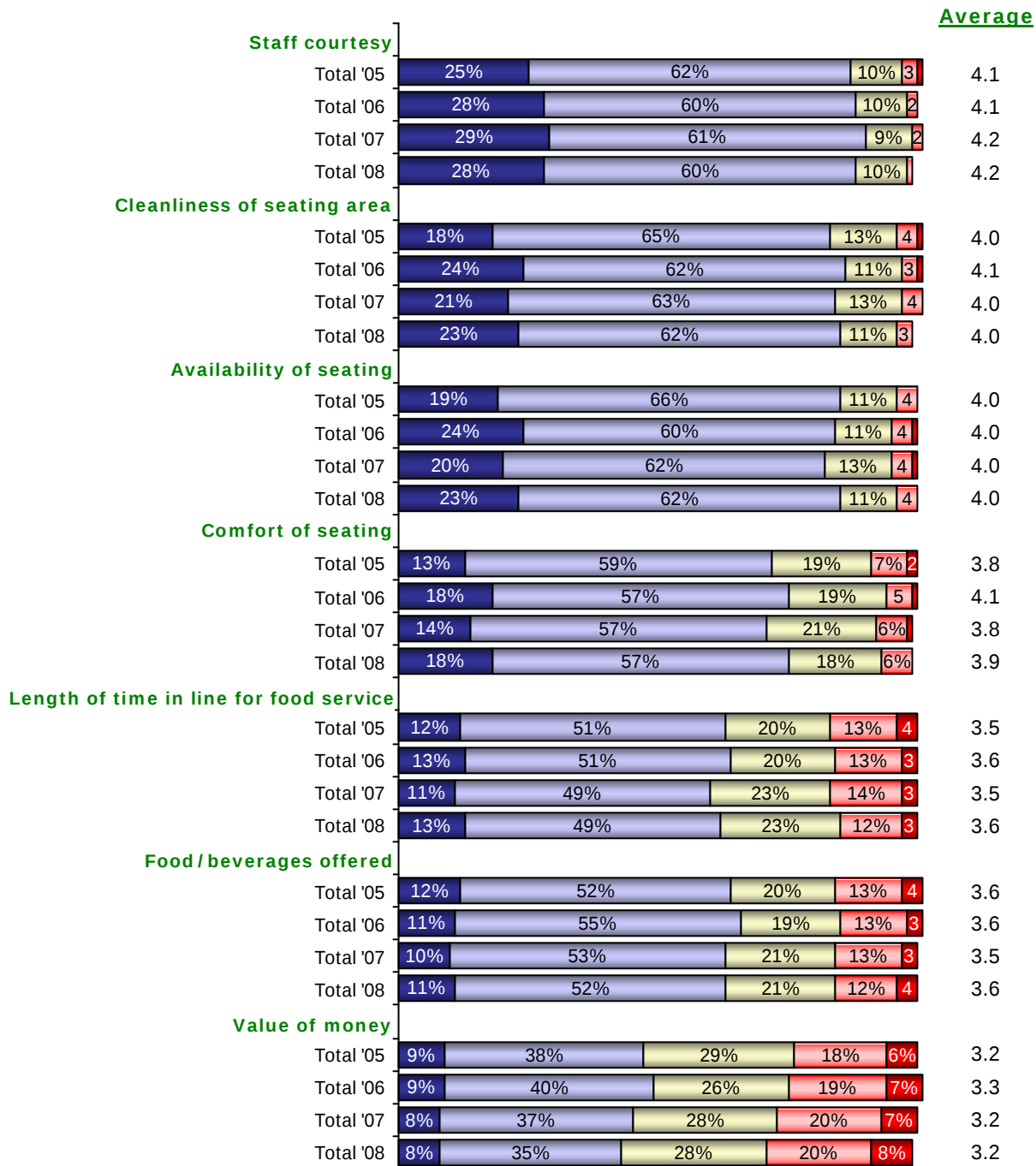
Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

* Excludes Routes 4, 19, 21 and 23. Otherwise usage is 56%.

Onboard Food Services

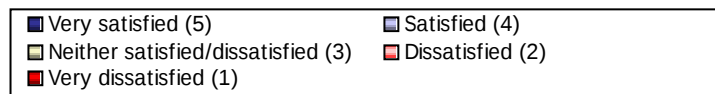
Satisfaction levels with all aspects of onboard food services are relatively unchanged from a year ago.

Satisfaction with Aspects of Food and Beverage Services Onboard*



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

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

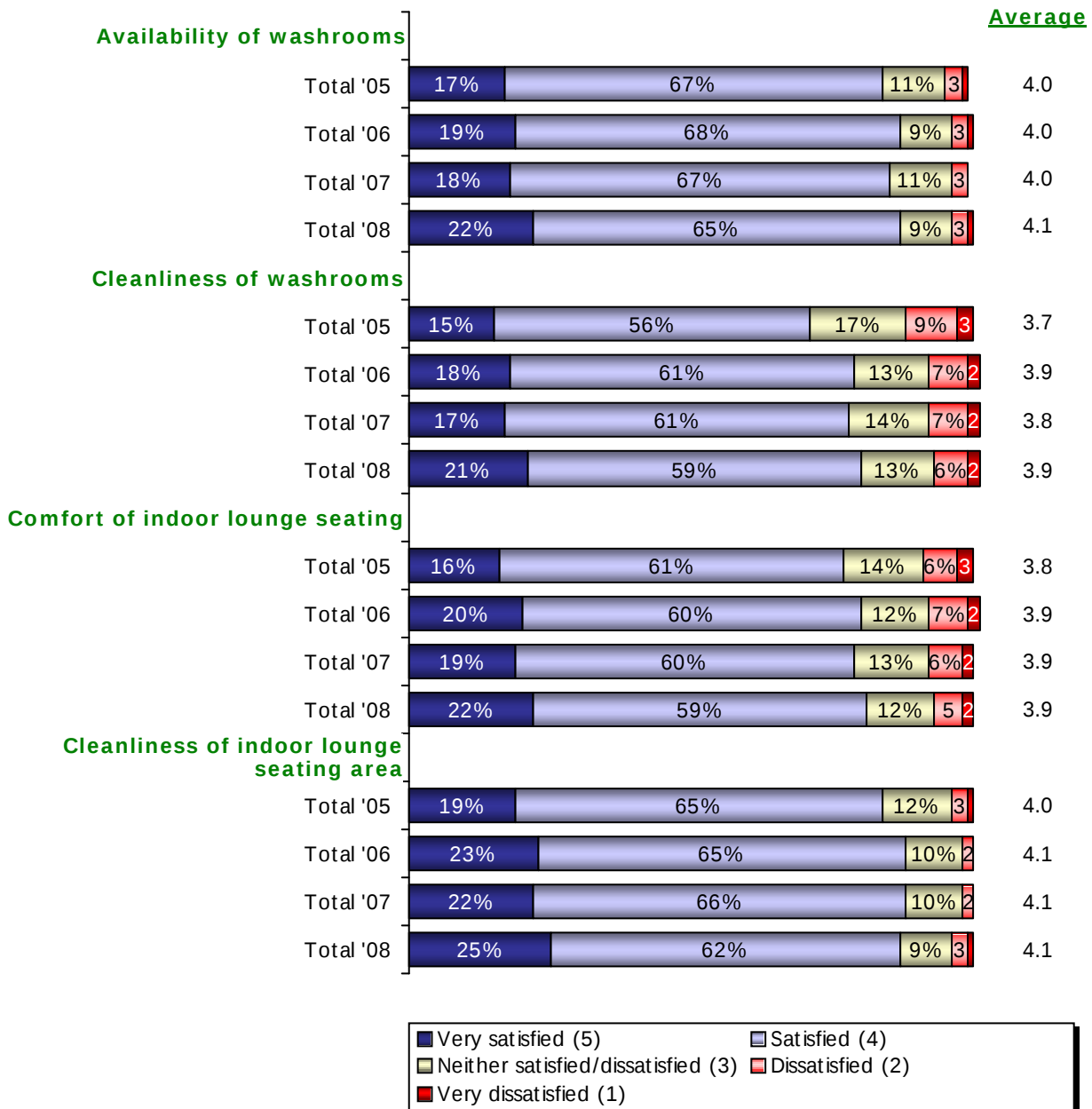


Onboard Washrooms and Onboard Seating

Satisfaction levels with aspects of the washrooms have been relatively stable.

Ratings for *comfort* and *cleanliness* of indoor lounge seating are also unchanged from a year ago.

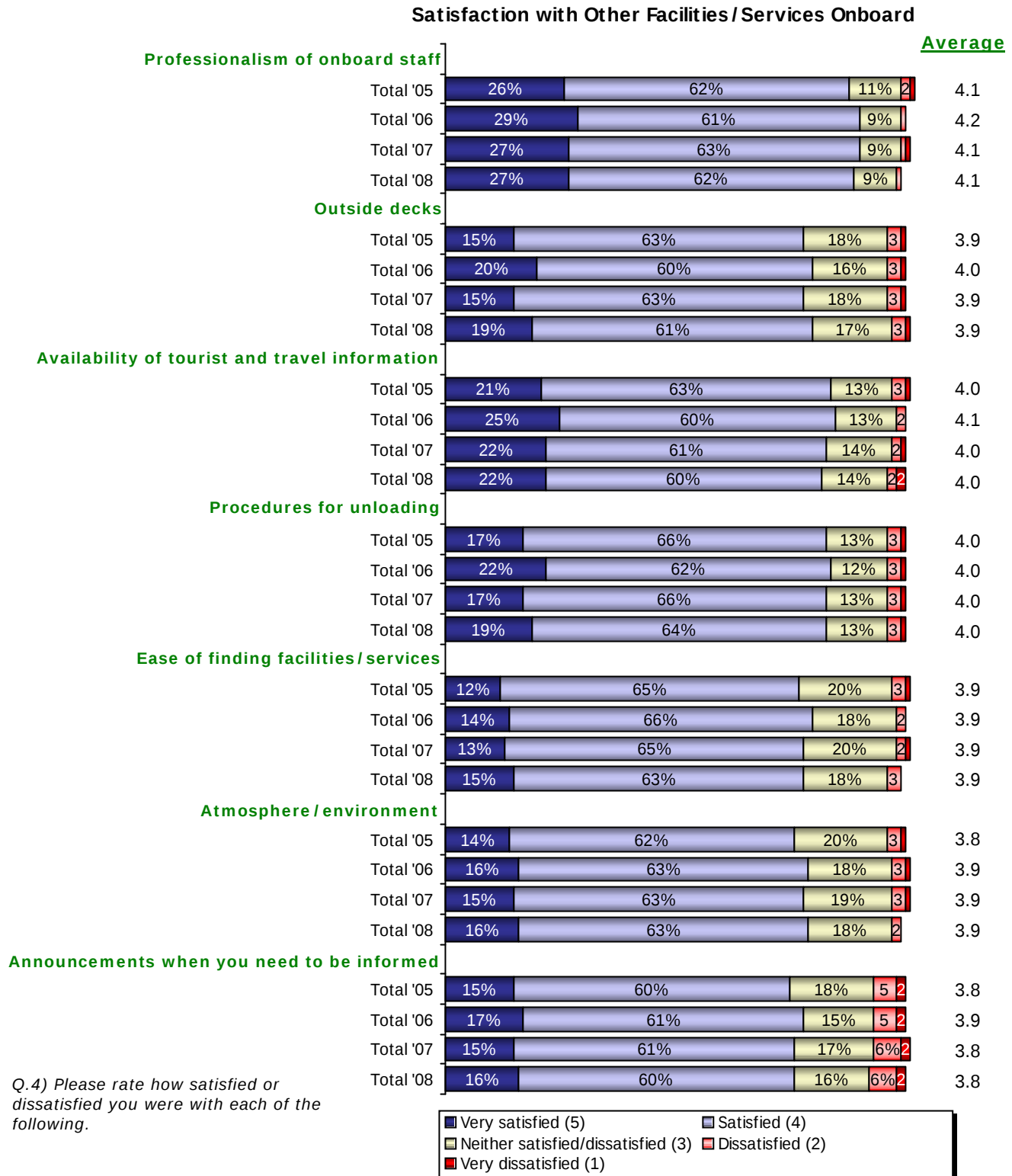
Satisfaction with Onboard Washrooms and Onboard Seating

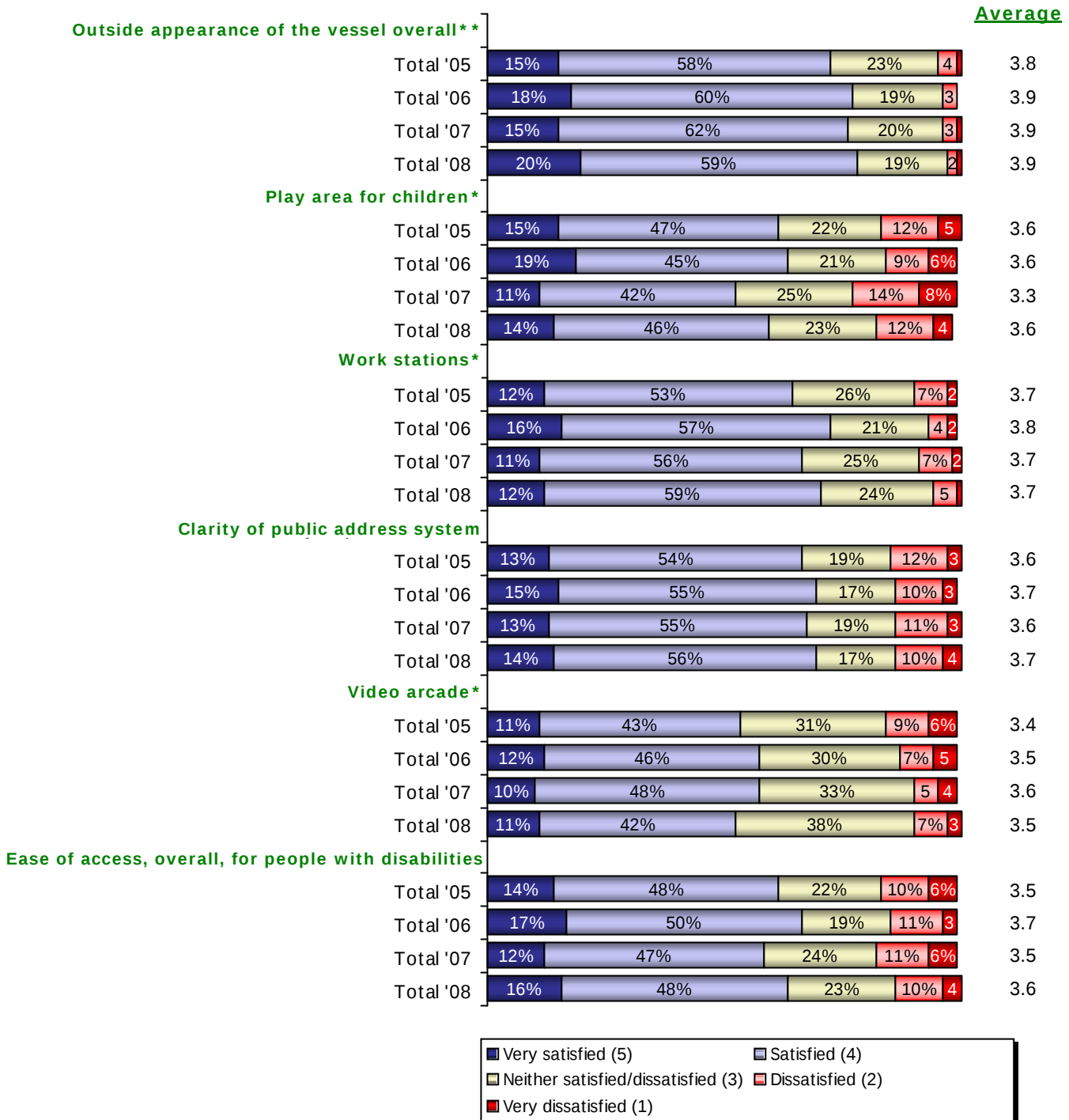


Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

Other Onboard Facilities/Services

Satisfaction ratings are also quite consistent with 2007 measures for all other onboard facilities and services (see following page also).



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.

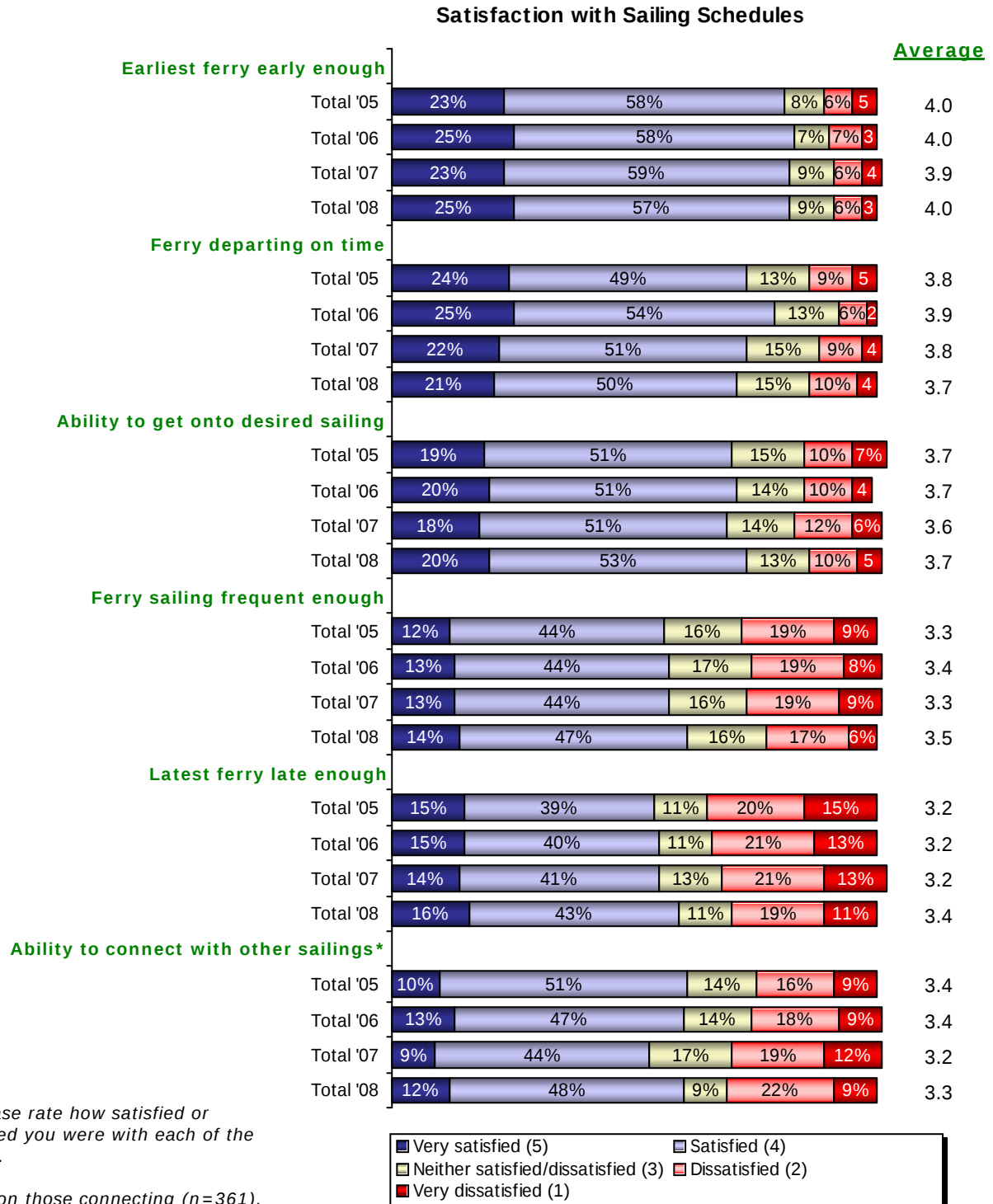
* Excludes routes 4, 19, 21 and 23.

** Question not asked in 2003

Sailing Schedules

Various Aspects of Sailing Schedules

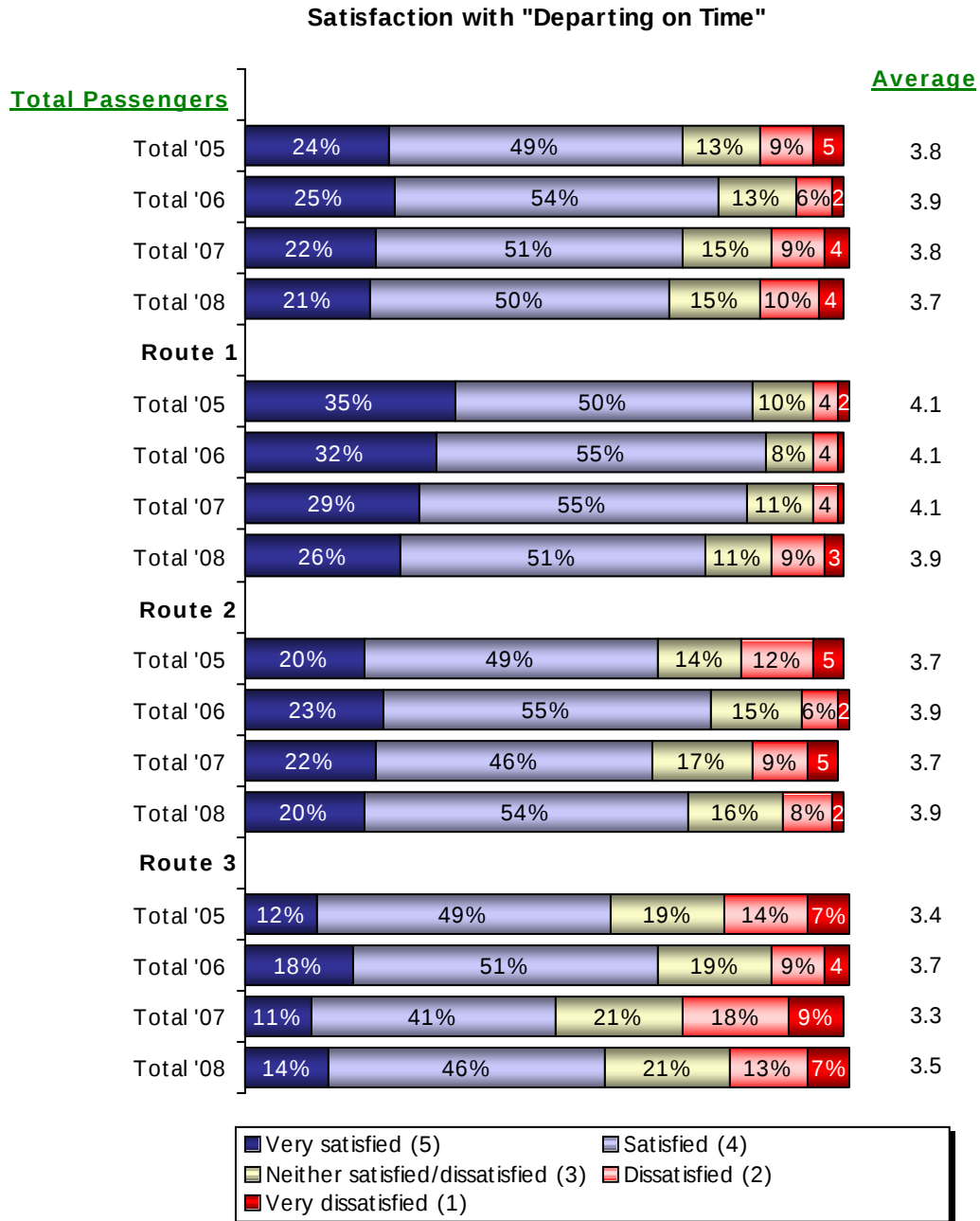
Ratings have been relatively consistent with respect to sailing schedule attributes, although there were challenges in August with *on-time departures*.



Departing on Time

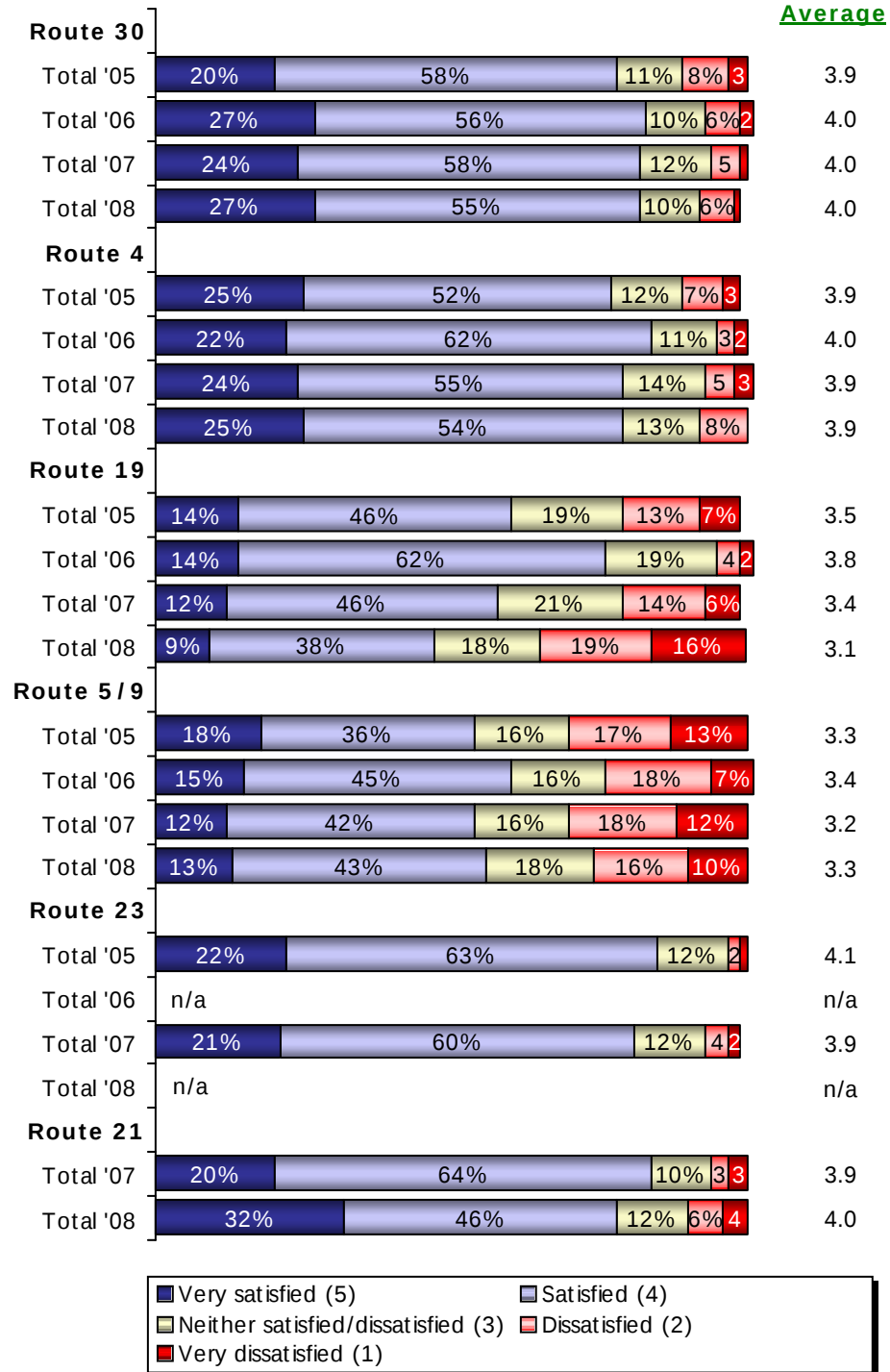
The following graph details the ratings for “departing on time” by route. In comparison to 2007, ratings are slightly lower on Routes 1 (August specifically), and 19, and have rebounded on Routes 2 and 3 after weaker performances in 2007.

[NOTE: Refer to page 33 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)

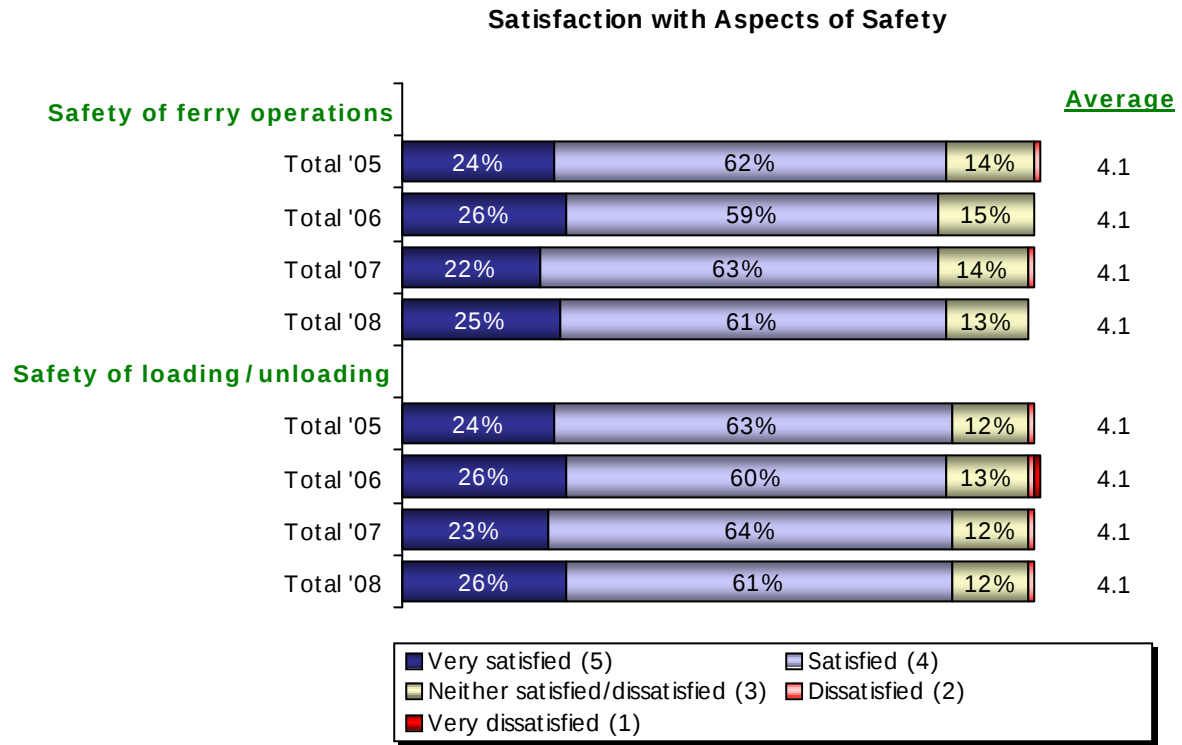


Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

Note: Route 23 not surveyed in 2006 or 2008

Safety

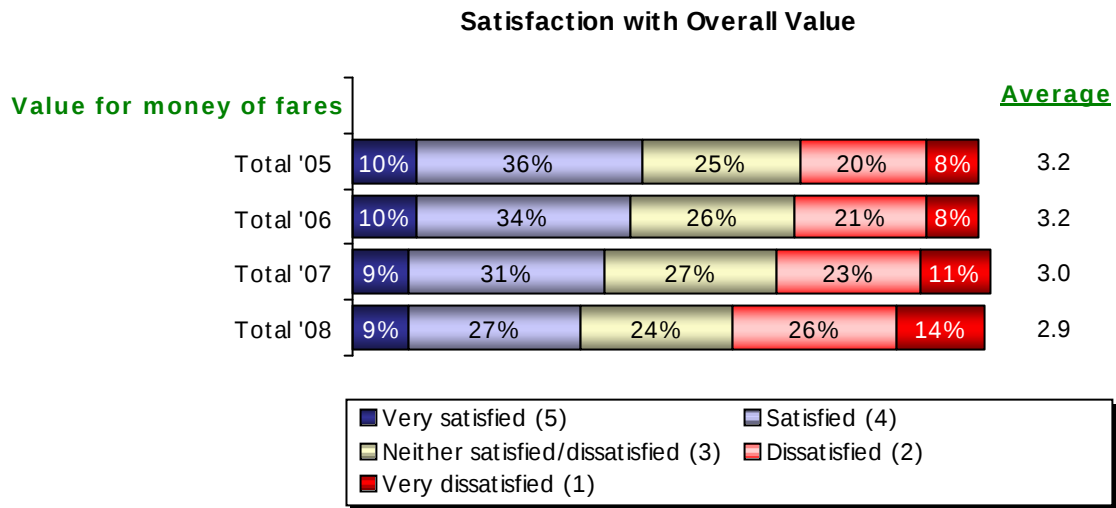
Perceptions of safety continue to be relatively strong.



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

Overall Value

Satisfaction levels continue to decline with respect to *value for money of fares*, with the 2008 average rating falling to 2.9 from 3.0 in 2007 and from 3.2 in 2006.



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 - 2008	
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 2008 (See page 33 for Route Number Codes)											
	Total	Larger Routes				Route 3	Smaller Routes				
		Total	1	2	30		Total	4	19	21	5/9
OVERALL EXPERIENCE											
Trip overall	4.1	4.2	4.2	4.2	4.2	4.1	3.9	4.1	3.6	4.0	4.0
BEFORE ARRIVING AT TERMINAL											
Usefulness of BC Ferries website	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4.3	4.1	4.2	4.2
Ease of using on-line reservations	4.1	4.1	4.1	4.1	4.2	4.1	4.1	4.1	3.8	3.8	4.2
Usefulness of BC Ferries phone service	3.6	3.6	3.7	3.5	3.6	3.6	3.7	3.6	3.2	3.6	3.8
Ease of using automated phone service	3.4	3.4	3.5	3.3	3.3	3.4	3.3	3.2	3.0	3.2	3.4
Highway signage	3.9	4.0	4.1	3.8	4.1	3.6	3.9	4.1	3.7	3.9	4.0
TERMINAL EXPERIENCE											
Terminal overall	4.0	4.1	4.1	3.8	4.2	3.9	3.9	4.0	3.5	4.1	4.0
Outside appearance of the terminal	3.9	4.0	4.1	3.7	4.1	3.8	3.8	4.0	3.3	4.1	3.9
Ticket Purchase											
Efficiency of the transaction	4.4	4.4	4.5	4.4	4.5	4.3	4.3	4.3	4.1	4.2	4.3
Staff courtesy	4.4	4.4	4.4	4.4	4.5	4.3	4.4	4.3	4.4	4.4	4.4
Clarity of staff directions	4.3	4.3	4.4	4.3	4.4	4.2	4.3	4.2	4.3	4.3	4.3
Food & Beverage Services at the Terminal											
Food beverages offered	3.5	3.6	3.6	3.5	3.6	3.3	3.3	3.4	-	-	3.3
Value for money	3.0	3.1	3.2	3.0	3.1	2.8	2.9	3.1	-	-	2.8
Gift Shop/ News Stand at the Terminal											
Variety/ selection of merchandise	3.8	3.8	3.7	3.8	3.9	3.9	3.6	3.5	-	-	3.6
Value for money	3.4	3.4	3.4	3.4	3.4	3.4	3.3	3.2	-	-	3.3
Outdoor Market Area at the Terminal											
Variety/ selection of merchandise	3.5	3.6	3.7	3.4	3.6	3.4	3.5	3.6	-	-	3.5
Value for money	3.4	3.4	3.5	3.2	3.3	3.3	3.3	3.2	-	-	3.3
Other Terminal Services											
Clarity of Public address system	3.4	3.5	3.5	3.5	3.6	3.1	3.2	3.6	3.0	-	3.2
Announcements when you need to be informed	3.7	3.8	3.8	3.7	3.8	3.4	3.5	3.7	3.1	3.9	3.5
Overall look & décor inside terminal	3.8	3.9	3.9	3.7	4.0	3.6	3.8	3.8	-	-	3.7
Availability of washrooms	4.0	4.1	4.1	4.0	4.1	3.9	3.9	4.0	3.6	4.2	3.9
Cleanliness of washrooms	3.9	3.9	3.9	3.9	4.1	3.9	3.8	3.8	3.2	4.1	4.0
Procedures for loading	4.0	4.1	4.1	4.0	4.1	3.9	3.9	4.0	3.8	4.1	3.9
Professionalism of terminal staff	4.1	4.1	4.2	4.1	4.2	4.0	4.1	4.1	4.1	4.3	4.1

Average Satisfaction Ratings by Route – All Waves 2008 (See page 33 for Route Number Codes)											
	Total	Larger Routes				Route 3	Smaller Routes				
		Total	1	2	30		Total	4	19	21	5/9
Foot Passenger Services at the Terminal											
Usefulness of TV info screens	3.6	3.6	3.6	3.6	3.8	3.3	3.6	3.6	-	-	-
Availability of parking spaces	3.7	3.8	4.0	3.5	4.1	3.8	3.2	3.7	2.2	-	3.6
Parking value for money	3.1	2.9	2.9	3.0	2.9	3.6	2.9	2.8	3.1	-	2.8
Ease of using passenger drop-off/ pick-up area	3.7	3.7	3.8	3.4	4.0	4.0	3.6	3.7	3.1	3.9	3.8
Availability of seating in pre-boarding lounge at terminal	3.7	3.6	3.5	3.7	3.9	3.7	3.8	3.9	3.2	4.1	3.9
Comfort of seating in pre-boarding lounge at terminal	3.6	3.6	3.6	3.6	3.7	3.6	3.5	3.8	2.7	3.6	3.7
Cleanliness of pre-boarding lounge	3.9	3.9	4.0	3.7	4.1	3.8	3.8	4.1	3.3	3.8	4.0
ONBOARD EXPERIENCE											
Onboard overall	4.1	4.2	4.2	4.1	4.2	4.0	3.9	4.0	3.7	4.1	3.9
Gift Shop/ News Stand											
Variety/ selection of merchandise	4.0	4.0	3.9	4.1	4.1	4.0	3.7	-	-	-	3.7
Staff courtesy	4.1	4.1	4.1	4.1	4.2	4.1	4.1	-	-	-	4.1
Ease of moving around inside shop	3.6	3.6	3.6	3.6	3.7	3.6	3.5	-	-	-	3.5
Value for money	3.4	3.4	3.4	3.4	3.3	3.4	3.4	-	-	-	3.4
Food Services											
Length of time in line for food services	3.6	3.6	3.6	3.5	3.7	3.5	3.7	-	-	-	3.7
Food/ beverages offered	3.6	3.6	3.6	3.6	3.6	3.5	3.2	-	-	-	3.2
Staff courtesy	4.2	4.2	4.1	4.1	4.2	4.2	4.1	-	-	-	4.1
Availability of seating	4.0	4.0	4.0	4.0	4.1	4.1	3.9	-	-	-	3.9
Comfort of seating	3.9	3.9	3.8	3.9	4.0	3.9	3.6	-	-	-	3.6
Cleanliness of seating area	4.0	4.0	4.0	4.1	4.2	4.1	3.9	-	-	-	3.9
Value for money	3.2	3.2	3.2	3.2	3.2	3.1	3.0	-	-	-	3.0
Washrooms											
Availability of washrooms	4.1	4.1	4.1	4.1	4.1	4.1	3.9	4.0	3.5	4.1	4.0
Cleanliness of washrooms	3.9	3.9	3.9	3.9	4.0	4.0	3.7	3.7	3.1	4.1	3.9
Lounge Seating											
Comfort of indoor lounge seating	3.9	4.1	4.1	4.1	4.1	4.0	3.4	3.1	2.8	3.6	3.7
Cleanliness of indoor lounge seating area	4.1	4.2	4.1	4.2	4.2	4.1	3.8	3.8	3.3	4.0	4.0

Average Satisfaction Ratings by Route – All Waves 2008 (See page 33 for Route Number Codes)											
		Larger Routes				Route	Smaller Routes				
	Total	Total	1	2	30	3	Total	4	19	21	5/9
Other Onboard Facilities/ Services											
Play area for children	3.6	3.7	3.8	3.5	3.5	3.3	3.2	-	-	-	3.2
Video arcade	3.5	3.6	3.6	3.4	3.6	3.4	3.0	-	-	-	3.0
Work stations	3.7	3.7	3.7	3.8	3.8	3.9	3.6	-	-	-	3.6
Outside decks	3.9	4.0	4.0	4.0	4.0	3.9	3.8	3.8	3.4	4.0	3.9
Outside appearance of the vessel overall	3.9	4.0	4.0	4.1	4.0	3.9	3.7	3.9	3.3	4.1	3.8
Availability of tourist and travel information	4.0	4.1	4.1	4.1	4.1	4.0	3.7	3.8	3.0	3.8	4.0
Ease of access, overall, for people with disabilities	3.6	3.8	3.7	3.7	3.9	3.6	3.2	3.6	2.4	3.6	3.5
Ease of finding facilities/ services	3.9	3.9	3.9	3.9	4.0	3.9	3.7	3.8	3.3	4.0	3.8
Clarity of public address system	3.7	3.7	3.7	3.7	3.8	3.7	3.4	3.6	2.9	3.5	3.5
Announcements when you need to be informed	3.8	3.8	3.8	3.8	4.0	3.8	3.7	3.8	3.2	3.7	3.8
Atmosphere/ environment	3.9	4.0	4.0	4.0	4.0	3.9	3.7	3.7	3.4	3.9	3.8
Procedures for unloading	4.0	4.0	4.1	3.9	4.1	3.8	3.9	4.0	3.8	4.1	3.8
Professionalism with onboard staff	4.1	4.2	4.2	4.2	4.2	4.1	4.1	4.1	4.0	4.3	4.1
Experience with the Sailing Schedule											
Earliest ferry earliest enough	4.0	4.0	3.9	4.0	4.1	4.0	3.9	4.0	4.0	4.1	3.8
Latest ferry late enough	3.4	3.5	3.5	3.4	3.7	3.0	3.4	2.9	3.5	3.8	3.4
Ferry sailing frequent enough	3.5	3.6	3.7	3.5	3.5	3.1	3.4	3.5	3.6	4.0	3.0
Ability to get onto desired ferry	3.7	3.8	3.9	3.7	3.9	3.5	3.7	3.9	3.2	3.8	3.8
Ability to connect with other sailings (based on those connecting)	3.3	3.2	3.6	2.8	3.1	3.3	3.4	3.5	2.7	3.6	3.6
Ferry departing on time	3.7	3.9	3.9	3.9	4.0	3.5	3.5	3.9	3.1	4.0	3.3
Safety											
Safety of ferry operations	4.1	4.1	4.1	4.1	4.1	4.0	4.1	4.1	3.9	4.3	4.1
Safety of loading/unloading	4.1	4.2	4.2	4.1	4.1	4.0	4.1	4.2	4.0	4.3	4.1
OVERALL VALUE											
Value for money of fares	2.9	3.0	3.0	2.9	3.2	2.9	2.7	2.8	2.5	2.4	2.8

**TERMINAL ATTRIBUTES ONLY - Satisfaction Ratings by Terminal
- All Waves 2008 -**

	Total	Terminals							
		Tsaw-wassen	Swartz Bay	Horseshoe Bay	Departure Bay	Langdale	Duke Point	Denman Island	Buckley Bay
OVERALL EXPERIENCE									
Trip overall	4.1	4.2	4.3	4.1	4.2	4.0	4.3	4.1	4.0
TERMINAL EXPERIENCE									
Terminal overall	4.0	4.1	4.2	3.8	3.9	3.8	4.1	4.2	4.1
Outside appearance of the terminal	3.9	4.1	4.1	3.8	3.7	3.7	4.1	4.1	4.0
Ticket Purchase									
Efficiency of the transaction	4.4	4.5	4.5	4.3	4.4	4.2	4.4	4.3	4.2
Staff courtesy	4.4	4.4	4.4	4.4	4.4	4.3	4.4	4.5	4.4
Clarity of staff directions	4.3	4.4	4.4	4.2	4.3	4.1	4.4	4.3	4.3
Food & Beverage Services at the Terminal									
Food beverages offered	3.5	3.7	3.6	3.3	3.5	3.3	3.4	-	-
Value for money	3.0	3.1	3.2	2.8	3.0	2.8	3.0	-	-
Gift Shop/ News Stand at the Terminal									
Variety/ selection of merchandise	3.8	3.9	3.6	3.8	3.8	4.0	3.9	-	-
Value for money	3.4	3.5	3.3	3.4	3.4	3.5	3.5	-	-
Outdoor Market Area at the Terminal									
Variety/ selection of merchandise	3.5	3.7	3.7	3.3	3.4	3.5	3.5	-	-
Value for money	3.4	3.4	3.5	3.2	3.1	3.4	3.4	-	-
Other Terminal Services									
Clarity of Public address system	3.4	3.5	3.5	3.3	3.5	3.1	3.7	-	-
Announcements when you need to be informed	3.7	3.8	3.7	3.6	3.7	3.4	3.9	4.0	3.7
Overall look & décor inside terminal	3.8	3.9	3.9	3.7	3.7	3.5	4.1	-	-
Availability of washrooms	4.0	4.0	4.1	4.0	4.0	3.9	4.1	4.2	4.2
Cleanliness of washrooms	3.9	3.9	4.0	3.9	3.9	3.9	4.1	4.1	4.0
Procedures for loading	4.0	4.1	4.1	4.0	4.0	3.9	4.2	4.2	4.0
Professionalism of terminal staff	4.1	4.1	4.2	4.1	4.1	3.9	4.2	4.3	4.3
Foot Passenger Services at the Terminal									
Usefulness of TV info screens	3.6	3.6	3.7	3.4	3.7	3.3	3.9	-	-
Availability of parking spaces	3.7	3.9	4.0	3.7	3.3	3.9	4.2	-	-
Parking value for money	3.1	3.0	2.8	3.2	2.9	3.7	3.1	-	-
Ease of using passenger drop-off/ pick-up area	3.7	3.7	3.8	3.7	3.5	4.0	4.1	3.7	4.1
Availability of seating in pre-boarding lounge at terminal	3.7	3.5	3.7	3.7	3.7	3.7	4.1	4.3	4.1
Comfort of seating in pre-boarding lounge at terminal	3.6	3.5	3.7	3.6	3.5	3.8	3.8	3.9	3.4
Cleanliness of pre-boarding lounge	3.9	3.9	4.1	3.8	3.6	3.8	4.2	4.2	3.5
OVERALL VALUE									
Value for money of fares	2.9	3.0	3.0	2.9	3.0	3.0	3.1	2.7	2.2

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 2008 are as follows:

	All Waves 2008	
	<u>Screeners</u>	<u>Returns</u>
Route 1: Tsawwassen-Swartz Bay	1,972	783
Route 2: Horseshoe Bay-Departure Bay	1,888	594
Route 3: Horseshoe Bay-Langdale	1,034	455
Route 30: Tsawwassen-Duke Point	1,890	724
Route 4: Swartz Bay-Fulford Harbour, Salt Spring Island	1,220	499
Route 19: Departure Bay–Descanso Bay, Gabriola Island	1,485	390
Route 21: Denman-Buckley Bay	580	223
Route 5/9: Southern Gulf Islands	3,476	1,484
Route 23: Campbell River-Quadra Island	n/a	n/a
TOTAL	13,545	5,152

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 2008 –				
	Screeners		Returns	
	<u>Actual</u> (13,545) %	<u>Weighted</u> (13,545) %	<u>Actual</u> (5,152) %	<u>Weighted</u> (5,096) %
Weekend				
Route:				
1	5	13	5	14
2	4	7	4	6
3	2	5	2	5
30	4	3	4	4
4	3	1	3	2
19	3	1	2	1
21	1	1	1	1
5/9	6	2	7	2
23	n/a	n/a	n/a	n/a
Weekday				
Route:				
1	10	23	10	23
2	10	15	8	13
3	6	11	7	13
30	10	7	10	6
4	6	3	7	3
19	8	4	6	3
21	3	1	3	1
5/9	19	4	22	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 2008 study were completed during three different time periods: June, August and November.

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 2007.

Response Rates	
<u>All Waves 2008</u>	
Route 1	40
Route 2	31
Route 3	44
Route 30	38
Route 4	41
Route 19	26
Route 21	38
Route 5/9	43
Route 23	n/a
Overall response	38 %

Margin of Error

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

Tolerance Limits – All Waves 2008		
	<u>Actual Sample Size</u>	<u>Approximate Tolerance Limits % Points</u>
Total Screeners	13,545	+/- .8%
Total Returns	5,152	+/- 1.4%
Individual Route Returns		
Route 1	783	+/- 3.5%
Route 2	594	+/- 4.0%
Route 3	724	+/- 3.6%
Route 30	455	+/- 4.6%
Route 4	499	+/- 4.4%
Route 19	390	+/- 5.0%
Route 21	223	+/- 6.7%
Route 5/9	1,484	+/- 2.5%
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 section 69 of the Act.

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 2008/09 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 will continue 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 will continue to be the provider of ferry service on these routes.

➤ **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 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") / 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 service levels and associated vessel requirements for route 40 have not been concluded with the Province. In view of the foregoing, the Company has deferred action on the full Northern Routes ASD initiative.

However, supplemental to the PT2 ASP Plan, the Company has initiated 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 expects to make a decision whether to proceed with an ASP by August, 2009.

➤ **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 of Transportation in September 2005. BC Ferries will review the viability of pursuing ASD arrangements for these routes once a response is received from the provincial government to the strategy.